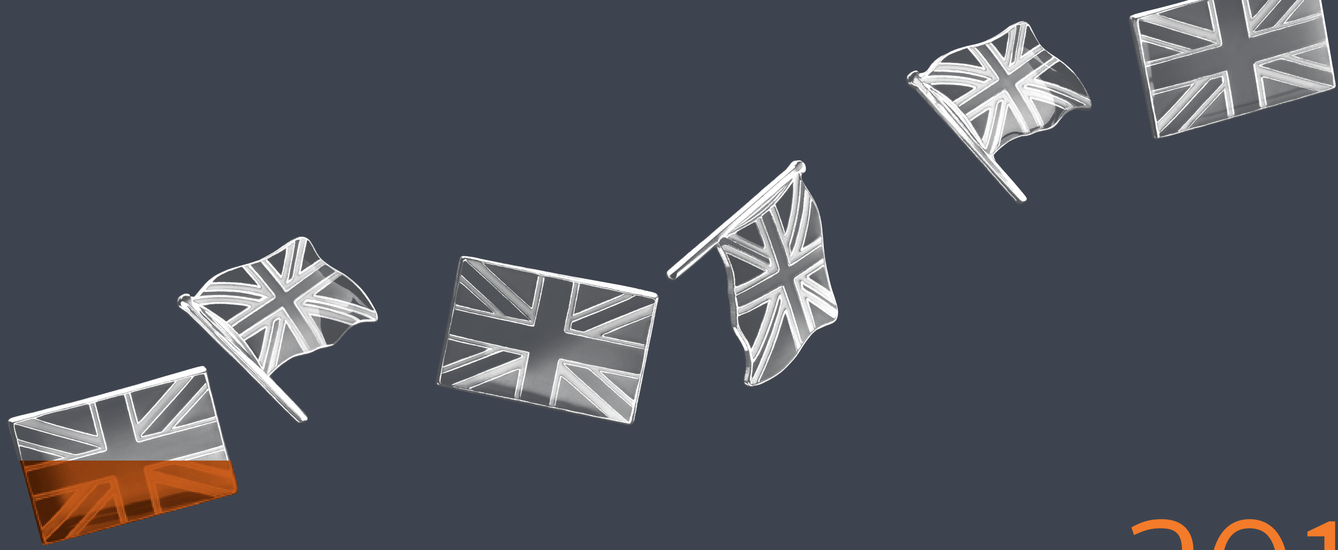


Annual Report 2014

JPMorgan Claverhouse Investment Trust plc

Annual Report & Accounts for the year ended 31st December 2014

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 Investment Managers are 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 Business Review on page 17.

Benchmark

The FTSE All-Share Index.

Capital Structure

At 31st December 2014, 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 £50 million three year floating rate loan facility with National Australia Bank, which expires on 28th April 2017.

Management Company

During the year under review until 30th June 2014, the Company employed JPMorgan Asset Management (UK) Limited to manage its assets. With effect from 1st July 2014, JPMorgan Funds Limited ('JPMF') was appointed Manager, following its approval as an Alternative Investment Fund Manager by the Financial Conduct Authority.

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 2014

One year total returns (includes dividends reinvested)

+4.0%
Return to shareholders[1]
(2013: +42.9%)

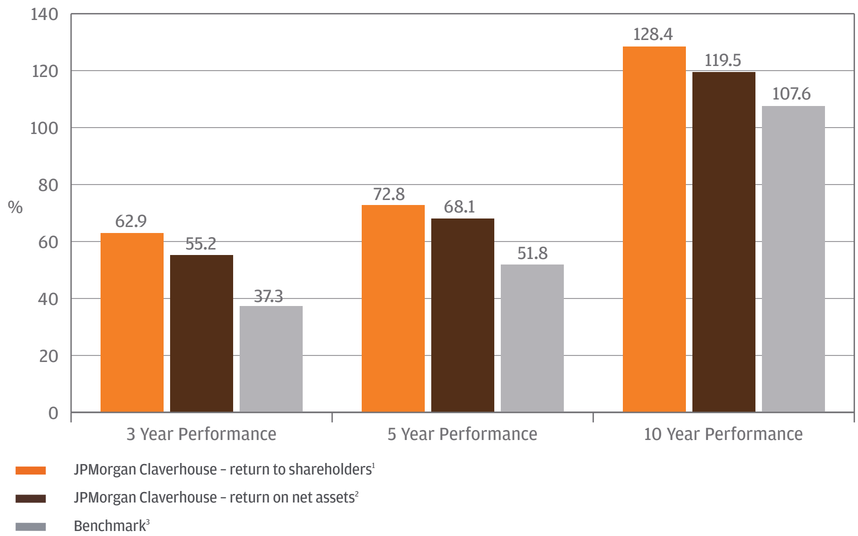
+2.1%
Return on net assets[2]
(2013: +33.8%)

+1.2%
Benchmark return[3]
(2013: +20.8%)

20.0p
Dividend
(2013: 19.5p)

Long Term Performance

Total returns for periods ended 31st December 2014



A glossary of terms and definitions is provided on page 66.

[1]Source: Morningstar.

[2]Source: J.P. Morgan.

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

Strategic Report

Chairman's Statement

Performance and Manager Review

Following the very strong returns enjoyed by investors in the UK stock market in 2013, the year to 31st December 2014 proved again to be positive, but less spectacular. In last year's annual report I cautioned that a period of greater volatility for equities might well lie ahead and indeed the modest positive total return from the market over the year masks periods of volatility. Our Investment Managers provide more details in their report which follows.

I am pleased to report that for the third year in succession the Company outperformed against its benchmark over the year, 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 +1.2%. The components of this total return were a small decline of –2.1% in the capital level of the Index which was more than made up by positive income of +3.3%. Your Company's total return on net assets was +2.1% which was made up of –1.0% of capital loss and 3.1% of dividend return.

During the year the share price rose marginally from 599p to 602.5p. The total return to shareholders was +4.0%, as the discount (with debt at par) of the share price to NAV narrowed over the course of the year from 5.4% to 3.4%.

The Board is pleased that the significantly improved performance has been sustained, following the detailed review that was undertaken in early 2012 and the resultant changes that were made to the investment process and the investment management team. Over the 34 months since those changes were implemented, the Company has produced a total return on net assets of +44.6% and a share price total return of +55.5%, compared with the benchmark total return of +28.1%. This performance is a credit to our Manager, JPMorgan Asset Management ('JPMAM'), and in particular to William Meadon and Sarah Emly who jointly manage the Company's portfolio. It has restored the Company's longer term performance record; as you will see from the graphs on page 1, the NAV total return has materially outperformed the benchmark over three, five and ten years. The establishment of a strong three year record since 1st March 2012 is important and your Board hopes it will assist in improving the Company's rating, in terms of the discount to NAV at which the shares trade.

