JPMorgan US Smaller Companies Investment Trust plc

Investing in the heart of America

Annual Report & Financial Statements
for the year ended 31st December 2023

J.P.Morgan
ASSET MANAGEMENT

Key Features

Your Company at a Glance

Investment Objective

Capital growth from investing in US smaller companies.

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.

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.

Benchmark Index

The Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms. This index is a smaller companies' index and is rebalanced annually to represent the smallest two thousand stocks by market capitalisation of all companies quoted in the Russell 3000 Index. Comparison of the JPMorgan US Smaller Companies Investment Trust plc's (the 'Company') performance is made with this benchmark.

Capital Structure

At 31st December 2023, the Company's share capital comprised 65,506,265 ordinary shares of 2.5p each including 1,736,116 shares held in Treasury. Since the year end, a further 384,096 shares have been repurchased into Treasury.

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). All of these entities are wholly owned subsidiaries of J.P. Morgan Chase & Co.

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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

Contact the Company/Keeping in Touch

General enquiries about the Company should be directed to the Company Secretary at invtrusts.cosec@jpmorgan.com.

The Board and the Portfolio Managers are keen to increase dialogue with shareholders and other interested parties. If you wish to sign up to receive email updates from the Company, including news and views and latest performance statistics, please click the QR Code to the right or visit http://tinyurl.com/JUSC-Sign-Up

"We believe that the analytical focus that we place on uncovering high quality companies which are trading at attractive valuations is a differentiating characteristic of our approach and one that serves to add value for our clients over the long term."

Jon Brachle, Portfolio Manager
JPMorgan US Smaller Companies Investment Trust plc

Our heritage and our team

The JPMorgan US Smaller Companies Investment Trust has a consistent long-term track record and a disciplined process in US small-cap investing. The Trust is managed by a tight knit team with a focus on delivering alpha. The portfolio manager of the Trust is Don San Jose, who has 27 years' experience and has been managing the Trust since 2008. He is assisted in the management of the Trust by co-portfolio managers Dan Percella and Jonathon Brachle. The portfolio managers have research responsibilities on the Trust. They are also supported by Chris Carter and Jesse Huang, who are dedicated to researching US smaller companies. The investment team has an average of 18 years' experience. The experience and longevity of the investment team serve as a significant competitive advantage. In addition, the investment team can leverage the vast resources at JPMAM which include over 40 US equity analysts and over 200 research analysts globally.

Our investment approach

Don San Jose and the team are bottom-up managers and select stocks based on company fundamentals and proprietary fundamental analysis to construct portfolios. It is through independent research focused on high quality stocks, together with a disciplined approach to valuation that the team aims to add value for investors over the long term. The team exercises a fundamental approach to investing in companies with emphasis on durable business models, quality management, consistent earnings, high return on invested capital and sustainable free cash flow. The fundamental components of the investment philosophy have remained consistent since the team began managing US small cap assets. However, the investment approach has evolved considerably in recent years as they have expanded coverage and made use of additional resources, including the integration of ESG issues into the investment process and the enhanced use of technological tools.

2,500+

Companies under coverage within the Global Equity Research team[1]

40+ professionals

The team leverages the insights of over 40 research analysts in the U.S. and over 200 globally[2]

20+ years

The 40+ U.S. equity analysts have an average of over 20 years of industry experience[2]

91% Active Share[2]

Fundamental approach, focusing on high quality companies with attractive valuations

Source: J.P. Morgan Asset Management.
[1] Data as of September 2023.
[2] Data as of December 2023.

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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**

Financial Highlights

Total returns (including dividends reinvested) to 31st December 2023

	2023	2022	3 Years Cumulative	5 Years Cumulative	10 Years Cumulative
Return to shareholders[1,A]	+4.0%	–15.7%	+2.1%	+57.3%	+159.0%
Return on net assets[2,A]	+4.6%	–8.2%	+13.0%	+65.0%	+190.9%
Benchmark return[3]	+10.1%	–10.6%	+13.9%	+59.1%	+153.9%
Net asset return performance compared to benchmark return[3,A]	–5.5%	+2.4%	–0.9%	+5.9%	+37.0%
Dividend[4]	3.0p	2.5p			

[1] Source: Morningstar.
[2] Source: Morningstar/J.P. Morgan, using cum-income net asset value per share with debt at par value.
[3] Source: Russell Investments. The Company's benchmark is the Russell 2000 Index total return with net dividends reinvested, expressed in sterling terms.
[4] 2023 dividend is subject to approval by shareholders at the 2024 Annual General Meeting.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 95 to 97.

Financial Highlights

Summary of results

	2023	2022	% change
Key financial data as at 31st December			
Net asset value per share	438.6p	421.7p	+4.0
Share price	404.0p	391.0p	+3.3
Share price discount to net asset value per share[A]	(7.9)%	(7.3)%	
Shareholders' funds (£'000)	279,725	273,057	+2.4
Exchange rate	£1 = $1.2748	£1 = $1.2029	
Shares in issue (excluding shares held in Treasury)	63,770,149	64,745,622	
Revenue for the year ended 31st December			
Net revenue attributable to shareholders (£'000)	2,567	1,772	+44.9
Revenue return per share	3.98p	2.72p	+46.3
Dividend per share	3.0p	2.5p	+20.0
Gearing at 31st December[A]	1.5%	6.8%	
Ongoing Charges[A]	**0.93%**	**0.95%**	

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 95 to 97.

Chair's Statement

David Ross
Chair

Performance

I have great pleasure in presenting the Annual Report of JPMorgan US Smaller Companies Investment Trust plc ('the Company') for the year ended 31st December 2023.

2023 was not an easy year for investors in many major markets. During the year, US small caps faced continued volatility in the market caused by various factors, including numerous interest rate hikes, high inflation levels, continued supply chain constraints, fast-paced liquidity tightening and recessionary risks. The Company's total return on net assets over the year was +4.6% which compares unfavourably with the +10.1% return for our benchmark, the Russell 2000 index in sterling terms. Total return to shareholders was +4.0% for the year, with the discount at which the Company's shares traded over the 12 month period widening marginally. While the Company's short-term performance relative to the benchmark is obviously disappointing, the Company has maintained its longer-term track record of absolute gains over five and ten years, outperforming its benchmark over these periods. This reflects the Manager's disciplined focus on long-term growth opportunities.

Full details of investment performance, changes to the portfolio and the outlook can be found in the Investment Manager's Report in the Annual Report and Financial Statements.

Share Issuance and Buybacks

As has been said in the past, the Board aims to align the Company's share price movements to changes in its net asset value ('NAV') and monitors the discount or premium at which the shares trade on a daily basis with the assistance of its broker 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 US smaller companies investments and the additional volatility introduced by owning assets denominated in dollars whilst having a share price and net asset value reported in sterling.

The discount averaged 10.7% over the course of the year, ending the year at 7.9%. To help with the management of the discount, we have in place the authority to repurchase up to 14.99% of the Company's issued share capital and we will be seeking renewal of this authority at the AGM.

During the year to 31st December 2023, the Company bought back 975,473 shares into Treasury, at an average price of 358.4p and a total cost of £3.5 million, in periods when discount levels were particularly elevated, reflected in the weighted average discount of 12.8% at which these shares were acquired. Since the year end, the Company has repurchased an additional 384,096 shares into Treasury. The Company did not issue any shares from Treasury or any new ordinary shares during the year or since the year-end.

The Company's share buyback policy continues to have three major objectives: to buy back shares with the aim of enhancing the NAV for ongoing 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. Share issuance will only be at times where the share price is a premium to the NAV.

Revenue and Dividend

The impact of global concerns on the dividends received from the Company's portfolio has remained relatively muted. As a result, the Board is delighted to recommend a dividend of 3.0p in respect of the financial year ended 31st December 2023 (2022: 2.5p). Subject to shareholders' approval at the Annual General Meeting (AGM), this dividend will be paid on 17th May 2024 to shareholders on the register at the close of business on 19th April 2024. The ex dividend date is 18th April 2024.

Shareholders should note the Company's objective is unchanged and remains one of capital growth. The dividend distribution amount will normally be driven by the minimum dividend required to maintain the Company's investment trust status. Therefore the dividend level is likely to fluctuate year on year as the distributions will typically reflect the naturally occurring income on the underlying portfolio.

Gearing

During the year, the Company continued to utilise its US$30 million loan facility (with an option to draw a further US$10 million) revolving credit facility to maintain a meaningful but modest level of gearing. The current 2-year term facility matured on 27th October 2023 at which point the Board reviewed its borrowing requirements and decided to reduce the facility to US$20 million (with an option to draw a further US$10 million). The existing loan was extended (on the same terms) whilst certain points of the new facility were discussed and agreed.

On 15th March 2024 the Board renewed the facility with Scotiabank, the new facility being a secured 364 day facility for a reduced amount of US$20 million.

As at 31st December 2023, the Company had drawn down US$30 million (GBP 23.5 million). It closed the year with a gearing level of 1.5%. The Board believes that the use of gearing is a key advantage of the investment trust structure and has persistently used gearing over time within its permitted 10% cash to 15% geared range.

Our policy sees gearing levels adjusted to reflect changes in the Board’s expectations for longer-term opportunities and market risks (with input from the Manager), rather than being used as a short-term market-timing tool.

Board Succession

In January 2024 the Board, through its Nomination Committee, carried out a comprehensive evaluation of the Board, its Committees, the individual Directors and the Chair. Topics discussed included the size and composition of the Board, Board information and processes, shareholder engagement, and training and accountability. The resulting report demonstrated the Board is working effectively and in line with expectations.

In accordance with good corporate governance practice, all Directors will retire at the forthcoming AGM and, being eligible, will offer themselves for reappointment by shareholders. As I indicated in the last Half Year Report, I will be retiring at the forthcoming Annual General Meeting (‘AGM’) in April 2024. It has been an honour to serve as the Chair and also to have had the opportunity to work with the investment team in New York, all the many people at JPMorgan Asset Management who help support the Company and last, but not least, the current Board, as well as those that have retired. The Board has agreed that my successor as Chair of the Company should be Dr Dominic Neary. In addition, it has been agreed by the Directors that the size of the Board be reduced to four Directors following my retirement; we believe that this is an appropriate number given the size of the Company, and that the Board will continue to offer an appropriate balance of skills and diversity of membership.

Board Diversity

The Board recognises the value and importance of diversity in the boardroom. I am pleased to report that the Board meets the FCA Listing Rules targets on gender diversity criteria, female representation in a senior role and ethnic representation on the Board.

Review of services provided by the Manager

During the year, the Board, through its Management Engagement Committee, carried out a thorough review of the investment management, secretarial and marketing services provided to the Company by the Manager. Following this review, the Board has concluded that the continued appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole.

The Company’s ongoing charges for the financial year, as a percentage of the average of the daily net assets during the year, were 0.93% (2022: 0.95%).

Chair's Statement

Environment, Social and Governance (ESG) considerations

The Board has continued to engage with the Manager on the integration of ESG factors into its investment process. The Board has conducted a review during the year to satisfy itself that the Manager has a robust process in place with sufficient resources behind it and that ESG considerations are considered by the Portfolio Managers at every stage of the investment decision.

The Board shares the Manager's view of the importance of financially material ESG factors when making investments for the long term and, in particular, the necessity of continued engagement with investee companies throughout the duration of the investment. The Portfolio Managers' ESG report describes the developments in the ESG process that have taken place during the year together with examples of how these are implemented in practice.

Task Force on Climate-related Financial Disclosures

As a regulatory requirement, JPMorgan Asset Management (JPMAM) published its first UK Task Force on Climate-related Financial Disclosures ('TCFD') Report for the Company in respect of the year ended 31st December 2022 on 30th June 2023. The report discloses estimates of the Company's portfolio climate-related risks and opportunities according to the Financial Conduct Authority (FCA) Environmental, Social and Governance (ESG) Sourcebook and the TCFD. The report is available on the Company's website under the ESG documents section: https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/regulatory/esg-information/jpm-us-smaller-companies-investment-trust-plc-tcfd-report-uk-per.pdf

The Board is aware that best practice reporting under TCFD is still evolving with respect to metrics and input data quality, as well as the interpretation and implications of the outputs produced, and will continue to monitor developments, including Sustainability Disclosure Requirements ('SDR').

Annual General Meeting

We are inviting shareholders to join us in person for the Company's sixty-seventh AGM to be held on Monday, 22nd April 2024 at 2.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. The Board hopes to welcome as many shareholders as possible.

As with previous years, you will have the opportunity to hear from the Portfolio Managers. Their presentation will be followed by a question and answer session. There will also be refreshments afterwards, when shareholders will be able to meet members of the Board. Shareholders wishing to follow the AGM proceedings but choosing not to attend will be able to view them live and ask questions through conferencing software. Details on how to register together with access details can be found on the Company's website: www.jpmussmallercompanies.co.uk, or by contacting the Company Secretary at invtrusts.cosec@jpmorgan.com.

In accordance with normal practice, all voting on the resolutions will be conducted on a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to submit their proxy votes in advance of the meeting, so that they are registered and recorded at the AGM. Proxy votes can be lodged in advance of the AGM either by post or electronically: detailed instructions are included in the Notes to the Notice of Annual General Meeting in the Annual Report. In addition, shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

If there are any changes to the above AGM arrangements, the Company will update shareholders through its website and, as appropriate, through an announcement on the London Stock Exchange.

My fellow Board members, representatives of JPMorgan and I look forward to the opportunity to meet and speak with shareholders after the formalities of the meeting have been concluded.

Stay Informed

The Company delivers email updates with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications and you wish to do so, you can opt in via https://tinyurl.com/JUSC-Sign-Up or by scanning the QR code in the front of the Annual Report.

Outlook

We are encouraged by the outlook for the US small cap universe and the wider US economy. Inflation is receding and whilst growth in 2024 is expected to be muted, there are indications that there will be a soft landing for the US economy. As noted in the Investment Manager's report, the valuation case for US small companies remains positive and it is believed that the earnings from the Company's holdings will grow strongly from their current levels. Whilst it is hoped that the US will avoid a recession, uncertainties and threats do remain within the US and across the world. These include the impact of the outcome of the US presidential election and the potential for interest rates to fall slower than previously anticipated. We remain confident that the focused and disciplined process adopted by the Investment Manager will continue to deliver attractive long term returns to shareholders.

David Ross
Chair

18th March 2024

Investment Manager's Report

Don San Jose
Portfolio Manager

Jon Brachle
Portfolio Manager

Dan Percella
Portfolio Manager

Market Review

Markets defied expectations in 2023 and rose to near-record levels despite several headwinds. We started the year expecting that persistent inflation, rising interest rates and geopolitical concerns would lead to a recession. Instead, the economy was surprisingly strong, and a small group of mega cap tech stocks led equity markets higher.

An exaggerated January effect ensured the year got off to a good start. These gains were lost in February and March as the market witnessed the second largest bank failure in US history, but the adverse impact of this and related events on investor sentiment proved short-lived, and the market recovered all its lost ground over the summer, supported in part by mounting excitement about the potential of artificial intelligence (AI). Consumer spending remained resilient and business spending held up better than expected despite tighter lending standards. This was thanks mainly to increased spending on intellectual property, as companies focused on building and integrating artificial intelligence capabilities into their production, service and administrative processes. The prospect of interest rate cuts drove strong market gains in the fourth quarter. Moreover, 2024 earnings forecasts saw an uptick towards year end as recession fears subsided.

Driven by the expectations of interest rate cuts in 2024, small caps rallied sharply in the fourth quarter, outperforming large caps for the first time in five quarters. However, despite this year-end surge, small caps still lagged large caps by nearly 10 percentage points (in USD terms) over 2023 as a whole. The S&P 500 rose 26% (in USD terms) during the year, led by a handful of mega cap tech stocks, the so-called 'Magnificent 7'.

Performance

The Portfolio's net asset value increased by 4.6% (in GBP terms) in 2023, although the Trust underperformed its benchmark, the Russell 2000 Index (Net), which rose by 10.1% (in GBP terms). As mentioned above, the year was a challenging year for small caps, especially during the first nine months. However, the third quarter earnings of our portfolio companies, published in late October and early November, exceeded expectations. Yet despite these seemingly positive results, relative stock reactions were in line with the broader market, as the macro and interest rates outlook, rather than individual company fundamentals, drove stock movements.

