
JPMorgan European Discovery Trust plc

(formerly JPMorgan European Smaller Companies Trust plc)

Uncovering Europe's hidden gems



Half Year Report & Financial Statements for
the six months ended 30th September 2021

KEY FEATURES

Objective

Capital growth from smaller European companies (excluding the United Kingdom).

Investment Policies

- To invest in a diversified portfolio of smaller companies in Europe, excluding the United Kingdom.
- To emphasise capital growth rather than income. Therefore shareholders should expect the dividend to vary from year to year.
- To manage liquidity and borrowings to increase potential returns to shareholders. The Board's current gearing policy is to be between 20% net cash and 20% geared.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Risk

It should be noted that the Company invests in the shares of smaller companies, which tend to be more volatile than those of larger companies. The Company also employs gearing to generate greater returns. The Company's shares should therefore be regarded as carrying greater than average risk.

Benchmark

MSCI Europe (ex UK) small cap net total return index in sterling terms. (Prior to 31st March 2020, it was the Euromoney Smaller European Companies (ex UK) Total Return Index in sterling terms).*

Capital Structure

At 30th September 2021, the Company's share capital comprised 159,462,885 ordinary shares of 5p each.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

Association of Investment Companies ('AIC')

The Company is a member of the AIC.

Website

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

* The free float adjusted market capitalisation range for the Index is £108m - £6.5bn

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TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 30TH SEPTEMBER 2021

	6 months	3 Years cumulative	5 Years cumulative	10 years cumulative
Return to shareholders ^{1,A}	+11.7%	+33.6%	+83.1%	+315.3%
Return on net assets ^{2,A}	+13.3%	+35.1%	+76.7%	+311.4%
Benchmark return ³	+9.8%	+39.1%	+78.1%	+273.2%
Shareholder return (under)/over performance compared to benchmark return	+1.9%	-5.5%	+5.0%	+42.1%
Net assets return (under)/over performance compared to benchmark return	+3.5%	-4.0%	-1.4%	+38.2%
Interim dividend	1.2p			

¹ Source: Morningstar.² Source: Morningstar/J.P. Morgan, using net asset value per share.³ Source: Euromoney. The Company's benchmark is the MSCI Europe (ex UK) small cap net total return index.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 24 and 25.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

	30th September 2021	31st March 2021	% change
Shareholders' funds (£'000)	949,659	846,304	+12.2
Number of shares in issue	159,462,885	159,462,885	
Net asset value per share	595.5p	530.7p	+12.2 ¹
Share price	510.0p	462.0p	+10.4 ²
Share price discount to net asset value per share ^A	14.4%	12.9%	
Gearing ^A	1.2%	8.8%	
Ongoing charges ^A	0.90%	0.91%	

¹ % change, excluding dividends paid. Including dividend the return is +13.3%.

² % change, excluding dividends paid. Including dividends the return is +11.7%.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 24 and 25.

Chairman's Statement

Marc van Gelder
Chairman

Dear Shareholder,

I am pleased to present the Company's results for the half-year ended 30th September 2021.

Performance

I would like to report that as a result of positive stock selection, the Company recorded a total return on net assets of +13.3% in the six months to 30th September 2021, outperforming the Company's benchmark index, the MSCI Europe (ex UK) Small Cap Index, which returned +9.8% over the same period. The total return to shareholders was +11.7%, reflecting a slight widening of the discount at which the Company's shares trade from 12.9% to 14.4% over the six months.

The Company's longer term performance remains strong with the 5 year and 10 year total return on net assets rising 76.7% and 311.4%, respectively, whilst the benchmark total return rose 78.1% and 273.2%. The Investment Managers' Report that follows provides a review of markets, more detail on the performance drivers within the portfolio and the outlook for investing.

Revenue and Dividends

Gross revenue return for the six months to 30th September 2021 was higher than the corresponding period in 2020 at 6.57 pence per share (2020: 4.46 pence), reflecting the fact that many companies are slowly coming back to pre-Covid dividend levels. The Board has decided to maintain the interim dividend of 1.2 pence (2020: 1.2 pence) per share which will be paid on 28th January 2022 to shareholders on the register as at 17th December 2021 (the ex-dividend date will be 16th December 2021). The Board will keep this under review and take into account the income received and the level of the Company's revenue reserves when determining the final dividend for the year in 2022.