Revenue and Dividends

In 2014 the revenue per share increased by 4.6% to 23.31p per share. The Board decided that the total dividend for the year should be increased from 19.5p to 20.0p, an above-inflation rise of 2.6%, thus growing the total dividend for the 42nd successive year. The 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. 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. However, the Board reiterates that it does not wish to see the Investment Managers constrained by the need to generate income and it remains prepared to revert to utilising the revenue reserve to support the dividend should it be necessary.

Gearing

Taking account of borrowings, net of cash balances held, and hedging through the use of Index Futures, the Company ended the year approximately 11.9% geared. During the year the gearing varied between 6.6% and 16.7%. Gearing existed by way of a combination of the £30 million 7% 2020 debenture and a short term bank borrowing facility, which was increased from £40 million to £50 million during the year and then refinanced in April with a new, £50 million three year revolving credit facility. As reported in previous years, 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 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 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, which reflects the improvement in the Company's rating. Indeed, we have not repurchased any of the Company's shares since January 2012. However, the Board continues to monitor the discount closely and is prepared to repurchase shares when it feels that it is appropriate, taking into account market conditions and whether it is out of line with its peers. Those shares repurchased in previous years are held in Treasury for possible re-issue should the Company's shares move to a premium.

Board of Directors

I became Chairman of your Company in April 2005 and, as I indicated last year, I will retire at the conclusion of the forthcoming AGM. I have thoroughly enjoyed serving on the Board of JPMorgan Claverhouse since my appointment in 1996 and it has been a privilege to be your Chairman for the past ten years. I would like to thank shareholders, my fellow Directors and the team at JPMAM for their many years of support.

As I reported last year, Andrew Sutch, who was appointed to the Board in April 2013, will succeed me as Chairman. Refreshing the Board has continued with the appointment of David Fletcher as a Director on 1st February this year. David is a Chartered Accountant and is currently Group Finance Director of Stonehage Fleming Family & Partners Limited, a multi family office. He joined FF&P in 2002 and became Chief Financial Officer in 2009. Prior to FF&P, he spent 20 years in investment banking in London, Hong Kong and Japan with JPMorgan, Robert Fleming & Co. and

Strategic Report continued

Chairman's Statement continued

Baring Brothers & Co Limited. David will stand for reappointment at the AGM and I look forward to introducing him to shareholders.

Directors conduct an assessment of their performance each year and this is normally followed up by a conversation with me as Chairman. In the light of my impending retirement, on this occasion those conversations have been with my successor. The Chairman's performance is assessed by the Senior Independent Director after he has consulted with all of the 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.

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

Board Apprentice

Last year the founder of a not-for-profit company, Board Apprentice, approached me to ask whether Claverhouse would consider appointing an apprentice to shadow the Board in order to gain experience of the workings of a company at Board level. We considered this approach and discussed it with JPMAM and were in favour of the initiative. Accordingly we asked Board Apprentice to let us have CVs of candidates who were interested in a board apprenticeship at an investment trust.

The Board reviewed a number of CVs and asked the Chairman-elect to meet with a number of candidates. On his recommendation, the Board have invited Sharon Mavin to join with us as our board apprentice for 12 months from the date of the AGM in April. Sharon is an academic and is a Professor of Organisation and Human Resource Management from the Newcastle Business School, Northumbria University. She has been involved in issues relating to diversity, senior women at work, and is leading research in support of the Davies Report (2011) on Women on the Board in the UK. The appointment is strictly for a 12 month period to give Sharon further experience and it is not intended or expected to lead to a directorship of your Company. As apprentice Sharon will not be a Director of the Company. However, she will have access to all of the papers that are seen by Directors (save in the unlikely event of such secrecy or conflict of interest such that papers will be withheld) and it is intended that she will attend all Board meetings as an observer. She will not be paid, although the Company will reimburse travel costs and incidental expenses.

Your Board hopes that shareholders will find favour with this initiative and I look forward to introducing Sharon at the AGM.

Annual General Meeting

This year's AGM will be held at Trinity House, Tower Hill, London EC3N 4DH on Wednesday, 15th April 2015 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.

Conclusion

As this is my final Statement to you as Claverhouse's Chairman, rather than write my usual Outlook, I have chosen to sign off with a Conclusion. It has been a privilege and a pleasure to have been a director of Claverhouse since 1996 and your Chairman since 2005. I have the good fortune to be stepping down at a time when both NAV per share and share price are nudging their all-time highs and the Company has experienced three years of very creditable performance.

There have been occasions in my time as a Director when markets have sorely tried the patience and resolve of your Board and the Investment Managers. A year ago I referred back to the dark days of March 2009 when there was no obvious light at the end of the tunnel. Since then, as shareholders are aware, as they have profited from handsomely, the UK stock market has been on an apparently unstoppable rising trend, albeit, as always with markets, with periods of doubt and short-term corrections. The past five years have amply supported my guiding tenet. Long-term investors in equities must keep faith with the asset class when everything looks black. Few people have the ability to call the turning points in markets and it is all too easy for emotion to overtake analysis. In such circumstances the most reliable guide is that of history which demonstrates the importance for long-term shareholders of remaining invested.

In addition to returns from capital gains, dividends are an extremely important component of return to equity investors and are generally more predictable than market movements. I have been very pleased to have been able to preside over a further period of continued dividend increases for your Company which now extends to 42 years.

Stock markets in the UK and in the USA, which country remains a powerful driver of economic activity and market sentiment, have powered forward despite significant geo-political and economic uncertainties, some of which are without precedent in modern memory. Any report I have written, or indeed any investment meeting I have attended since I started in the City in 1968, has always had uncertainties to analyse and consider. That is no different today. At present it seems to me that any of Eastern Europe, the Middle East or the Eurozone have the capacity to shake confidence, or possibly even worse. Then there are future events which are invisible at present and cannot be predicted but are nevertheless out there ahead of us. So I feel that I am standing down as your Chairman at a time of very considerable uncertainty, possibly even of political or economic danger. Nevertheless personally I will stick with my mantra that investors in equities should keep faith with the asset class. I look forward to remaining a shareholder and watching Claverhouse's progress in the years to come.

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

6th March 2015

Strategic Report continued

Investment Managers' Report

William Meadon

Sarah Emly

Market Review

The UK stock market delivered a modestly positive total return of +1.2% in the 12 months to 31st December 2014. Mid cap companies outperformed their small and large cap peers, with the FTSE Mid 250 index delivering a total return of +3.7%, while the FTSE 100 returned +0.7% and the FTSE Small Cap index returned +0.9%. The market's positive return was entirely generated by dividend income, as the capital value of the All Share index delivered a return of –2.1% during 2014, thus demonstrating again the importance of dividends to total returns.

