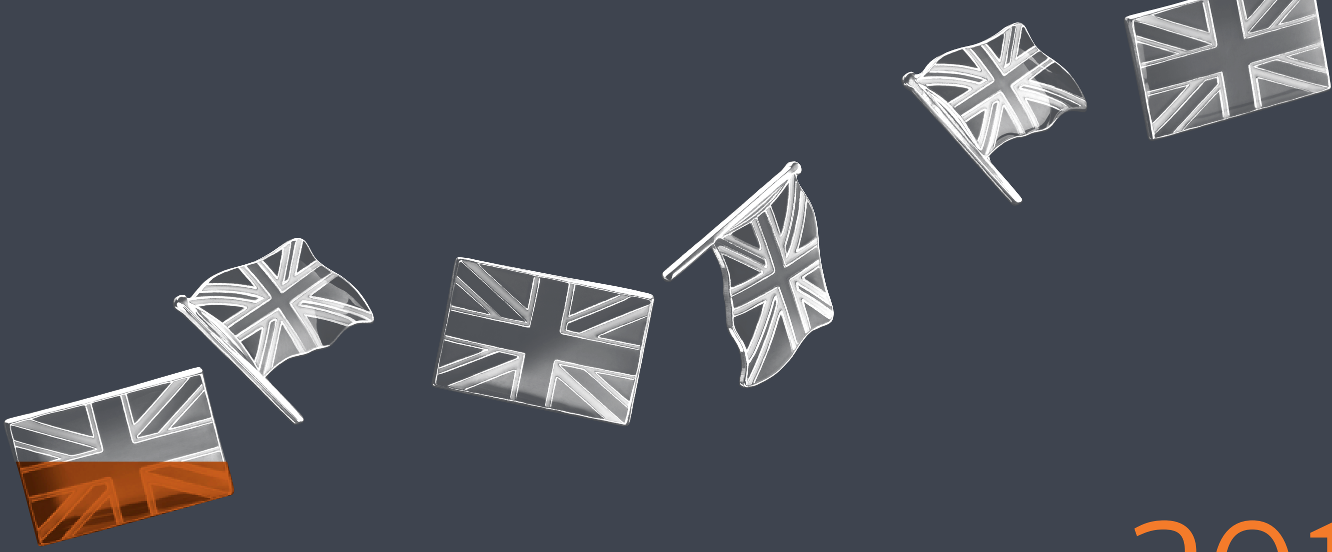


Annual Report 2013

JPMorgan Claverhouse Investment Trust plc

Annual Report & Accounts for the year ended 31st December 2013

J.P.Morgan
Asset Management

Features

Contents

Objective

Capital and income growth from UK investments.

Investment Policies

- To invest in a portfolio consisting mostly of leading companies listed on the London Stock Exchange. The Company's portfolio consists of between 60 and 80 individual stocks in which the Manager has high conviction.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).
- To invest no more than 15% of gross assets in any individual investment (including unit trusts and open ended investment companies).
- The Company uses short and long term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/-7.5% range around a 'normal' gearing level. The normal gearing level, which is set by the Board and kept under review on an ongoing basis, is currently 10%. The Board permits the Manager to use FTSE index futures to effect changes in the level of the Company's gearing.

Further details on investment policies and risk management are given in the Directors' Report on page 17.

Benchmark

The FTSE All-Share Index.

Capital Structure

At 31st December 2013, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 2,041,674 shares held in Treasury.

The Company has a £30 million debenture in issue, which carries a fixed interest rate of 7% per annum, repayable in 2020. The Company also has a £40 million one year floating rate loan facility with ING Bank, which expires on 29th April 2014. Subsequent to the year end, the facility was increased to £50 million.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Claverhouse Investment Trust plc can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

AIC

The Company is a member of the Association of Investment Companies.

Website

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

Financial Results

to 31st December 2013

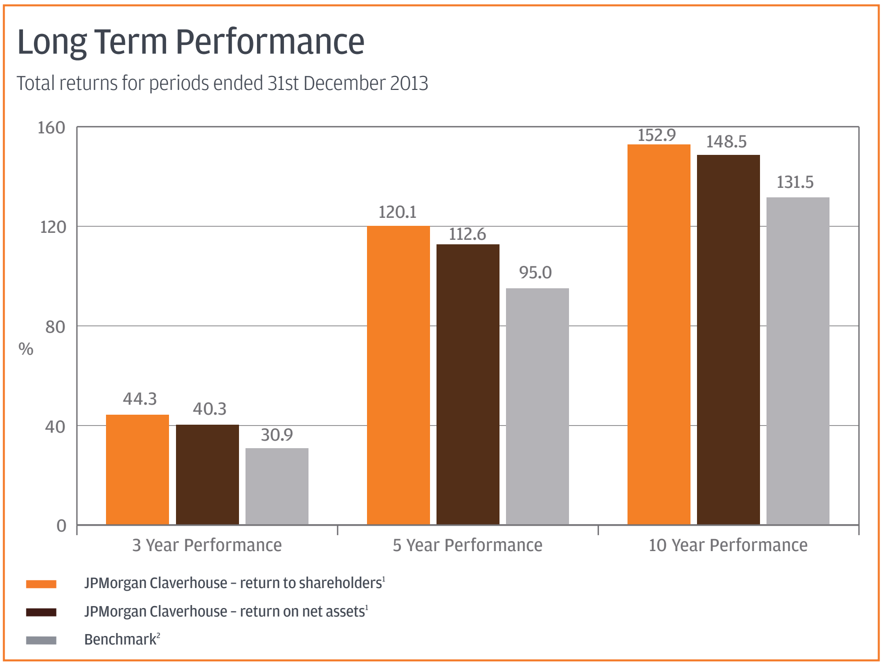
One year total returns (includes dividends reinvested)

+42.9%
Return to shareholders[1]
(2012: +9.6%)

+33.8%
Return on net assets[1]
(2012: +13.7%)

+20.8%
Benchmark return[2]
(2012: +12.3%)

19.50p
Dividend
(2012: 18.85p)



A glossary of terms and definitions is provided on page 63.

[1]Source: J.P. Morgan.

[2]Source: Datastream. The Company's benchmark is the FTSE All-Share Index.

Strategic Report

Chairman's Statement

The Chairman's Statement is now included within the Strategic Report which new regulations require us to prepare. You will find that the format of the Report has changed and the information it contains has been extended. I hope that you will find it relevant and useful.

Performance and Manager Review

The year to 31st December 2013 was an excellent one for the UK equity market, for many active fund managers and for your Company. Following the positive performance in 2012, I am pleased to report that in 2013 the Company delivered very strong outperformance against its benchmark both in terms of Net Asset Value ('NAV') per share and share price. The total return, taking capital growth and income together, of the UK stock market as measured by your Company's benchmark, the FTSE All-Share Index was +20.8%. Your Company's total return on net assets was +33.8%, being 13.0% ahead of the benchmark index. Such excess return is unusual for a conventionally managed investment trust with consistently strong risk controls. The result is of considerable credit to our Manager, J.P. Morgan Asset Management ('JPMAM'), and particularly to the team of William Meadon and Sarah Emly who have jointly managed the Company since March 2012.

During the year the share price rose from 437p to 599p. The total return to shareholders was +42.9%, as the discount (with debt at par) of the share price to NAV narrowed over the course of the year from 10.7% to 5.4%. Since the year-end, the discount has narrowed further to 4.6%.

The Board is pleased to note the significantly improved performance following the detailed review that was undertaken early in 2012 and the resultant changes that were made to the investment process and the investment management team with effect from 1st March 2012. A year ago I wrote that the change of approach had got off to a good start but that with a much more concentrated portfolio consisting of between 60-80 stocks, shareholders must expect some ebb and flow in performance. In fact since March 2012 the tide has continued to flow strongly and for longer than we could have envisaged back then. Over those 22 months to 31st December 2013, the Company produced a total return on net assets of +41.7% and a share price total return of +49.6%, compared with the benchmark total return of +26.7% for the period. This has gone a long way towards restoring the Company's longer term performance record and the NAV total return has now outperformed the benchmark over three, five and ten years.

In their report, the Investment Managers provide a review of the market and portfolio performance for the year. I have taken a longer perspective and re-read my earlier Chairman's Statements and in particular the one that I signed out on 3rd March 2009. All then was gloom. I wrote that confidence was at a very low ebb and that it was impossible to predict when it would begin to return and that the outlook for company profits for 2009 was, in many cases, dismal. I then asked the question as to what investors should do? In those bleak times I suggested that investors should look at history which gave powerful support for the view that investors who invest in equities must keep faith with them when times look bleak and they could not afford to be out of the market when the market turned up.

Well, turned up it certainly has. What I did not understand until some time later than March 2009 was that the clear policy aim of the Bank of England in undertaking Quantitative Easing, which started that month, was to boost asset prices. Since that dark month, the All-Share index has more than doubled and in addition investors have received five years of dividends adding another 40% to the index return. Your Company's NAV total return has been approximately +144.4% and the share price return was approximately +139.9%. However, both your Board and the Investment Managers are aware that there is no room for complacency. We remember that we are only human and know that stock markets always humble those buoyed up on hubris. A period of greater volatility for equities may well lie ahead. Nevertheless, as I wrote five years ago, it is important during more turbulent times that investors keep faith in the asset class. Successful market timing is a game for the few. Long-term equity investment is the opportunity for the many and your Company aspires to deliver that opportunity.

The Company's administration continues to be handled admirably by Jonathan Latter and his team. Simon Crinage had been our diligent and trusted Client Director since 2003. However, in April 2013 he was promoted to become Head of Investment Trusts at JPMAM and consequently James Glover has stepped into Simon's shoes. The Board wishes Simon very well in his new role.

Revenue and Dividends

In 2013 the revenue per share increased by 24.1% to 22.28p per share. The Board decided that the total dividend for the year should be increased from 18.85p to 19.50p, an above-inflation rise of 3.4%, thus increasing the total dividend for the 41st successive year. For the first time in five years, the total dividend was more than covered by the revenue generated by the Company's portfolio, which included several special dividends, and did not require a transfer from the Company's revenue reserve. However, the Board does not wish to see the Investment Manager constrained by the need to generate income and remains prepared to revert to utilising the revenue reserve to support the dividend should it be necessary.

The Board recognises the importance of quarterly dividends to our many individual shareholders, particularly when interest rates on cash savings have remained so low and it resolved to re-balance the quarterly payments in 2013 in order to reduce the disparity between them. Thus the dividend payable in each of the first three quarters increased from 3.50p to 4.50p and there was a reduction in the fourth quarter's dividend from 8.35p to 6.00p. However, taking the four quarters together, as reported above, the total dividend increased by 3.4%. It remains the Board's aim to increase the dividend each year and, taking a run of years together, we continue to aspire to deliver increases in dividends that will at least match the rate of inflation.

Gearing

The Company ended the year approximately 17% geared. During the year the gearing varied between 13.7% and 17.5%. Gearing existed by way of a combination of the £30 million 7% 2020 debenture and a short term bank borrowing facility, which was

Chairman's Statement continued

increased from £30 million to £40 million during the year and has been further increased to £50 million since the year end. The Board has agreed with the Investment Managers that gearing of 10% is considered as 'normal' and that they have discretion to vary the tactical level of gearing in a range of +/-7.5% around that normal level, with maximum total gearing under normal market conditions of 20%. The tactical range of +/-7.5% on top of the normal 10% is kept under review and any move outside of that range requires the Board's prior consent. However, as reported on the Features page of this report, the Company's formal overall policy remains to operate within the limits of a gearing range of 5% net cash to 20% geared in normal market conditions. The Investment Managers are permitted to use Index Futures as a tool with which to manage the level of exposure to the market and thus the level of gearing. The use of Futures obviates the need to sell stocks and has less of an effect on the Company's income account than would significant variations in the level of conventional debt. Futures are only used for hedging for portfolio management purposes and exposure is limited automatically by the gearing limits within which the portfolio is managed.

Share Repurchases

The Company did not repurchase any shares during the year, reflecting the improvement in the Company's rating which we hope will continue. Those shares repurchased in previous years are held in Treasury for possible reissue should the Company's shares move to a premium. The Board's objective remains to use the share repurchase authority to assist in managing any imbalance between supply and demand for the Company's shares, thereby reducing the volatility of the discount. Shares held in Treasury will only be re-issued at a premium to NAV unless shareholders were to grant authority for them to be reissued at less than NAV. No such authority exists currently and the Board does not intend to seek such authority at the present time.