Discount Management and Share Repurchases

The Board continues to monitor closely the level of the discount and considers its ability to repurchase shares to minimise the short term volatility and the absolute level of the discount of prime importance. No shares were repurchased in the six months to 30th September 2021; however, since then 293,930 shares have been repurchased, at an average discount of 13.3%.

The Board

The 2021 Annual Report highlighted that the Board progressed its succession plans during the year resulting in the decision to appoint Sarah Watters as an independent non-executive director with effect from 1st July 2021. As planned and announced previously, Stephen White retired from the Board on 31st October 2021, having served as a Director for more than nine years. Further, as announced on 8th September 2021, due to external time commitments, Tanya Cordrey also stepped down from the Board, on 26th November 2021. The Board would like to thank Stephen and Tanya for their significant contributions to the Company during their tenure and wishes them well for the future.

The Board has commenced a recruitment process to ensure that it continues to have an appropriate balance of skills and diverse approaches to its tasks.

Environmental, Social and Governance ('ESG')

The Board has continued to engage with the Manager on the integration of ESG factors into its investment process. While the investment managers have always considered ESG issues in their investment process, it is now rigorously integrated into their investment processes so that these are considered at every stage of the investment decision. For more details, please refer to pages 19 to 21 of the 2021 Annual Report which can be found on the Company's website at: www.jpmeuropeandiscovery.co.uk

Name Change

The Company changed its name in June 2021 to better reflect the Company's investment strategy and portfolio. The name change was well received by the investors.

Outlook

Europe's economy recovered strongly over the summer after being severely affected by Covid-19 in the spring. However, supply chain disruption, enormous increases in energy prices, shortage of certain key products and the potential for new variants of Covid-19 to flare up continue to threaten economic growth. European companies have weathered the difficult 2020 well and are generally in good shape. There is substantial fiscal stimulus coming through in Europe and the US as the recovery from Covid-19 takes priority. This will help support equities, as will the measures taken by the European Central Bank. Monetary and fiscal policy remain extremely supportive despite growing inflationary pressures. While uncertainty still looms, this will not distract the investment team from executing their philosophy and process. We are fortunate that our stock research is conducted in a large diverse region of opportunities. It allows us to uncover high quality niche opportunities at attractive prices, and this is what will drive our long-term returns.

Marc van Gelder
Chairman

8th December 2021

Review

During the six months to September 2021, equity markets continued to rise strongly from the Covid-19 related sell off in early 2020. Earnings grew more strongly than expected as the economic backdrop remained supportive and companies proved to be better than expected at coping with cost inflation.

During the period the benchmark MSCI Europe (ex UK) Small Cap Net Total Return Index rose by 9.8 per cent, outperforming the large cap MSCI Europe (ex UK) Net Total Return Index that rose by 8.3 per cent.

Portfolio

With a return of 13.3 per cent over the six months to September 2021, the NAV of the portfolio outperformed its benchmark by 3.5 per cent.

Contributors to performance included two suppliers to the healthcare industry, Eckert & Ziegler in Germany and Vitrolife in Sweden. Eckert & Ziegler is benefitting from growing demand for their radionuclide generators which are used by the healthcare industry for the diagnosis and treatment of cancer. Vitrolife is a global leader in providing fertility solutions for IVF clinics and it recently announced the acquisition of Igenomix to complement its offering in the fast growing genetic testing segment. The Italian IT consultant, Reply, also contributed to performance as demand for its digitalisation expertise remained buoyant.

Detractors from performance included Scatec Solar, a Norwegian listed renewable energy generation company focused on emerging markets, due to concerns that it will not achieve its targeted growth objectives this year; Valeo, a French automotive components supplier, due to concerns around order intake in its electric mobility JV with Siemens; and Aramis, a French used car e-commerce platform, which underperformed despite its guidance upgrade because of uncertainties around the supply of pre-registered cars due to chip shortages.