The UK economy continued to improve, growing 2.7%, making it one of the fastest growing in the developed world. Unemployment fell to a six year low of 5.8% and consumer confidence continued to improve on the back of low interest rates and an improving housing market. Despite the strength of the economy, expectations on the timing of an increase in interest rates continued to be pushed back as fears of impending deflation (which arrived in the Eurozone during the year) gripped investors' minds. The UK's headline consumer price index was up just 0.5% in the year to December, down from 1% in November and marking a 14-year low. Falling inflation expectations were reflected in lower gilt yields with 10 year gilts yielding just 1.8% by the end of 2014, down from 3.0% at the start of the year.

2014 saw increasing bouts of volatility in share price movements. In the spring, there was a sharp rotation out of mid cap stocks into large FTSE 100 stocks although those movements partly reversed towards the end of the year. In the autumn, general market movements became more volatile on the back of increasing geo-political tensions in the Ukraine and the Middle East and the US Federal Reserve finally ending its quantitative easing programme. The rapid fall in oil prices during the second half added to fears that world economic growth, led by China, was slowing. Unsurprisingly, commodity-related sectors experienced considerable weakness, with significant share price falls in the oil and gas sector. The likely benefit to consumers from lower heating costs and petrol prices was reflected in the improved performance of consumer-related stocks. Although the stock market ended the year slightly up, investors were in nervous mood by the year end.

Performance Review

In the year to 31st December 2014 your Company delivered a total return on net assets (capital plus dividends re-invested) of +2.1%, ahead of the benchmark FTSE All-Share Index, which delivered a return of +1.2%. Like the market itself, your Company's positive total return was a result of dividend income, rather than capital gains in 2014. A detailed breakdown of the performance is given in the accompanying table. After the strong returns delivered in 2013, returns in 2014 were more muted for UK equity investors and, whilst it is pleasing to deliver another year of outperformance, returns were on a more modest scale than those of 2013. Stock selection was again positive over the year, being particularly strong in the second half of 2014. The cost of debt employed for gearing exceeded the modest equity returns.

It is pleasing to report that your Company's NAV total return has outperformed that of the benchmark total return by +4.2% per annum on a rolling three year basis to

Performance attribution for the year ended 31st December 2014

	%	%
Contributions to total returns		
Benchmark		1.2
Stock & sector selection	2.7	
Cost of gearing/Cash	-1.0	
Investment managers' contribution		1.7
Portfolio total return		2.9
Management fee/ other expenses	-0.7	
Performance fee	-0.1	
Other effects		-0.8
Return on net assets		2.1
Return to shareholders		4.0

Source: B-one/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 66.

31st December 2014, which is ahead of our outperformance objective of +2% per annum.

Our best performing stock in 2014 was Dixons Carphone, the electrical retailer that we had originally bought in late 2012 as Dixons Retail, a turnaround story under new management. Since our initial purchase, Dixons has delivered a strong profit recovery as the group became price competitive to online retailers of white goods and televisions and the management team refocused the business and improved the customer offering. The success of this turnaround became more widely recognised by investors during 2014. In May, the company announced a merger with Carphone Warehouse to create a retail powerhouse of electrical goods and mobile phones.

Other successful stocks included our long term overweight position in the premium dividend yielder Imperial Tobacco; this stock outperformed the market during 2014, particularly during the periods of increased market volatility during the second quarter. Another defensive stock that outperformed was United Utilities which rose in value by over 40% during 2014. We have been long term holders of AstraZeneca and this company's share price was boosted by bid speculation from Pfizer during the first half. Although Pfizer's offer was not successful, AstraZeneca's share price performed well during 2014 as a whole, rising over 30% as the company made good progress on its strategy. We also benefited from our holding in the growth pharmaceutical stock, Shire.

As important as selecting the winners, in 2014 avoiding the losers added considerable relative value. Our long standing zero holding in Tesco was a positive contributor as the food retailer announced multiple profit warnings, an accounting scandal and cut its dividend. Tesco's share price fell by over 40% during the year and the management team were replaced. Claverhouse also benefited from not owning the low yielding oil and gas major, BG Group, which consistently delivered disappointing results, even before the sharp fall in the price of oil during the second half of 2014.

By contrast, not owning the utility group National Grid was detrimental to performance as this relatively defensive stock outperformed the lacklustre equity market, delivering a return of over 20% in the year. Our holding in Barclays was unhelpful, as its share price fell in response to ongoing concerns about potentially adverse regulatory issues, despite its cheap valuation. Our long term holding in Rio Tinto, the leading global iron ore producer, was adversely impacted by falling commodity prices, especially during the second half. The portfolio did, however, benefit from being underweight in the poorly performing mining sector throughout the year.

Overall however, against a lacklustre return on the index, 2014 was a reasonable year of performance for Claverhouse. We continue to manage the portfolio within fairly tight risk controls, believing that such an approach will produce more consistent medium term returns for our shareholders.

Portfolio Review

Portfolio turnover was slightly higher this year than last, reflecting our response to the sharp rotation in the late spring out of mid caps stock into larger more international FTSE 100 stocks. We used this rotation as an opportunity to take some

Strategic Report continued

Investment Managers' Report continued

significant profits on some mid cap stocks which have served us so well. For instance, we sold our holding in the travel agent Thomas Cook on the basis that much of the good news from the management led turnaround was now in the price. So it proved, as later in the year the company's chief executive Harriet Green resigned and the company issued a profit warning, blaming a slowing in bookings. We also sold our holding in Foxtons, which proved correct as subsequently they suffered from a slow down in the London residential property market.

Our most successful transaction was the purchase of Shire on the basis of its attractive drug profile. We were very fortunate when a few months later the American company Abbvie made a bid at a significant premium. When, at £54, the Shire share price sat at a very small discount to the Abbvie offer we exited the stock. The following month, in the light of threatened US legislation on tax-driven deals, Abbvie abandoned its offer. The subsequent slump in the Shire price allowed us to recommence a holding at £42 from which level we have continued to add to our position.

During the year we sold out of Royal Mail, Tui Travel and Sports Direct and started new holdings in the construction company Galliford Try, the brewer SAB Miller and Shaftesbury, the London focused real estate company with a strong presence in Covent Garden, Carnaby Street and Chinatown, where tenant demand continues to be strong. We added to our holding in Aviva where the restructuring under the new chief executive, Mark Wilson, continues to make good progress and the recent proposed takeover of Friends Life looks attractive.