Board of Directors

Directors conduct an assessment of their performance each year and this is followed up by a conversation with me as Chairman. My own performance is assessed by the Senior Independent Director after he has consulted with all other Directors. A report is made to the Nomination Committee which meets annually to evaluate the performance of the Board, its Committees and the individual Directors. I became Chairman of your Company in April 2005. In my absence, the members of the Nomination Committee considered my service and confirmed that they recommend that I should continue as Chairman, notwithstanding my length of service. The Board has agreed in principle that I will retire at the conclusion of the 2015 AGM.

As I reported last year, Andrew Sutch was appointed to the Board on 1st April 2013. We took a further step to refresh the Board with the appointment of Jane Tufnell on 1st October 2013. Jane brings considerable investment experience to the Board, having co-founded Ruffer LLP, a privately-owned investment management firm, in 1994. She is an independent non-executive director of The Diverse Income Trust Plc and of TR European Growth Trust Plc and was formerly the investment manager for the NatWest pension fund's exposure to UK small companies at County NatWest. Jane will stand for reappointment at the AGM and I look forward to introducing her to shareholders.

Virginia Holmes was appointed to the Board in 2004 and will stand down at the conclusion of this year's AGM. On behalf of the Board, I would like to thank Virginia for the substantial contribution that she has made to the Company during her tenure. Virginia's clear thinking and ability to question perceived wisdom with cogent analysis has added significantly to our Board's deliberations. She chaired the Audit Committee for eight years and took much of the burden of the work we undertook on the VAT case that was led by the Company and the Association of Investment Companies and which, ultimately, resulted in the removal of VAT from the payment of management fees by investment trust companies. As a result, in 2007 your Company received a refund of VAT which exceeded £4 million. Humphrey van der Klugt has succeeded Virginia as Chairman of the Audit Committee.

All Directors, save for Virginia Holmes, will as usual stand for reappointment at the AGM.

Directors' fees were last increased with effect from 1st January 2011. Led by the Senior Independent Director, the Board has reviewed the Directors' remuneration and that paid to directors of other investment trusts, both those managed by JPMAM and elsewhere. Consequently, the Board has resolved that the base Director's fee will be increased by £2,000 per annum to £23,000. The Chairman of the Audit Committee's fee will also rise by £2,000 to £27,000 as will the Chairman's to £34,000.

The total annual run-rate of remuneration payable to the six current Directors is £153,000. In 2010 shareholders resolved to increase the ceiling on total remuneration to £175,000. Thus the new fees will not be subject to a definitive vote at the AGM although there will, this year, be the first triennial vote on the Directors' remuneration policy as well as the usual advisory vote on the Directors' Remuneration Report for 2013. However, I will be happy to hear shareholders' views.

Alternative Investment Fund Managers Directive

Last year I reported that this EU Directive (the 'AIFMD') was in the wings but that it was impossible to spell out in detail how it would affect your Company other than to increase our expenses. A year later matters are clearer. A Company such as yours has the option of being self-managed or alternatively must appoint a manager authorised under the AIFMD. Your Board has been advised, in conjunction with all other JPMAM managed trusts, by solicitors Dickson Minto. Your Board has concluded that the appropriate route forward is to appoint a J.P. Morgan ('JPM') company as our manager. However, the AIFMD regulations do not permit JPMAM to be appointed as our manager as it is a 'MIFID' registered company. So, bizarrely, we are forced to enter into a new Investment Management Agreement ('IMA') with another JPM company, namely J.P. Morgan Funds Ltd ('JPMF'). JPMF will then delegate the actual management of your Company's portfolio to JPMAM and William and Sarah will continue to manage the portfolio as they have done this last 22 months.

Chairman's Statement continued

The documentation to put this change into effect is in the process of being agreed and is expected to be signed off by the Board on 9th April 2014. In addition your Company is forced to appoint a Depositary in addition to our current Custodian, J.P. Morgan Chase Bank, and in common with all of the trusts managed by JPMAM has resolved to appoint the Bank of New York Mellon. This appointment is required to be made before 22nd July. I see no advantage of these changes other than the opportunity to review and update the IMA – a process that would have been undertaken periodically in any case. However, for your Company to continue to exist and to be managed by a JPM entity they are a requirement for which the bill must be paid.

Annual General Meeting

This year's AGM will be held at Trinity House, Tower Hill, London EC3N 4DH on Wednesday, 9th April 2014 at 12.00 noon. William Meadon and Sarah Emly will give a presentation to shareholders, reviewing the past year and commenting on the outlook for the current year. The meeting will be followed by a sandwich lunch, thus providing shareholders with the opportunity to meet the Directors and the Investment Managers. We look forward to seeing as many shareholders as possible at the AGM which we consider to be an important annual event, allowing the Board and representatives of the Manager to interact directly with shareholders and to receive their feedback.

Outlook

After a set-back in January, markets have recovered. The economic outlook continues to improve in the UK and in the US. There are modest signs of upturns in parts of the Eurozone although the structural deficiencies of the Euro as a currency have not been addressed and a return to crisis cannot be ruled out. Price/earnings ratios of shares have increased significantly over the last five years and equities no longer look outstandingly cheap. Nevertheless the improving economic outlook should enable successful companies to grow their profits and thus provide support for share prices. As always there are many uncertainties ahead including the possible negative effect on asset prices resulting from the tapering of Quantitative Easing, particularly in the United States.

Despite the rise in stock markets, equities continue to provide an income yield and this, together with their historic role as long-term stores of value, should encourage investors to stay with the asset class even if it is difficult to believe that 2014 will prove as fruitful as did 2013.

All of my fellow Directors and I look forward to meeting shareholders at the AGM and discussing the prospects further at that time.

Michael Bunbury
Chairman

4th March 2014

Investment Manager's Report

William Meadon

Sarah Emly

Market Review

2013 was another strong year for the UK equity market, with the FTSE All-Share producing a very handsome total return of +20.8%. Pleasingly, returns also came in a very steady way with the market rising in ten of the twelve months. Medium and small cap stocks were particularly strong, both returning more than 30%.

Such strong returns were a result of steadily improving investor confidence as it became increasingly apparent that many of the events investors feared at the start of the year were not actually going to happen. The Euro did not break up (in fact it proved quite a strong currency), the UK did not slip back into recession (rather it finished the year as one of the fastest growing economies in the developed world) and interest rates did not rise, but stayed at their historically low levels. Such positive 'surprises' coupled with the continued strength of most companies' trading created an almost perfect backdrop for equities.

The forward guidance from the new Governor of the Bank of England, Mark Carney, made it clear that short term interest rates are likely to stay low for the foreseeable future. Both consumer and business confidence received a fillip from this news and the year finished with the stock market approaching its all time high.

Performance Review

In the year to 31st December 2013 your Company delivered a total return on net assets (capital plus dividends reinvested) of +33.8%, ahead of the benchmark FTSE All-Share Index, which delivered a total return of +20.8%. A detailed breakdown of the performance is given in the accompanying table. This strong absolute and relative performance was driven by strong stock selection during the year. Our decision to be geared into the rising equity market was also beneficial.

As was the case at the half year, our best performing stock in 2013 was easyJet, the low cost airliner that has taken advantage of the troubles of many of its European competitors and has achieved strong revenue and profits growth by attracting both business customers and holidaymakers. Its strategy of introducing allocated seating was highly successful, boosting profits and the company has recently announced another special dividend for its shareholders.

Another winning investment was ITV, which saw its share price rise more than 90% over the year as a result of both a dramatic improvement in profitability and cash generation which resulted in a special dividend payment of 4p to shareholders . Our long term holding in BT also performed very well, reporting very strong profit growth and cash generation, whilst also launching its new sports channel and enhanced broadband offering to attract even more customers. Dixons, the electrical retailer had a fantastic year, both operationally and strategically with its core UK business gaining market share and delivering strong profit growth. Dixons' share price rose by 71% over the year to reflect this success.

Strategic Report continued

Investment Manager's Report continued

Performance attribution for the year ended 31st December 2013

	%	%
Contributions to total returns		
Benchmark		20.8
Stock selection	9.4	
Asset allocation	2.7	
Gearing/Cash	3.2	
Investment managers' contribution		15.3
Portfolio total return		36.1
Management fee/ other expenses	-0.7	
Performance fee	-1.6	
Other effects		-2.3
Return on net assets		33.8
Return to shareholders		42.9

Source: Xamin/Datastream/JPMAM/Morningstar.
All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 63.

Our favoured life insurance stocks, Legal & General and Prudential, both performed well during 2013, with their share prices rising by 60% and 59% respectively. These financial stocks clearly benefited from the rising equity market, but more importantly, their focus on cash generation over recent years has enabled both companies to announce strong dividend growth in 2013, in excess of 15% dividend growth by each of them.

By contrast, our holding in Rio Tinto, the leading global iron ore producer, detracted from performance during 2013, its share price rising by less than 1% as it suffered from falling global commodity prices and fears over the slowing economic growth in China and other emerging markets. We still favour Rio Tinto, as a low cost producer with new management which is now focused on improving returns to shareholders. The shares remain lowly valued and their improving cashflow characteristics could enable decent dividend growth prospects. Our holding in the defensive and high dividend yielding Imperial Tobacco also underperformed the rising equity market, despite delivering dividend growth of 10%.

Overall it was a good year of performance, in both absolute and relative terms, with many of our key investments delivering strong profit growth, rising dividends and a good share price performance. JPMorgan Claverhouse remains a UK equity investment trust with sensible risk controls at its core. We will continue to maintain our agreed risk controls at both the stock and sector level, as we strive to deliver consistent outperformance for our shareholders.

Portfolio Review

Turnover in the portfolio was fairly low during the year, reflecting our preferred style of investing. Once we have identified and invested in good companies we generally leave them well alone in order to give management plenty of time to deliver on our expectations of them. Consequently, many of our significant holdings were the same throughout the year: Dixons, BT, Legal and General, Bodycote and Restaurant Group to name but a few, were left largely undisturbed since each of them continued to produce results which exceeded our expectations. Each of their share prices performed very well.

We did make a small handful of new investments during the year. For example, in June we started a new holding in Thomas Cook. Having only 18 months ago been on the brink of insolvency, a successful rights issue in June 2013 transformed the company's balance sheet and, under the dynamic leadership of Harriet Green, the new management team set about restructuring the company into a much leaner, more efficient, well-coordinated travel operator. The shares have performed very well for us but we continue to believe that there is more to come and so have not sold any shares yet. Another new holding was Ashtead, a leading rental equipment provider which has a strong presence in the US and is benefiting from the improving US construction and housing sector. Again, we were happy to run this successful position and were pleased to see the company enter the FTSE 100 at the end of the year.

Holdings which let us down included Partnership Assurance, the specialist annuity provider. Two disappointing sets of figures so soon after floating on the stock market pushed our patience too far and we sold the stock. We took profits on Rolls-Royce on valuation grounds and sold out of De la Rue as the prospects for its printing division had clearly deteriorated.

We kept gearing levels towards the top end of our permitted range throughout the year, reflecting the number of attractive stock opportunities we continued to find. As the Chairman has explained, if our view on the market changes we have the ability to use Index Futures to reduce the effective gearing level without reducing the portfolio yield.

To serve our shareholders best, we try to stay as unemotional as possible when making investment decisions. We try to resist falling in love with stocks, restrict the number of holdings so there is healthy competition for places in the portfolio and move quickly to sell investments which disappoint, of which thankfully there were few during the year.

Market Outlook

The UK economy continues to strengthen at quite a rapid rate and it is encouraging to hear just how upbeat the management of many our companies are. Corporate balance sheets are strong and dividend flows remain robust. The stock market has, however, anticipated much of this good news and the valuation of equities is no longer in the bargain basement category. Compared to many of the alternatives though, equities continue to look attractive to us on a medium term view.

Moreover, UK equities are significantly under-owned with many pension funds having substantially divested some years ago. This creates an opportunity for a company like ours which enjoys the benefits of having investors who are prepared to look beyond the short term.

We entered 2014 with gearing at 17.1% as we continue to find a number of investments where we think the prospective return will exceed the cost of borrowing to invest in them. Returns in 2014 are, however, unlikely to be as handsome as in 2013. Increasing concerns regarding the timing of short term interest rate rises and the slow down in emerging markets' growth are but two matters which are likely to make investors more cautious and returns more volatile. We will therefore need to tread carefully and invest only in the strongest of companies.

From these levels, however, we think UK equities will provide medium term investors, who are prepared to tolerate some degree of volatility in the price of their investments, with attractive real returns.

Thank you for your continuing support.