During the period we continued to reduce our exposure to renewable energy generation via the disposals of ERG, Falck Renewables and Scatec Solar, as we believed that their valuations had become less attractive while competition is increasing. We also sold Stillfront, the Swedish mobile video game developer, as we considered Apple's privacy rules change to be a significant threat to their business model, and the aforementioned automotive components supplier, Valeo.

The proceeds from these divestments were used to continue to add to fundamentally high quality companies with strong growth prospects. These include intralogistics solutions providers such as Interroll and Kardex, which are seeing increased investment into warehouse automation as their clients recognise the growing importance of efficient supply chains; Bachem, the global leader in the contract manufacturing of peptides used by the pharma industry, which sees a fast-growing pipeline of new drugs using peptides and increasing outsourcing of manufacturing by pharma companies; and Lotus Bakeries, the Belgian manufacturer of Biscoff biscuits and other snacks, which has successfully entered the US market and continues to gain market share in the biscuit industry. We also increased our exposure to the insurance sector by topping up Unipol Gruppo, Helvetia and asr Nederland due to attractive valuations.

During the period we participated in a number of IPOs: of Azelis, a specialty chemical distributor, which is a high-quality company with defensive properties; Aramis, the French used cars e-commerce platform, whose leading position in Europe puts it in a strong position to capture a greater share of the used cars market; Cherry, a German manufacturer of high-end components for gaming and industrial keyboards; Vimian, a Swedish company that intends to consolidate the fragmented animal health market; and Antin, a French infrastructure fund manager, which should see strong demand for their funds given the yield offered by infrastructure.

Francesco Conte
Investment Manager

Edward Greaves
Investment Manager

Based on the Industry Classification Benchmark (ICB) methodology, Software & Computer Services remains the largest sector overweight as we invest in companies benefitting from technological disruption. Construction & Materials remains the second largest sector overweight due to our investments in companies benefitting from the drive to improve building energy efficiency. Non-life insurance has become the third largest sector overweight due to attractive valuations and further earnings recovery potential as economies continue to normalise. The two largest sector underweights are Real Estate and Banks, both sectors we see as commoditised.

France has become the largest country overweight followed by Italy, while Germany and Spain are the largest underweights.

Gearing decreased over the period, ending at 1.2 per cent, versus 8.8 per cent gearing at the start of the period. There are a number of interesting upcoming IPOs and we want to ensure that we have sufficient funds to participate in these.

Outlook

The global economy continues to bounce back strongly as lockdowns are eased, supported by accommodative fiscal and monetary policies. However, due to this rapid growth, supply chains have been placed under extreme pressure which has resulted in component shortages and increasing input costs. In this context, we focus on high-quality companies that have pricing power, allowing them to mitigate cost inflation via price increases. We expect these pressures to alleviate over time as supply constraints are resolved and economic growth slows back to trend.

The discovery of the new Omicron Covid variant has roiled markets. It is too early to know how disruptive this new variant will be to economic activity although it does seem likely that existing vaccines are likely to provide some protection. Additionally, governments are now in a much better position to control new outbreaks given past experience. While it does appear that Covid will remain with us perhaps indefinitely, this risk should be mitigated by our continued focus on companies that have a combination of high returns on invested capital, strong cash flows, business models that are protected by economic moats and end markets that are likely to remain strong for the foreseeable future.