Many of our holdings, however, remained untouched as we continued to run our winning stocks. Our inactivity in stocks such as Dixons, Imperial Tobacco, Restaurant Group and ITV, was an indication of our satisfaction with those companies' performance, rather than any sloth on our part.

Top Over and Under-weight positions vs FTSE All Share Index

Top Five Overweight Positions		Top Five Underweight Positions	
Dixons Carphone	+2.0%	Diageo	-1.9%
Imperial Tobacco	+1.9%	National Grid	-1.8%
ITV	+1.7%	Reckitt Benckiser	-1.7%
Aviva	+1.6%	Glencore	-1.6%
Rio Tinto	+1.6%	BG Group	-1.5%

Source: JPMAM, as at 31st December 2014.

The Claverhouse portfolio is constructed principally from bottom-up stock selection; our sector and macro views have a lesser influence on the portfolio. We aim to run a fairly focused (62 stocks at the year end) but well diversified portfolio. We kept gearing levels in the low teens for most of the year, reflecting our continuing positive views on markets and the number of attractive stock opportunities we continued to find. We occasionally use FTSE 100 futures to hedge the portfolio, but do not use futures to gear up the portfolio.

Market Outlook

We remain positive on the outlook for UK equities if only because the consensus amongst investors is so negative. We entered 2015 with the portfolio 11.9% geared.

There are, as ever, no end of things to worry about: the Greek Euro crisis, the impending UK general election, the slowing Chinese economy and fears of spreading global deflation, to name but a few. But there are always things to worry about and consensual fears, by definition, are known and must surely therefore be priced in. What is not priced in is that the consensual view may be wrong and that not all these worries may come to pass. The contrarian in us leads us to be more optimistic, recognising that both the US and UK economies continue to grow in a non inflationary way, allowing interest rates to stay lower for longer. Even with the Greek chaos, the large economies of Europe are starting to look a little less bad, particularly as the ECB has now launched a quantitative easing programme of significant proportions.

We view the recent dramatic fall in the oil price to be a net positive for world growth. The cost of production for companies will benefit and lower petrol and heating bills will be akin to a significant tax cut for consumers. This is a non consensual view, with markets preferring to believe that oil at $60 a barrel is a gloomy harbinger of ever-spreading Japanese-like deflation. We believe that the combination of the sheer size of the stimulus from central banks together with (albeit slow) structural reform in European economies will bear fruit for economies and investors alike.

We expect current uncertainties, both political and economic, to make markets more volatile this year than recently, but we aim to use such volatility to our advantage by picking up more of the shares we like at lower prices. We are fortunate indeed to have many long-standing shareholders who are prepared to look through short term price movements to the medium term opportunity that undoubtedly exists in a well-diversified portfolio of strong, reasonably-priced UK equities.

William Meadon
Sarah Emly
Investment Managers

6th March 2015

Strategic Report continued

Summary of Results

	2014	2013	% change
Total returns for the year ended 31st December			
Return to shareholders[1]	**+4.0%**	+42.9%	
Return on net assets[2]	**+2.1%**	+33.8%	
Benchmark return[3]	**+1.2%**	+20.8%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	**346,663**	350,366	-1.1
Net asset value per share with debt at par value	**633.5p**	640.2p	-1.0
Net asset value per share with debt at fair value[4]	**620.3p**	629.9p	-1.5
Share price	**602.5p**	599.0p	+0.6
Share price discount to net asset value with debt at par value[5]	**3.4%**	5.4%	
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)	**15,183**	14,371	+5.7
Net revenue return on ordinary activities after taxation (£'000)	**12,754**	12,195	+4.6
Return per share	**23.31p**	22.28p	+4.6
Total dividend per share	**20.00p**	19.50p	+2.6
Gearing at 31st December[6]	**15.7%**	17.1%	
Gearing at 31st December (incl Index Future exposure)[7]	**11.9%**	15.5%	
Ongoing Charges[8]	**0.74%**	0.71%	

A glossary of terms and definitions is provided on page 66.

[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 (2013: £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 2014 of 623.8p, 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.

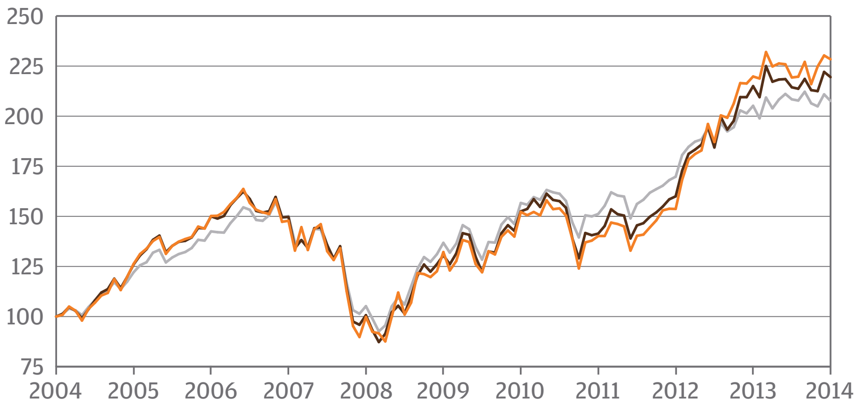
[7]Gearing represents the excess amount above shareholders' funds of total assets, less the market value of futures, expressed as a percentage of shareholders' funds.

[8]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 1.16% (2013: 1.14%).

Performance

Ten Year Performance

Figures have been rebased to 100 at 31st December 2004

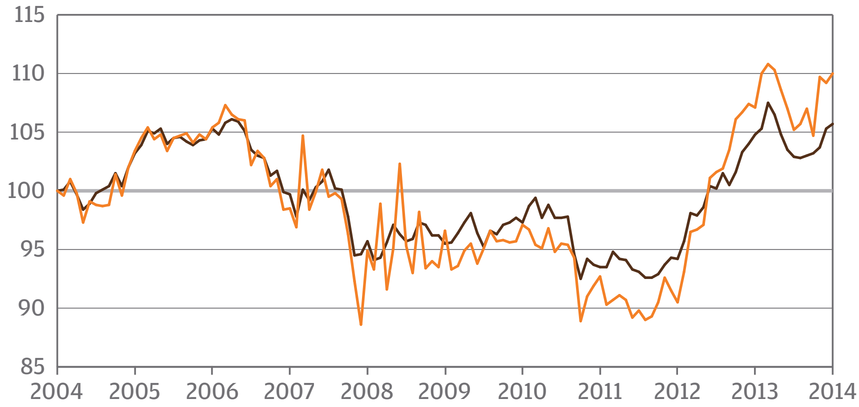


Source: Morningstar/Datastream.