Our sector allocation in industrials and stock selection in financials made positive contributions to performance.

Within industrials, our overweight position in **Simpson Manufacturing**, and our exposure to **Azek**, were the top contributors. Simpson Manufacturing is a market leader in the wood connectors building product space. The company outperformed, continuing its strong execution, and delivering robust quarterly results thanks to revenue growth and resilient profit margins. In addition, the long-term outlook for the US housing industry remains positive, and the company is maintaining its efforts to drive above-market growth through product differentiation and strategic initiatives. While we trimmed our position on strength, we still like the stock given its leading market share, solid free cash flow generation and experienced management team. Azek, a manufacturer of outdoor living products, rallied after reporting solid earnings and an impressive margin improvement. The company continued to execute on growth and productivity initiatives, with new business wins outpacing underlying repair and replacement demand. We retain our conviction in the stock given the company's solid fundamental trends, however we trimmed our position on outperformance.

At the security level, our overweight position in **MACOM Technology Solutions** proved beneficial. MACOM Technology Solutions designs and manufactures semiconductors for telecom, industrial, defence and data centre end markets. Its share price rallied throughout the year as results aligned with expectations and data centre revenues rose strongly. The stock also benefitted from an increase in AI-related spending and increasing demand for high-speed data centre products. Additionally, investor sentiment soared after the company announced its intention to acquire Wolfspeed's radio frequency business. We remain confident in the stock, given management's focus on innovation, the quality of the business and its ability to deliver profitable growth over the long term.

Stock selection was the primary driver of underperformance, with our holdings in the consumer discretionary and healthcare sectors detracting most.

Within consumer discretionary, our exposure to **Driven Brands** was the largest detractor over the year. Driven Brands, one of the largest auto services companies in North America, underperformed due to a decline in its car wash business, which was adversely impacted by the weaker macro environment, a resultant decline in consumer spending and greater competition. However, we maintain our conviction in the stock given the durability of the auto-services end-market.

Within health care, our overweight position in **Agiliti**, and our exposure to **ICU Medical** hurt performance. Agiliti, a medical device company, underperformed due to weaker than expected margins driven by reduced rental demand and cost headwinds associated with large new contracts. We remain comfortable with our position as we believe underlying fundamentals are healthy and the valuation is attractive. ICU Medical, a vertically integrated manufacturer of medical equipment used in intravenous (IV) therapy applications, plunged due to a decline in revenues and lowered guidance. The core business performed well, however weaker performance in the Smith's Vascular Access and IV Solutions businesses drove the underperformance. Additionally, management made the strategic decision to reduce inventory levels, which hurt gross margins. We are monitoring our position in the stock.

Performance Attribution

Year ended 31st December 2023

	%	%
Contributions to total returns		
Benchmark return		**10.1%**
Asset Allocation	2.2%	
Stock Selection*	–7.2%	
Investment Manager Contribution		**–5.0%**
Portfolio total return		**5.1%**
Impact of cash/gearing*	0.2%	
Management fee/other expenses	–0.9%	
Share buybacks	0.2%	
Other effects		**–0.5%**
Cum Income Net Asset Value Total Return		**4.6%**
Share Price Total Return		**4.0%**

* Includes impact of FX movement on USD loan.
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 index.

A glossary of terms and APMs is provided on pages 95 to 97.

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 their 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 offer early access to innovative products and services.

We also remain focused on the quality of the portfolio, even as we initiate new ideas outside our typical universe, which included an energy name at compelling valuation and a cyber security software company with exceptional profitability. We also eliminated some names where we lost conviction in their investment cases, and we trimmed outperformers within industrials and materials. Our largest absolute and relative portfolio weight remains in industrials as we believe the sector offers many opportunities to find market share leaders serving durable, profitable end markets.

Investment Manager's Report

Our second largest relative weight is within utilities, driven by our overweight in waste and disposal services, a sector we favour due to resilient demand characteristics.

Our largest underweights remain in the energy and health care sectors. While we have struggled to find high quality assets within most segments of the energy sector, we have found some interesting opportunities within the alternative energy and midstream areas. In healthcare, we continue to avoid the biotechnology sector and remain focused on owning more profitable and durable franchises within the products and services sectors.

Market Outlook

As 2024 unfolds, we are constructive on the outlook for small cap companies, given a compelling valuation case and potential for small caps to benefit as they have historically after similar periods of large cap concentration. In addition, the earnings picture looks robust for small caps, with earnings poised to grow twice as fast as large cap earnings after two consecutive years of declines. Falling interest rates and a dovish Fed also tend to provide a conducive environment for small cap stocks. Once investors begin to look beyond the risk of recession and sense the potential for an improvement in economic momentum, small caps should benefit.

We are also relatively upbeat about the macroeconomic backdrop. Easing inflation and improved growth prospects have helped fuel optimism for a soft landing, although growth will remain subdued by historical standards and risks remain. However, be it the U.S. election, higher policy rates or significant geopolitical tension, there are continuing risks that could push the economy into recession in 2024. Any resultant volatility will not distract us from our course. We will continue to focus on high conviction stocks and take advantage of market dislocations to access compelling stock selection opportunities.

Don San Jose
Jon Brachle
Dan Percella
Portfolio Managers

18th March 2024

Integrating Environmental, Social and Governance

ESG stands for Environmental, Social and Governance. Awareness of these issues has increased significantly in recent years within the asset management industry, including the portfolio managers responsible for the Company's portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

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.

Why integrate ESG into the investment process?

J.P. Morgan Asset Management (JPMAM) believes that consideration of material environmental, social and governance (ESG) issues should be an important part of the investment process. ESG issues will increasingly affect a company's ability to successfully operate and generate returns. Systematically integrating ESG information into each stage of the investment process, including research, portfolio construction and company engagement, where material and relevant, should contribute to achieving an enhanced financial return, through better-informed investment decisions and strengthened risk management.

With access to more ESG data and better analytical capabilities than ever before, companies can now be evaluated in smarter, more holistic ways. The term for this approach is ESG integration: using financially material ESG factors to generate enhanced risk-adjusted returns.

Integrating ESG into investment decision-making brings about a process that is not very different from how investment decisions have been made historically: looking into the future, factoring in potential risks and opportunities around companies' revenue growth trajectories, and investing accordingly, based on the sustainability of those business models. The difference is that, along with applying traditional financial metrics, the Managers now also access and utilise a set of factors that can help them make even better investments.

While the Manager does not explicitly exclude individual stocks on ESG criteria, ESG factors influence their level of conviction and thus impact a stock's position size within the portfolio.

Comprehensive, Integrated Research

A key strength of the investment process is JPMAM's inhouse research, produced by over 100 global fundamental and quantitative equity analysts. Their ESG views on specific companies are the product of proprietary research and one-on-one engagements with companies. They also draw on data from external providers. These ESG views are amongst several informational inputs into the investment process, alongside data on traditional financial factors, and are not the sole driver of decision-making.

The research framework uses several internally developed processes to assess the financially material ESG credentials of any business. An ESG Checklist applies the same detailed 40 questions to more than 2,500 companies under coverage globally. The ESG Checklist asks 12 questions specifically addressing environmental considerations, 14 on social and 14 on governance. Analysts across Equities and Fixed Income collaborate on the ESG Checklist, with questions about governance tailored to reflect the investment angles of each asset class. The checklist includes both negative and positive questions, and a severity assessment. The checklist is not a 'pass/fail' exercise but rather a tool to inform discussions between portfolio managers and fundamental analysts, and the engagements with the companies they cover.

Environmental, Social and Governance ('ESG') Report

Questions on the checklist include:

ENVIRONMENTAL	● Is the business vulnerable to regulation aimed at limiting greenhouse gas emissions? ● Does the company have issues with toxic emissions, waste management or other environmental damage? ● Is the company failing to manage its use of water resources responsibly?
SOCIAL	● Does the company have issues with labour relations? ● Has the company had issues with privacy or data security? ● Does the company engage in anti-competitive behaviour and/or treat its customers unfairly?
GOVERNANCE	● Does the management fail to admit mistakes? ● Has the company changed key accounting policies? ● Does the owner have a history of poor governance, or of abusing minority shareholders?

Manager's ESG Approach

The checklist, as described above, is one tool used to incorporate ESG issues in a meaningful and consistent way. On top of this, they also draw from their own insights and company interactions as well as use other sources including external providers. As the quality and availability of ESG data continue to improve, JPMAM will continue to adapt the process to take advantage of these sources.

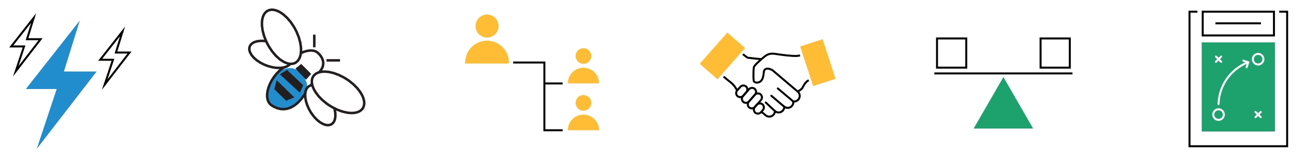
One such source is the United Nations Global Compact (UNGC), a set of 10 business principles which addresses the areas of human rights, labour, the environment, and anti-corruption. The UN believes that by incorporating these principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet but are also setting the stage for long-term success. The UNGC can be effective in identifying outliers to these principles. While there is no official list of companies that do not meet these principles, third party providers have taken the principles and applied their quantitative assessment to identify a 'violators list' of companies they consider to not be adhering to them. This list is very helpful in identifying corporate controversies and assessing how companies manage these controversies. The Manager now considers the UNGC in their investment decisions on behalf of the Company. Where they believe the violations cannot be remedied soon or where the company has not shown any signs of addressing the issue, they will exclude that company. Where it is less clear, they will engage with the company on the issue.

ESG Engagement

Active engagement with companies has long been an integral part of the Manager's approach to investment and ESG. Engagement is used not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practices, for the purpose of enhancing returns.

Engagement driven by our Investment Stewardship Team focuses on the six firm-wide priorities detailed below. Underlying each priority are specific themes which are typically topical issues within the industry and with our clients. These themes are reviewed on an annual basis. The JPMAM Investment Stewardship Team has identified a set of 'focus' companies aligned with these themes, which they proactively target for engagement. These companies are selected because they have an issue of concern, typically in reference to the six priorities, that is sufficiently material in the view of investors to warrant more focused engagement, and where the name is held in sufficient size to make the team's voice effective. The list of companies will be validated as part of ongoing dialogue between the Investment Stewardship Team and the Portfolio Managers and Research Analysts.

Portfolio Managers and Research Analysts in the US Equity Group also directly drive our engagement with the companies, addressing a broad range of ESG issues as part of their bottom-up stock analysis and ongoing interaction with companies.



Climate change	Natural capital and ecosystems	Human capital management	Stakeholder engagement	Governance	Strategy alignment with the long term

Environmental, Social and Governance ('ESG') Report

For the JPM US Smaller Companies Investment Trust, the Investment Stewardship team in conjunction with the Manager conducted engagements across 17 companies in the year to 31st December 2023, specifically to discuss ESG issues. The companies engaged with represented 17.5% (by value) of the portfolio with the engagements by sector and theme broken down as follows:

Engagement by ESG pillars

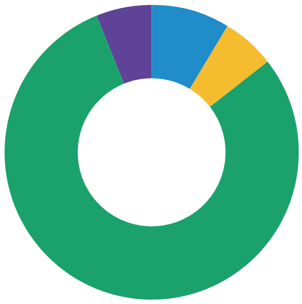
Environmental	Social	Governance
10 companies	9 companies	7 companies

Engagement by ESG themes

Climate change	Natural capital and ecosystems	Social stakeholder management	Human capital	Business conduct	Governance	Executive pay
25.9%	16.7%	7.4%	16.7%	3.7%	18.5%	11.1%

Engagement by Sector[1]

Engagement by Position[1]



[1] Based on 17 engagements during the year to 31st December 2023.

Engagement by employee engagement and diversity	3 companies	3.3% of the portfolio

Examples

Stericycle (SRCL) is a business-to-business services company that provides solutions for regulated waste disposal, compliance, and secure information destruction services.

We engaged with the company in January 2023. SRCL has continued to improve its focus on ESG initiatives as evidenced by the updated CSR report issued in October 2022. Similar to the waste sector, we think the company can be viewed negatively for dealing with waste, though they aren't the ones producing it. The service is mission critical and protects communities from harmful waste. The service also aids in recycling with approximately 1.1 billion pounds of paper recycled through the Shred-it (Secure Information Destruction) business, and over 100 million pounds of plastics diverted from landfills with the company's reusable sharps containers. They have also launched new SafeShield medical waste containers made with 15% recyclable content while also improving durability to extend useful life. Management has focused on employee safety and also DE&I, noting that in 2021 the percentage of women in senior/mid management has increased, and over 60% of all US-based new hires were racially or ethnically diverse. The company has pointed out that 60% of the Board of Directors is diverse.

We are comfortable with the ESG considerations impacting SRCL's business and think the company can benefit from a continued focus on CSR initiatives.

Knight-Swift Transportation (KNX) provides transportation and logistics services, operating as the largest truckload (TL) carrier in North America.

We engaged with KNX on climate. We reiterated our prior request for TCFD reporting. Meanwhile, the company does not sound optimistic about its ability to achieve its 2035 emissions reductions target. KNX has set targets to reduce CO_2 per mile by 5% by 2025 relative to 2019, and by 50% by 2035. While they are approximately 80% of the way to achieving the 2025 goal, the 2035 goal depends on the rollout of low-carbon technologies. When asked if a multi-pronged approach to achieve their goal would make sense for KNX, the company noted that it would force them to invest in multiple infrastructure networks. Fuel cell trucks would likely result in KNX having to generate its own hydrogen, which would be a massive operational challenge. Charging slots for one EV in California are $750,000. Even hybrids would need to charge either on the road or at the facility. That said, they will

Environmental, Social and Governance ('ESG') Report

continue to work on fuel economy, the major driver of the 2025 goal, which is simply good business. This is being taken forward on several fronts, including the purchase of an aerodynamics company. There are also both carrots and sticks to modify driver behaviour. It is noted that new truck engines do get more efficient over time, with the next big improvement likely to come in 2027. When asked about how customers view these issues, KNX explained that customers are very interested in lower emissions, until they find out how much it would cost. They are simply not willing to pay more. There is a bit of a chicken-and-egg problem, as the manufacturers need more demand to justify increased scale and scope, which would lower costs, but the demand won't really be there until costs are lower.

Proxy Voting

Alongside these direct engagements, JPMAM exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. The Manager seeks to vote in a prudent and diligent manner, based exclusively on its reasonable judgement of what will best serve the financial interests of its clients. JPMAM will aim to vote at all meetings called by the companies in which it is invested, unless there are any market restrictions or conflicts of interests.

In the US Equity Group proxy voting is a collaboration between investors and the Investment Stewardship specialists in the Global Sustainable Investing Team. 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. For full details, please see the J.P.Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

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 2023 is detailed below.

JPMorgan US Smaller Companies Investment Trust plc
1st January 2023 to 31st December 2023
95 meetings, 838 votable items

Items	Number	Number	Percentage
Number of votable meetings		95	—
Number of votable items		838	—
Number of items voted (instructions of Do Not Vote are not considered voted)		838	—
Number of votes for	771		92%
Number of votes against	17		2.0%
Number of votes on 'Management Say on Pay' frequency*	50		6.0%
Votes withheld	0		0.0%
Did not vote	0		0.0%
		838	
With Management	824		98.3%
Against Management	14		1.7%
		838	
Further details on Votes Against Management			
Directors Related	6		42.9%
Non-Salary Comp	7		50.0%
Other/miscellaneous	1		7.1%
		14	

* Management Say on Pay frequency proposal votes allow shareholders to determine where, going forward, the 'say on pay' vote to approve compensation should occur every one, two or three years.