Francesco Conte
Edward Greaves
Investment Managers

8th December 2021

LIST OF INVESTMENTS

AT 30TH SEPTEMBER 2021

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
SWEDEN		ITALY		DENMARK	
Bravida	25,157	Reply	27,087	Royal Unibrew	9,724
Vitrolife	21,961	Unipol Gruppo	24,177	SimCorp	8,036
AFRY	17,409	Sanlorenzo	22,090		17,760
Indutrade	17,284	Interpump	21,212		
Beijer Ref	16,843	Technogym	14,900	NORWAY	
Electrolux Professional	16,598	Pirelli & C	14,820	Bakkafrost P/F	13,439
Fortnox	15,545	Prysmian	14,638	Volue	3,334
Instalco	14,553		138,924		16,773
Dometic	12,284	NETHERLANDS		FINLAND	
Sweco	9,469	IMCD	25,266	Valmet	9,655
Cint	7,916	ASR Nederland	24,652		9,655
Loomis	7,764	Arcadis	20,849	TOTAL INVESTMENTS	
Bonava	6,822	Signify	18,293		961,055
AAK	4,191	Boskalis Westminster	10,556		
Lime Technologies	2,998	BE Semiconductor Industries	9,259		
	196,794		108,875		
FRANCE		BELGIUM			
Alten	31,411	D'ieteren	24,360		
Nexans	25,588	Melexis	20,046		
IPSO	19,703	Warehouses De Pauw, CVA	17,801		
Fnac Darty	18,780	Azelis	11,108		
SPIE	18,442	Kinopolis	10,303		
Trigano	14,433	Lotus Bakeries	1,305		
Elis	13,943	Barco	569		
Aramis	10,401		85,492		
Rexel	8,550	GERMANY			
Esker	7,369	Eckert & Ziegler Strahlen- und			
Antin Infrastructure Partners	5,541	Medizintechnik	25,139		
	174,161	Bechtle	12,097		
SWITZERLAND		CTS Eventim	10,723		
Helvetia	21,877	Cherry	8,813		
Tecan	20,189		56,772		
Siegfried	19,925				
SIG Combibloc	18,995				
Softwareone	17,327				
Kardex	16,445				
Belimo	15,484				
Interroll	14,807				
Bachem	10,800				
	155,849				

PORTFOLIO INFORMATION

GEOGRAPHICAL ANALYSIS

	at 30th September 2021		at 31st March 2021	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Sweden	20.5	19.8	22.9	19.4
France	18.1	8.8	15.4	8.8
Switzerland	16.2	13.9	10.0	13.7
Italy	14.5	7.6	18.1	7.8
Netherlands	11.3	6.7	8.5	6.8
Belgium	8.9	4.3	4.5	3.9
Germany	5.9	13.8	11.4	14.2
Denmark	1.9	4.6	1.7	4.3
Norway	1.7	6.4	7.5	6.3
Finland	1.0	4.5	–	4.5
Spain	–	5.1	–	5.7
Austria	–	2.4	–	2.5
Ireland	–	1.5	–	1.5
Portugal	–	0.6	–	0.6
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £961.1m (31st March 2021: £921.2m).

SECTOR ANALYSIS

	at 30th September 2021		at 31st March 2021	
	Portfolio % ^{1,2}	Benchmark %	Portfolio % ^{1,2}	Benchmark %
Industrials	38.5	27.7	34.5	27.4
Information Technology	17.9	9.1	15.2	9.5
Consumer Discretionary	14.4	8.8	12.7	8.8
Health Care	10.2	9.9	8.7	8.7
Financials	7.9	13.1	5.6	13.2
Communication Services	4.2	4.6	7.2	4.9
Consumer Staples	3.0	4.7	6.8	4.9
Materials	2.0	7.2	1.8	7.7
Real Estate	1.9	9.9	1.6	9.4
Utilities	–	3.2	5.9	3.5
Energy	–	1.8	–	2.0
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £ £961.1m (31st March 2021: £921.2m).