- 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 2004



Source: Morningstar.

- 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	2004[1]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shareholders' funds (£'000)[2]	272,044	318,454	352,743	327,912	211,087	254,330	281,172	248,418	271,871	350,366	**346,663**
Net asset value per share (p)	403.8	495.9	577.6	562.1	371.7	451.3	507.8	453.9	496.8	640.2	**633.5**
Share price (p)	381.8	469.0	544.5	521.5	340.0	425.0	470.0	416.0	437.0	599.0	**602.5**
Share price discount (%)[3]	5.4	5.4	6.3	6.3	5.2	4.9	7.0	7.1	10.7	5.4	**3.4**
Gearing/(net cash) (%)[4]	12.8	13.4	12.2	7.7	9.7	10.3	8.6	7.6	15.0	15.1	**11.9**
Ongoing Charges (%)[5]	0.90	0.84	0.75	0.79	0.75	0.83	0.72	0.72	0.74	0.71	**0.74**
Year ended 31st December											
Revenue attributable to shareholders (£'000)	7,653	8,359	9,256	9,714	13,426	8,377	7,611	9,226	9,821	12,195	**12,756**
Return per share (p)	10.59	12.76	14.84	16.28	23.38	14.77	13.63	16.73	17.95	22.28	**23.31**
Total dividend per share (p)	10.65	11.50	13.50	15.30	20.00[6]	16.90	17.50	18.25	18.85	19.50	**20.00**
Rebased to 100 at 31st December 2004											
Share price - total return[7]	100.0	126.3	150.2	147.8	99.8	132.2	152.2	140.2	153.7	219.8	**228.4**
Net asset value per share - total return[7]	100.0	126.0	150.0	149.7	100.7	130.6	152.5	141.4	160.0	215.0	**219.5**
FTSE All-Share Index - total return[8]	100.0	122.1	142.5	150.1	105.2	136.8	156.7	151.2	169.8	205.2	**207.6**
Retail Price Index[8]	100.0	102.2	106.7	111.1	112.1	114.8	120.3	126.1	130.0	133.4	**135.6**

A glossary of terms and definitions is provided on page 66.

[1]The results for the year ended 31st December 2004 have been restated in accordance with Financial Reporting Standards 21, 25 and 26.

[2]Prior year disclosures (2004-2013) have been restated from total assets less current liabilities to shareholders' funds.

[3]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.

[4]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 figures for 2013 and 2014 show the effective gearing level, taking account of any open Index Futures held at the year end.

[5]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 respect of 2014, including the performance fee payable, were 1.16% (2013: 1.14%).

[6]Includes a special dividend of 3.60p.

[7]Source: Morningstar.

[8]Source: Datastream.

Ten Largest Equity Investments[1]

at 31st December 2014

Company	Sector	2014 Valuation £'000	2014 %[2]	2013 Valuation £'000	2013 %[2]
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	**32,636**	**7.6**	27,898	6.7
HSBC HSBC provides a variety of international banking and financial services including retail and corporate banking, custody, capital markets, treasury, private and investment banking and insurance.	Banks	**20,811**	**4.9**	24,816	6.0
British American Tobacco[3] British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products, including cigars and roll-your-own tobacco.	Tobacco	**17,212**	**4.0**	11,840	2.9
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	**16,919**	**4.0**	25,090	6.1
AstraZeneca[3] AstraZeneca is a holding company. The Company, through its subsidiaries, researches, manufactures, and sells pharmaceutical and medical products. AstraZeneca focuses its operations on eight therapeutic areas: Gastrointestinal, Oncology, Cardiovascular, Respiratory, Central Nervous System, Pain Control, Anaesthesia, and Infection.	Pharmaceuticals & Biotechnology	**16,787**	**3.9**	11,312	2.7
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	**13,867**	**3.2**	16,970	4.1
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	**13,501**	**3.2**	21,229	5.1
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	**13,463**	**3.1**	12,877	3.1
Imperial Tobacco[3] Imperial Tobacco Group is an international tobacco company that manufactures, markets, and sells a range of cigarettes, tobaccos, rolling papers, and cigars.	Tobacco	**12,689**	**3.0**	9,671	2.3
Lloyds Banking Group 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	**12,627**	**2.9**	14,086	3.4
Total[4]		**170,512**	**39.8**		

[1]Excludes investments in liquidity funds.

[2]Based on total assets less current liabilities of £428.1m (2013: £414.9m). The £32.0m drawn down on the Company's loan facility at 31st December 2013 was treated as a long term liability for purpose of this analysis.

[3]Not included in the ten largest investments at 31st December 2013.

[4]As at 31st December 2013, the value of the ten largest investments amounted to £181.1m representing 43.7% of total assets less current liabilities.

Strategic Report continued

Sector Analysis

	31st December 2014 Portfolio %[1]	31st December 2014 Benchmark %	31st December 2013 Portfolio %[1]	31st December 2013 Benchmark %
Financials[2]	**27.0**	**25.6**	29.3	23.9
Consumer Goods	**14.7**	**14.5**	10.6	13.3
Consumer Services	**14.2**	**11.3**	13.0	10.7
Oil & Gas	**10.8**	**12.7**	12.3	14.4
Health Care	**10.0**	**8.5**	6.8	7.3
Telecommunications	**6.6**	**4.9**	9.2	7.2
Basic Materials	**4.7**	**7.2**	5.7	7.8
Industrials	**3.7**	**9.8**	7.6	10.3
Technology	**1.6**	**1.5**	2.2	1.6
Utilities	**0.8**	**4.0**	2.4	3.5
Net current assets[3]	**5.9**	**–**	0.9	–
Total	**100.0**	**100.0**	100.0	100.0

[1]Based on total assets less current liabilities of £428.1m (2013: £414.9m). The £32.0m drawn down on the Company's loan facility at 31st December 2013 was treated as a long term liability for the 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 0.7% and 2.3% of the portfolio respectively.