For all calculations in this report, only ballots in Confirmed or Sent status are considered voted. All other ballot statuses are considered unvoted. Do Not Vote instructions are not considered voted and re-registration events are not included. Notwithstanding the above, each unique vote cast per unique proposal is considered across all calculations. In cases of different votes submitted for an individual agenda item, votes cast are discretely counted by vote cast (For, Against, etc.) per proposal. This may result in voting totals exceeding the number of votable items. Withhold vote instructions, predominantly seen in the US market for companies using a plurality vote standard, denote a contrary vote opinion on director elections; for further information, please review ISS' policy guidelines: https://www.issgovernance.com/policy-gateway/voting-policies.

Task Force on Climate-related Financial Disclosures (TCFD)

JPMorgan Asset Management (UK) Limited ('JPMAMUK') is an asset manager, operating in the UK as part of J.P. Morgan Asset Management ('JPMAM'). JPMAM is the marketing name for the investment management businesses of JPMorgan Chase & Co. worldwide. As a global asset management group, JPMAM seeks to adopt a consistent approach in its strategy and management of client assets, including with respect to climate risks and opportunities. Accordingly, this UK addendum, is supplemental to and should be read together with JPMAM's Global Task Force for Climate Related Financial Disclosures Report (2023 TCFD Report).

Please refer to the below link for additional information:
https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/uk-tcfd-report.pdf

The Carbon Scorecard

The carbon footprint is an important starting point to help understand the portfolio's exposure to climate risks. The portfolio companies have a weighted average carbon intensity greater than the Russell 2000. Based on this data, MSCI rates the JPMorgan US Smaller Companies Investment Trust plc as having a moderate exposure to carbon intensive companies.

The table below contains the numbers as at 31st December 2023.

	Carbon emissions tons CO_2e/\$m invested	Total carbon emissions tons CO_2e	Carbon intensity tons CO_2e/\$m sales	Weighted average carbon intensity (WACI) tons CO_2e/\$m sales	Carbon emissions data availability
Portfolio	50.7	50,650.0	116.3	112.4	99.3%
Index	109.5	109,491.0	138.2	127.6	94.4%

Source: MSCI ESG Research LLC.

Net Zero Asset Managers Initiative

In 2021 JPMAM became a signatory to the Net Zero Asset Managers Initiative (NZAMI), an international group of asset managers committed to supporting investing aligned with the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. In November 2022, JPMAM released the interim 2030 targets for in-scope AUM under the NZAMI, along with details of the strategy for reaching this target. JPMAM have included all of their AUM in listed equities and corporate bonds, as well as certain direct investments in forestry, in scope for our NZAMI targets. Those assets make up 42% of JPMAM's total assets under management ($1 trillion), as of 31st December 2022. They will measure progress towards the NZAMI target by the proportion of companies in which they invest that have set their own credible net zero targets. By 2030, JPMAM intends to increase the percentage of AUM held in companies with credible science-based targets from 20% to 55%, and to reach 100% by 2040.

Looking ahead

Over the last few years, the quantity and quality of ESG-related data available to investors have improved significantly. Organisations that encourage voluntary disclosure – such as CDP (formerly the Carbon Disclosure Project), the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) – have played an important role in helping businesses better understand, measure and communicate to investors the ESG risks they are exposed to. Investors can now access higher quality ESG-related data that is more consistent, comparable, and reliable. Clear new regulations, such as the Sustainability Disclosure Requirements ('SDR') in the UK which will make disclosures mandatory, have also helped accelerate the availability of data. With access to more ESG data and better analytical capabilities than ever before, JPMAM believes they can now evaluate the companies in which they invest in smarter, more holistic ways.

J.P. Morgan Asset Management

Ten Year Record

At 31st December	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shareholders' funds (£'000)	86,339	99,348	103,805	153,824	166,687	158,831	198,252	236,839	301,783	273,057	279,725
Net asset value per share (p)[1]	158.0	177.3	184.3	276.7	294.2	274.8	343.0	394.9	462.1	421.7	438.6
Share price (p)[1]	163.8	172.1	183.9	282.0	303.8	266.0	352.0	403.0	467.0	391.0	404.0
(Discount)/ premium (%)[A]	3.7	(2.9)	(0.2)	1.9	3.3	(3.2)	2.6	2.1	1.1	(7.3)	(7.9)
Gearing (%)	5.4	6.5	9.8	4.1	5.2	5.8	5.0	6.1	6.7	6.8	1.5
Exchange rate (£1=$)	1.65	1.56	1.47	1.24	1.35	1.27	1.32	1.37	1.35	1.20	1.27
Shares in issue[1,2]	54,657,800	56,040,928	56,325,928	55,586,928	56,651,928	57,791,928	57,791,928	59,969,382	65,306,265	64,745,622	63,770,149
Year ended 31st December											
Gross return (£'000)	1,172	1,390	1,728	2,317	2,552	2,693	3,023	2,962	3,266	3,336	4,365
Revenue return per share (p)[1]	1.00	1.15	1.66	2.51	2.79	2.75	2.76	3.00	2.87	2.72	3.98
Dividends per share (p)[1]	0.7	nil	nil	nil	2.5	2.5	2.5	2.5	2.5	2.5	3.0[6]
Ongoing charges ratio (%)[A]	1.77	1.73	1.69	1.47	1.33	1.36	1.23	1.07	0.99	0.95	0.93
Annual returns to 31st December											
Total return to shareholders (%)[3,A]	+59.7	+5.6	+6.8	+53.4	+7.7	–11.6	+33.4	+15.5	+16.5	–15.7	+4.0
Total return on net assets (%)[4,A]	+38.7	+12.8	+4.0	+50.1	+6.3	–5.8	+25.8	+16.0	+17.7	–8.2	+4.6
Benchmark total return (%)[5]	+35.9	+11.1	+0.9	+44.4	+4.5	–5.7	+20.4	+16.0	+15.7	–10.6	10.1
Returns rebased to 100 at 31st December 2012											
Total return to shareholders[3,A]	100.0	105.6	112.8	173.0	186.3	164.7	219.7	253.7	295.6	249.0	259.0
Total return on net assets[4,A]	100.0	112.7	117.2	176.0	187.1	176.3	221.8	257.3	302.9	278.0	290.9
Benchmark total return[5]	100.0	111.1	112.1	161.9	169.2	159.6	192.2	223.0	258.0	230.6	253.9

[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 2023 payable on 17th May 2024. See note 10 on page 76 for details.

[A] Alternative Performance Measure (APM).

A glossary of terms and APMs is provided on pages 95 to 97.

Portfolio Information

Ten largest investments

At 31st December

Company[1]	Sector	2023 Valuation £'000	2023 Valuation %[2]	2022 Valuation £'000	2022 Valuation %[2]
WillScot Mobile Mini	Industrials	5,339	1.9	5,763	2.0
MACOM Technology Solutions[3]	Technology	5,318	1.9	3,348	1.1
Encompass Health	Health Care	5,217	1.8	4,792	1.6
MSA Safety	Industrials	5,198	1.8	5,092	1.7
RBC Bearings[3]	Basic Materials	5,170	1.8	3,633	1.2
Novanta[3]	Technology	4,855	1.7	3,740	1.3
Aptar	Industrials	4,775	1.7	4,315	1.5
Simpson Manufacturing[3]	Industrials	4,740	1.7	3,158	1.1
WEX	Industrials	4,735	1.7	4,224	1.4
Power Integrations	Technology	4,645	1.6	4,525	1.6
Total		**49,992**	**17.6**		

[1] All companies shown are listed in the USA.
[2] Based on total investments of £284.0m (2022: £291.7m).
[3] Not included in the ten largest investments at 31st December 2022.

At 31st December 2022, the value of the ten largest investments amounted to £45.9 million representing 15.7% of total investments.

Sector analysis

At 31st December

	2023 Portfolio %[1]	2023 Benchmark %	2022 Portfolio %[1]	2022 Benchmark %
Industrials	28.0	18.4	27.4	16.9
Financials	16.4	16.0	17.4	17.0
Technology	12.8	12.6	12.2	10.5
Consumer Discretionary	11.4	13.3	13.8	12.4
Health Care	10.5	15.1	11.7	16.5
Basic Materials	5.4	3.8	5.4	4.1
Real Estate	5.1	6.4	5.7	6.6
Utilities	4.7	2.8	3.5	3.9
Consumer Staples	3.2	2.8	2.8	3.3
Energy	2.5	7.4	0.1	7.1
Telecommunication	—	1.4	—	1.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £284.0m (2022: £291.7m).

List of investments

List of investments

At 31st December 2023

Company	Valuation £'000
Industrial	
WillScot Mobile Mini	5,339
MSA Safety	5,198
Aptar	4,775
Simpson Manufacturing	4,740
WEX	4,735
First Advantage	4,205
Applied Industrial Technologies	3,911
Janus International	3,810
Brunswick	3,732
Badger Meter	3,724
Landstar System	3,692
Hayward	3,567
AZEK	3,542
Douglas Dynamics	3,525
Knight-Swift Transportation	3,427
Toro	3,412
Lincoln Electric	3,374
Verra Mobility	3,326
Hillman Solutions	3,322
UniFirst	3,273
Woodward	939
	79,568
Financials	
AssetMark Financial	4,106
RLI	3,924
First Interstate BancSystem	3,838
Wintrust Financial	3,667
Evercore	3,657
First Hawaiian	3,631
StepStone	3,551
First Financial Bancorp	3,158
ServisFirst Bancshares	3,155
BankUnited	3,139
Clearwater Analytics	3,132
City	2,853
Kinsale Capital	2,834
Moelis	1,764
	46,409

Company	Valuation £'000
Technology	
MACOM Technology Solutions	5,318
Novanta	4,855
Power Integrations	4,645
Workiva	2,935
Guidewire Software	2,931
Paycor HCM	2,842
Envestnet	2,718
nLight	2,567
Allegro MicroSystems	2,397
Fabrinet	2,318
Qualys	1,586
nCino	1,256
	36,368
Consumer Discretionary	
Bright Horizons Family Solutions	4,461
BJ's Wholesale Club	4,278
Planet Fitness	4,055
Wendy's	3,457
Acushnet	3,092
LCI Industries	2,957
Monarch Casino & Resort	2,913
Malibu Boats	2,697
Driven Brands	2,635
Savers Value Village	1,919
	32,464
Health Care	
Encompass Health	5,217
HealthEquity	3,632
QuidelOrtho	3,290
Envista	2,946
Neogen	2,940
Progyny	2,858
ICU Medical	2,525
Certara	2,484
Azenta	2,181
Agiliti	1,593
	29,666

List of investments continued

At 31st December 2023

Company	Valuation £'000
Basic Materials	
RBC Bearings	5,170
Quaker Chemical	4,444
Ecovyst	2,295
Balchem	2,139
Perimeter Solutions	1,301
	15,349
Real Estate	
Ryman Hospitality Properties	3,997
EastGroup Properties	3,763
NNN REIT	3,720
Cushman & Wakefield	3,001
	14,481
Utilities	
Casella Waste Systems	4,512
Portland General Electric	3,508
Stericycle	3,353
Northwestern Energy	2,095
	13,468
Consumer Staples	
Utz Brands	3,226
Primo Water	2,915
Freshpet	2,899
	9,040
Energy	
DT Midstream	2,778
Shoals Technologies	2,270
SM Energy	2,125
	7,173
Total Investments	**283,986**

Business Review

The Directors present the Strategic Report for the Company's financial year ended 31st December 2023. 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 for the collective benefit of shareholders. The Chair's Statement together with the Investment Manager's Report, Principal and Emerging Risks, Long Term Viability Statement and Section 172 Statement form part of this Strategic Report.

Business model and 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). As an externally managed investment company, all of the Company's day-to-day management and administrative functions are outsourced to service providers. As a result, the Company has no executive directors, employees or internal operations.

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. 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 Investment Management team is based in New York. The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy as well as the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters. The Board has determined an investment policy and related guidelines and limits, as described below, within which the Investment Manager must operate.

Status of the Company

The Company is subject to UK legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the AIFMD, the Market Abuse Regulations, taxation law and the Company's own Articles of Association.

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 Chair's Statement on pages 8 to 11, and in the Investment Manager's Report on pages 12 to 14.

The Company's purpose, values, strategy and culture

The purpose of the Company is to provide a cost effective, financially 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 page 39.

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 underlie 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.

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 2023, the Company's total return to shareholders was 4.0% and the total return on net assets was 4.6%. This compares with the total return on the Company's benchmark of 10.1%. As at 31st December 2023, the value of the Company's investment portfolio was £284.0 million. The Investment Manager's Report on pages 12 to 14 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 £16,460,000 (2022: loss of £21,259,000). Net return after deducting the management fee, administrative expenses, finance costs and taxation, amounted to £11,785,000 (2022: loss of £25,026,000).

The Directors recommend a final dividend of 3.0 pence (2022: 2.5 pence) per share payable on 17th May 2024 to shareholders on the register at the close of business on 19th April 2024. No other dividends were paid in respect of the year. The revenue reserve after the payment of the dividend will amount to £1,578,000.

Key Performance Indicators (KPIs)

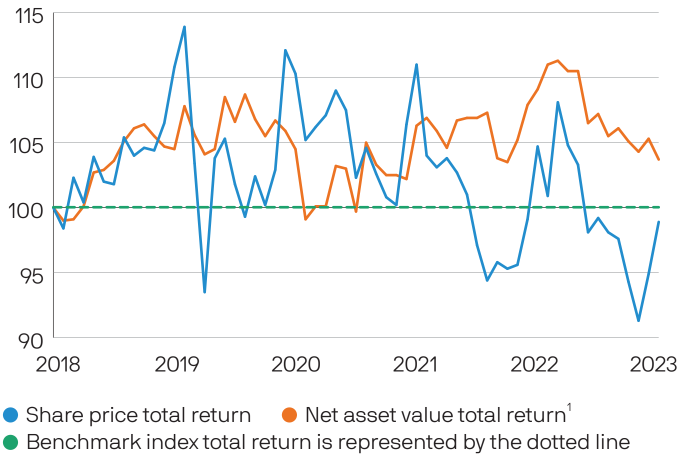
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **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 Chair's Statement and the Investment Manager's Report.

Performance Relative to Benchmark Index

Figures have been rebased to 100 at 31st December 2018

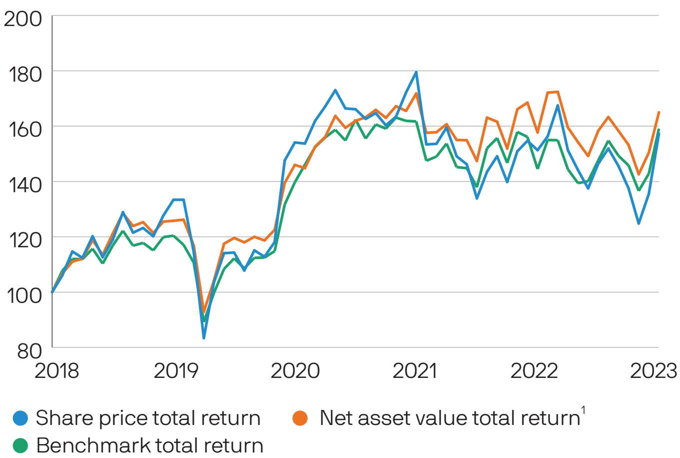


Source: Morningstar/Russell.

[1] Using cum-income net asset value per share.

Five Year Performance

Figures have been rebased to 100 as at 31st December 2018



Source: Morningstar/Datastream (total return).

[1] Using cum-income net asset value per share.

Business Review

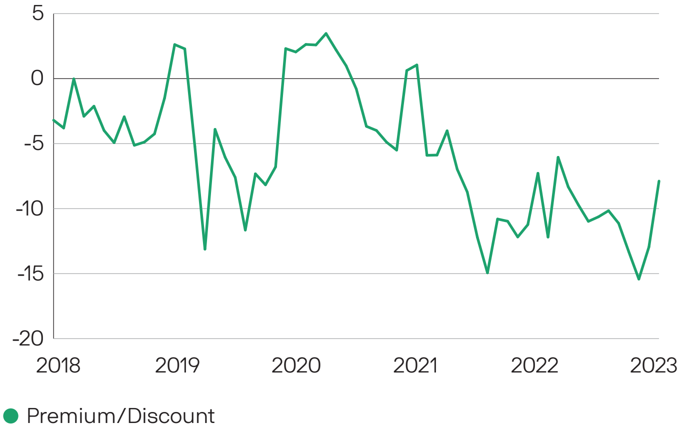
- **Performance against the Company's peers**

  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 2023 are given in the Investment Manager's Report on page 13.