William Meadon
Sarah Emly
Investment Managers 4th March 2014

Strategic Report continued

Summary of Results

	2013	2012	% change
Total returns for the year ended 31st December			
Return to shareholders[1]	**+42.9%**	+9.6%	
Return on net assets[2]	**+33.8%**	+13.7%	
Benchmark return[3]	**+20.8%**	+12.3%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	**350,366**	271,871	+28.9
Net asset value per share with debt at par value	**640.2p**	496.8p	+28.9
Net asset value per share with debt at fair value[4]	**629.9p**	480.7p	+31.0
Share price	**599.0p**	437.0p	+37.1
Share price discount to net asset value with debt at par value[5]	**5.4%**	10.7%	
Shares in issue, excluding shares held in Treasury	**54,723,979**	54,723,979	
Revenue for the year ended 31st December			
Gross revenue return (£'000)	**14,371**	11,783	+22.0
Net revenue return on ordinary activities after taxation (£'000)	**12,195**	9,821	+24.2
Return per share	**22.28p**	17.95p	+24.1
Total dividend per share	**19.50p**	18.85p	+3.4
Gearing at 31st December[6]	**17.1%**	15.0%	
Ongoing Charges[7]	**0.71%**	0.74%	

A glossary of terms and definitions is provided on page 63.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

[3]Source: Datastream. The Company's benchmark is the FTSE All-Share Index.

[4]The fair value of the £30m (2012: £30m) debenture issued by the Company has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the 5 year average yield for the AA Barclays Corporate Bond.

[5]Source: Bloomberg. The discount is calculated using the net asset value at 31st December 2013 of 633.1p, which does not include the current year revenue account balance.

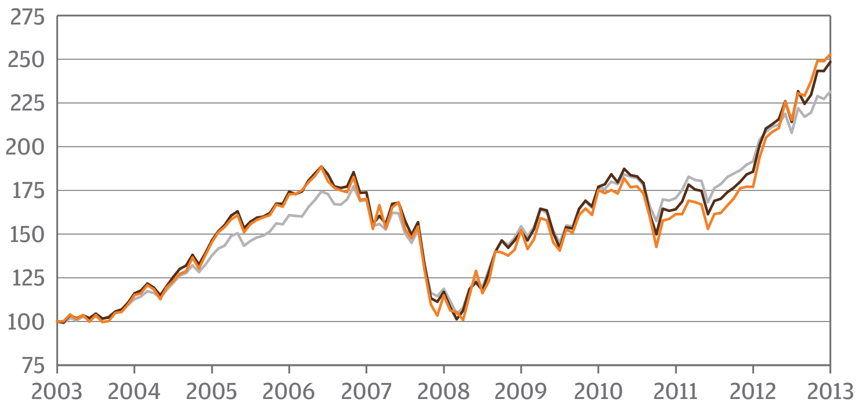
[6]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The Gearing figures shown for 2012 and 2013 take account of the effect of any Index Futures held.

[7]Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The Ongoing Charges including any performance fee payable were 1.14% (2012: 0.74%).

Performance

Ten Year Performance

Figures have been rebased to 100 at 31st December 2003



Source: Morningstar/Datastream.

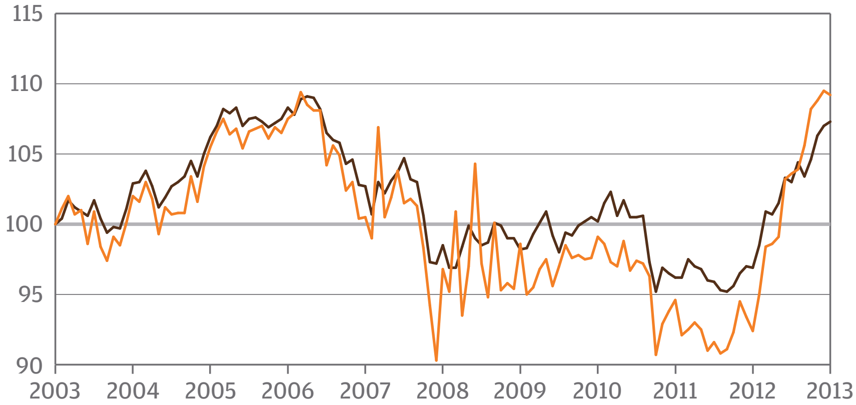
JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value per share total return.

Benchmark.

Relative to Benchmark

Figures have been rebased to 100 at 31st December 2003



Source: Morningstar/Datastream.

JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value per share total return.

The benchmark is represented by the grey horizontal line.

Strategic Report continued

Ten Year Financial Record

At 31st December	2003	2004[1]	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total assets less current liabilities (£'000)	316,198	302,024	350,200	384,505	357,562	240,764	284,034	310,903	278,175	301,655	**382,896**
Net asset value per share (p)	355.8	403.8	495.9	577.6	562.1	371.7	451.3	507.8	453.9	496.8	**640.2**
Share price (p)	342.0	381.8	469.0	544.5	521.5	340.0	425.0	470.0	416.0	437.0	**599.0**
Share price discount (%)[2]	3.9	5.4	5.4	6.3	6.3	5.2	4.9	7.0	7.1	10.7	**5.4**
Gearing/(net cash) (%)[3]	17.4	12.8	13.4	12.2	7.7	9.7	10.3	8.6	7.6	15.0	**17.1**
Ongoing Charges (%)[4]	0.92	0.90	0.84	0.75	0.79	0.75	0.83	0.72	0.72	0.74	**0.71**
Year ended 31st December											
Revenue attributable to shareholders (£'000)	8,721	7,653	8,359	9,256	9,714	13,426	8,377	7,611	9,226	9,821	**12,195**
Return per share (p)	11.25	10.59	12.76	14.84	16.28	23.38	14.77	13.63	16.73	17.95	**22.28**
Total dividend per share (p)	10.20	10.65	11.50	13.50	15.30	20.00[5]	16.90	17.50	18.25	18.85	**19.50**
Rebased to 100 at 31st December 2003											
Share price - total return[6]	100.0	115.1	145.3	172.8	170.1	114.9	152.2	175.2	161.4	177.0	**252.9**
Net asset value per share - total return[6]	100.0	116.1	146.3	174.2	173.8	116.9	151.6	177.1	164.2	185.7	**248.5**
FTSE All-Share Index - total return[7]	100.0	112.8	137.7	160.8	169.3	118.7	154.4	176.8	170.6	191.6	**231.5**
Retail Price Index[7]	100.0	103.5	105.8	110.5	114.9	116.0	118.8	124.5	130.5	133.8	**137.4**

A glossary of terms and definitions is provided on page 63.

[1]The results for the year ended 31st December 2004 have been restated in accordance with Financial Reporting Standards 21, 25 and 26. Years prior to 2004 have not been restated.

[2]From 2006 onwards discount figures have been sourced from Bloomberg and are calculated using the net asset value at the year end, excluding the current year revenue account balance. Prior year figures have not been restated.

[3]Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The Gearing figures shown for 2012 and 2013 take account of the effect of any Index Futures held.

[4]Management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year (2009 to 2011: Total Expense Ratio ('TER'): the average of the month end net assets; 2008 and prior years: the average of the opening and closing net assets). The Ongoing Charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The Ongoing Charges in 2013 including any performance fee payable were 1.14% (2012: 0.74%).

[5]Includes a special dividend of 3.60p.

[6]Source: Morningstar.

[7]Source: Datastream.

Ten Largest Equity Investments

at 31st December 2013

Company	Sector	2013 Valuation £'000	2013 %[1]	2012 Valuation £'000	2012 %[1]
Royal Dutch Shell Royal Dutch Shell is a major global oil company which explores for, produces, and refines petroleum. The company produces fuels, chemicals and lubricants and operates gasoline filling stations worldwide.	Oil & Gas Producers	**27,898**	**6.7**	23,747	7.5
Vodafone Vodafone is a leading mobile telecommunications company providing a range of services including voice and data communications. The company operates in Continental Europe, the United Kingdom, the United States, Asia Pacific, Africa and the Middle East.	Mobile Telecommunications	**25,090**	**6.1**	12,633	4.0
HSBC HSBC provides a variety of international banking and financial services including retail and corporate banking, trade, trusteeship, securities, custody, capital markets, treasury, private and investment banking and insurance. The company operates worldwide.	Banks	**24,816**	**6.0**	22,873	7.2
BP BP is a major oil and petrochemicals company. The company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy and manufactures and markets chemicals.	Oil & Gas Producers	**21,229**	**5.1**	17,219	5.5
GlaxoSmithKline GlaxoSmithKline is a research-based pharmaceutical company. The company develops, manufactures and markets vaccines, prescription and over-the-counter medicines as well as health-related consumer products. The company provides products for infections, depression, skin conditions, asthma, heart and circulatory disease and cancer.	Pharmaceuticals & Biotechnology	**16,970**	**4.1**	10,848	3.4
Lloyds Banking Group[2] Lloyds Banking Group offers a range of banking and financial services. The company provides retail banking, mortgages, pensions, asset management, insurance services, corporate banking and treasury services.	Banks	**14,086**	**3.4**	4,145	1.3
BT[2] BT provides local and long-distance telephone call products and services in the UK, international telephone calls to and from the UK, broadband network solutions and web hosting to corporate customers, network ADSL, ISDN, and IP services to communication companies and narrowband and broadband internet access and related services.	Fixed Line Telecommunications	**13,171**	**3.2**	8,805	2.8
Rio Tinto Rio Tinto is an international mining company. The company has interests in mining for aluminium, borax, coal, copper, gold, iron ore, lead, silver, tin, uranium, zinc, titanium dioxide feedstock, diamonds, talc and zircon. The company's various mining operations are located in Australia, New Zealand, South Africa, the United States, South America, Europe and Indonesia.	Mining	**12,877**	**3.1**	12,649	4.0
Barclays Barclays is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services.	Banks	**12,616**	**3.0**	10,374	3.3
Prudential[2] Prudential is an international company which provides a wide assortment of insurance and investment products and services. Insurance products include life, accident and health, property and casualty insurance, as well as fixed and variable annuities. Financial and investment services include personal and group pensions, equity plans, mortgages and deposit accounts.	Life Insurance	**12,370**	**3.0**	8,796	2.8
Total[3]		**181,123**	**43.7**		

[1]Based on total assets less current liabilities of £414.9m (2012: £316.7m). The £32.0m (2012: £15.0m) drawn down on the Company's loan facility at 31st December 2013 has been treated as a long term liability for purpose of this analysis.

[2]Not Included in the ten largest investments at 31st December 2012.

[3]As at 31st December 2012, the value of the ten largest investments amounted to £142.5m representing 45.0% of total assets less current liabilities.

Strategic Report continued

Sector Analysis

	31st December 2013 Portfolio %[1]	31st December 2013 Benchmark %	31st December 2012 Portfolio %[1]	31st December 2012 Benchmark %
Financials[2]	**29.3**	**23.9**	26.5	23.0
Consumer Services	**13.0**	**10.7**	10.2	9.7
Oil & Gas	**12.3**	**14.4**	13.1	16.0
Consumer Goods	**10.6**	**13.3**	13.2	13.8
Telecommunications	**9.2**	**7.2**	7.2	5.6
Industrials	**7.6**	**10.3**	8.3	9.0
Health Care	**6.8**	**7.3**	6.3	7.0
Basic Materials	**5.7**	**7.8**	10.3	10.5
Utilities	**2.4**	**3.5**	2.9	3.9
Technology	**2.2**	**1.6**	0.6	1.5
Net current assets[3]	**0.9**	**–**	1.4	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on total assets less current liabilities of £414.9m (2012: £316.7m). The £32.0m (2012: £15.0m) drawn down on the Company's loan facility at 31st December 2013 has been treated as a long term liability for purpose of this analysis.

[2]Includes the Company's investments in the JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc of 1.3% and 2.7% of the portfolio respectively.

[3]Includes the Company's investment in the JPMorgan Sterling Liquidity Fund.