² Based on the Global Industry Classification Standard (GICS) methodology.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	(Unaudited) Six months ended 30th September 2021			(Unaudited) Six months ended 30th September 2020			(Audited) Year ended 31st March 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	105,756	105,756	–	248,387	248,387	–	334,333	334,333
Foreign exchange gains/ (losses) on liquidity fund	–	38	38	–	1,365	1,365	–	(402)	(402)
Net foreign currency (losses)/ gains	–	(1,097)	(1,097)	–	(1,601)	(1,601)	–	3,689	3,689
Income from investments	13,687	–	13,687	7,671	–	7,671	9,154	–	9,154
Interest receivable and similar income	113	–	113	340	–	340	471	–	471
Gross return	13,800	104,697	118,497	8,011	248,151	256,162	9,625	337,620	347,245
Management fee	(1,168)	(2,725)	(3,893)	(810)	(1,890)	(2,700)	(1,828)	(4,264)	(6,092)
Other administrative expenses	(309)	–	(309)	(367)	–	(367)	(675)	–	(675)
Net return before finance costs and taxation	12,323	101,972	114,295	6,834	246,261	253,095	7,122	333,356	340,478
Finance costs	(136)	(318)	(454)	(145)	(334)	(479)	(288)	(672)	(960)
Net return before taxation	12,187	101,654	113,841	6,689	245,927	252,616	6,834	332,684	339,518
Taxation (charge)/credit	(1,716)	–	(1,716)	423	–	423	217	–	217
Net return after taxation	10,471	101,654	112,125	7,112	245,927	253,039	7,051	332,684	339,735
Return per share (note 3)	6.57p	63.75p	70.32p	4.46p	154.22p	158.68p	4.42p	208.63p	213.05p

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

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 30th September 2021 (Unaudited)						
At 31st March 2021	7,974	1,312	7,662	820,196	9,160	846,304
Net return	–	–	–	101,654	10,471	112,125
Dividend paid in the period (note 4)	–	–	–	–	(8,770)	(8,770)
At 30th September 2021	7,974	1,312	7,662	921,850	10,861	949,659
Six months ended 30th September 2020 (Unaudited)						
At 31st March 2020	7,974	1,312	7,662	487,512	12,793	517,253
Net return	–	–	–	245,927	7,112	253,039
Dividend paid in the period (note 4)	–	–	–	–	(8,770)	(8,770)
At 30th September 2020	7,974	1,312	7,662	733,439	11,135	761,522
Year ended 31st March 2021 (Audited)						
At 31st March 2020	7,974	1,312	7,662	487,512	12,793	517,253
Net return	–	–	–	332,684	7,051	339,735
Dividends paid in the year (note 4)	–	–	–	–	(10,684)	(10,684)
At 31st March 2021	7,974	1,312	7,662	820,196	9,160	846,304

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

STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER 2021

	(Unaudited) 30th September 2021 £'000	(Unaudited) 30th September 2020 £'000	(Audited) 31st March 2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	961,055	804,024	921,200
Current assets			
Derivative financial instruments	1	–	–
Debtors	12,400	4,703	1,160
Cash and cash equivalents	54,918	34,797	1,407
	67,319	39,500	2,567
Current liabilities			
Creditors: amounts falling due within one year	(1,339)	(366)	(796)
Derivative financial liabilities	(18)	–	–
Net current assets	65,962	39,134	1,771
Total assets less current liabilities	1,027,017	843,158	922,971
Creditors: amounts falling due after more than one year	(77,358)	(81,636)	(76,667)
Net assets	949,659	761,522	846,304
Capital and reserves			
Called up share capital	7,974	7,974	7,974
Share premium	1,312	1,312	1,312
Capital redemption reserve	7,662	7,662	7,662
Capital reserves	921,850	733,439	820,196
Revenue reserve	10,861	11,135	9,160
Total shareholders' funds	949,659	761,522	846,304
Net asset value per share (note 5)	595.5p	477.6p	530.7p

The financial statements on pages 14 to 17 were approved and authorised for issue by the Directors on 8th December 2021 and signed on their behalf by:

Marc van Gelder
Director

Marc van Gelder

The notes on pages 18 to 20 form an integral part of these financial statements.