Premium/(Discount) Performance



Source: Morningstar.

- **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 2023, the shares traded between a discount of 2.2% and 16.4% and an average discount of 10.7% (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 2023 are 0.93% (2022: 0.95%). Further details can be found on page 96. 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

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 any shares for cancellation (2022: nil). The Company repurchased a total of 975,473 (2022: 760,643) ordinary shares into Treasury, at an average price of 358.4p and a total cost of £3.5 million, representing 1.49% of the issued share capital as at 31st December 2023. However, nil ordinary shares were reissued from Treasury (2022: 125,000), and nil new shares were issued during the year (2022: 75,000). 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 page ●. 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 15th March 2024, the last practicable date before the publication of this document, the Company has repurchased a further 384,096 shares into Treasury. The Company has not issued any additional shares from Treasury or new ordinary shares under its ordinary share block listing facility.

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

Employees, Social, Community and Human Rights Issues

The Company is managed by its Manager, has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees.

The Company has no direct social or community responsibilities or impact on the environment and the Company has not adopted an ESG investment strategy nor does it modify the Company's investment objective. However, the Board is aware of, and supports, the Investment Manager's approach to ESG considerations where the focus is on the economic impact of the involvement, as integrated into the Investment Manager's investment process. The Investment Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. An explanation of the Investment Manager's overall approach to ESG is on pages 15 to 19. The Board further notes JPMAM's global policy statements in respect of ESG issues as follows:

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.

A comprehensive ESG statement is included on pages 15 to 19.

Greenhouse Gas Emissions

The Company itself 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. The Board notes the policy statements from the Investment Manager in respect of Social, Community and Environmental and Human Rights issues and Greenhouse Gas Emissions and that it is a signatory to the CDP (formerly known as Carbon Disclosure Project), as well as JPMorgan Chase being a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Company, as a closed ended investment fund, is currently exempt from complying with the Task Force on Climate related Financial Disclosures. For more information, please see page 18 of the ESG report.

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: www.jpmorganchase.com/about/our-business/human-rights

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. As the Company has no employees, the Board's focus is to ensure that the risk of the Company's service providers facilitating tax evasion is also low. To this end it seeks assurance from its service providers that effective policies and procedures are in place.

Future Prospects

The Board continues to focus on maximising total returns over the longer-term. The outlook for the Company is discussed in both the Chair's Statement and the Investment Manager's Report (see pages 11 to 14).

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 or liquidity.

With the assistance of the Manager, the Audit Committee maintains a risk matrix which identifies the principal risks to which the Company is exposed and methods of mitigating against them as far as practicable. The risks identified and the broad categories in which they fall, and the ways in which they are managed or mitigated are summarised below.

The AIC Code of Corporate Governance requires the Audit Committee to put in place procedures to identify emerging risks. At each meeting, the Board reviews all potential risks and considers emerging risks which it defines as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. As the impact of emerging risks is understood, these risks may be entered on the Company's risk matrix and mitigating actions considered as necessary.

In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company.

These key and emerging risks are listed below. It should be noted that the emergence of, or a change in, a risk can have an impact on another risk:

Principal risk	Description	Mitigating activities	Movement in risk status in year to 31st December 2023
Investment Management and Performance			
Under-performance	Poor implementation of the investment strategy may lead to underperformance against the Company's benchmark index and peer companies.	A broadly diversified portfolio of equities is managed in line with Board-approved investment restrictions and guidelines. Investments are monitored and reported on by the Manager who provides the Board with regular 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 Portfolio Managers, who participate at all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Portfolio Managers employ the Company's gearing 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.	No change

Principal and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 31st December 2023
Investment Management and Performance			
Market and Economic	Market risk arises from uncertainty about the future prices of the company's investments, which might result from economic, fiscal and regulatory change, including the risk of global economic disruption and market volatility in the aftermath of COVID-19. Geopolitical risks will also affect the market and are currently heightened due to the war between Ukraine and Russia and more recently the conflict in the Middle East, and ongoing tensions with China. Market factors such as interest rates, inflation, US presidential election and equity market performance may impact the value of investments and the performance of the Company.	This risk is managed to some extent by diversification of investments and by regular communication with the Manager on matters of investment strategy and portfolio construction which will directly or indirectly include an assessment of these risks. 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 the Manager. The Board monitors the implementation and results of the investment process with the Manager. The Manager's market strategists are available for the Board and can discuss market trends. External consultants and experts can be accessed by the Board. The Board can, with shareholder approval look to amend the investment policy and objectives of the Company, if required, to enable investment in companies or assets which offer more appealing risk/return characteristics in prevailing economic conditions.	Increased
Operational Risks			
Discount Control	Investment trusts shares often trade at discounts to their underlying NAV; they can also trade at a premium. Discounts and premiums can fluctuate considerably leading to volatile returns for shareholders.	The Board monitors the share price against the absolute and sector relative premium/discount levels. The Board reviews sales and marketing activity and sector relative performance, which it believes are the primary drivers of the relative premium/discount level. The Company has authority to buy back its existing shares or issue new shares to enhance the NAV per share for remaining shareholders when deemed appropriate.	Increased
Shareholder Demand	Certain buyers within the sector will only consider investing into an investment trust where its AUM is over a certain level; the Company's AUM currently stands below these levels.	The Board reviews sales and marketing activity and it also receives regular feedback via the Manager's sales team from both existing and prospective shareholders.	No change

Principal and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 31st December 2023
Operational Risks			
Loss of Investment Team or Portfolio Manager	A sudden departure of the Portfolio Managers, or several members of the investment management team could result in a short term deterioration in investment performance.	The Board seeks assurance that 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, as well as special efforts to retain key personnel. The Board engages with the senior management of the Manager in order to mitigate this risk.	No change
Outsourcing	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Registrar, Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position or a misappropriation of assets.	Details of how the Board monitors the services provided by JPM and its associates and the key elements designed to provide effective risk management and internal control are included within the Risk Management and Internal Controls section of the Corporate Governance Statement on page 47. The Manager has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including disruption resulting from a pandemic). Directors have received evidence that the Manager and its key third party service providers have business continuity plans in place and that these are regularly tested.	No change
Cyber Crime	The threat of cyber attack, in all guises, is regarded as at least as important as more traditional physical threats to business continuity and security.	The Company benefits directly and/or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around physical security of JPMorgan's data centres, security of its networks and security of its trading applications, are tested by independent auditors and reported every six months against the AAF Standard. The Company and the Manager have evidence from the major service providers that they have procedures in place to maintain the best practices in the fight against cybercrime and to ensure business resiliency.	No change

Principal and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 31st December 2023
Corporate Governance			
Statutory and Regulatory Compliance	Failure to comply with relevant statute law or regulation may have an impact on the Company both in terms of fines and in terms of its ability to continue to operate. Also, the Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or political impact.	The Board relies on the services of its Company Secretary, the Manager and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs, MAR and AIFMD. Details of the Company's compliance with Corporate Governance best practice, are set out in the Corporate Governance Statement on pages 42 to 48. The Board receives regular reports from its broker, depositary, registrar and Manager as well as its legal advisers and the Association of Investment Companies on changes to regulations which could impact the Company and its industry. The Company monitors events and relies on the Manager and its key third party providers to manage this risk by preparing for any changes.	No change
Environmental			
Climate Change	Climate change has become one of the most critical issues confronting companies and their investors. Climate change can have a significant impact on the business models, sustainability and even viability of individual companies, whole sectors and even asset classes.	The Board receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making, so as to mitigate risk at the level of stock selection and portfolio construction. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of the Company's services providers will come under greater scrutiny.	Increased

Principal and Emerging Risks

Emerging risk	Description	Mitigating activities	Movement in risk status in year to 31st December 2023
Political and Economic	Political issues and changes in financial or tax legislation in the UK or the US may lead to changes to the operating model of the Company and/or reduce the appeal of the Company to shareholders.	The Manager monitors events and makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate.	Increased
Artificial Intelligence (AI)	While it might equally be deemed a force for good, there appears to be an increasing risk to society from the threat posed by AI. Advances in computing power means that AI has become a powerful tool that will impact society, with a wide range of applications that include the potential to harm. The adoption of AI can also have an adverse impact on datacentres and their use of energy and water. This in turn has ESG implications.	The Board will work to monitor developments concerning AI as its use evolves and consider how it might threaten the Company's activities, which may include a heightened threat to cybersecurity. The Board will work closely with JPMF in identifying these threats and, in addition, monitor the strategies of our service providers.	Increased
Global Pandemics	The outbreak and spread of COVID-19 in 2020 highlighted the speed and extent of economic damage that can arise from a pandemic. Should a new form of the virus or another pandemic emerge that spreads more aggressively or is more virulent, it may present risks to the operations of the Company, its Manager and other major service providers.	Time after time, markets have recovered, albeit over varying and sometimes extended time periods, and so the Board does have an expectation that the portfolio's holdings will not suffer a material long-term impact and should recover. The Board receives reports on the business continuity plans of the Manager and other key service providers. The effectiveness of these measures were assessed throughout the course of the COVID-19 pandemic and the Board continues to monitor developments as they occur and seek to learn lessons which may be of use in the event of future pandemics.	No change
Ongoing shareholder demand	Competing investment vehicles (e.g. ETFs) or new investment technologies may render the Company's shares unappealing to shareholders.	The Manager has a dedicated investment trust sales team that works closely with the Company's broker as well as current and prospective shareholders. Regular meetings are held with shareholders to try to ensure continued demand/interest. Both the Manager and the broker submit a sales activity report to each Board meeting and are available to discuss any issues throughout the year. In addition, the Manager's marketing team has focused on marketing more effectively to retail shareholders which represent a vast majority of the Company's shareholder base.	No change

Long Term Viability

The Company is an investment trust with an objective of achieving capital growth from investing in US smaller companies. The Company enjoys the benefit of the closed ended structure and is therefore better able to withstand market movements since it is not subject to forced liquidation of investments due to sudden or large redemptions by shareholders.

The Board notes by way of context that the Company has invested through many difficult economic and market cycles since its incorporation in 1955. The Board is cognisant of the unusually high levels of political, economic and market uncertainty being experienced at the current time and its potential impact on the prospects of many of the Company's portfolio holdings. This includes the continuing war between Ukraine and Russia and more recently the conflict in the Middle East, the political tensions between the US and China and the forthcoming US presidential election. Notwithstanding these crises, given the factors stated below, the Board expects the Company to continue for the foreseeable future and has conducted its assessment for a period of five years.

In conducting its assessment of the long term viability of the Company, the Board has taken account of the Company's current financial position, its debt level and debt covenants, the liquidity of its holdings as well as the principal and emerging risks that it faces (see page 28), the investment capabilities of the Manager, the Manager's historical longer term investment performance and the current outlook for the US economy and its equity markets.

The Board has further considered the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience.

In addition to the above, the Company has carried out stress testing of a number of scenarios where the Company might be put under significant stress due to market volatility. This included modelling the impact of substantial market falls and testing portfolio liquidity under stress. The results demonstrated the impact on the Company's NAV, its expenses, its debt levels and the covenants attached to that debt as well as the Company's ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to meet its liabilities as they fall due. See notes 13 and 14 on page 78.

The Directors consider five years to be an appropriate time horizon to assess the Company's viability. In determining this time horizon 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. The Directors also take account of the inherent uncertainties of equity markets and the existence of a continuation vote every five years.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation, subject to shareholders voting in favour of continuation at the AGM in 2025, and meet its liabilities as they fall due over the next five years until 31st December 2028. This reasonable expectation is subject to there being no significant adverse change to the regulatory or taxation environment for investment trusts; and subject to there being no sustained adverse investment performance by the current or any successive Portfolio Managers, that may result in the Company not being able to maintain a supportive shareholder base.

Duty to Promote the Success of the Company

Section 172 of the Companies Act 2006 ('Companies Act') states that: A Director of a company must act in the way that, is considered in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items.

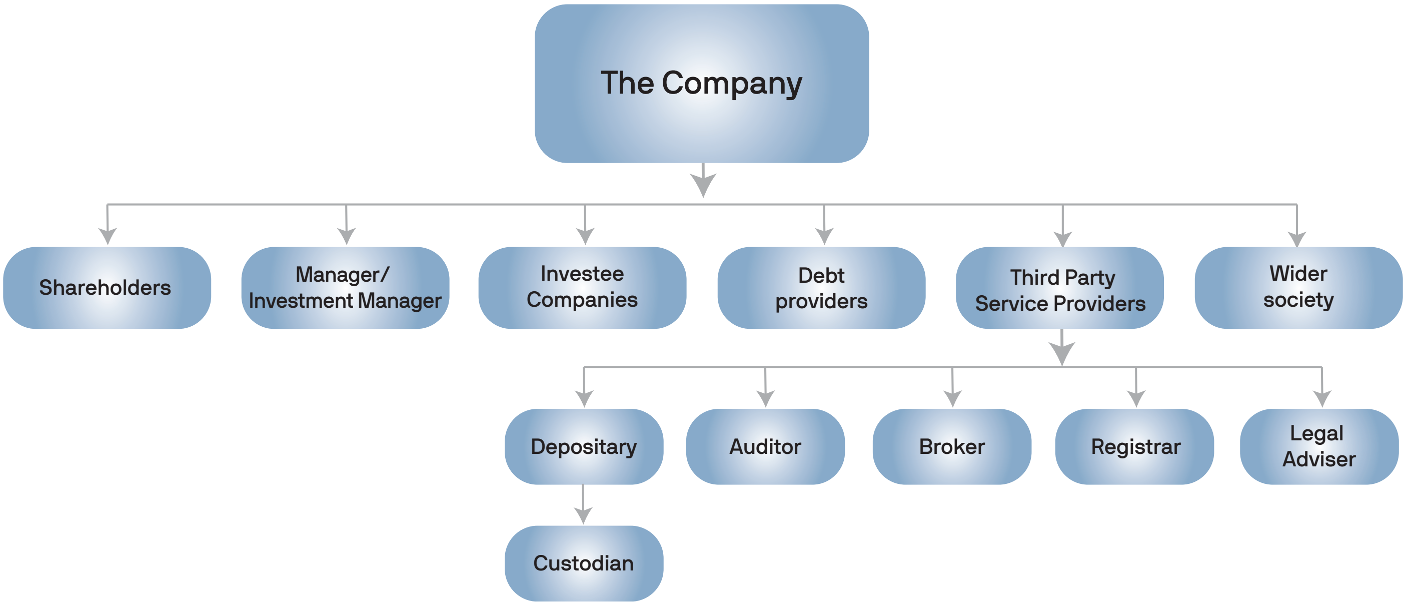
The likely consequences of any decision in the long term	In managing the Company, the aim of both the Board and Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision made by the Board are a key consideration. In managing the Company during the year under review, the Board acted in the way which it considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of shareholders as a whole, having had regard to the wider stakeholders and the other matters set out in section 172 of the Companies Act.
The interests of the Company's employees	The Company does not have any employees.
The need to foster the Company's business relationships with suppliers, customers and others	The Board's approach is described under 'Stakeholders' on the next page.
The impact of the Company's operations on the community and the environment	The Board takes a close interest in ESG issues and sets the overall strategy. ESG integration does not modify the Company's investment objective and the Company does not have an ESG focused investment strategy. However, the Board has appointed a Manager that, through its Investment Manager, integrates financially material ESG considerations into its investment process, with the goal of enhancing long-term, risk-adjusted financial returns. Further details are set out in the ESG report on pages 15 to 19.
The desirability of the Company maintaining a reputation for high standards of business conduct	The Board's approach is described under the Company's Purpose, Values, Strategy and Culture on page 24.
The need to act fairly between members of the Company	The Board's approach is described under 'Stakeholders' on the next page.

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.