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

List of Investments
at 31st December 2014

Company	Valuation £'000
Financials	
Banks	
HSBC	20,811
Lloyds Banking Group	12,627
Barclays	8,167
	41,605
Life Insurance	
Prudential	11,587
Aviva	9,057
Legal & General	5,469
St James's Place	3,702
	29,815
Equity Investment Instruments	
JPMorgan Smaller Companies Investment Trust	9,883
JPMorgan UK Smaller Companies Fund	2,911
	12,794
Real Estate	
British Land	5,810
Shaftsbury	5,470
	11,280
Nonlife Insurance	
Beazley	4,817
Direct Line Insurance	3,891
	8,708
Financial Services	
Jupiter Fund Management	4,557
Provident Financial	2,210
	6,767
Real Estate & Investment Services	
Capital & Counties Properties	2,649
St Modwen Properties	1,846
	4,495
Total Financials	**115,464**
Consumer Goods	
Tobacco	
British American Tobacco	17,212
Imperial Tobacco	12,689
	29,901
Household Goods	
Berkeley	3,115
Barratt Developments	3,061
Bellway	2,895
Taylor Wimpey	2,577
Galliford Try	2,508
	14,156

Company	Valuation £'000
Beverages	
SAB Miller	9,559
Diageo	1,631
	11,190
Personal Goods	
Unilever	4,296
	4,296
Automobiles & Parts	
GKN	3,250
	3,250
Total Consumer Goods	**62,793**
Consumer Services	
General Retailers	
Dixons Carphone	8,647
Next	4,900
Card Factory	2,157
Halfords	1,990
Inchcape	1,740
WH Smith	1,096
	20,530
Travel & Leisure	
Compass	6,415
Restaurant Group	5,890
Go-Ahead	4,011
easyJet	2,509
	18,825
Media	
ITV	8,212
Reed Elsevier	6,664
WPP	3,849
	18,725
Food & Drug Retails	
Booker Group	2,789
	2,789
Total Consumer Services	**60,869**
Oil & Gas	
Oil & Gas Producers	
Royal Dutch Shell	32,636
BP	13,501
	46,137
Total Oil & Gas	**46,137**

Strategic Report continued

List of Investments continued

Company	Valuation £'000
Health Care	
Pharmaceuticals & Biotechnology	
AstraZeneca	16,787
GlaxoSmithKline	13,867
Shire	10,351
BTG	1,812
	42,817
Total Health Care	**42,817**
Telecommunications	
Mobile Telecommunications	
Vodafone	16,919
	16,919
Fixed Line Telecommunications	
BT	11,188
	11,188
Total Telecommunications	**28,107**
Basic Materials	
Mining	
Rio Tinto	13,463
BHP Billiton	4,898
	18,361
Chemicals	
Elementis	1,849
	1,849
Total Basic Materials	**20,210**
Industrials	
Support Services	
Ashtead	5,098
Berendsen	2,604
Interserve	1,034
	8,736
Aerospace & Defence	
BAE Systems	3,667
Rolls-Royce	27
	3,694
Industrial Engineering	
Bodycote International	3,491
	3,491
Total Industrials	**15,921**

Company	Valuation £'000
Technology	
Software & Computer Services	
Micro Focus International	4,626
	4,626
Technology Hardware & Equipment	
Laird	2,362
	2,362
Total Technology	**6,988**
Utilities	
Gas, Water & Multiutilities	
United Utilities	3,606
	3,606
Total Utilities	**3,606**
Liquidity Funds	
JPMorgan Sterling Liquidity Fund	25,141
Total Liquidity Funds	**25,141**
Total Portfolio	**428,053**

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

Business Review

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 and the Business Review forms a part of this report. 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 restrictions and guidelines, 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.

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 its objectives, the Company employs JPMF which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited, 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 2013 and future years. As a result, the Company is not liable for taxation on capital gains. 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 6.6% and 16.7%. The Company's borrowings comprise a £30 million debenture and a £50 million revolving credit facility.
- The use of derivative instruments is subject to the prior approval of the Board, which sets appropriate limits and restrictions. The Investment Managers are permitted to use Index Futures to manage the level of gearing within the range set by the Board.

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 2014, the Company produced a total return to shareholders of +4.0% and a total return on net assets of +2.1%. This compares with the return on the Company's benchmark of +1.2%. At 31st December 2014, the value of the Company's investment portfolio was £428.1 million (2013: £415.0 million). The Investment Managers' Report on pages 6 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 £12,692,000 (2013: £99,378,000) and net return after accounting for the management fee, performance fee, other administrative expenses, finance costs and taxation amounted to £6,964,000 (2013: £90,449,000). Distributable income for the year totalled £12,754,000 (2013: £12,195,000). The Directors declared a fourth quarterly interim dividend of 6.50 pence per share which was paid on 2nd March 2015 to shareholders on the register at the close of business on 6th February 2015. This, when added to the three quarterly interim dividends paid during 2014, made a total dividend for the year of 20.00 pence (2013: 19.50 pence), costing £10.9 million (2013: £10.7 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £11.6 million, equivalent to approximately 21.27 pence per share.

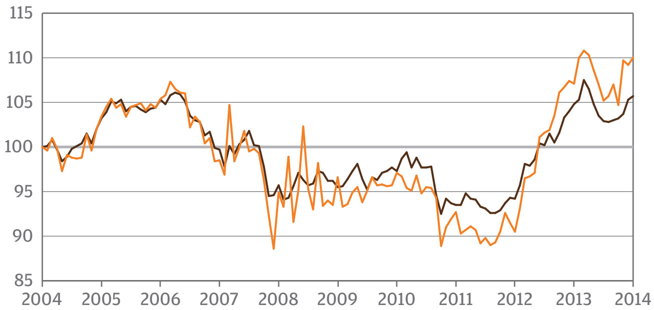
Key Performance Indicators ('KPIs')

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 2004



Source: Morningstar.

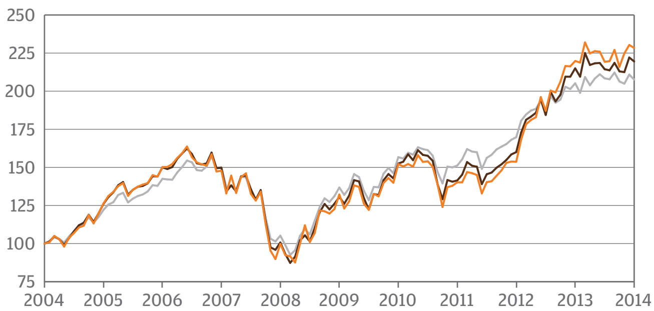
JPMorgan Claverhouse – share price total return.

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 2004



Source: Morningstar/Datastream.

JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value total return.

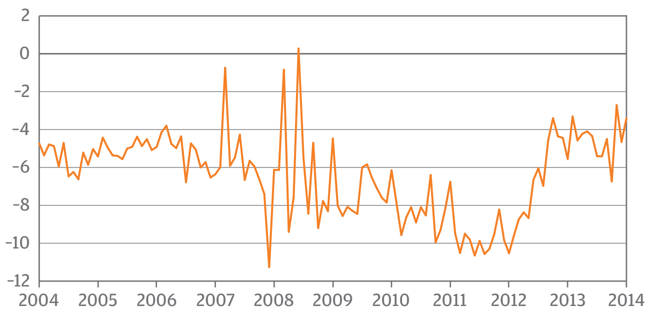
Benchmark.