List of Investments

at 31st December 2013

Company	Valuation £'000
Financials	
Banks	
HSBC	24,816
Lloyds Banking Group	14,086
Barclays	12,616
	51,518
Life Insurance	
Prudential	12,370
Legal & General	8,630
Aviva	3,536
St James's Place	3,144
	27,680
Equity Investment Instruments	
JPMorgan Smaller Companies Investment Trust	11,163
JPMorgan UK Smaller Companies Fund	5,482
	16,645
Financial Services	
Aberdeen Asset Management	4,615
Jupiter Fund Management	4,307
Provident Financial	2,089
	11,011
Nonlife Insurance	
Beazley	3,408
Direct Line Insurance	3,279
Lancashire	2,035
	8,722
Real Estate & Investment Services	
Foxtons	2,434
Capital & Counties Properties	2,046
St Modwen Properties	1,334
	5,814
Total Financials	**121,390**
Consumer Services	
Travel & Leisure	
Thomas Cook	4,825
Restaurant Group	4,596
Compass	4,032
International Consolidated Airline	3,727
TUI Travel	3,130
easyJet	2,312
	22,622

Company	Valuation £'000
General Retailers	
Dixons Retail	7,294
Sports Direct International	4,354
Next	2,795
WH Smith	2,050
Halfords	1,897
	18,390
Media	
ITV	8,271
WPP	4,550
	12,821
Total Consumer Services	**53,833**
Oil & Gas	
Oil & Gas Producers	
Royal Dutch Shell	27,898
BP	21,229
BG	2,051
	51,178
Total Oil & Gas	**51,178**
Consumer Goods	
Tobacco	
British American Tobacco	11,840
Imperial Tobacco	9,671
	21,511
Household Goods	
Taylor Wimpey	4,184
Barratt Developments	3,622
Berkeley	3,330
Bellway	2,893
	14,029
Beverages	
Diageo	4,879
	4,879
Automobiles & Parts	
GKN	3,516
	3,516
Total Consumer Goods	**43,935**

Strategic Report continued

List of Investments continued

Company	Valuation £'000
Telecommunications	
Mobile Telecommunications	
Vodafone	25,090
	25,090
Fixed Line Telecommunications	
BT	13,171
	13,171
Total Telecommunications	**38,261**
Industrials	
Support Services	
Ashtead	4,675
Interserve	3,338
Berendsen	2,197
John Menzies	1,396
	11,606
Industrial Engineering	
Bodycote International	6,751
	6,751
Aerospace & Defence	
BAE Systems	6,714
	6,714
General Industrials	
Smith (DS)	4,175
Rexam	2,423
	6,598
Total Industrials	**31,669**
Health Care	
Pharmaceuticals & Biotechnology	
GlaxoSmithKline	16,970
AstraZeneca	11,312
	28,282
Total Health Care	**28,282**
Basic Materials	
Mining	
Rio Tinto	12,877
BHP Billiton	7,213
	20,090

Company	Valuation £'000
Chemicals	
Elementis	1,903
	1,903
Forestry & Paper	
Mondi	1,805
	1,805
Total Basic Materials	**23,798**
Utilities	
Gas, Water & Multiutilities	
United Utilities	4,486
Severn Trent	2,230
	6,716
Electricity	
Drax	2,981
	2,981
Total Utilities	**9,697**
Technology	
Technology Hardware & Equipment	
ARM Holdings	6,710
	6,710
Software & Computer Services	
Micro Focus International	2,478
	2,478
Total Technology	**9,188**
Liquidity Funds	
JPMorgan Sterling Liquidity Fund	3,781
Total Liquidity Funds	**3,781**
Total Portfolio	**415,012**
Derivative financial instrument[1]	**(215)**
Total Investments	**414,797**

The portfolio comprises investments in equity shares, equity investment instruments and liquidity funds.

[1]FTSE 100 Share Index futures at a contract cost of £5,143,000 and market value of £5,358,000, giving an unrealised loss of £215,000.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and finally its future developments.

Business Review

Structure and Objective of the Company

JPMorgan Claverhouse Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its objective is to provide shareholders with capital and income growth from UK investments. In seeking to achieve this objective the Company employs J.P. Morgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to actively manage the Company's assets. The Board has determined an investment policy and related guidelines and limits, as described below. It aims to outperform the FTSE All-Share Index.

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure and Transparency Rules, 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) for the year ended 31st December 2012 and future years. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

Investment Policies and Risk Management

In order to achieve its investment objective and to seek to manage risk, the Company invests in a diversified portfolio consisting mostly of leading companies listed on the London Stock Exchange. It uses short and long term gearing to increase potential returns to shareholders.

The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to individual stocks and sectors. The maximum exposure to an investment will normally range between +/-3% relative to its weight in the benchmark index. The maximum exposure to a sector will normally range between +/-5% relative to the benchmark index. Total exposure to small cap companies will normally range between +/-5% of the FTSE Small Cap Index weighting within the FTSE All-Share Index. A maximum of 5% of the Company's assets may be invested in companies outside the FTSE All-Share Index. These limits and restrictions may be varied by the Board at any time at its discretion. To gain the appropriate exposure, the Investment Managers are permitted to invest in pooled funds. The Company's assets are managed by two Investment Managers based in London, supported by a 40-strong team of investment professionals.

The Manager's performance target is to achieve a total return on the underlying portfolio, i.e. before the effect of gearing, fees and the expenses of running the Company, of 2% per annum over the benchmark, the FTSE All-Share Index, averaged over a three year period. The Company's portfolio consists of between 60 and 80 individual stocks in which the Manager has high conviction.

The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Manager is accountable for tactically managing the gearing, within a +/-7.5% range around a 'normal' gearing level. The normal gearing level, which is set by the Board and kept under review on an ongoing basis, is currently 10%. The Board permits the Manager to use FTSE index futures to effect changes in the level of the Company's gearing.

Investment Restrictions and Guidelines

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 15% of its assets in any one individual stock at the time of acquisition.

Strategic Report continued

Business Review continued

- The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. During the year the level of gearing varied between 13.7% and 17.5%. The Company's borrowings comprise a £30 million debenture and a revolving credit facility which was increased from £30 million to £40 million during the year and further increased to £50 million subsequent to the year end.
- The use of derivative instruments is subject to the prior approval of the Board, which sets appropriate limits and restrictions.

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

Performance
In the year to 31st December 2013, the Company produced a total return to shareholders of +42.9% and a total return on net assets of +33.8%. This compares with the return on the Company's benchmark of +20.8%. At 31st December 2013, the value of the Company's investment portfolio was £415.0 million. The Investment Managers' Report on pages 7 to 9 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

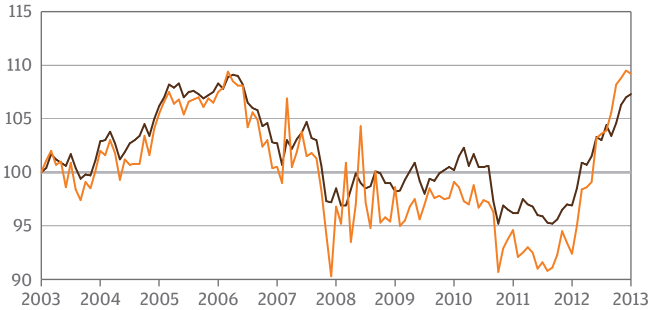
Total Return, Revenue and Dividends
Gross return for the year amounted to £99,378,000 (2012: £37,776,000) and net return after accounting for the management fee, performance fee, other administrative expenses, finance costs and taxation amounted to £90,449,000 (2012: £33,483,000). Distributable income for the year totalled £12,195,000 (2012: £9,821,000). The Directors declared a fourth quarterly interim dividend of 6.00 pence per share which was paid on 3rd March 2014 to shareholders on the register at the close of business on 7th February 2014. This, when added to the three quarterly interim dividends paid during 2013, made a total dividend for the year of 19.50 pence (2012: 18.85 pence), costing £10.7 million (2012: £10.3 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £9.8 million, equivalent to approximately 18.00p per share.

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. The Manager's performance target is to achieve a total return on the underlying portfolio, i.e. before the effect of gearing, fees and the expenses of running the Company, of 2% per annum over the benchmark, the FTSE All-Share Index, averaged over a three year period.

Performance Relative to Benchmark Index

Figures have been rebased to 100 at 31st December 2003



Source: Morningstar/Datastream.

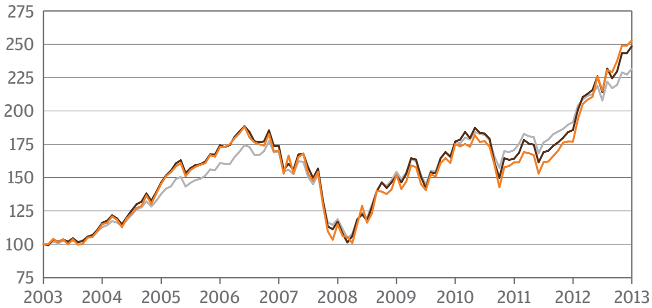
JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value total return.

The benchmark is represented by the grey horizontal line.

Ten Year Performance

Figures have been rebased to 100 at 31st December 2003



Source: Morningstar/Datastream.

JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value total return.

Benchmark.

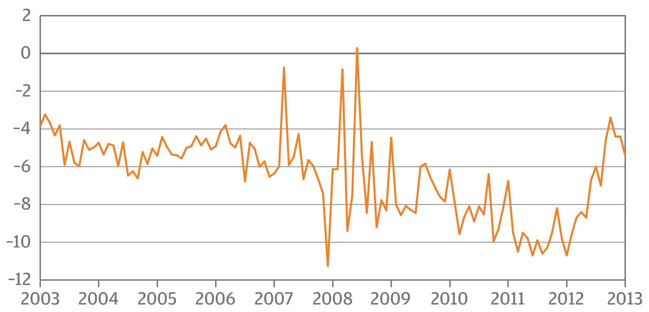
- **Performance against the Company's peers**
The principal objective is to achieve capital and income growth and out-performance relative to the benchmark.

However, the Board also monitors, and is satisfied with, the Company's performance relative to a broad range of competitor funds.

- **Performance Attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 31st December 2013 are given in the Investment Managers' Report on page 8.

- **Share price discount to net asset value ('NAV') per share**
  The Board has for several years operated a share repurchase programme that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year to 31st December 2013, the Company's shares traded at a discount of between 1.9% and 11.0% (with debt at par value).

Premium/(Discount)



Source: Datastream (month end data).

JPMorgan Claverhouse – Premium/(discount) (with debt at par value).

- **Ongoing Charges**
  The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges for the year ended 31st December 2013 were 0.71% (2012: 0.74%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The ongoing charges including the performance fee payable for 2013 were 1.14% (2012: 0.74%).

Share Capital
The Company has authority both to repurchase shares in the market (for cancellation or to be held in Treasury) and to issue new shares for cash at a premium to net asset value.

During the year, the Company has not repurchased any shares into Treasury or for cancellation.

At the year end, 2,041,674 shares were held in Treasury, representing 3.60% of the issued share capital. The Company will reissue shares held in Treasury only at a premium to NAV per share. Since the end of the financial year, the Company has not repurchased any further ordinary shares.

The Company did not issue any new shares during the year or since the year end.

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

Principal Risks
With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- Investment and Strategy: an inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

Strategic Report continued

Business Review continued

- Market: market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Company uses Index futures to manage the effective level of gearing. Such instruments are also subject to fluctuations in value and may therefore result in gains or losses. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Manager.
- Accounting, Legal and Regulatory: in order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure & Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMAM, and its professional advisers to ensure compliance with The Companies Act and the UKLA Listing Rules and DTRs.
- Corporate Governance and Shareholder Relations: details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 27 to 31.
- Operational: disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on page 30.
- Going concern: Pursuant to the Sharman Report, Boards are now advised to consider going concern as a potential risk, whether or not there is an apparent issue arising in relation thereto. Going concern is considered rigorously on an ongoing basis and the Board's statement on going concern is detailed on page 24.
- Financial: the financial risks arising from the Company's financial instruments include market price risk, interest rate risk, liquidity risk and credit risk. Further details are disclosed in note 24 on pages 54 to 58.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st December 2013, there were four male Directors and two female Directors on the Board.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMAM. it 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 Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

Social, Community, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

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. Our detailed approach to how we implement the principles is available on request.

Greenhouse Gas Emissions

The Company is managed by JPMAM. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company's manager, JPMAM, is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Future Developments

Clearly, the future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Investment Managers discuss the market outlook in their report on page 9.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

4th March 2014

Governance

Board of Directors

Sir Michael Bunbury Bt., KCVO, DL‡†
(Chairman of the Board and Nomination Committee)

A Director since 1996

Last reappointed to the Board: 2013.

A consultant at Smith & Williamson, a director of Invesco Perpetual Select Trust plc, Chairman of HarbourVest Global Private Equity Limited and BH Global Limited. Formerly Chairman of the Council of the Duchy of Lancaster and a director of Foreign & Colonial Investment Trust plc.

Shared directorships with other Directors: None.

Shareholding in Company: 9,250.

John Scott DL*‡†
(Senior Independent Director)

A Director since 2004

Last reappointed to the Board: 2013.

Chairman of Scottish Mortgage Investment Trust and Alpha Insurance Analysis Limited. A Director of Martin Currie Pacific Trust plc, Schroder Japan Growth Fund plc, Alternative Asset Opportunities PCC Limited, Impax Environmental Markets plc and Bluefield Solar Income Fund Limited. Formerly Chairman of Dunedin Income Growth Investment Trust plc and an executive director of Lazard Brothers & Co., Limited.

Shared directorships with other Directors: None.