Duty to Promote the Success of the Company

Stakeholders

Set out below are the key stakeholders and third party service providers of the Company:



The table below sets out details of the Company's engagement with these stakeholders:

Stakeholder Engagement
Shareholder Engagement
Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Shareholders are encouraged to attend the Company's Annual General Meeting. Shareholders can contact Directors via the Company Secretary. In addition, the Chair and Directors make themselves available as and when required to address shareholders' queries and offer meetings to larger shareholders. Engagement with shareholders has also improved with the increased use of regular webcasts and the opportunity for shareholders to sign up for electronic news updates. The Board continues to investigate actively how to improve communications and engagement with shareholders including through company communications, the Company's website etc.
Manager
The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).
Investee companies
The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager engaged with many of its investee companies and voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on page 18). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Duty to Promote the Success of the Company

Stakeholder Engagement

Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance (ESG) considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 15 to 19.

The Manager is a signatory to the UK Stewardship Code. This reflects the Manager's commitment to stewardship responsibilities and to drive positive corporate change and industry developments to benefit not only the Company but also the environment and wider society over the long-term.

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:

Key Decisions and Actions

Dividends Payable to Shareholders

Although the Company's objective is to deliver capital growth, the level of dividends paid are a key consideration for the Board, given the ongoing demand for income. In the Company's financial year ended 31st December 2023, the Company's revenue for the year, after expenses and tax, increased from the prior year by 44.9%. The Board has declared a final dividend of 3.0 pence per share.

Share buybacks

The Board pursues an active buyback policy which aims to enhance value for current investors by buying shares at anything wider than a small discount to NAV. In addition to the primary benefit of the NAV enhancement provided to existing shareholders, the buyback policy has the effect of reducing discount volatility and improving liquidity in the Company's shares,both of which should be beneficial to shareholders.

During the year 975,473 shares were purchased into Treasury, at a cost of £3.5 million, representing 1.49% of the Company's issued share capital at the beginning of 2023, and at an average discount to NAV of 12.8%.

Re-appointment of Manager

The Directors have reviewed the competitiveness of the management fee and the Company's other operating costs; held the Manager to account for investment performance; encouraged the Manager to enhance its sales and marketing efforts and further integrate ESG into the Manager's investment process. A review of the Manager and its services was undertaken during the year by the Management Engagement Committee. Post the review process, the Board re-appointed the Manager.

Succession Planning

The Board has continued to progress its orderly succession plans during the year. Having served as a Director since 2015 and as Chair since 2019, David Ross will retire from the Board at the Company's 2024 Annual General Meeting The Board has agreed that Dr Dominic Neary will take over as Chair. It was also agreed by the Directors that the Board will be reduced to four Directors following the retirement of David Ross. Your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background and experience.

Duty to Promote the Success of the Company

Key Decisions and Actions

Raising the Profile of the Company

The Board is focussed on enhancing the sales and marketing efforts of the Company. The Board has engaged a third party to refine the Company's key attributes and attractions, alongside the development of a marketing plan to raise awareness of the Company amongst existing and potential shareholders. The Board continues to encourage the Manager to enhance its sales, marketing and PR efforts, having initiated a series of new promotional activities over 2023 and more in 2024 to raise awareness of the Company.

It is important that the Company remains front of mind with both institutional and retail investors. The Board employs Kepler to provide research notes for the Company twice a year. In addition, the Portfolio Managers also use webcasts and speak at video conferences, organised by brokers and external companies. The Company's website has been enhanced.

Borrowings and Gearing

The Board, with discussion with the portfolio managers, regularly reviews the Company's debt position. This process includes identifying the need for finance, the type of finance and the parties to work with. This leads to pricing and term discussions including covenants with the selected debt provider. The Company, through its Manager, maintains the relationship and continued engagement with the debt provider which includes regular debt compliance reporting.

The Company's existing multicurrency revolving unsecured loan facility with Scotiabank was due to be renewed on 27th October 2023. The facility was extended to 1st March 2024 to allow time to finalise the loan renewal documentation, the delay being caused by the move from unsecured to secured. On 1st March 2024 the Board renewed the facility with Scotiabank, the new facility being a secured 364 day facility for a reduced amount of US$20 million.

Change of Registrar

As part of review of its key service providers, the Company, through its Manager, undertook a review of its Registrar, who have served the Company for a number of years. After a thorough due diligence process by the Manager, it was recommended to the Board that the service will be moved from Equiniti to Computershare. After careful consideration, discussion and further review, the recommendation was adopted by the Board as it believes this to be in the best interest of the shareholders. The Manager and the new Registrar will ensure a smooth transition of the Company's shareholder register.

Asset Reunification Exercise

During the year, the Board considered and approved an asset reunification exercise conducted by the Company's Registrar, Equiniti, which aimed to reunify shareholders with their Company shares, together with any unclaimed dividends attached to those shares.

Miscellaneous

In addition, the Directors have kept under review the Company's other operating costs, continued to hold the Manager to account on investment performance and undertaken a robust review of the principal and emerging risks faced by the Company.

By order of the Board
Lucy Dina, for and on behalf of JPMorgan Funds Limited
Company Secretary

18th March 2024

Board of Directors

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

A Director since 2015.

Last reappointed to the Board: 2023.

David is a certified accountant with over 46 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 was previously a director of Global Opportunities Trust and CT Property Trust Ltd.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 25,000.

Shefaly Yogendra (Chair of the Remuneration Committee)

A Director since 2016.

Last reappointed to the Board: 2023.

Shefaly 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, an executive director of Ditto AI and an Independent Governor of London Metropolitan University. She is currently a director of Harmony Energy Income Trust plc, Temple Bar Investment Trust plc, Witan Investment Trust plc and Witan Investment Services Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 1,000.

Christopher Metcalfe (Senior Independent Director)

A Director since 2019.

Last reappointed to the Board: 2023.

Christopher 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 was previously a director of Aberdeen Smaller Companies Income Trust plc. He is currently a director and chair of Martin Currie Global Portfolio Trust plc and a director of CT UK Capital and Income Investment Trust.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000.

Dominic Neary

A Director since 2019.

Last reappointed to the Board: 2023.

Dominic 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 a director of the Value and Indexed Property Income Trust plc, the manager of The Scottish American Investment Company PLC and an investment manager at Baillie Gifford & Co., Edinburgh and numerous other investment institutions.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 9,750.

Mandy Donald (Chair of the Audit Committee)

A Director since 2022.

Last appointed to the Board: 2023.

Mandy is an experienced non-executive director and audit committee chair in a portfolio of roles. She is currently a non-executive director and audit & risk committee chair of Liontrust Asset Management plc, a non-executive director of Gowling WLG LLP and a non-executive director and audit committee chair of Punter Southall Group. She is also a non-executive director and audit committee member of Begbies Traynor Group plc.

She qualified as a Chartered Accountant at Ernst & Young LLP and has extensive experience in strategy, governance, finance, audit and risk management.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st December 2023.

Directors

The Directors of the Company who held office at the date of this report are detailed on page 39.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 55. No changes have been reported to the Directors' shareholdings since the year end.

In accordance with corporate governance best practice, all Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders. The Chair 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. Statements supporting the Directors' reappointments can be found on page 44.

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.

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.

The Manager 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.

Manager Evaluation

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 covers the performance of, and contractual relationship with the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including marketing and investor support, and as AIFM and Company Secretary to the Company. As part of this process and under normal circumstances, the Board completes a due diligence visit of the Manager's operations in New York each year. The latest evaluation of the Manager, Investment Manager and the Portfolio Managers was carried out in early 2024 by way of a questionnaire that was facilitated by an external provider, which provided a report on the outcome of the evaluation, including a summary of strengths and areas for improvement.

As a result of that process, the Management Engagement Committee concluded, that in its opinion, the continuing appointment of the Manager on the terms agreed was 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.jpmussmallercompanies.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.

The Company's leverage and JPMF's remuneration disclosures are set out on pages 88 and 89.

Management Fee

The Management Engagement Committee has responsibility for the review of the management fee, which it reviews annually. In the year under review, the annual investment

Directors' Report

management fee was 70 bps per annum on all gross assets (excluding any holding in the JPM Liquidity Fund).

Prior to 1st January 2022, the Manager received a management fee of 90bps of the Company's gross assets (excluding any holding in the JPM Liquidity Fund) up to £100 million, and 75bps of the Company's gross assets (excluding any holding in the JPM Liquidity Fund) thereafter.

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

BDO LLP was appointed as Auditor of the Company with effect from 19th August 2020. BDO LLP has expressed its willingness to continue in office as Auditor to the Company and the Board has proposed a resolution in the Notice of the Company's Annual General Meeting to be held on 22nd April 2024 proposing the reappointment of BDO 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 51.

Companies Act 2006 Requirements

The following disclosures are made in accordance with Section 992 Companies Act 2006:

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 26.

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 17 to the Notice of Annual General Meeting on page 94.

Dividends

Details of the Company's dividend payments are given on page 25.

Financial Instruments

Details of the Company's financial instruments are given in note 21 of the financial statements.

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	6,505,747	9.9
1607 Capital Partners LLC	3,241,563	5.0
RBC Brewin Dolphin	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 based on the TR1 disclosures provided to the Company, as well as disclosures received pursuant to the Disclosure and Transparency Rules. Since the year-end, 1607 Capital Partners announced that the number of voting rights had reduced to 3,157,598 (4.96%). No other changes have been notified since the year end to the date of this report.

Miscellaneous Information

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.

Corporate Governance Statement

The notice covering the Annual General Meeting of the Company to be held on Monday, 22nd April 2024 is given on pages 91 to 94.

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 11 and 12)

The Directors will seek authority at the Annual General Meeting to issue up to 6,338,605 new ordinary shares for cash up to an aggregate nominal amount of £158,465, such amount being equivalent to 10% of the present issued share capital (excluding Treasury shares, if any or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution). This authority will expire at the Annual General Meeting in 2025 or the date occurring 15 months from the date on which this resolution is passed, whichever is the earlier, unless renewed, revoked or varied by the Company at a general meeting prior to such time.

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 13 and 14)

In addition to any authorities granted by resolutions 11 and 12 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 £158,465 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 or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. This authority will expire at the conclusion of the Company's AGM in 2025 or the date occurring 15 months from the date on which this resolution is passed, whichever is the earlier, unless renewed, revoked or varied by the Company at a general meeting prior to such time.

The full text of the resolutions 11 to 14 is set out in the Notice of Annual General Meeting on pages 91 and 92. If each of resolutions 11 to 14 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 15th March 2024.

(iii) Authority to repurchase the Company's shares (resolution 15)

At the Annual General Meeting held on 24th April 2023, 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 23rd October 2024 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 15 in the Notice of Meeting on page 92.

(v) Authority to hold general meetings (resolution 16)

A general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

Recommendation (resolutions 11 to 16)

The Board considers that resolutions 11 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 41,750 shares representing approximately 0.07% 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;
- internal audit; and
- the workforce.

The UK Code was updated in January 2024 by the Financial Reporting Council and will apply to financial years beginning on or after 1st January 2025. The Company will be reporting on the new Code when it becomes effective.

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 at least quarterly 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 and Chair

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, including the Chair.

The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business. The Board is well diversified in terms of gender, ethnicity and experience. Brief biographical details of each Director are set out on page 39.

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.

The Board's policy on diversity, including gender and ethnicity, is to take account of the benefits of this during the appointment process. The Board remains committed to appointing the most appropriate candidate and seeks to ensure that it does not unwittingly exclude any group.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board.

Senior Independent Director

The Senior Independent Director, Christopher Metcalfe, leads the evaluation of the performance of the Chair and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chair.

Board Diversity and Inclusion

It is the Board's policy that the appointment of non-executive directors will be made on merit and the best person for the role. This said, the Board is supportive of, and takes into account, the benefits of having a diverse range of experience, skills, perspectives, opinions and backgrounds, including gender and ethnicity, which aid Board debate to enable the successful delivery of the Company's strategy. The Board, through the Nomination Committee, has reviewed the Company's succession plan. Please see pages 45 and 46 for further information on the Nomination Committee.

As an externally managed investment company with no chief executive officer or chief financial officer, the roles which qualify as senior under FCA guidance are Chair and Senior Independent Director. However, the Board believes that, for an investment trust company, the role of Audit Committee Chair should be regarded as such as it is broadly equivalent to the Chief Financial Officer of a trading company.

Corporate Governance Statement

In respect of the Board's diversity, at 31st December 2023, there were three male Directors and two female Directors on the Board, representing 40% of women on the Board, which exceeds the target for female representation on boards set by the UK Government backed, FTSE Women Leaders Review. One of the female Directors held a senior role on the Board and the Board also had one Director from an ethnic minority background. Therefore, the Board meets the FCA requirements that: i) 40% of a board should be women; ii) at least one senior role should be held by a woman; and iii) at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has disclosed the following information in relation to its diversity based on the position at the Company's financial year ended 31st December 2023:

Gender	Number of Board Members	Percentage of Board Members	Number of Senior Roles[1]
Men	3	60	2[2]
Women	2	40	1[3]
Prefer not to say	0	0	0

Ethnicity	Number of Board Members	Percentage of Board Members	Number of Senior Roles[1]
White British (or any other white background)	4	80	3
Mixed/Multiple Ethnic Groups	1	20	0
Prefer not to say	0	0	0

[1] The roles of Chair of the Board of Directors, Senior Independent Director and Chair of the Audit Committee.
[2] Mr Ross in the role of the Chair and Mr Metcalfe in the role of Senior Independent Director.
[3] Ms Donald in the role of the Chair of the Audit Committee.

The data in the above tables was collected through self-reporting by the Directors, who were asked to indicate which of the categories specified in the prescribed tables were most applicable to them.

At 31st December 2023, the Board met the target on gender diversity criteria and the target in relation to ethnic representation on the Board.

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on page 39. The skills and experience that each Director brings to the Board, and why their contributions are important to the long term success of the Company, are summarised below. All Directors will stand for reappointment at the Annual General Meeting with the exception of David Ross who will retire from the Board at the conclusion of the 2024 AGM.

For details of current directorships, please refer to page 39 of the Report.

Resolution 5 is for the reappointment of Mandy Donald. She joined the Board in January 2022 and has served as a Director for two years. Mandy is a Chartered Accountant and has extensive experience in audit and risk management. She chairs the Audit Committee.

For details of current directorships, please refer to page 39 of the Report.

Resolution 6 concerns the reappointment of Christopher Metcalfe. He joined the Board in January 2019 and has served for five years as a Director. Christopher has extensive US equity management and investment trust experience. He is the Senior Independent Director.

For details of current directorships, please refer to page 39 of the Report.

Resolution 7 concerns the reappointment of Dominic Neary. He joined the Board in January 2019 and has served for five years as a Director. Dominic 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 39 of the Report.

Resolution 8 concerns the reappointment of Shefaly Yogendra. She joined the Board in November 2016 and has served for seven 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 39 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 pages 43 and 44).

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 chair. 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 Chair and Directors are expected to serve for a nine-year term, but this may be adjusted for reasons of flexibility and continuity.

The table below details the tenure of Directors, who are standing for reappointment, as at the forthcoming Annual General Meeting and projected forward to 2028. The average tenure of a Director is less than six years.

Director	Appointment Date	2024 AGM	2025 AGM	2026 AGM	2027 AGM	2028 AGM
Mandy Donald	04/01/2022					
Dominic Neary	01/01/2019					
Christopher Metcalfe	01/01/2019					
David Ross	01/03/2015		n/a	n/a	n/a	n/a
Shefaly Yogendra	01/11/2016				n/a	n/a

Key – tenure
● 0-6 years ● 7-9 years

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.

A list of potential conflicts of interest for each Director is maintained by the Company. These 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 page 39. 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 six 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 Meetings Attended	Audit Committee Meetings Attended
M Donald	6	3
C Metcalfe	6	3
D Neary	6	3
D Ross[1]	6	3
S Yogendra	6	3

[1] David Ross is not a member of the Audit Committee but he is invited to attend meetings.

Director	Nomination Committee Meetings Attended	Remuneration Committee Meetings Attended	Management Engagement Committee Meeting Attended
M Donald	1	1	1
C Metcalfe	1	1	1
D Neary	1	1	1
D Ross	1	1	1
S Yogendra	1	1	1

As well as the formal meetings detailed above, the Board communicates frequently by email or telephone to deal with matters as they arise. In addition, there was regular contact between the Directors and the Manager and Company Secretary throughout the year.