- **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 2014 are given in the Investment Managers' Report on page 7.

- **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 2014, the Company's shares traded at a discount of between 0.2% and 7.5% (with debt at par value). No shares were repurchased during the year.

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 2014 were 0.74% (2013: 0.71%). 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 analysis showed that the Company's ongoing charges compare reasonably with those of its peers. The ongoing charges including the performance fee payable for 2014 were 1.16% (2013: 1.14%).

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 3.6% 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 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. JPMF 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

Strategic Report continued

Business Review continued

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.

- 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 the Manager. 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 the Manager 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 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, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. On 1st July 2014, the Company appointed BNY Mellon Trust & Depositary (UK) Limited to act as its depositary, responsible for overseeing the operations of the custodian, JPMorgan Chase Bank, N.A., and the Company's cash flows. Details of how the Board monitors the services provided by the Manager 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.
- 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 56 to 60.

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 2014, there were four male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues
The Company has a management contract with JPMF. 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 Manager's 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 JPMF. 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 fossil fuels and consequently does not have a measurable carbon footprint. The Company's manager, JPMF, 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 Funds Limited,
Secretary

6th March 2015

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: 2014.

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*‡†

A Director since 2004

Last reappointed to the Board: 2014.

Chairman of Scottish Mortgage Investment Trust, Impax Environmental Markets plc and Alpha Insurance Analysis Limited. A Director of Martin Currie Pacific Trust plc, Schroder Japan Growth Fund plc, Alternative Asset Opportunities PCC Limited 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.

Humphrey van der Klugt*‡†
(Chairman of the Audit Committee)

A Director since 2008

Last reappointed to the Board: 2014.

Chairman of Fidelity European Values plc. Formerly a director of BlackRock Commodities Income Investment Trust plc, 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*‡†
(Senior Independent Director)

A Director since 1st April 2013

Last reappointed to the Board: 2014.

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: 5,143

Jane Tufnell*‡†

A Director since 1st October 2013

Last reappointed to the Board: 2014.

Independent non-executive director of The Diverse Income Trust Plc and formerly a non-executive director of TR European Growth Trust PLC. She co-founded Ruffer LLP, a privately-owned investment management firm, in 1994. 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.

David Fletcher*‡†

Appointed to the Board on 1st February 2015.

Last reappointed to the Board: n/a.

Group Finance Director of Stonehage Fleming Family & Partners Limited ('FF&P'), a multi family office. He joined FF&P in 2002 and became Chief Financial Officer in 2009. Prior to FF&P, he spent 20 years in investment banking in London, Hong Kong and Japan with JPMorgan, Robert Fleming & Co. and Baring Brothers & Co Limited. He is a Chartered Accountant.

Shared directorships with other Directors: None.

Shareholding in Company: 2,217.

* Member of the Audit Committee.

‡ Member of the Nomination Committee.

† Considered independent by the Board.

Governance continued

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st December 2014.

Management of the Company

The Manager and Secretary, JPMF, 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.

JPMF 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 JPMF. The latest evaluation of the Manager was carried out in early 2015. 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 sustained improvement, both in absolute terms and relative to the benchmark, and the support that the Company receives from JPMF.

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 JPMF 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 2014 generated a performance fee for the year of £324,659. This amount, when added to the positive performance fee accrual brought forward of £2,718,776, gives a positive balance of £3,043,435. The sum of £1,467,608 is due and payable now. The balance of £1,575,827 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 56 to 60), capital management policies and procedures (see page 61), 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. David Fletcher was appointed a Director of the Company with effect from 1st February 2015.

Virginia Holmes retired from the Board at the conclusion of the Annual General Meeting held on 9th April 2014.

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 reappoint 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 2014, 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 65.

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	% of voting rights
JPMorgan Chase & Co.[1]	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% of the Company's total voting rights are held by individuals through savings products managed by JPMorgan 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 JPMorgan 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.

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 63. This authority will expire at the conclusion of the AGM of the Company in 2016 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 to renew the authority to issue up to 10% of the issued share capital in order to provide 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 2014 AGM, will expire on 8th October 2015 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 5th March 2015 (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 reissue at a premium to NAV.

The full text of the resolution is set out in the Notice of Meeting on pages 63 and 64. 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 14th October 2016, but it is the Board's intention to seek renewal of the authority at the 2016 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 32,758 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 JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, 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, JPMF, 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, currently consists of six 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. Andrew Sutch, 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 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	2	1
Virginia Holmes[2]	3	1	1
Humphrey van der Klugt	5	2	1
John Scott	5	2	1
Andrew Sutch	5	2	1
Jane Tufnell	5	2	1

[1]Sir Michael Bunbury is not a member of the Audit Committee but attends meetings by invitation.
[2]Retired 9th April 2014.

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 search for a new Director, which resulted in the appointment of David Fletcher. 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 JPMF 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 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 2014, 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 44. 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 44.
Calculation of Management and Performance Fees	The management and performance fees are calculated in accordance with the Investment Management Agreement and the Audit includes a recalculation of both.
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 2014, 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 JPMF, 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 2014 is the current Audit Partner's fourth 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 half yearly by way of the half year and annual report and accounts. 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 JPMF 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 69.

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 69.

Directors' Report continued

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 JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMF 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 the Manager. 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 depositary 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 the Manager'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 the Manager'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 the Manager.

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 2014 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 the Manager. The following is a summary of the Manager's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on pages 20 and 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 Funds Limited,
Secretary

6th March 2015

Governance continued

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st December 2014, 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 to 39.

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 law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has decided to seek annual approval 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 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.

Directors fees were last increased with effect from 1st January 2014 and in the year under review were paid at the following rates: Chairman £34,000; Chairman of the Audit Committee £27,000; and other Directors £23,000.

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 2013 and no changes are proposed for the year ending 31st December 2015.

At the Annual General Meeting held on 9th April 2014, of votes cast, 98% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and the remuneration report and 2% voted against. Abstentions were received from less than 0.1% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2015 Annual General Meeting will be given in the annual report for the year ending 31st December 2015.