Shareholding in Company: 10,148.

Virginia Holmes*‡†
(Chairman of the Audit Committee until 1st October 2013)

A Director since 2004

Last reappointed to the Board: 2013.

Director and chair of USS Investment Management Limited, director and chair of the investment committee of Alberta Investment Management Corporation, director of Standard Life Investment (Holdings) Limited and director of Post Office Limited. Formerly Chief Executive of AXA Investment Managers in the UK and Managing Director of Barclays Bank Trust Company.

Shared directorships with other Directors: None.

Shareholding in Company: 4,575.

Humphrey van der Klugt*‡†
(Chairman of the Audit Committee with effect from 1st October 2013)

A Director since 2008

Last reappointed to the Board: 2013.

Chairman of Fidelity European Values plc and director of BlackRock Commodities Income Investment Trust plc. Formerly a director of Murray Income Trust plc and Schroder Investment Management Limited, where he was a member of the group investment and asset allocation committees and a UK equity portfolio manager. He is a chartered accountant.

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.

Andrew Sutch*‡†

A Director since 1st April 2013

Last reappointed to the Board: 2013

Partner in Stephenson Harwood LLP, where he is a corporate lawyer with particular experience in investment funds and financial services law and was the firm's senior partner for 10 years. He has extensive experience advising investment managers and investment funds. He is also a director of Jupiter European Opportunities Trust plc and a council member of the Royal Academy of Dramatic Art.

Shared directorships with other Directors: None.

Shareholding in Company: 4,937.

Jane Tufnell*‡†

A Director since 1st October 2013

Last reappointed to the Board: n/a.

Co-founded Ruffer LLP, a privately-owned investment management firm, in 1994. She is an independent non-executive director of The Diverse Income Trust Plc and of TR European Growth Trust PLC. She was previously the investment manager for the NatWest pension fund exposure to UK small companies at County NatWest.

Shared directorships with other Directors: None.

Shareholding in Company: 1,000.

* Member of the Audit Committee.

‡ Member of the Nomination Committee.

† Considered independent by the Board.

Remuneration figures stated are as at 31st December 2013. Full details are given in the Directors' Remuneration Report on page 33.

Governance continued

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st December 2013. A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Review. These include: Business of the Company; Investment Objective; Investment Policies and Risk Management; Investment Restrictions and Guidelines; Performance; Total Return. Revenue and Dividends; KPIs; Share Capital; Principal Risks; Employee, Social, Community and Human Rights Issues and Future Developments.

Management of the Company

The Manager and Secretary, JPMAM, is employed under a contract which can be terminated on three months' notice in the event of the Board giving notice as a result of poor investment performance; the notice period is 12 months for all other circumstances, in both cases without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMAM is a wholly owned subsidiary of JPMorgan Chase & Co. which, through other subsidiaries, also provides accounting, banking, dealing and custodian services to the Company.

The Board conducts a formal evaluation of the Manager on an annual basis. The evaluation includes consideration of the investment strategy and process of the Manager, performance against the benchmark over the long term and the support that the Company receives from JPMAM. The latest evaluation of the Manager was carried out in early 2014. As a result of that process, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board considered the investment process and performance of the Manager, noting the recent significant improvement, both in absolute terms and relative to the benchmark, and the support that the Company receives from JPMAM.

Management and Performance Fees

The management fee is charged at the annual rate of 0.55% of the value of the Company's market capitalisation which is proportionately reduced by the value of any investments on which JPMAM earns a management fee. The fee is calculated and paid monthly in arrears. In addition, the Company reimburses JPMAM for the costs of administering its shareholders who hold their shares through the JPMAM savings products.

A performance fee is also payable based on 15% of the difference between the Company's net asset value total return for the year and the benchmark, as inflated by a hurdle of 0.5%, calculated in absolute terms and applied to the Company's gross assets. The fee is calculated annually, with any underperformance carried forward and offset against any future out-performance. Any fee payable is charged to capital and spread evenly over three years. The actual amount paid in respect of performance fees in any one year is subject to a cap of 0.4% of total assets.

The results for the year to 31st December 2013 generated a performance fee for the year of £8,140,452. This amount, when offset against the negative performance fee accrual brought forward of £4,062,288, gives a positive balance of £4,078,164. The sum of £1,359,388 is due and payable now. The balance of £2,718,776 has been carried forward until it is paid in full or absorbed by any underperformance in subsequent years.

Going Concern

The Directors believe that, having considered the Company's investment objective (see page 17), risk management policies (see pages 54 to 58), capital management policies and procedures (see page 59), the nature of the portfolio and expenditure and cash flow 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. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors

The Directors of the Company who held office at the end of the year are detailed on pages 22 and 23.

Anne McMeehan retired from the Board at the conclusion of the Annual General Meeting held on 25th April 2013. Andrew Sutch was appointed a Director of the Company with effect from 1st April 2013. Jane Tufnell was appointed a Director of the Company with effect from 1st October 2013. Both will stand for reappointment at the forthcoming Annual General Meeting.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 33.

No Director reported an interest in the Company's debenture during the year.

In accordance with corporate governance best practice, all Directors will retire at the Company's forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director standing for reappointment continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, each Director has the benefit of an 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.

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

Disclosure of information to Auditors

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) of which the Company's Auditors are 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 (as defined) and to establish that the Company's Auditors are aware of that information.

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

Independent Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the AGM.

Section 992 Companies Act 2006

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

Capital Structure
At 31st December 2013, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 2,041,674 shares held in Treasury.

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares as at the date of this report are given in Note 16 to the Notice of AGM on page 62.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	Number of voting rights	%
JPMorgan Chase & Co.[1]	3,577,337	5.9

[1]As disclosed to the Company on 13th February 2007.

No changes to this holding had been notified as at the date of this report.

The Company is also aware that approximately 47.5% of the Company's total voting rights are held by individuals through savings products managed by JPMAM and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMAM has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

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.

Governance continued

Directors' Report continued

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.

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.

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 10 and 11)

The Directors will seek authority at the AGM to issue up to 5,472,397 new ordinary shares for cash up to an aggregate nominal amount of £1,368,099 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 this document. The full text of the resolutions is set out in the Notice of Meeting on page 60. This authority will expire at the conclusion of the AGM of the Company in 2015 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to participants purchasing shares through the JPMorgan savings products and also to other 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 (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the Company's market capitalisation, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The Board believes that the Company's strong investment performance may result in the share price discount narrowing or moving to a premium to NAV. The Board is seeking an increase in the share issue authority from 5% to 10% of the issued share capital in order to give it greater flexibility to issue shares at a premium and manage share price volatility relative to NAV.

(ii) Authority to repurchase the Company's shares for cancellation (resolution 12)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2013 AGM, will expire on 24th October 2014 unless renewed at the forthcoming AGM. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 gives the Company authority to buy back its own issued ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 8,203,124 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 3rd March 2014 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

If resolution 12 is passed at the AGM it is the Board's current intention to hold in Treasury any shares it may repurchase pursuant to the authority granted to it for possible re-issue at a premium to NAV.

The full text of the resolution is set out in the Notice of Meeting on pages 60 and 61. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate. This authority will expire on 8th October 2015, but it is the Board's intention to seek renewal of the authority at the 2015 AGM.

Recommendation

The Board considers that resolutions 10 to 12 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 34,910 shares representing approximately 0.06% of the voting rights in the Company.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 35, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

A management agreement between the Company and JPMAM 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, administration 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.

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, JPMAM, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Sir Michael Bunbury, consists of five non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 22 and 23. There have been no changes to the Chairman's other significant commitments during the year under review.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. John Scott, as Senior Independent Director, leads the evaluation of the performance of the Chairman and may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

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. Thereafter, a Director's appointment will run for a term of three years subject to reappointment by shareholders. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees periodically. The Board has adopted corporate governance best practice and all Directors must stand for annual reappointment.

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 AGM.

Governance continued

Directors' Report continued

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 Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on pages 22 and 23. Directors who are not members of Committees may attend at the invitation of the Chairman of the relevant Committee.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were five Board meetings, including a separate meeting devoted to a strategy, two private meetings of the Directors, one of which was to evaluate the Manager, two Audit Committee meetings and one meeting of the Nomination Committee.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Sir Michael Bunbury[1]	5	1	1
Virginia Holmes	5	2	1
Humphrey van der Klugt	5	2	1
Anne McMeehan[2]	2	1	1
John Scott	5	2	1
Andrew Sutch[3]	3	1	–
Jane Tufnell[4]	1	–	–

[1]Sir Michael Bunbury is not a member of the Audit Committee but attends meetings by invitation.

[2]Retired 25th April 2013.

[3]Appointed 1st April 2013.

[4]Appointed 1st October 2013.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Sir Michael Bunbury, 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. The appointment process takes account of the benefits of diversity, including gender. An independent third party, Trust Associates, were employed to conduct the searches for new Directors, which resulted in the appointment of Andrew Sutch and Jane Tufnell. Trust Associates have no connection with the Board or the Manager.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process. However, the Board remains committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity. Therefore, no targets have been set against which to report.

The Committee conducts 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 the Board, with the assistance of JPMAM and a firm of independent consultants, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman who also meets with each Director. The Senior Independent Director leads the evaluation of the Chairman's performance.

The Committee also reviews Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy.

Audit Committee

The Audit Committee, chaired by Virginia Holmes until 1st October 2013 and now chaired by Humphrey van der Klugt, and whose membership is set out on pages 22 and 23, meets on at least two occasions each year. The members of the Audit

Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code.

During its review of the Company's financial statements for the year ended 31st December 2013, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors 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 accounting policies, disclosed in note 1 to the accounts on page 42. The audit includes the determination of the existence and ownership of the investments.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 42.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st December 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's 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 35.

The Audit Committee also examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with JPMAM, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the company's financial statements since 1966. The Company's year ended 31st December 2013 is the current Audit Partner's third of a five year maximum term.

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

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 quarterly each year by way of the annual report and accounts, the half year report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and JPMAM hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 65.

Directors' Report continued

The Company's Annual Report and Accounts are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. 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 65.

Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. 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 JPMAM and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMAM 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. This process has been in place for the year under review and up to the date of the approval of the Annual Report and Accounts, and it accords with the Turnbull guidance. Whilst the Company does not have an internal audit function of its own, the Board considers that it is sufficient to rely on the internal audit department of JPMAM. This arrangement is kept under review. The key elements designed to provide effective internal control are as follows:

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

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

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

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:

- reviews the terms of the management agreement and receives regular reports from JPMAM's Compliance department;
- reviews reports on the risk management and internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
- reviews every six months an independent report on the risk management and internal controls and the operations of JPMAM.

By the means of 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 2013 and to the date of approval of this Annual Report and Accounts.

The Board confirms that any failings or weaknesses identified during the course of its review of the system of risk management and internal control were not significant and did not affect the Company.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following 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 page 21.

Corporate Governance

JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting

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

Stewardship/Engagement

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

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

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

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: http://www.jpmorganinvestmenttrusts.co.uk/governance which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

4th March 2014

Governance continued

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st December 2013, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

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 pages 36 and 37.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a triennial binding vote and therefore an ordinary 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 and retained. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

Reviews are based on information provided by the Manager, JPMAM, and industry 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. The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

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.

In the year under review, Directors' fees were paid at the following rates: Chairman £32,000; Chairman of the Audit Committee £25,000; and other Directors £21,000.

With effect from 1st January 2014, fees have been increased to £34,000 for the Chairman, £27,000 for the Audit Committee Chairman and £23,000 for other Directors.

The Company's articles of association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £175,000, requires both Board and shareholder approval.

The Company has not sought shareholder views on its remuneration policy. The Nomination Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and takes account of those views.

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 27.

Directors' Remuneration Policy Implementation

The Directors' Remuneration 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 2012 and no changes are proposed for the year ending 31st December 2014.

At the Annual General Meeting held on 25th April 2013, of votes cast, 97.9% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration report and 2.1% voted against. Abstentions were received from less than 1.6% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2014 Annual General Meeting will be given in the annual report for the year ending 31st December 2014. Thereafter, the reporting will be annually for the advisory vote on the Directors' Remuneration Report and triennially for the Remuneration Policy.

Details of the implementation of the Company's remuneration policy are given below.