Corporate Governance Statement

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 2023, 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 outperformance 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 page 39.

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 Chair is led by the Chair 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.

A list of potential conflicts of interest for each Director is maintained by the Company. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. There were no actual or indirect interests of a Director which conflicted with the interests of the Company, which arose during the year.

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 the Manager, review the performance of other third party suppliers, consider Management fee levels, to review the notice period that the Board has with the Manager and to make recommendations to the Board.

Audit Committee

The report of the Audit Committee, which is chaired by Mandy Donald, is set out on pages 49 to 51.

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 page 50.

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.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the Portfolio Managers who review the Company's performance.

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 Chair 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 101 or via the Company's website. All communications from shareholders that are intended for the Board are forwarded in full directly to the Chair 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 101. A formal process is in place for all letters to the Chair or other Directors to be forwarded immediately. As part of this process, any feedback from shareholders is also communicated to the Board.

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 AIC 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 28 to 32). 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 and Depositary Agreements**

  Appointment of a manager and depositary regulated by the 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

Corporate Governance Statement

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 2023 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 as highlighted in italics, is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on pages 26 and 27.

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 its reasonable judgement of what will best serve the financial interests of its clients. So far as is practicable, JPMAM will vote at all of the meetings called by companies in which it is invested.

Stewardship/Engagement

JPMAM believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAM's approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAM's investee companies through investment-led stewardship has been a vital component of JPMAM's active management heritage.

JPMAM continues to exercise active ownership through regular and ad hoc meetings, and through its voting responsibilities.

JPMAM's formal stewardship structure is designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified six main investment stewardship priorities it believes have universal applicability and will stand the test of time: governance; strategy alignment with the long term; natural capital and ecosystems; human capital management; stakeholder engagement; and climate risk. Within each priority area, JPMAM identifies related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

JPMAM is also committed to reporting more widely on our activities, including working to meet the practices laid out by the Financial Reporting Council ('FRC') in the UK Stewardship Code, to which JPMAM is a signatory.

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/institutional/about-us/investment-stewardship/

By order of the Board
Lucy Dina, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

18th March 2024

Audit Committee Report

I am pleased to present the Audit Committee Report for the year ended 31st December 2023.

Composition

The Audit Committee, chaired by Mandy Donald, comprises all of the Directors (except for David Ross who attends by invitation) and meets at least twice each year. In addition, the Audit Committee meets the Auditor at least annually, without any other party present, for a private discussion. 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 (Mandy Donald) 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 constitution and performance of the Audit Committee are reviewed on a regular basis.

Role and Responsibility

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 AIC 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 is responsible for reviewing and scrutinising reports from the Depositary and the ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian and Registrar. 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. It is also responsible for reporting any significant financial reporting issues to the Board and for providing review and challenge of key areas of judgement, including any assumptions used, in support of the going concern and Viability statements.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st December 2023, 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 71. 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 depositary. 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 71. 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.
Going Concern/ Long Term Viability	The Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts. The Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement below). The Committee also assessed the Long Term Viability of the Company as detailed on page 33 and recommended to the Board its expectation that the Company would remain in operation for the five year period of the assessment.
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 risk that the global economic disruption and market volatility caused by the war between Ukraine and Russia and more recently the conflict in the Middle East, and geopolitical tensions between USA and China will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depositary, the Custodian, the Fund Accountants, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels.	The Audit Committee has reviewed the impact of market volatility related to the war between Ukraine and Russia and more recently the conflict in the Middle East, and tensions between USA and China on the Company's portfolio and receives regular updates on portfolio performance from the portfolio manager. The Audit Committee has also reviewed recent portfolio liquidity and updated revenue and expense forecasts in light of the impact of market volatility on portfolio liquidity, revenue and market valuations and considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due. The Audit Committee has further reviewed the Company's borrowing facility and considers that the Company has continually met its financial covenants in respect of these facilities and has a wide margin before any relevant thresholds are reached. The Audit Committee is confident that the Company has appropriate controls and processes in place to manage the principal risks and uncertainties identified above and to maintain its operating model. The Audit Committee has received representations and updates from the Company's key service providers in respect of their business continuity plans and is confident that all such providers will be able to continue to provide the required level of service for the foreseeable future.

Audit Committee Report

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 Committee considers it sufficient to rely on the internal audit department of the Manager and the Auditor obtains an understanding of the internal controls in place at the Manager by reviewing the relevant internal control reports issued by its independent Auditor.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 24), risk management policies (see pages 81 and 86), capital management policies and procedures (see page 86), 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 ongoing impact of the war between Ukraine and Russia and more recently the conflict in the Middle East, and the tensions between the USA and China 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. All covenants were complied with during the year. 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 total assets) exceed four times the value of the drawn gearing (adjusted asset value of £295.3 million represents 18.8x the value of the drawn gearing of £15.7 million as at 15th March 2024).

2. that the Company's net asset value does not fall below £140 million (net asset value of £279.6 million as at 15th March 2024).

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 auditor. In the Directors' opinion the Auditor is 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 50.

The Committee has also examined the potential risks posed by climate change to the Company's operations. As a company with no employees or physical offices, the direct risk is negligible. However, there is embedded risk in the Company's investment holdings. The Board receives ESG reports from the Manager on the portfolio and the way financially material ESG considerations are integrated into the investment decisions making process so as to mitigate this risk at the level of stock selection and portfolio construction. Furthermore, since the investments are diversified between sectors, the risk is further mitigated.

As a listed investment trust, the Company is exempt from The Task Force on Climate-Related Financial Disclosures ('TCFD') disclosures; however, in accordance with the requirements of the TCFD, the Investment Manager has provided product level reports for the investment trusts it manages, including the Company. The Investment Manager published its first UK TCFD Report for the Company in respect of the year ended 31st December 2022 on 30th June 2023.

The report discloses the portfolio's climate-related risks and opportunities according to the FCA Environmental, Social and Governance Sourcebook and the TCFD Recommendations. The report is available on the Company's website: https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/regulatory/esg-information/jpm-us-smaller-companies-investment-trust-plc-tcfd-report-uk-per.pdf

This is the first report under the new guidelines and disclosure requirements and the Board will continue to monitor as these reports evolve.

Auditor Objectivity and Independence

The Committee has implemented safeguards to ensure that the provision of non-audit services does not impair the Auditor's objectivity or independence. All non-audit fees are approved by the Committee prior to engagement.

Effectiveness of Audit

The Committee reviewed the audit planning, scope of the audit plan, materiality level and the standing, skills and experience of the firm and the audit team. The Committee also considered the independence of BDO LLP ('BDO') and the objectivity of the audit process. BDO has confirmed that it is independent of the Company and has complied with relevant auditing standards. No modifications were required to the external audit approach. The Committee received a presentation of the audit plan from BDO prior to the commencement of the 2023 audit and a presentation of the results of the audit following completion of the main audit testing. Additionally, the Committee received feedback from the Manager regarding the effectiveness of the external audit process.

The Committee considers the audit fee and whether the audit provides value and effectiveness.Details of the Auditor's fees paid for audit services are disclosed in note 6 on page 74.

Auditor Appointment and Tenure

The Audit Committee has the primary responsibility for making recommendations to the Board on the reappointment and the removal of the external auditor.

Regulations currently in force require the Company to conduct a tender at least every 10 years and rotate auditors at least every 20 years. BDO LLP was appointed as the Company's Auditor with effect from 19th August 2020. The audit engagement partner rotates at least every five years in accordance with ethical guidelines and this is the fourth year for the current partner. The Committee acknowledges that rotating the audit partner provides a fresh perspective on the audit responsibilities for the Company.

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. BDO has confirmed its willingness to continue in office. 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 Auditor this year.

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the auditor and the setting of the policy on the provision of non-audit services.

Committee Evaluation

The activities of the Committee were considered as part of the externally facilitated Board evaluation process. The evaluation found that the Committee functioned well, with the appropriate balance of membership, skills and challenge.

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 Manager, 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 2023, 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 58.

Mandy Donald
Chair of the Audit Committee

By order of the Board
Lucy Dina
For and on behalf of
JPMorgan Funds Limited
Company Secretary

18th March 2024


ROY'S
VACANCY
MOTEL
CAFE
ROUTE
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Directors' Remuneration Report

Statement from the Chair

I am pleased to present the Directors' Remuneration Report for the year ended 31st December 2023, 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 60.

All of the Directors are non-executive. We have therefore not reported on those aspects of remuneration that relate to executive directors. In 2018 the Board established a Remuneration Committee. This Committee considers the level of Directors' fees annually and makes recommendations to the Board.

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 Chair of the Board, the Chair of the Audit Committee and the Senior Independent Director 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: £41,000 per annum for the Chair; £34,500 per annum for the Chair of the Audit Committee; £31,000 per annum for the Senior Independent Director; and £29,000 per annum for each other Director. In January 2024, the Board agreed with the recommendation of the Remuneration Committee that, commencing 1st January 2024, the Directors' fees be increased to the following rates: £43,000 per annum for the Chair; £36,250 per annum for the Audit Committee Chair; £32,500 per annum for the Senior Independent Director; and £30,500 per annum for each of the other Directors.

Fees for any new Director appointed will be made on the above basis. The Company's existing Articles of Association stipulate that aggregate Directors' fees must not exceed £250,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval. The total amount of Directors' fees paid in the year under review was £164,500.

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.

During the year, the Board did not seek shareholder views on the Company's remuneration policy. However, the policy is subject to shareholder approval at the AGM. The Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate. It has not received any views from shareholders in respect of the levels of Directors' remuneration during the financial year.

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 44.

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 2022 and no changes are proposed for the year ending 31st December 2024.

Voting at the Annual General Meeting

The Directors' Remuneration Policy and Remuneration Report for the year ended 31st December 2022 were approved by shareholders at the Annual General Meeting held on 24th April 2023.

Directors' Remuneration Report

The votes cast by proxy were as follows:

Remuneration Policy

	Number of Votes	% of votes cast
For	17,524,112	99.8
Against	31,667	0.2
Total votes cast	17,555,779	100.0
Number of votes withheld*	32,106	—

Remuneration Report

	Number of Votes	% of votes cast
For	17,524,158	99.8
Against	31,667	0.2
Total votes cast	17,555,825	100.0
Number of votes withheld*	32,060	—

* A vote withheld is not a vote in law and is not counted in the calculation of the votes for and against a resolution.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Policy Implementation Report from the 2024 Annual General Meeting will be given in the Annual Report for the year ending 31st December 2024.

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 2023 was £169,068. The single total figure of remuneration for each Director is detailed below 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 Table[1]

		2023			2022	
Directors' Name	Fees £	Taxable expenses[2] £	Total £	Fees £	Taxable expenses[2] £	Total £
Mandy Donald[3]	34,500	—	34,500	30,114	—	30,114
Julia Le Blan[4]	—	—	—	10,357	—	10,357
Christopher Metcalfe[5]	31,000	—	31,000	28,522	—	28,522
Dominic Neary	29,000	1,827	30,827	27,500	1,673	29,173
David Ross	41,000	2,741	43,741	38,500	2,435	40,935
Shefaly Yogendra	29,000	—	29,000	27,500	—	27,500
Total	**164,500**	**4,568**	**169,068**	**162,493**	**4,108**	**166,601**

[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.
[2] Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.
[3] Appointed to the Board on 4th January 2022 and appointed as Audit Committee Chair on 25th April 2022.
[4] Retired on 25th April 2022.
[5] Appointed as Senior Independent Director on 25th April 2022.

Directors' Remuneration Report

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees, excluding taxable expenses, for the year to 31st December 2023:

	% change for the year to 31st December			
Directors' name	2023	2022	2021	2020
David Ross	6.5	4.1	13.5	31.7
Julia Le Blan[1]	n/a	n/a	—	—
Christopher Metcalfe[2]	6.9	9.7	—	5.1
Dominic Neary	5.5	5.8	—	5.1
Shefaly Yogendra	5.5	5.8	—	5.1
Mandy Donald[3]	6.2	n/a	n/a	n/a

[1] Retired on 25th April 2022.
[2] Assumed role of Senior Independent Director on 25th April 2022. This role pays a higher fee.
[3] Appointed on 4th January 2022.

The requirements to disclose this information came into force for companies with financial years starting on or after 10th June 2019 and, as such, this is the fourth year the Company has disclosed this information. The comparison will be expanded in future annual reports until such time it covers a five year period.

A table showing the total remuneration for the Chair over the five years ended 31st December 2023 is below:

Remuneration for the Chair over the five years ended 31st December 2023

Year ended 31st December	Fees
2023	£41,000
2022	£38,500
2021	£37,000
2020	£37,000
2019	£37,000

Directors' Shareholdings[1]

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 2023	31st December 2022
Mandy Donald[2]	nil	nil
Christopher Metcalfe	6,000	26,000
Dominic Neary	9,750	9,750
David Ross	25,000	25,000
Shefaly Yogendra	1,000	1,000
Total	**41,750**	**61,750**

[1] Audited information.
[2] Appointed as a Director on 4th January 2022.

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.

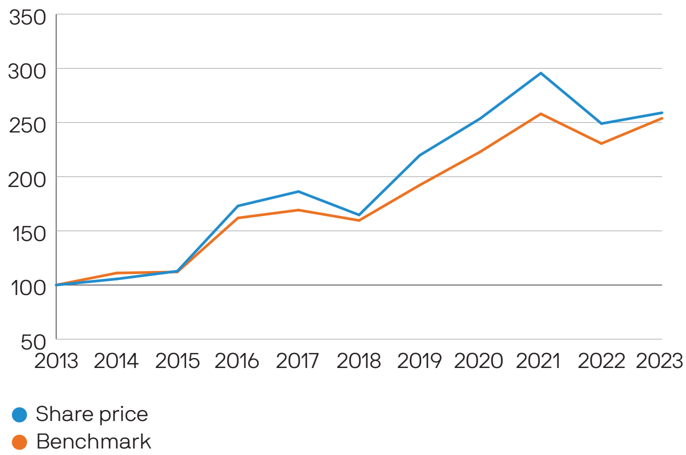
No amounts (2022: nil) were paid to third parties for making available the services of Directors.

Company Performance

A comparison of the Company's performance over the last ten years is set out on the graph below.

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.

Ten Year Share Price and Benchmark Total Return Performance to 31st December 2023



Source: Morningstar.

Directors' Remuneration Report

Relative importance of spend on pay

The table below sets out, in respect of the financial year ended 31st December 2023 and the preceding financial year, the total remuneration paid to Directors and distributions to shareholders and the percentage change between the two periods. This is provided to enable shareholders to assess the relative importance of expenditure on Directors' remuneration. It compares the remuneration against the shareholder distributions of dividends and share buybacks.

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December 2023	2022	% change
Remuneration paid to all Directors	£169,068	£166,601	1.5%
Distribution to shareholders			
— by way of dividend	£1,615,000	£1,626,000	(0.7)%
— by way of share repurchases	£3,502,000	£2,941,000	19%

For and on behalf of the Board
Shefaly Yogendra
Chair of the Remuneration Committee

18th March 2024

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.

The Financial Statements are published on the www.jpmussmallercompanies.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.

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 page ● 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.

For and on behalf of the Board
David Ross
Chair

18th March 2024

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 2023 and of its loss for the year then ended;
- 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 plc (the 'Company') for the year ended 31st December 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the 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 FRS 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 ended 31st December 2020 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31st December 2020 to 31st December 2023. 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 economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and committments;
- Challenging the Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio; and
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analyses.

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.

Independent Auditor's Report

Overview

		2023	2022
Key audit matters	Valuation and ownership of quoted investments	✔	✔
Materiality	Company financial statements as a whole £2.7 million (2022: £2.7 million) based on 1% (2022: 1%) 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. These matters were 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 these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments Note 1 and 11	The investment portfolio at the year-end comprised of quoted equity investments held at fair value through profit or loss. We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the entity. There is a risk that the bid price used as a proxy for fair value of investments held at the reporting date is inappropriate. Given the nature of the portfolio is such that it comprises solely of listed level 1 investments, we do not consider the use of bid price to be subject to significant estimation uncertainty. There is also a risk of error in the recording of investment holdings such that those recording do not appropriate reflect the property of the Company. For these reasons and the materiality to the financial statements as a whole, they are considered to be a key area of our overall audit strategy and allocation of our resources and hence a Key Audit Matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: ● Confirmed the year-end bid price was used by agreeing to externally quoted prices; ● Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; ● Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and ● Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. ***Key observations:*** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the quoted equity investments was not appropriate.