The Company's registration number is 2431143.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
Net cash outflow from operations before dividends and interest (note 6)	(4,740)	(1,108)	(5,524)
Dividends received	11,254	6,160	7,492
Interest received	1	–	2
Overseas tax recovered	148	626	1,089
Interest paid	(458)	(519)	(1,001)
Net cash inflow from operating activities	6,205	5,159	2,058
Purchases of investments and derivatives	(322,461)	(317,362)	(810,999)
Sales of investments and derivatives	378,263	280,322	746,221
Settlement of forward currency contracts	53	177	120
Net cash inflow/(outflow) from investing activities	55,855	(36,863)	(64,658)
Dividends paid	(8,770)	(8,770)	(10,684)
Repayment of bank loans	–	(30,510)	(30,510)
Net cash outflow from financing activities	(8,770)	(39,280)	(41,194)
Increase/(decrease) in cash and cash equivalents	53,290	(70,984)	(103,794)
Cash and cash equivalents at start of period	1,407	106,257	106,257
Exchange movements	221	(476)	(1,056)
Cash and cash equivalents at end of period	54,918	34,797	1,407
Increase/(decrease) in cash and cash equivalents	53,290	(70,984)	(103,794)
Cash and cash equivalents consist of:			
Cash and short term deposits	267	248	268
Cash held in JPMorgan Euro Liquidity Fund	54,651	34,549	1,139
Total	54,918	34,797	1,407

RECONCILIATION OF NET DEBT

	As at 31st March 2021 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2021 £'000
Cash and cash equivalents:				
Cash	268	16	(17)	267
Cash equivalents	1,139	53,274	238	54,651
	1,407	53,290	221	54,918
Borrowings				
Debt due after more than one year	(76,667)	–	(691)	(77,358)
	(76,667)	–	(691)	(77,358)
Total	(75,260)	53,290	(470)	(22,440)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2021 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies, including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in October 2019.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th September 2021.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st March 2021.

3. Return per share

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
Return per share is based on the following:			
Revenue return	10,471	7,112	7,051
Capital return	101,654	245,927	332,684
Total return	112,125	253,039	339,735
Weighted average number of shares in issue	159,462,885	159,462,885	159,462,885
Revenue return per share	6.57p	4.46p	4.42p
Capital return per share	63.75p	154.22p	208.63p
Total return per share	70.32p	158.68p	213.05p

NOTES TO THE FINANCIAL STATEMENTS

4. Dividends paid

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
2021 final dividend of 5.5p (2020: 5.5p) per share	8,770	8,770	8,770
2021 interim dividend of 1.2p per share	–	–	1,914
Total dividends paid in the period/year	8,770	8,770	10,684

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

An interim dividend of 1.2p (2020: 1.2p) has been declared in respect of the six months ended 30th September 2021, amounting to £1,914,000.

5. Net asset value per share

	(Unaudited) Six months ended 30th September 2021	(Unaudited) Six months ended 30th September 2020	(Audited) Year ended 31st March 2021
Net assets (£'000)	949,659	761,522	846,304
Number of shares in issue	159,462,885	159,462,885	159,462,885
Net asset value per share	595.5p	477.6p	530.7p

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

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
Net return before finance costs and taxation	114,295	253,095	340,478
Less capital return before finance costs and taxation	(101,972)	(246,261)	(333,356)
Scrip dividends received as income	–	(407)	(407)
Decrease/(increase) in accrued income and other debtors	14	23	(19)
Decrease in accrued expenses	(25)	(14)	(23)
Management fee allocated to capital	(2,725)	(1,890)	(4,264)
Overseas withholding tax	(2,447)	(1,104)	(1,241)
Dividends received	(11,254)	(6,160)	(7,492)
Interest received	(1)	–	(2)
Realised (losses)/gains on foreign exchange transactions	(425)	(235)	148
Realised exchange (losses)/gains on liquidity	(200)	1,845	654
Net cash outflow from operations before dividends and interest	(4,740)	(1,108)	(5,524)

NOTES TO THE FINANCIAL STATEMENTS

7. Fair valuation of investments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 30th September 2021		(Unaudited) Six months ended 30th September 2020		(Audited) Year ended 31st March 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	961,055	–	804,024	–	921,200	–
Level 2 ¹	1	(18)	–	–	–	–
Total	961,056	(18)	804,024	–	921,200	–

¹ Includes forward foreign currency contracts.

Interim Management Report

INTERIM MANAGEMENT REPORT

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment underperformance and strategy; market and currency; accounting, legal and regulatory; operational; cyber crime, financial, corporate governance and shareholder relations, pandemic risk and emerging risks. Information on these areas is given within the Annual Report and Financial Statements for the year ended 31st March 2021.