Single total figure of remuneration

The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

Single total figure table[1]

	Total fees[7] 2013	2012
Michael Bunbury	**£32,000**	£32,000
Virginia Holmes[2]	**£24,000**	£25,000
Anne McMeehan[3]	**£6,785**	£21,000
John Scott	**£21,000**	£21,000
Andrew Sutch[4]	**£15,750**	£n/a
Jane Tufnell[5]	**£5,250**	£n/a
Humphrey van der Klugt[6]	**£22,000**	£21,000
Total	**£126,785**	£120,000

[1]Audited information.
[2]Retired as Audit Committee Chairman 1st October 2013.
[3]Retired 25th April 2013.
[4]Appointed 1st April 2013.
[5]Appointed 1st October 2013.
[6]Appointed as Audit Committee Chairman 1st October 2013.
[7]Directors' remuneration comprises an annual fee only. Directors are also reimbursed for out of pocket expenses incurred in attending the Company's business.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2013 is below:

Remuneration for the Chairman over the five years ended 31st December 2013

Year ended 31st December	Fees
2013	£32,000
2012	£32,000
2011	£32,000
2010	£30,000
2009[1]	£32,000

[1]Includes additional £5,000 paid in recognition of the work on the recovery of VAT on management fees.

Directors' Shareholdings

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

Directors' Name	31st December 2013	31st December 2012 or as at date of appointment
Michael Bunbury[1]	**9,250**	9,250
Virginia Holmes	**4,575**	4,575
Humphrey van der Klugt	**5,000**	5,000
John Scott	**10,148**	10,148
Andrew Sutch[2]	**4,937**	n/a
Jane Tufnell[3]	**–**	n/a
Total	**33,910**	28,973

[1]Michael Bunbury also has a non-beneficial interest in 14,500 (2012: 14,500) of the Company's shares.
[2]Appointed 1st April 2013.
[3]Appointed 1st October 2013.

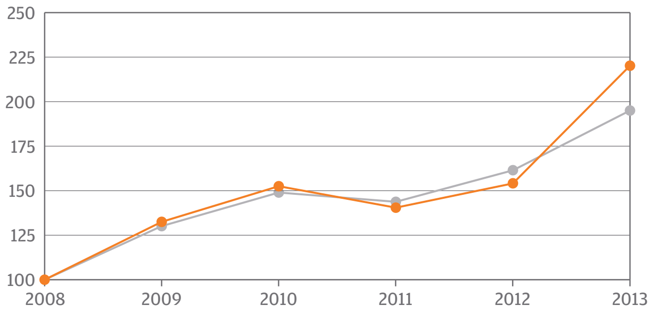
Since the year end, Jane Tufnell has acquired 1,000 shares in the Company.

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

Directors' Remuneration Report continued

A graph showing the Company's share price total return compared with its benchmark, the FTSE All-Share Index, is shown below.

Five Year Share Price and Benchmark Total Return Performance to 31st December 2013



Source: Morningstar/Datastream.

Share price total return.

Benchmark total return.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December 2013	2012
Remuneration paid to all Directors	**£126,785**	£120,000
Distribution to shareholders		
– by way of dividend	**£10,672,000**	£10,314,000
– by way of share repurchases	**£nil**	£43,000

For and on behalf of the Board
Michael Bunbury
Chairman

4th March 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare 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) 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 accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's 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 total 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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.

The Directors are responsible for keeping proper 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 accounts are published on the www.jpmclaverhouse.co.uk website, which is maintained by the Company's Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on 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 pages 22 and 23 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.

The Board confirms that it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.

For and on behalf of the Board
Michael Bunbury
Chairman

4th March 2014

Independent Auditor's Report

To the Members of JPMorgan Claverhouse Investment Trust plc

We have audited the financial statements of JPMorgan Claverhouse Investment Trust plc for the year ended 31st December 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Company's annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2013 and of its net total return 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.

Our assessment of risks of material misstatement

We have identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- valuation, existence and ownership of the investment portfolio; and
- management and performance fees are not calculated correctly, in accordance with the Investment Management Agreement.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements, if any, on our audit and on the financial statements and in forming our audit opinion.

We determined materiality for the Company to be £3.5 million which is 1% of total equity. This materiality calculation provided a basis for completing our risk assessment procedures; identifying and assessing the risk of material misstatement in the financial statements; and determining the nature, timing and extent of our audit procedures.

On the basis of our risk assessment, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% of materiality, namely £1.8 million. Our objective in adopting this performance materiality was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level. Given the importance of investment return for the Company, we have also applied a separate performance materiality of £0.6 million for the Income Statement, being 5% of the return on ordinary activities before taxation.

We have agreed with the Audit Committee to report all audit differences in excess of £0.18 million, being 5% of materiality, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our response to the risks identified above was as follows:

- we agreed the year end prices for all quoted investments to an independent source and agreed the legal title of all investment holdings to a confirmation obtained directly from the investment custodian.
- we independently recalculated the management and performance fee calculations for the year with reference to contractual arrangements and agreed the calculation inputs to source data.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 24 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

4th March 2014

Financial Statements

Income Statement
for the year ended 31st December 2013

	Notes	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains on investments held at fair value through profit or loss	2	–	85,006	85,006	–	25,990	25,990
Net foreign currency gains		–	1	1	–	3	3
Income from investments	3	14,336	–	14,336	11,733	–	11,733
Other interest receivable and similar income	3	35	–	35	50	–	50
Gross return		14,371	85,007	99,378	11,783	25,993	37,776
Management fee	4	(535)	(992)	(1,527)	(422)	(785)	(1,207)
Performance fee	4	–	(4,078)	(4,078)	–	–	–
Other administrative expenses	5	(742)	–	(742)	(700)	–	(700)
Net return on ordinary activities before finance costs and taxation		13,094	79,937	93,031	10,661	25,208	35,869
Finance costs	6	(906)	(1,683)	(2,589)	(832)	(1,546)	(2,378)
Net return on ordinary activities before taxation		12,188	78,254	90,442	9,829	23,662	33,491
Taxation credit/(charge)	7	7	–	7	(8)	–	(8)
Net return on ordinary activities after taxation		12,195	78,254	90,449	9,821	23,662	33,483
Return per share	8	22.28p	143.00p	165.28p	17.95p	43.24p	61.19p
Dividends declared and payable in respect of the year	9	19.50p			18.85p		
Dividends paid during the year	9	21.85p			18.25p		

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. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The notes on pages 42 to 59 form an integral part of these accounts.

Reconciliation of Movement in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2011	14,192	149,641	6,680	64,874	13,031	**248,418**
Repurchase of shares into Treasury	–	–	–	(43)	–	**(43)**
Net return on ordinary activities	–	–	–	23,662	9,821	**33,483**
Dividends paid in the year	–	–	–	–	(9,987)	**(9,987)**
At 31st December 2012	14,192	149,641	6,680	88,493	12,865	**271,871**
Net return on ordinary activities	–	–	–	78,254	12,195	**90,449**
Dividends paid in the year	–	–	–	–	(11,954)	**(11,954)**
At 31st December 2013	14,192	149,641	6,680	166,747	13,106	**350,366**

The notes on pages 42 to 59 form an integral part of these accounts.

Financial Statements continued

Balance Sheet
at 31st December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value through profit or loss		**411,231**	312,336
Investments in liquidity funds held at fair value through profit or loss		**3,781**	3,921
Total investments	10	**415,012**	316,257
Current assets	11		
Debtors		**1,214**	1,009
Cash and short term deposits		**996**	99
		2,210	1,108
Creditors: amounts falling due within one year	12	**(34,111)**	(15,710)
Derivative financial instruments	13	**(215)**	–
Net current liabilities		**(32,116)**	(14,602)
Total assets less current liabilities		**382,896**	301,655
Creditors: amounts falling due after more than one year	14	**(29,811)**	(29,784)
Provision for liabilities and charges	15	**(2,719)**	–
Net assets		**350,366**	271,871
Capital and reserves			
Called up share capital	16	**14,192**	14,192
Share premium	17	**149,641**	149,641
Capital redemption reserve	17	**6,680**	6,680
Capital reserves	17	**166,747**	88,493
Revenue reserve	17	**13,106**	12,865
Total equity shareholders' funds		**350,366**	271,871
Net asset value per share	18	**640.2p**	496.8p

The accounts on pages 38 to 59 were approved and authorised for issue by the Directors on 4th March 2014 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 42 to 59 form an integral part of these accounts.

The Company's registration number is 754577.

Cash Flow Statement

for the year ended 31st December 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	19	**11,850**	10,259
Returns on investments and servicing of finance			
Interest paid		**(2,489)**	(2,343)
Taxation			
Overseas tax recovered		**22**	2
Capital expenditure and financial investment			
Purchases of investments		**(119,451)**	(165,726)
Sales of investments		**106,837**	152,735
Settlement of futures contracts		**(916)**	–
Other capital charges		**(3)**	(6)
Net cash outflow from capital expenditure and financial investment		**(13,533)**	(12,997)
Dividends paid		**(11,954)**	(9,987)
Net cash outflow before financing		**(16,104)**	(15,066)
Financing			
Repayment of short term loans		**(25,000)**	–
Bank loan drawn down		**42,000**	15,000
Repurchase of shares into Treasury		**–**	(97)
Net cash inflow from financing activity		**17,000**	14,903
Increase/(decrease) in cash and cash equivalents	20	**896**	(163)

The notes on pages 42 to 59 form an integral part of these accounts.

Financial Statements continued

Notes to the Accounts
for the year ended 31st December 2013

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the AIC in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis.

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

(b) Valuation of investments

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. This 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. Accordingly, upon initial recognition the investments are designated 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 in the capital column of the Income Statement at the time of acquisition. Subsequently the investments are valued at fair value, which is represented by the quoted bid prices for investments traded in active markets.

Gains and losses on sales of investments are included in the Income Statement and are dealt with in capital reserves within 'Gains and losses on sales of investments' and represent the excess of sales proceeds over the carrying value at the previous balance sheet date. Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and are accounted for in capital reserves within 'Holding gains and losses on investments'.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments and derivatives, any performance fee realised, management fee and finance costs allocated to capital and any other capital charges, are included in the Income Statement and dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments and derivatives held at the year end and any performance fee provision, are included in the Income Statement and dealt with in capital reserves within 'Holding gains and losses on investments'.

(d) Income

Dividends receivable 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.

UK dividends are included net of tax credits and unfranked income is included gross of any income tax. Overseas dividends are included gross of any withholding tax.

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 and underwriting commission are taken to revenue on an accruals basis.

Underwriting commission is recognised in revenue where it relates to shares that the Company is not required to take up. Where the Company is required to take up a proportion of the shares underwritten, the same proportion of commission received is deducted from the cost of the shares taken up, with the balance included in revenue.

(e) Expenses

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

- any performance fee is allocated 100% to capital;
- the management fee is allocated 35% to revenue and 65% 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 of an investment and those incidental to the sale 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 10 on page 48.

(f) Finance costs

Finance costs are accounted for using the effective interest rate method.

Finance costs are allocated 35% to revenue and 65% to capital in line with the Board's expected long term split of revenue and capital returns from the Company's investment portfolio.

(g) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Derivative financial instruments, including futures contracts, are valued at fair value and are included in current assets or current liabilities. Financial Instruments are initially recognised and derecognised on a trade date basis.

The debenture in issue, bank loans and overdrafts are classified as loans and receivables and are measured at amortised cost. They are recorded at the proceeds received net of direct issue costs. Premiums payable on settlement or redemption and the amortisation of direct issue costs are accounted for on an accruals basis in profit or loss using the effective interest rate method.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at the amount equivalent to the proceeds receivable or payable as reduced by appropriate allowances for estimated irrecoverable amounts.

(h) Taxation

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

Deferred tax is accounted for in accordance with FRS 19: 'Deferred Tax'.

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 capital.

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.

Notes to the Accounts continued

1. Accounting policies continued

(i) Functional currency

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board has determined that sterling is the Company's functional currency. Sterling is also the currency in which these accounts 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. Gains and losses on investments arising from a change in exchange rates are included in 'Holding gains and losses on investments'.

(j) Dividends payable

Dividends payable are included in the accounts in the year in which the Company enters into an obligation to make the dividend payment.

(k) Value Added Tax ('VAT')

Irrecoverable VAT is included on an accruals basis with the expense on which it has been suffered. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(l) Repurchase of shares to hold in Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is charged to capital reserves and dealt with in The Reconciliation of Movements in Shareholders' Funds. 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 the capital redemption reserve.

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

	2013 £'000	2012 £'000
2. Gains on investments held at fair value through profit or loss		
Gains on sales of investments held at fair value through profit or loss based on historical cost	**16,827**	1,881
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(10,710)**	(4,770)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**6,117**	(2,889)
Realised losses on close out of futures	**(916)**	–
Net movement in investment holding gains and losses	**80,022**	28,884
Unrealised losses on futures held at fair value through profit of loss	**(215)**	–
Other capital charges	**(2)**	(5)
Total capital gains on investments held at fair value through profit or loss	**85,006**	25,990

	2013 £'000	2012 £'000
3. Income		
Income from investments		
Franked dividends	**13,222**	10,896
Overseas dividends	**1,093**	673
Scrip dividends	**6**	89
Dividends from liquidity fund	**15**	75
	14,336	11,733
Other interest receivable and similar income		
Underwriting commission	**34**	48
Deposit interest	**1**	2
	35	50
Total income	**14,371**	11,783

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
4. Management and performance fee						
Management fee	**535**	**992**	**1,527**	422	785	1,207
Performance fee	**–**	**4,078**	**4,078**	–	–	–
	535	**5,070**	**5,605**	422	785	1,207

Details of the management and performance fees are given in the Directors' Report on page 24.