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

Independent Auditor's Report

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.

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

	Company financial statements	
	2023 £m	**2022 £m**
Materiality	2.7	2.7
Basis for determining materiality	1 % of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	2	2
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £135,000 (2022: £135,000). 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 & 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 Code 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 their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.

Independent Auditor's Report

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	In our opinion, based on the work undertaken in the course of the audit: ● 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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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: ● adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or ● the 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 Directors' responsibilities statement, 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:

Independent Auditor's Report

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager and Administrator and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status. This included a review of other qualitative factors and ensuring compliance with these.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, the Administrator and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

Based on our risk assessment, we considered the areas most susceptible to be management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of management override of control, we:
  - o Performed a review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
  - o Considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the period end financial reporting process;
  - o Reviewed for significant transactions outside the normal course of business; and
  - o Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

For and on behalf of BDO LLP,
Statutory Auditor
London, UK

18th March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31st December 2023

		2023			2022		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	—	10,889	10,889	—	(22,082)	(22,082)
Net foreign currency gains/(losses)		—	825	825	—	(2,513)	(2,513)
Income from investments	4	3,865	381	4,246	3,218	—	3,218
Interest receivable	4	500	—	500	118	—	118
Gross return/(loss)		**4,365**	**12,095**	**16,460**	**3,336**	**(24,595)**	**(21,259)**
Management fee	5	(401)	(1,602)	(2,003)	(416)	(1,664)	(2,080)
Other administrative expenses	6	(520)	—	(520)	(547)	—	(547)
Net return/(loss) before finance costs and taxation		**3,444**	**10,493**	**13,937**	**2,373**	**(26,259)**	**(23,886)**
Finance costs	7	(304)	(1,218)	(1,522)	(135)	(539)	(674)
Net return/(loss) before taxation		**3,140**	**9,275**	**12,415**	**2,238**	**(26,798)**	**(24,560)**
Taxation	8	(573)	(57)	(630)	(466)	—	(466)
Net return/(loss) after taxation		**2,567**	**9,218**	**11,785**	**1,772**	**(26,798)**	**(25,026)**
Return/(loss) per share	9	**3.98p**	**14.30p**	**18.28p**	**2.72p**	**(41.21)p**	**(38.49)p**

Dividend declared in respect of the financial year ended 31st December 2023 total 3.0p (2022: 2.5p) per share amounting to £1,913,000 (2022: £1,615,000). Further information on dividends is given in note 10 on page 76.

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 71 to 86 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31st December 2023

	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 2021	**1,636**	**45,367**	**1,851**	**250,536**	**2,393**	**301,783**
Issue of new Ordinary shares	2	329	—	—	—	331
Shares reissued from Treasury	—	62	—	522	—	584
Repurchase of shares into Treasury	—	—	—	(2,941)	—	(2,941)
Block listing fees	—	—	—	(48)	—	(48)
Net (loss)/return for the year	—	—	—	(26,798)	1,772	(25,026)
Dividends paid in the year	—	—	—	—	(1,626)	(1,626)
At 31st December 2022	**1,638**	**45,758**	**1,851**	**221,271**	**2,539**	**273,057**
Repurchase of shares into Treasury	—	—	—	(3,502)	—	(3,502)
Net return	—	—	—	9,218	2,567	11,785
Dividend paid in the year	—	—	—	—	(1,615)	(1,615)
At 31st December 2023	**1,638**	**45,758**	**1,851**	**226,987**	**3,491**	**279,725**

[1] Part of these reserves form the distributable reserves of the Company and may be used to fund distributions to shareholders. Further details can be found in note 15 on page 79.

The notes on pages 71 to 86 form an integral part of financial statements.

Statement of Financial Position

As at 31st December 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**283,986**	**291,723**
Current assets	12		
Debtors		308	405
Cash and cash equivalents		19,237	6,652
		19,545	**7,057**
Current liabilities			
Creditors: amounts falling due within one year	13	(23,806)	(25,723)
Net current liabilities		**(4,261)**	**(18,666)**
Total assets less current liabilities		**279,725**	**273,057**
Net assets		**279,725**	**273,057**
Capital and reserves			
Called up share capital	14	1,638	1,638
Share premium	15	45,758	45,758
Capital redemption reserve	15	1,851	1,851
Capital reserves	15	226,987	221,271
Revenue reserve	15	3,491	2,539
Total shareholders' funds		**279,725**	**273,057**
Net asset value per share	16	**438.6p**	**421.7p**

The financial statements on pages 66 to 86 were approved and authorised for issue by the Directors on 18th March 2024 and were signed on their behalf by:

David Ross
Chair

The notes on pages 71 to 86 form an integral part of these financial statements.

Company registration number: 552775.

Statement of Cash Flows

For the year ended 31st December 2023

	2023 £'000	2022[1] £'000
Cash flows from operating activities		
Net return/(loss) before finance costs and taxation	13,937	(23,886)
Adjustment for:		
Net (gains)/losses on investments held at fair value through profit or loss	(10,889)	22,082
Net foreign currency (gains)/losses	(825)	2,513
Dividend income	(4,246)	(3,218)
Interest income	(500)	(118)
Realised gains on foreign exchange transactions	(1)	—
Realised exchange losses on liquidity fund	(344)	—
Decrease/(increase) in accrued income and other debtors	10	(20)
Increase in accrued expenses	77	18
Net cash outflow from operations before dividends and interest	**(2,781)**	**(2,629)**
Dividends received	3,469	2,726
Interest received	447	93
Overseas withholding tax recovered	116	42
Net cash inflow from operating activities	**1,251**	**232**
Purchases of investments	(70,750)	(76,428)
Sales of investments	89,062	83,743
Net cash inflow from investing activities	**18,312**	**7,315**
Equity dividends paid	(1,615)	(1,626)
Shares issued	—	331
Shares reissued from Treasury	—	584
Repurchase of shares into Treasury	(3,502)	(2,941)
Block listing fees	—	(48)
Loan interest paid	(1,625)	(530)
Net cash outflow from financing activities	**(6,742)**	**(4,230)**
Increase in cash and cash equivalents	**12,821**	**3,317**
Cash and cash equivalents at start of year	6,652	3,057
Exchange movements	(236)	278
Cash and cash equivalents at end of year	**19,237**	**6,652**
Cash and cash equivalents consist of:		
Cash and short term deposits	42	3
Cash held in JPMorgan US Dollar Liquidity Fund	19,195	6,649
Total	**19,237**	**6,652**

[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/(loss) before finance costs and taxation' to 'net cash inflow from operating activities' on the face of the Cash Flow Statement. Previously, this was shown by way of note. Interest paid has also been reclassified to financing activities as this relates to the bank loans. Previously this was shown under operating activities. Other than changes in presentation of certain cash flow items, there is no change to the cash flows as presented in previous periods.

Statement of Cash Flows

Analysis of change in net debt

	As at 31st December 2022 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2023 £'000
Cash and cash equivalents				
Cash	3	39	—	42
Cash held in JPMorgan US Dollar Liquidity Fund	6,649	12,546	—	19,195
	6,652	12,585	—	19,237
Borrowings				
Debt due within one year	(24,940)	—	1,407	(23,533)
	(24,940)	—	1,407	(23,533)
Net debt	**(18,288)**	**12,585**	**1,407**	**(4,296)**

The notes on pages 71 to 86 form an integral part of these financial statements.

For the year ended 31st December 2023

1. Accounting policies

(a) General information and 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 July 2022.

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

The Directors believe that having considered the Company's investment objective (see page 24), risk management policies (see pages 81 and 86), capital management policies and procedures (see page 86), 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 ongoing impact of the war between Ukraine and Russia and more recently the conflict in the Middle East, and the tensions between the USA and China 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 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.

Notes to the Financial Statements

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 77.

(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 recognised 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.

(m) Issuance of new Ordinary shares

The nominal value of new Ordinary shares is included under Called Up Share Capital. Any amount in excess of the nominal value is included under Share Premium.

For shares re-issued from Treasury 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 realised capital reserves. The excess of the sales (issue) 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/(losses) on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Realised (losses)/gains on sale of investments	(423)	25,365
Net change in unrealised gains/(losses) on investments	11,319	(47,441)
Other capital charges	(7)	(6)
Total capital gains/(losses) on investments held at fair value through profit or loss	**10,889**	**(22,082)**

Notes to the Financial Statements

4. Income

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Income from investments						
Overseas dividends	3,735	—	3,735	2,984	—	2,984
Special dividends	130	381	511	234	—	234
	3,865	**381**	**4,246**	**3,218**	**—**	**3,218**
Interest receivable and similar income						
Interest from JPMorgan US Dollar Liquidity Fund	500	—	500	118	—	118
	500	—	500	118	—	118
Total income	**4,365**	**381**	**4,746**	**3,336**	**—**	**3,336**

5. Management fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Management fee	401	1,602	2,003	416	1,664	2,080

6. Other administrative expenses

	2023 £'000	2022 £'000
Administration expenses	270	309
Directors' fees[1]	165	162
Depositary fees[2]	36	36
Auditor's remuneration for audit services[3]	49	40
	520	**547**

[1] Full disclosure is given in the Directors' Remuneration Report on page 53.

[2] Includes £nil (2022: £nil) irrecoverable VAT.

[3] Includes £nil (2022: £nil) irrecoverable VAT.

7. Finance costs

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Bank loans and overdraft interest	304	1,218	1,522	135	539	674

8. Taxation

(a) Analysis of tax charge for the year

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Overseas withholding tax	573	57	630	466	—	466
Total tax charge for the year	**573**	**57**	**630**	**466**	**—**	**466**

(b) Factors affecting the total tax charge for the year

The tax charge for the year is lower (2022: higher) than the Company's applicable rate of corporation tax of 23.52% (2022: 19%).

The factors affecting the total tax charge for the year are as follows:

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net return/(loss) before taxation	3,140	9,275	12,415	2,238	(26,798)	(24,560)
Net return/(losses) before taxation multiplied by the Company's applicable rate of corporation tax of 23.52% (2022: 19%)	739	2,181	2,920	425	(5,091)	(4,666)
Effects of:						
Non taxable overseas dividends	(785)	—	(785)	(547)	—	(547)
Non Taxable capital (gains)/losses	—	(2,844)	(2,844)	—	4,673	4,673
Unrelieved expenses	128	663	791	135	418	553
Income taxed in different years	(5)	—	(5)	(4)	—	(4)
Overseas withholding tax	573	57	630	466	—	466
Brought forward excess expenses utilised	(46)	—	(46)	—	—	—
Double taxation relief expensed	(31)	—	(31)	(9)	—	(9)
Total tax charge for the year	**573**	**57**	**630**	**466**	**—**	**466**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £10,255,000 (2022: £9,436,000) based on a prospective corporation tax rate of 25% (2022: 25%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to £40,923,000 (2022: £37,771,000) 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.

Notes to the Financial Statements

9. Return/(loss) per share

	2023 £'000	2022 £'000
Revenue return	2,567	1,772
Capital return/(loss	9,218	(26,798)
Total return/(loss)	**11,785**	**(25,026)**
Weighted average number of shares, excluding Treasury shares, in issue during the year	64,460,117	65,029,256
Revenue return per share	3.98p	2.72p
Capital return/(loss) per share	14.30p	(41.21)p
Total return/(loss) per share	**18.28p**	**(38.49)p**

10. Dividends

(a) Dividends paid and declared

	2023 £'000	2022 £'000
Dividends paid		
2022 final dividend of 2.5p (2021: 2.5p) paid to shareholders in May 2023	1,615	1,626
Total dividends paid in the year	**1,615**	**1,626**

All dividends paid and declared in the period have been funded from the Revenue Reserve.

The dividend proposed in respect of the year ended 31st December 2022 amounted to £1,616,000. However, the amount paid amounted to £1,615,000 due to shares repurchased after the balance sheet date but prior to the record date.

The final dividend has been declared in respect of the year ended 31st December 2023. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 31st December 2024.

(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, shown below. The revenue available for distribution by way of dividend for the year is £2,567,000 (2022: £1,772,000).

	2023 £'000	2022 £'000
2023 final dividend of 3.0p (2022: 2.5p) paid to shareholders in May 2024	1,913	1,616

Notes to the Financial Statements

11. Investments

	2023 £'000	2022 £'000
Opening book cost	253,591	236,550
Opening investment holding gains	38,132	85,573
Opening valuation	291,723	322,123
Movements in the year:		
Purchases at cost	70,265	75,242
Sales proceeds	(88,898)	(83,566)
Gains/(losses) on investments	10,896	(22,076)
Closing valuation	**283,986**	**291,723**
Closing book cost	234,536	253,591
Closing investment holding gains	49,450	38,132
Total investments held at fair value through profit or loss	**283,986**	**291,723**

The Company received £88,898,000 (2022: £83,566,000) from investments sold in the year. The book cost of these investments when they were purchased was £89,320,000 (2022: £58,201,000). 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 £26,000 (2022: £34,000) and on sales during the year amounted to £35,000 (2022: £26,000). These costs comprise mainly brokerage commission.

12. Current assets

	2023 £'000	2022 £'000
Debtors		
Dividends and interest receivable	265	182
Securities sold awaiting settlement	—	170
Other debtors	43	53
	308	**405**

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. Please refer to the Accounting policies 1(g) Financial instruments, for details on cash and cash equivalents on page 72.

Notes to the Financial Statements

13. Current liabilities

	2023 £'000	2022 £'000
Creditors: amounts falling due within one year		
Bank Loan	23,533	24,940
Bank Loan interest and fees payable	80	183
Other creditors and accruals	193	115
Securities purchased awaiting settlement	—	485
	23,806	**25,723**

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

On 29th October 2021, the Company renewed its US$30 million revolving loan facility with The Bank of Nova Scotia, London Branch (new entity of the previous Scotiabank) for a further two years. Under the terms of this current agreement, the Company may draw down up to US$30 million loan facility (with an accordion facility of an additional US$10 million), at an interest rate of compounded SOFR (Secured Overnight Financing Rate) (in respect of Dollar denominated loans), as offered in the market for the relevant currency and loan period, plus a margin of 0.9% (Dollar denominated loans) and plus 'Mandatory Costs', which are the lender's costs of complying with certain regulatory requirements of the Bank of England and the Financial Conduct Authority. The loan facility was renewed with effect from 15th March 2024, with a secured but reduced commitment of US$20 million.

Commitment fees are also payable on the facility. The facility is subject to the following covenants and restrictions:

- The Company's adjusted asset coverage must not fall below 4:1;
- The Company's net asset value must not be less than £140 million; and
- The Company's maximum borrowing limit cannot be exceeded at any time.

These covenants and restrictions are customary for a credit facility of this nature. All of the covenants and restrictions have been met during the year and continue to be met.

As at 31st December 2023, the Company had drawn down US$30.0 million (£23.5 million) on this facility. As at 31st December 2022, the Company had drawn down US$30.0 million (£24.9 million) on this facility.

14. Called up share capital

	2023		2022	
	Number of shares	£'000	Number of shares	£'000
Authorised ordinary shares allotted and fully paid:				
Opening balance of Ordinary shares excluding shares held in Treasury	64,745,622	1,619	65,306,265	1,633
Issue of new ordinary shares	—	—	75,000	2
Repurchase of Ordinary shares into Treasury	(975,473)	(24)	(760,643)	(19)
Re-issue of shares from Treasury	—	—	125,000	3
Closing balance of Ordinary shares of 2.5p each excluding shares held in Treasury	63,770,149	1,595	64,745,622	1,619
Shares held in Treasury	1,736,116	43	760,643	19
Closing balance of shares of 2.5p each including shares held in Treasury	**65,506,265**	**1,638**	**65,506,265**	**1,638**

Further details of transactions in the Company's shares are given in the Strategic Report on page 26.