Related Parties Transactions

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

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, taking into account the impact of Covid-19 on the revenue expected from underlying investments in these projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. More specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operation existence for at least twelve months from the date of the approval of this half yearly financial report. The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly. Gearing levels and compliance with loan notes covenants are reviewed by the Board on a regular basis. The Company's key third party suppliers, including its Manager, are not experiencing any operational difficulties to adversely affect their services to the Company. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with FRS 104 'Interim Financial Reports' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 30th September 2021, as required by the UK Listing Authority Disclosure Guidance and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure Guidance and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board
Marc van Gelder
Chairman

8th December 2021

Shareholder Information

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

Return to Shareholders (APM)

Total return to the shareholders, 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	Six months ended	
		30th September 2021	
Opening share price (p)	4	462.0	(a)
Closing share price (p)	4	510.0	(b)
Total dividend adjustment factor ¹		1.011494	(c)
Adjusted closing share price (d = b x c)		515.9	(d)
Total return to shareholders (e = d / a - 1)		11.7%	(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	Six months ended	
		30th September 2021	
Opening NAV per share (p)	4	530.7	(a)
Closing NAV per share (p)	4	595.5	(b)
Total dividend adjustment factor ¹		1.009653	(c)
Adjusted closing NAV per share (d = b x c)		601.2	(d)
Total return on net assets (e = d / a - 1)		13.3%	(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 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 total 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.

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

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	30th September 2021 £'000	31st March 2021 £'000	
Investments held at fair value through profit or loss	15	961,055	921,200	(a)
Net assets	15	949,659	846,304	(b)
Gearing/(net cash) (c = a / b - 1)		1.2%	8.8%	(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.

The figure as at 30th September 2021 is an estimated annualised figure based on the numbers for the six months ended 30th September 2021.

Ongoing charges calculation	Page	30th September 2021 £'000	31st March 2021 £'000	
Management Fee	14	7,786	6,092	
Other administrative expenses	14	618	675	
Total management fee and other administrative expenses		8,404	6,767	(a)
Average daily cum-income net assets		932,643	741,466	(b)
Ongoing charges (c = a / b)		0.90%	0.91%	(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.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

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

1. Via a third party provider

Third party providers include:

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



INFORMATION ABOUT THE COMPANY

FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	May/June
Half year end	30th September
Half year results announced	* November/December
Annual General Meeting	July
Dividend	January/July

History

On 24th April 1990, the Company acquired the undertaking and assets of Fleming European Fledgeling Fund Limited (the 'Fund') in exchange for the issue of its shares and warrants. That Fund was an open-ended, unquoted investment company based in Jersey with the same objectives and investment policies as the Company. The Company changed its name from JPMorgan European Smaller Companies Trust plc to JPMorgan European Discovery Trust plc on 15th June 2021. It is a constituent of the FTSE 250 index.

Directors

Marc van Gelder (Chairman)
Ashok Gupta
Nicholas Smith
Sarah Watters

Company Numbers

Company registration number: 2431143
London Stock Exchange number: 0341969
ISIN: GB00BMTS0237
Bloomberg code: JEDT LN
LEI: 54930049CEWDI46Y3U28

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 Company's website at www.jpmeuropeandiscovery.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmeuropeandiscovery.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

For company secretarial issues and administrative matters, please contact Priyanka Vijay Anand at invtrusts.cosec@jpmorgan.com.

aic

The Association of
Investment Companies

A member of the AIC

Depository

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

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

Registrars

Equiniti Limited
Reference 1083
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2325

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1083.

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

Independent Auditors

Ernst & Young LLP
Statutory Auditor
Atria One
144 Morrison Street
Edinburgh EH3 8EB

Brokers

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

FCA regulation of 'non-mainstream pooled investments' and 'Complex Instruments'

The Company currently conducts its affairs so that the shares it issues can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

The Company's ordinary shares are not considered to be 'complex instruments' under the FCA's 'Appropriateness' rules and guidance in the Conduct of Business sourcebook.

CONTACT

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J.P.Morgan
Asset Management