	2013 £'000	2012 £'000
5. Other administrative expenses		
Administration expenses	**311**	283
Directors' fees[1]	**127**	120
Savings scheme costs[2]	**275**	268
Auditor's remuneration for audit services[3]	**28**	28
Auditor's remuneration for other services[4]	**1**	1
	742	700

[1]Details are given in the Directors' Remuneration Report on pages 32 and 33.
[2]These fees were paid to JPMAM for the marketing and administration of savings scheme products.
[3]Includes £5,000 (2012: £5,000) irrecoverable VAT.
[4]Includes £200 (2012: £200) irrecoverable VAT.

Financial Statements continued

Notes to the Accounts continued

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
6. Finance costs						
Interest on bank loans and overdrafts	**162**	**300**	**462**	88	163	251
Debenture interest	**744**	**1,383**	**2,127**	744	1,383	2,127
	906	**1,683**	**2,589**	832	1,546	2,378

7. Taxation

(a) Analysis of tax charge for the year

	2013 £'000	2012 £'000
Overseas withholding tax	**(7)**	8
Current tax (credit)/charge for the year	**(7)**	8

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2012: lower) than the Company's applicable rate of corporation tax for the year of 23.25% (2012: 24.5%). The factors affecting the current tax charge for the year are as follows:

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Net return on ordinary activities before taxation	**12,188**	**78,254**	**90,442**	9,829	23,662	33,491
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 23.25% (2012: 24.5%)	**2,834**	**18,194**	**21,028**	2,408	5,797	8,205
Effects of:						
Non taxable capital gains	**–**	**(19,764)**	**(19,764)**	–	(6,368)	(6,368)
Non taxable UK dividends	**(3,074)**	**–**	**(3,074)**	(2,669)	–	(2,669)
Non taxable overseas dividends	**(254)**	**–**	**(254)**	(165)	–	(165)
Non taxable scrip dividends	**(2)**	**–**	**(2)**	(22)	–	(22)
Excess capital expenses arising in the year	**–**	**1,570**	**1,570**	–	571	571
Overseas withholding tax	**(7)**	**–**	**(7)**	8	–	8
Unrelieved expenses and charges	**496**	**–**	**496**	448	–	448
Current tax (credit)/charge for the year	**(7)**	**–**	**(7)**	8	–	8

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £19,002,000 (2012: £18,768,000) based on a prospective corporation tax rate of 21% (2012: 23%). The reduction in the standard rate of corporation tax was substantively enacted on 3rd July 2012 and was effective from 1st April 2013. The Government has also enacted a future reduction in the main rate of tax down to 20% by 1st April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

8. Return per ordinary share

The revenue return per ordinary share is based on the earnings attributable to the ordinary shares of £12,195,000 (2012: £9,821,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2012: 54,724,061).

The capital return per ordinary share is based on the earnings attributable to the ordinary shares of £78,254,000 (2012: £23,662,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2012: 54,724,061).

The total return per ordinary share is based on the earnings attributable to the ordinary shares of £90,449,000 (2012: £33,483,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2012: 54,724,061).

9. Dividends

(a) Dividends paid and declared

	2013 £'000	2012 £'000
Unclaimed dividends refunded to the Company[1]	**(4)**	–
2012 fourth quarterly dividend of 8.35p (2011: 7.75p) paid in March 2013	**4,569**	4,242
First quarterly dividend of 4.50p (2012: 3.50p) paid in June 2013	**2,463**	1,915
Second quarterly dividend of 4.50p (2012: 3.50p) paid in September 2013	**2,463**	1,915
Third quarterly dividend of 4.50p (2012: 3.50p) paid in December 2013	**2,463**	1,915
Total dividend paid in the year of 21.85p (2012: 18.25p)	**11,954**	9,987

	2013 £'000	2012 £'000
Fourth quarterly dividend of 6.00p (2012: 8.35p) paid on 3rd March 2014	**3,283**	4,569

[1]Represents dividends which remain unclaimed after a period of 12 years and thereby become the property of the Company.

The fourth quarterly dividend has been declared and paid in respect of the year ended 31st December 2013. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 31st December 2014.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, as shown below. The revenue available for distribution by way of dividend for the year is £12,195,000 (2012: £9,821,000). Brought forward revenue reserves amounting to £nil (2012: £493,000) have been utilised in order to finance the dividend.

	2013 £'000	2012 £'000
First quarterly dividend of 4.50p (2012: 3.50p) paid in June 2013	**2,463**	1,915
Second quarterly dividend of 4.50p (2012: 3.50p) paid in September 2013	**2,463**	1,915
Third quarterly dividend of 4.50p (2012: 3.50p) paid in December 2013	**2,463**	1,915
Fourth quarterly dividend of 6.00p (2012: 8.35p) paid on 3rd March 2014	**3,283**	4,569
Total dividend declared in respect of the year of 19.50p (2012: 18.85p)	**10,672**	10,314

Notes to the Accounts continued

	2013 £'000	2012 £'000
10. Investments		
Investments listed on a recognised stock exchange	**415,012**	316,257
Opening book cost	**273,100**	258,176
Opening investment holding gains	**43,157**	19,043
Opening valuation	**316,257**	277,219
Movements in the year:		
Purchases at cost	**119,453**	165,778
Sales – proceeds	**(106,837)**	(152,735)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**6,117**	(2,889)
Net movement in investment holding gains and losses	**80,022**	28,884
Closing valuation	**415,012**	316,257
Closing book cost	**302,543**	273,100
Closing investment holding gains	**112,469**	43,157
Total investments held at fair value through profit or loss	**415,012**	316,257

During the year, prior year investment holding gains amounting to £10,710,000 were transferred to gains on sales of investments as disclosed in note 17 on page 50.

Transaction costs on purchases during the year amounted to £424,000 (2012: £604,000) and on sales during the year amounted to £59,000 (2012: £92,000). These costs comprise brokerage commission and stamp duty.

	2013 £'000	2012 £'000
11. Current assets		
Debtors		
Dividends and interest receivable	**1,187**	966
Tax recoverable	**–**	14
Other debtors	**27**	29
	1,214	1,009

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

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these balances represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	2013 £'000	2012 £'000
12. Creditors: amounts falling due within one year		
Bank loans	**32,000**	15,000
Securities purchased awaiting settlement	**54**	58
Other creditors and accruals	**698**	652
Performance fee	**1,359**	–
	34,111	15,710

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

The bank loan is unsecured and represents £32 million drawn down on the Company's facility with ING Bank. Further details are given in note 24(a)(i) on page 54.

	2013 £'000	2012 £'000
13. Financial Instruments		
Futures contracts[1]	**(215)**	–

[1]2013: 'FTSE 100' shares index futures at a contract cost of £5,143,000 and a market value of £5,358,000 giving an unrealised loss of £215,000.

	2013 £'000	2012 £'000
14. Creditors: amounts falling due after more than one year		
Falling due after more than five years		
£30,000,000 7% debenture stock 30th March 2020	**29,811**	29,784

The debenture is secured by a floating charge over the assets of the Company.

	2013 £'000	2012 £'000
15. Provisions for liabilities and charges		
Performance fee payable		
Opening balance	**–**	–
Performance fee for the year[1]	**4,078**	–
Amount realised during the year	**(1,359)**	–
Closing balance	**2,719**	–

[1]As explained in the Directors' Report on page 24, the performance fee earned in the year is spread evenly over three years and capped at 0.4% of total assets in any one year. The balance is carried forward until it is paid in full or set off against underperformance in subsequent years.

Financial Statements continued

Notes to the Accounts continued

	2013 £'000	2012 £'000
16. Share capital		
Allotted and fully paid		
Opening balance of 54,723,979 (2012: 54,733,979) shares, excluding shares held in Treasury	**13,682**	13,684
Repurchase of nil (2012: 10,000) shares into Treasury	**–**	(2)
Subtotal	**13,682**	13,682
2,041,674 (2012: 2,041,674) shares held in Treasury	**510**	510
Closing balance[1]	**14,192**	14,192

[1]Represents 56,765,653 (2012: 56,765,653) shares, including 2,041,674 (2012: 2,041,674) shares held in Treasury.

			Capital reserves		
	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
17. Reserves					
Opening balance	149,641	6,680	45,336	43,157	12,865
Foreign currency gains on cash and short term deposits	–	–	1	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	6,117	–	–
Net movement in investment holding gains and losses	–	–	–	80,022	–
Transfer on disposal of investments	–	–	10,710	(10,710)	–
Realised losses on close out of futures	–	–	(916)	–	–
Unrealised losses on futures	–	–	–	(215)	–
Performance fee for the year	–	–	–	(4,078)	–
Performance fee now realised	–	–	(1,359)	1,359	–
Management fee and finance costs charged to capital	–	–	(2,675)	–	–
Other capital charges	–	–	(2)	–	–
Dividends appropriated in the year	–	–	–	–	(11,954)
Retained revenue for the year	–	–	–	–	12,195
Closing balance	**149,641**	**6,680**	**57,212**	**109,535**	**13,106**

18. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders of £350,366,000 (2012: £271,871,000) and on the 54,723,979 (2012: 54,723,979) shares in issue at the year end, excluding shares held in Treasury.

	2013 £'000	2012 £'000
19. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Net return on ordinary activities before finance costs and taxation	**93,031**	35,869
Less net capital return before finance costs and taxation	**(79,937)**	(25,208)
(Increase)/decrease in accrued income	**(221)**	457
(Decrease)/increase in accrued expenses	**(27)**	17
Decrease in other debtors	**2**	2
Scrip dividends received as income	**(6)**	(89)
Management fee charged to capital	**(992)**	(785)
Overseas withholding tax and UK income tax	**–**	(4)
Net cash inflow from operating activities	**11,850**	10,259

	At 31st December 2012 £'000	Cash flow £'000	Exchange movement £'000	Other movements £'000	At 31st December 2013 £'000
20. Analysis of changes in net debt					
Cash and short term deposits	99	896	1	–	**996**
Bank loan falling due within one year	(15,000)	(17,000)	–	–	**(32,000)**
Debenture falling due after more than five years	(29,784)	–	–	(27)	**(29,811)**
Net debt	(44,685)	(16,104)	1	(27)	**(60,815)**

21. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2012: none).

Notes to the Accounts continued

22. Transactions with the Manager

Details of the management contract are set out in the Directors' Report on page 24. The management fee payable to JPMorgan Asset Management (UK) Limited ('JPMAM') for the year was £1,527,000 (2012: £1,207,000) of which £nil (2012: £nil) was outstanding at the year end.

Included in other administration expenses in note 5 on page 45 are safe custody fees amounting to £5,000 (2012: £4,000) payable to JPMorgan Chase of which £1,000 (2012: £1,000) was outstanding at the year end.

During the year £275,000 (2012: £268,000) was payable to JPMAM for the marketing and administration of savings scheme products, of which £nil (2012: £19,000) was outstanding at the year end.

The performance fee payable for the year is £4,078,000 (2012: £nil) of which £1,359,000 (2012: £nil) was outstanding at the year end. An amount of £2,719,000 (2012: £nil) is carried forward and will either be paid or absorbed by underperformance in subsequent years.

JPMAM may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. Commission amounting to £72,000 (2012: £61,000) was payable to JPMorgan Securities Limited for the year of which £nil (2012: £nil) was outstanding at the year end.

The Company holds investments in JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc which are managed by JPMAM. At the year end these were valued at £16.7 million (2012: £11.1 million) and represented 4.0% (2012: 3.5%) of the Company's investment portfolio. During the year the Company made £nil (2012: £nil) purchases of such investments and sales with a total value of £nil (2012: £2.3 million). Income amounting to £185,000 (2012: £182,000) was receivable from these investments during the year of which £54,000 (2012: £58,000) was outstanding at the year end.