Notes to the Financial Statements

15. Capital and reserves

2023	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments[1] £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	1,638	45,758	1,851	188,750	32,521	2,539	273,057
Net foreign currency losses on cash and cash equivalents	—	—	—	(581)	—	—	(581)
Realised losses on sale of investments	—	—	—	(423)	—	—	(423)
Net change in unrealised gains and losses on investments	—	—	—	—	11,319	—	11,319
Repurchase of shares into Treasury	—	—	—	(3,502)	—	—	(3,502)
Capital special dividend received	—	—	—	381	—	—	381
Withholding tax on capital special dividends	—	—	—	(57)	—	—	(57)
Unrealised currency gains on loans	—	—	—	—	1,407	—	1,407
Management fee and finance costs charged to capital	—	—	—	(2,821)	—	—	(2,821)
Other capital charges	—	—	—	(7)	—	—	(7)
Dividends paid in the year	—	—	—	—	—	(1,615)	(1,615)
Retained revenue for the year	—	—	—	—	—	2,567	2,567
Closing balance	**1,638**	**45,758**	**1,851**	**181,740**	**45,247**	**3,491**	**279,725**

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

2022	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments[1] £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	1,636	45,367	1,851	167,783	82,753	2,393	301,783
Net foreign currency gains on cash and cash equivalents	—	—	—	278	—	—	278
Realised gains on sale of investments	—	—	—	25,365	—	—	25,365
Net change in unrealised gains and losses on investments	—	—	—	—	(47,441)	—	(47,441)
Issue of new Ordinary shares	2	329	—	—	—	—	331
Repurchase of shares into Treasury	—	—	—	(2,941)	—	—	(2,941)
Shares re-issued from Treasury	—	62	—	522	—	—	584
Unrealised currency losses on loans	—	—	—	—	(2,791)	—	(2,791)
Management fee and finance costs charged to capital	—	—	—	(2,203)	—	—	(2,203)
Other capital charges	—	—	—	(6)	—	—	(6)
Block listing fees	—	—	—	(48)	—	—	(48)
Dividends paid in the year	—	—	—	—	—	(1,626)	(1,626)
Retained revenue for the year	—	—	—	—	—	1,772	1,772
Closing balance	**1,638**	**45,758**	**1,851**	**188,750**	**32,521**	**2,539**	**273,057**

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

Notes to the Financial Statements

16. Net asset value per share

	2023	2022
Net assets (£'000)	279,725	273,057
Number of shares in issue	63,770,149	64,745,622
Net asset value per share	**438.6p**	**421.7p**

17. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2022: same).

18a. Transactions with the Manager

Details of the management contract are set out in the Directors' Report on pages 41 and 42. The management fee payable to the Manager for the year was £2,003,000 (2022: £2,080,000) of which £nil (2022: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 74 are safe custody fees amounting to £3,000 (2022: £2,000) payable to JPMorgan Chase Bank, N.A. of which £1,000 (2022: £1,000) 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 £19.2 million (2022: £6.6 million). Income amounting to £500,000 (2022: £118,000) was receivable during the year of which £nil (2022: £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 £7,000 (2022: £6,000) were payable to JPMorgan Chase Bank, N.A. during the year of which £2,000 (2022: £1,000) was outstanding at the year end.

At the year end, total cash of £42,000 (2022: £3,000) was held with JPMorgan Chase Bank, N.A. A net amount of interest of £nil (2022: £nil) was receivable by the Company during the year from JPMorgan Chase Bank, N.A. of which £nil (2022: £nil) was outstanding at the year end.

18b. Transactions with related parties

Full details of Directors' remuneration and shareholdings can be found on pages 54 and 55 and in note 6 on page 74.

19. 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 and derivative financial instruments.

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

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 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

Level 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 71.

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

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	283,986	—	291,723	—
Total	**283,986**	**—**	**291,723**	**—**

There were no transfers between Level 1, 2 or 3 during the year (2022: none).

20. 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; 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. No such contracts were used during the year.

Notes to the Financial Statements

20. Disclosures regarding financial instruments measured at fair value (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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.

	2023 £'000	2022 £'000
Current assets: Cash and debtors	19,489	7,001
Current liabilities (including short term bank loans)	(23,613)	(25,608)
Foreign currency exposure on net monetary items	(4,124)	(18,607)
Investments held at fair value through profit or loss	283,986	291,723
Total net foreign currency exposure	**279,862**	**273,116**

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% (2022: 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.

	2023		2022	
	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				
Revenue return after taxation	(437)	437	(334)	334
Capital return after taxation	(27,986)	27,986	(27,311)	27,311
Total return after taxation	**(28,423)**	**28,423**	**(27,645)**	**27,645**
Net assets	**(28,423)**	**28,423**	**(27,645)**	**27,645**

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.

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.

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and short term deposits	42	3
JPMorgan US Dollar Liquidity Fund	19,195	6,649
Bank loan	(23,533)	(24,940)
Total exposure	**(4,296)**	**(18,288)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above compounded SOFR (Secured Overnight Financing Rate) in respect of Dollar denominated loans (2022: same). The target interest earned on the JPMorgan US Dollar Liquidity Fund is the 7 day US$ London Interbank Bid Rate. Details of the bank loan are given in note 13 on page 78.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 4.0% (2022: 4.0%) 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 and the increase in interest rates over the past year. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2023		2022	
	4.0% increase in rate £'000	4.0% decrease in rate £'000	4.0% increase in rate £'000	4.0% decrease in rate £'000
Statement of Comprehensive Income				
Revenue loss after taxation	581	(581)	67	(67)
Capital return after taxation	(753)	753	(798)	798
Total return after taxation for the year	**(172)**	**172**	**(731)**	**731**
Net assets	**(172)**	**172**	**(731)**	**731**

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.

Notes to the Financial Statements

20. Disclosures regarding financial instruments measured at fair value (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

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:

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	283,986	291,723

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 19. 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% (2022: 20%) 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.

	2023		2022	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of Comprehensive Income				
Revenue return after taxation	(80)	80	(82)	82
Capital return after taxation	56,479	(56,479)	58,018	(58,018)
Total return after taxation for the year	56,399	(56,399)	57,936	(57,936)
Net assets	**56,399**	**(56,399)**	**57,936**	**(57,936)**

(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.

Liquidity risk exposure

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

	2023 Three months or less £'000	2023 More than three months but less than one year £'000	2023 Total £'000
Creditors:			
Other creditors and accruals	193	—	193
Bank loan, including interest	23,701	—	23,701
	23,894	**—**	**23,894**

	2022 Three months or less £'000	2022 More than three months but less than one year £'000	2022 Total £'000
Creditors:			
Other creditors and accruals	115	—	115
Repurchases of Company's own shares awaiting settlement	485	—	485
Bank loan, including interest	440	25,543	25,983
	1,040	**25,543**	**26,583**

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.

Notes to the Financial Statements

20. Disclosures regarding financial instruments measured at fair value (continued)

(c) Credit risk (continued)

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.

21. Capital management policies and procedures

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

	2023 £'000	2022 £'000
Debt:		
Bank loans	23,533	24,940
Equity:		
Equity share capital	1,638	1,638
Reserves	278,084	271,419
	279,722	273,057
Total debt and equity	**303,255**	**297,997**

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).

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	283,986	291,723
Net assets	279,722	273,258
Gearing	**1.5%**	**6.8%**

The Board, with the assistance of the Investment 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 Investment 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

22. Subsequent events

At 31st December 2023, the Company's share capital comprised 65,506,265 ordinary shares of 2.5p each, including 1,736,116 shares held in Treasury. Since the year end and as at 15th March 2024, the last practicable date before the publication of this document, the Company has repurchased a further 384,096 shares into Treasury. The Company has not issued any further shares from Treasury or any new ordinary shares under its ordinary share block listing facility.

Following the year end, the Company renewed its loan facility with Scotiabank on 15th March 2024 for 364 days, with a reduced commitment of US$20 million on a secured basis.

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 95 to 97), as at 31st December 2023, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	111%	110%

AIFMD Remuneration disclosures

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).

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).

Remuneration Policy

A summary of the Remuneration Policy applying to the Management Company (the 'Remuneration Policy') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy (the '**Remuneration Policy Statement**'). 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 2023 Performance Year in July 2023 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table overleaf provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2023 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 AUM weighted basis.

Regulatory Disclosures

Due to the Firm's 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 27 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 44 sub-funds) as at 31st December 2023, with a combined AUM as at that date of £23.99 billion and £20.03 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff| ($'000s)	23,549	15,069	38,618	149

No carried interest was paid to any employees by JPMorgan US Smaller Companies Investment Trust plc in the year.

The aggregate 2023 total remuneration paid to AIFMD Identified Staff was US$119,473,000 of which US$1,636,000 relates to Senior Management and US$117,837,000 relates to other Identified Staff[1].

[1] For 2023, the 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 Disclosure (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 2023.

Notice of Annual General Meeting

Important information:

This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, it is recommended that you seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser duly authorised pursuant to the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser. If you have sold or otherwise transferred all of your shares in the Company, please forward this document at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. This document should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of shares, you should retain this document.

Notice is hereby given that the sixty-seventh Annual General Meeting of JPMorgan US Smaller Companies Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 22nd April 2024 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 2023.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2023.
4. To approve a final dividend of 3.0 pence per share.
5. To reappoint Mandy Donald as a Director of the Company.
6. To reappoint Christopher Metcalfe as a Director of the Company.
7. To reappoint Dominic Neary as a Director of the Company.
8. To reappoint Shefaly Yogendra as a Director of the Company.
9. To reappoint BDO LLP as Auditor to the Company.
10. To authorise the Directors to determine the Auditor's remuneration.

Special Business

To consider the following resolutions:

Authority to allot new ordinary shares – Ordinary Resolution

11. 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 £158,465 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution, provided that this authority shall expire at the Annual General Meeting of the Company to be held in 2025, or the date occurring 15 months from the date on which this resolution is passed, whichever is the earlier, unless renewed, revoked or varied by the Company 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

12. THAT, subject to the passing of the Resolution 11 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 £158,465 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the 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 11 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

13. THAT, in addition to any authority granted by Resolution 11 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

Notice of Annual General Meeting

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 £158,465 (representing approximately 10% of the Company's issued Ordinary share capital (excluding shares held in Treasury) or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2025, or the date occurring 15 months from the date on which this resolution is passed, whichever is the earlier, unless renewed, revoked or varied by the Company 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

14. THAT, subject to the passing of Resolution 13 set out above, and in addition to any authority granted by Resolution 12 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 13 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 £158,465 (representing approximately 10% of the issued Ordinary share capital (excluding shares held in Treasury) of the Company or, if different, the number of ordinary shares which is equal to 10% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the 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 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

15. 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 9,501,569 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 21st October 2025 unless the Authority is renewed at the Company's Annual General Meeting in 2025 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.

Authority to hold general meetings – Special Resolution

16. THAT, a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Lucy Dina, for and on behalf of JPMorgan Funds Limited, Company Secretary

22nd March 2024

Notice of Annual General Meeting

Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chair of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. 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.
3. 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 Chair, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chair 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/their discretion both as to how to vote and whether he/they 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. However, please note that in the current circumstances, your vote may not be counted where a proxy other than the Chair of the Meeting is appointed as additional third parties may not be permitted entry to the meeting.
4. 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).
5. 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.
6. 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.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
8. 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.
9. 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 Auditor's 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.

Notice of Annual General Meeting

10. 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.

11. 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.

12. 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.

13. 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.jpmussmallercompanies.co.uk.

14. 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.

15. 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.

16. As an alternative to completing a hardcopy Form of Proxy, 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). 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.

17. As at 15th March 2024 (being the latest business day prior to the publication of this Report and Accounts), the Company's issued share capital consists of 65,506,265 ordinary shares (of which 2,120,212 are held in Treasury), carrying one vote each. Therefore, the total voting rights in the Company are 63,386,053.

Electronic appointment – CREST Members and Proxymity

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.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform. See further instructions on the proxy form.

Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)

Alternative Performance Measure (APM)

Alternative Performance Measures (APMs) are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below:

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.

Total return calculation	Page	Year ended 31st December 2023	Year ended 31st December 2022	
Opening share price (p)	7	391.0	467.0	(a)
Closing share price (p)	7	404.0	391.0	(b)
Total dividend adjustment factor[1]		1.006545	1.006361	(c)
Adjusted closing share price (d = b x c)		406.6	393.5	(d)
Total return to shareholders (e = d / a – 1)		**4.0%**	**–15.7%**	(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.

Total return calculation	Page	Year ended 31st December 2023	Year ended 31st December 2022	
Opening cum-income NAV per share (p)	7	421.7	462.1	(a)
Closing cum-income NAV per share (p)	7	438.6	421.7	(b)
Total dividend adjustment factor[1]		1.005995	1.005893	(c)
Adjusted closing cum-income NAV per share (d = b x c)		441.2	424.2	(d)
Total return on net assets (e = d / a – 1)		**4.6%**	**–8.2%**	(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 cum-income NAV at the ex-dividend date.

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.

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.

Net asset return performance compared to benchmark return

This is the difference in the return on net assets compared to the benchmark return over the respective periods.

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	As at 31st December 2023 £'000	As at 31st December 2022 £'000	
Investments held at fair value through profit or loss	68	283,986	291,723	(a)
Net assets	68	279,725	273,057	(b)
Gearing/(net cash) (c = a / b – 1)		**1.5%**	**6.8%**	(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 2023 £'000	Year ended 31st December 2022 £'000	
Management Fee	66	2,003	2,080	
Other administrative expenses	66	520	547	
Total management fee and other administrative expenses		2,523	2,627	(a)
Average daily cum-income net assets		270,757	275,843	(b)
Ongoing charges (c = a / b)		**0.93%**	**0.95%**	(c)

Share Price Discount/Premium 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 7).

	Page	31st December 2023 £'000	31st December 2022 £'000	
Share price (p)	7	404.0	391.0	(a)
Net asset value per share (p)	7	438.6	421.7	(b)
Premium/(Discount) to net asset value (c = a – b) / b)		**(7.9)%**	**(7.3)%**	(c)

Performance attribution

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

Performance Attribution Definitions:

Asset 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.

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.

Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)

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.

Where to Buy Shares in the Company

You can invest in the Company's shares and other J.P Morgan investment trusts through the following:

1. Via a third party provider

Third party providers include:

AJ Bell Investcentre	Hargreaves Lansdown
Barclays Smart investor	iDealing
Bestinvest	IG
Charles Stanley Direct	Interactive investor
Close brothers A.M. Self	IWeb
Directed Service	ShareDeal active
Fidelity Personal Investing	Willis Owen
Freetrade	X-O.co.uk
Halifax Share Dealing	

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 to 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.

Investment and pension scams are often sophisticated and difficult to spot

FINANCIAL CONDUCT AUTHORITY

Be a **ScamSmart** Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it

How to avoid investment and pension scams

1. **Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2. **Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.

3. **Get impartial advice**
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Information About the Company

Financial Conduct Authority ('FCA') Regulation of 'non-mainstream pooled investments' and MiFID II 'complex investments'

The Company currently conducts its affairs so that the shares issued by the Company 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 investments' under the FCA's 'Appropriateness' rules and guidance in the Conduct of Business sourcebook.

Consumer Duty Value Assessment

The Manager has conducted an annual value assessment on the Company in line with FCA rules set out in the Consumer Duty regulation. The assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the trust (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether all consumers, including vulnerable consumers, are able to receive fair value from the product. The Manager has concluded that the Company is providing value based on the above assessment.

Information About the Company

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 number: JUSC LN
ISIN: GB00BJL5F346
Bloomberg code: JUSC LN
LEI: 549300MDD7SOXDMBN667

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.jpmussmallercompanies.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmussmallercompanies.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: 0800 20 40 20 or +44 1268 44 44 70
email: invtrusts.cosec@jpmorgan.com

For Company Secretarial and administrative matters, please contact Lucy Dina

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

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

Registrars

Equiniti Limited
Reference 1084
Aspect House
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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. If calling from outside of the UK, please ensure the country code is used.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1084.

Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

BDO LLP
Statutory Auditor
55 Baker Street
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Brokers

Deutsche Numis
45 Gresham Street
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aic
The Association of Investment Companies

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