The Company also holds an investment in The JPMorgan Sterling Liquidity Fund, managed by JPMAM. At the year end this was valued at £3.8 million (2012: £3.9 million) and represented 0.9% (2012: 1.2%) of the Company's investment portfolio. During the year, the Company made purchases of this investment with a total value of £39.6 million (2012: £60.6 million) and sales with a total value of £39.7 million (2012: £67.2 million). Income amounting to £15,000 (2012: £75,000) was receivable from this investment during the year of which £nil (2012: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £2,000 (2012: £5,000) were payable to JPMorgan Chase during the year of which £1,000 (2012: £2,000) was outstanding at the year end.

At the year end, a bank balance of £996,000 (2012: £99,000) was held with JPMorgan Chase. A net amount of interest of £1,000 (2012: £2,000) was receivable by the Company during the year from JPMorgan Chase, of which £nil (2012: £nil) was outstanding at the year end.

23. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio.

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

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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 42.

The following table sets out the fair value measurements using the above hierarchy at 31st December:

	2013			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss at 31st December 2013				
Equity investments	**411,231**	**–**	**–**	**411,231**
Liquidity funds	**3,781**	**–**	**–**	**3,781**
Derivative financial instruments – futures contracts	**–**	**(215)**	**–**	**(215)**
Total	**415,012**	**(215)**	**–**	**414,797**

	2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss at 31st December 2012				
Equity investments	312,336	–	–	312,336
Liquidity funds	3,921	–	–	3,921
Total	316,257	–	–	316,257

There have been no transfers between Levels 1, 2 or 3 during the year (2012: £nil).

Notes to the Accounts continued

24. 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 risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company has no significant direct exposure to foreign exchange risk. A proportion of the dividends received by the Company are paid in currencies other than sterling. Therefore a significant movement in exchange rates could impact the portfolio yield, however the Board considers this to be a relatively low risk. The Company Secretary, in close co-operation with the Board and the Manager, co-ordinates the Company's risk management strategy.

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 financial instruments may comprise the following:

- investments in UK equity shares and other securities, which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations;
- a debenture issued by the Company, the purpose of which is to finance the Company's operations;
- a sterling loan facility, the purpose of which is to finance the Company's operations; and
- derivatives, the purpose of which is to effect changes in the level of the Company's gearing.

(a) Market risk

The fair value or future cash flows of financial instruments held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market price risk is given in parts (i) and (ii) to this note, together with sensitivity analyses 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) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund, and the interest payable on the Company's variable rate cash borrowings when rates are re-set. There is no 'fair value' interest rate risk attached to the Company's fixed rate debenture in issue, as it is carried in the accounts at amortised cost.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure

The Company has a £30 million 7% debenture in issue which is repayable on 30th March 2020. The Company has no other financial assets or liabilities carrying fixed rates of interest. The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below.

	2013 £'000	2012 £'000
Exposure to floating interest rates:		
Cash and short term deposits	**996**	99
JPMorgan Sterling Liquidity Fund	**3,781**	3,921
Bank loan	**(32,000)**	(15,000)
Total net exposure	**(27,223)**	(10,980)

Interest receivable is at the following rates:

- Interest receivable on cash balances is at a margin below LIBOR.
- The target interest rate earned on the JPMorgan Sterling Liquidity Fund is the 7 day sterling London Interbank Bid Rate.

The Company has a £40 million loan facility with ING Bank, of which £32 million was drawn at the year end. The agreement expires on 29th April 2014. Interest is payable at a margin over LIBOR as offered in the market for the loan period, plus the 'mandatory costs' rate, which is the lender's cost of complying with certain regulatory requirements. Subsequent to the year end, the facility was increased to £50 million.

The exposure during the year fluctuated between net cash and net loan balances as follows:

	2013 £'000	2012 £'000
Maximum credit exposure to floating interest rates – net cash balances	**2,806**	11,841
Maximum debit exposure to floating interest rates – net loan balances	**(30,771)**	(11,708)

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2012: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2013		2012	
	0.5% Increase in rate £'000	0.5% Decrease in rate £'000	0.5% Increase in rate £'000	0.5% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	**(32)**	**32**	(6)	6
Capital return	**(104)**	**104**	(49)	49
Total return after taxation for the year and net assets	**(136)**	**136**	(55)	55

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, liquidity fund balances and borrowings on the loan facility.

Notes to the Accounts continued

24. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(ii) Other price risk

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

Management of other price risk

The Board meets on at least four occasions each year to consider 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 objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

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

	2013 £'000	2012 £'000
Equity investments held at fair value through profit or loss	**411,231**	312,336

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

An analysis of the Company's investments is given on pages 13 to 16. This shows that all of the investments are listed in the UK. Accordingly there is a concentration of exposure to this country. However, it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

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 10% (2012: 10%) in 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 equity investments and adjusting for change in the management and performance fees, but with all other variables held constant.

	2013		2012	
	10% Increase in fair value £'000	10% Decrease in fair value £'000	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – revenue after taxation				
Revenue return	**(76)**	**76**	(58)	58
Capital return	**40,982**	**(40,982)**	31,126	(31,126)
Total return after taxation for the year and net assets	**40,906**	**(40,906)**	31,068	(31,068)
Return per share	**74.8p**	**(74.8)p**	56.8p	(56.8)p

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting 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 readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft 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 requirements and to gear the Company as appropriate. Details of the Company's loan facility are given in part (a)(i) of this note on page 54.

Liquidity risk exposure

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

	2013 Three months or less £'000	2013 More than three months but less than one year £'000	2013 One year or more £'000	2013 Total £'000	2012 Three months or less £'000	2012 More than three months but less than one year £'000	2012 One year or more £'000	2012 Total £'000
Creditors: amounts falling due after more than one year								
£30,000,000 7% debenture stock 30th March 2020	–	–	30,000	30,000	–	–	30,000	30,000
Interest on debenture	–	–	11,025	11,025	–	–	13,125	13,125
Creditors: amounts falling due within one year								
Bank loan	–	32,000	–	32,000	–	15,000	–	15,000
Interest on bank loan	195	36	–	231	56	18	–	74
Derivative financial instrument	215	–	–	215	–	–	–	–
Other creditors and accruals	91	–	–	91	118	–	–	118
Performance fee payable	–	1,359	–	1,359	–	–	–	–
Interest on debenture	1,050	1,050	–	2,100	1,050	1,050	–	2,100
	1,551	34,445	41,025	77,021	1,224	16,068	43,125	60,417

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager regularly 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.

Notes to the Accounts continued

24. Financial instruments' exposure to risk and risk management policies continued

(c) Credit risk continued

Management of credit risk continued

Cash

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

Exposure to JPMorgan Chase

The Company's assets are ring-fenced in client designated accounts. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

Credit risk exposure

The following amounts, shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2013		2012	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets – investments held at fair value through profit or loss	**415,012**	**3,781**	316,257	3,921
Current assets				
Debtors	**1,214**	**1,214**	951	951
Cash and short term deposits	**996**	**996**	99	99
	417,222	**5,991**	317,307	4,971

Cash and short term deposits comprise balances held at banks that have a minimum rating of A1/P1 (2012: A1/P1) from Standard & Poor's and Moody's, respectively.

(d) Fair values of financial assets and financial liabilities

All financial assets and financial liabilities are either included in the balance sheet at fair value, or the carrying amount in the balance sheet is a reasonable approximation of fair value except for the debenture stock which the Company has in issue. The fair value of this debenture stock has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the 5 year average yield for the AA Barclays Corporate Bond.

	Accounts value		Fair value	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
£30 million 7% debenture stock March 2020	**29,811**	29,784	**35,467**	38,593

25. Capital management policies and procedures

The Company's capital comprises the following:

	2013 £'000	2012 £'000
Share capital	**14,192**	14,192
Reserves	**336,174**	257,679
Total capital	**350,366**	271,871

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 gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. Gearing for this purpose is defined as Total Assets (including Net Current Assets/Liabilities) less cash/cash equivalents and excluding bank loans, expressed as a percentage of net assets.

	2013 £'000	2012 £'000
Investments excluding holdings in liquidity funds	**411,231**	312,336
Current assets excluding cash	**1,160**	951
Current liabilities excluding bank loans	**(2,272)**	(652)
Total Assets	**410,119**	312,635
Net assets	**350,366**	271,871
Gearing/(net cash)	**17.1%**	15.0%

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

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

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the fifty first Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at Trinity House, Tower Hill, London EC3N 4DH on Wednesday, 9th April 2014 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2013.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2013.
4. To reappoint Sir Michael Bunbury as a Director.
5. To reappoint Humphrey van der Klugt as a Director.
6. To reappoint John Scott as a Director.
7. To reappoint Andrew Sutch as a Director.
8. To reappoint Jane Tufnell as a Director.
9. To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. 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 Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,368,099, representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or 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 relevant securities – Special Resolution

11. THAT subject to the passing of Resolution 10 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 10 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 £1,368,099 representing approximately 10% of the issued share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 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 pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of 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 8,203,124, or if less, that number of ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;

    (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to the highest of: (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 contracted to be 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 hereby conferred shall expire on 8th October 2015 unless the authority is renewed at the Company's Annual General Meeting in 2015 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 which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary

11th March 2014

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/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. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 2.00 p.m. two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 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 6.00 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.

Shareholder Information continued

Notice of Annual General Meeting continued

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmclaverhouse.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk Full instructions are given on both websites.
16. As at 3rd March 2014 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 56,765,653 ordinary shares (of which 2,041,674 are held in Treasury) carrying one vote each. Therefore the total voting rights in the Company are 54,723,979.

Electronic appointment – CREST members

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

Glossary of Terms and Definitions

Return to Shareholders
Total return to the investor, on a mid-market price to mid-market 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.

Return on Net Assets
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.

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 return on net assets.

Benchmark Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into 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 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash
Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figure for 2012 has been restated to include net current assets.

Ongoing Charges
The Ongoing Charges represent the Company's management fee and all other operating expenses, excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year. The method of calculating the Ongoing Charges has been changed. In previous years, the total expense ratio ('TER') was calculated, which represented the Company's management fee and other operating expenses excluding finance costs and performance fee payable, expressed as a percentage of the average month end net assets during the year.

Share Price Discount/Premium to net asset value ('NAV') per share
If the share price of an investment trust is lower than the NAV per share, the Company's 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.

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

Performance Attribution Definitions:

Stock Selection/Asset Allocation
Measures the effect of investing in securities/sectors to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Tactical Gearing/Net Cash
Measures the impact on returns of borrowings on cash balances on the Company's relative performance.

Management Fees/Other Expenses
The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

Use of Prior Year Revenue Reserve
Measures the negative effect on relative performance of making dividend distributions in excess of the revenue return after taxation for the year.

Repurchases of shares into Treasury
Measures the positive effect on relative performance of repurchasing shares into Treasury at a share price discount to the net asset value per share.

Information about the Company

Financial Calendar

Financial year end	31st December
Half year results announced	July/August
Final results announced	March
Interim Management Statements	April and October
Quarterly interim dividends on ordinary shares paid	First business day of June, September, December, March
7% Debenture Stock 2020 interest paid	30th September, 30th March
Annual General Meeting	April

History
The Company was launched as Claverhouse Investment Trust Limited in 1963 with assets of £5 million and managed by Robert Fleming & Co. The Company took its name from Viscount Claverhouse ('Bonnie Dundee') who was killed at the Battle of Killiecrankie in 1689 whilst leading a rebellion against William and Mary. The name was chosen to commemorate the Company's link with Dundee, where Flemings originated in 1873. The Company changed its name to The Fleming Claverhouse Investment Trust plc in 1983, to JPMorgan Fleming Claverhouse Investment Trust plc in 2003 and adopted its present name in 2007.

Company Numbers
Company registration number: 754577
London Stock Exchange code: 0342218

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, The Times, The Daily Telegraph, The Scotsman, BBC Ceefax and on the Company's website at www.jpmclaverhouse.co.uk where the share price is updated every fifteen minutes during trading hours.

Share Transactions
The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Taxation
For capital gains tax purposes, the base cost of the Company's shares at 31st March 1982 was 32.125p. This figure has been adjusted for the subdivision of each 50 pence share into two 25 pence shares on 4th March 1986 and the capitalisation issue on 25th March 1993 whereby shareholders were issued with one extra share for each share they held.

Manager and Company Secretary
JPMorgan Asset Management (UK) Limited

Company's Registered Office
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 4000

With effect from 1st April 2014, the Company's registered office will be:

60 Victoria Embankment
London EC4Y 0JP

Please contact Jonathan Latter for company secretarial and administrative matters.

Custodian
JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars
Equiniti Limited
Reference 1079
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2318

Calls to this number cost 8p per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 1079.

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

Independent Auditor
Ernst & Young LLP
Statutory Auditor
1 More London Place
London SE1 2AF

Brokers
JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Savings Product Administrators
For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

aic
The Association of Investment Companies
A member of the AIC

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmclaverhouse.co.uk