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[4]	
	2014	2013
Michael Bunbury	**£34,000**	£32,000
Virginia Holmes[2]	**£6,369**	£24,000
Anne McMeehan[3]	–	£6,785
John Scott	**£23,000**	£21,000
Andrew Sutch	**£23,000**	£15,750
Jane Tufnell	**£23,000**	£5,250
Humphrey van der Klugt	**£27,000**	£22,000
Total	**£136,369**	£126,785

[1]Audited information.
[2]Retired 9th April 2014.
[3]Retired 25th April 2013.
[4]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 2014 is below:

Remuneration for the Chairman over the five years ended 31st December 2014

Year ended 31st December	Fees
2014	£34,000
2013	£32,000
2012	£32,000
2011	£32,000
2010	£30,000

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 2014	31st December 2013
Michael Bunbury[1]	**9,250**	9,250
Humphrey van der Klugt	**5,000**	5,000
John Scott	**10,148**	10,148
Andrew Sutch	**5,090**	4,937
Jane Tufnell	**1,000**	–
Total	**30,488**	29,335

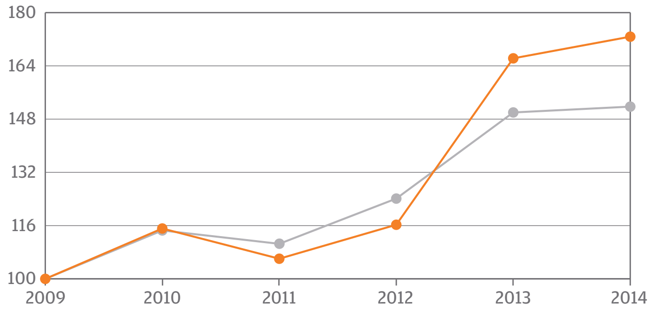
[1]Michael Bunbury also has a non-beneficial interest in 14,500 (2012: 14,500) of the Company's shares.

Since the year end, Andrew Sutch has acquired 53 shares in the Company. On 2nd March 2015, David Fletcher, who was appointed a Director on 1st February 2015, acquired 2,217 shares in the Company.

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

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 2014



Source: Morningstar.

Share price total return.

Benchmark total return.

Directors' Remuneration Report continued

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 2014	2013
Remuneration paid to all Directors	**£136,369**	£126,785
Distribution to shareholders – by way of dividend	**£10,946,000**	£10,672,000

For and on behalf of the Board
Michael Bunbury
Chairman

6th March 2015

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. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the 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

6th March 2015

Independent Auditor's Report

To the Members of JPMorgan Claverhouse Investment Trust plc

Our audit opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 2014 and of its net return for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion on 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.

Our audit responsibilities

We have audited the financial statements of JPMorgan Claverhouse Investment Trust plc for the year ended 31st December 2014 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 26. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland) and the Auditing Practices Board's Ethical Standards for Auditors.

Our 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.

The Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities 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.

The scope of our audit

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 applied 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 Annual Report and Accounts to identify any material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect or 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.

Our assessment of the risk of material misstatement and our audit response

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 31st December 2014 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk identified	Our response
The fees payable by the Company for investment management services are a significant component of the Company's cost base and, therefore, impact the Company's total return. For the year to 31st December 2014, the management fee was £1.7 million and the performance fee was £0.3m (as disclosed in Note 4 to the financial statements). As described on page 24 the calculation methodology for both the management and performance fee is relatively complex with a number of inputs required from both external sources and the Company's own financial records. If the management or performance fee is not calculated in accordance with the methodology described in the investment management agreement this could have a significant impact on both costs and overall performance.	• We used the terms contained in the investment management agreement to perform a recalculation of the management and performance fee. • We agreed the inputs used in the calculation of the management and performance fee to source data. • In respect of the management fee, we agreed the monthly cash payments made to bank statements. • In relation to the performance fee, we agreed the accounting treatment adopted in relation to the recognition of the fee was appropriate given the requirement to defer a portion of the performance fee earned over a three year period.
The investment income receivable by the Company during the period directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st December 2014 was £15.2 million (as disclosed in Note 3 to the financial statements). In addition, the Company has recognised special dividends of £0.4 million. If the Company is not entitled to receive the dividend income recognised in the financial statements, the income recognised does not relate to the current financial year or the income is incorrectly allocated between revenue and capital, this will impact the extent of the profits available to fund dividend distributions to shareholders. The accounting treatment adopted in relation to dividend income has a direct impact on the profits available for distribution to shareholders of the Company by way of dividends.	• We agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements. • For all dividends accrued at year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31st December 2014 • We agreed a sample of accrued dividends to post year end bank statements to assess the recoverability of these amounts. • In respect of the special dividends receivable during the period, we reviewed the Company's assessment of the business rationale for the dividends declared by the respective investee companies. We validated the Company's assessment against publically available information released by the investee company and agreed that the resultant accounting policy adopted was appropriate.

Independent Auditor’s Report continued

Risk identified

The valuation of the assets held in the investment portfolio is the key driver of the Company’s investment return. The value of the Company’s investment portfolio at 31st December 2014 was £428.0 million (movements in the investment portfolio are shown in Note 10 to the financial statements).

Incorrect pricing of investments or a failure to maintain proper legal title of the financial assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.

Our response

- We agreed the year end prices of all investments held at the year end to an independent pricing source. We did not identify any material differences.
- We agreed the number of shares held in each security to a confirmation of legal title received from both the Company’s custodian and depositary.

Our audit materiality

We have defined the concept of materiality and planning materiality below.

We determined materiality for the Company to be £3.5 million, which is 1% of total equity (2013: £3.5 million based on 1% of total equity). We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

We determined performance materiality for the Company to be 75% of materiality (or £2.6 million).

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £0.17 million, as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

We evaluate any uncorrected misstatements and potential audit differences against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations (such as the impact of any mis-statement on the Company meeting total return, relative return and dividend targets).

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Matters on which we are required to report by exception

We are required by the ISAs (UK and Ireland), the Companies Act 2006 and the Listing Rules to report to you by exception if certain matters are identified during the course of our audit. These matters are listed below and we have nothing to report in respect of any of these matters.

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

6th March 2015

Financial Statements

Income Statement

for the year ended 31st December 2014

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	–	(2,479)	(2,479)	–	85,006	85,006
Net foreign currency (losses)/gains		–	(12)	(12)	–	1	1
Income from investments	3	15,149	–	15,149	14,336	–	14,336
Interest receivable and similar income	3	34	–	34	35	–	35
Gross return/(loss)		15,183	(2,491)	12,692	14,371	85,007	99,378
Management fee	4	(608)	(1,128)	(1,736)	(535)	(992)	(1,527)
Performance fee	4	–	(325)	(325)	–	(4,078)	(4,078)
Other administrative expenses	5	(828)	–	(828)	(742)	–	(742)
Net return/(loss) on ordinary activities before finance costs and taxation		13,747	(3,944)	9,803	13,094	79,937	93,031
Finance costs	6	(993)	(1,846)	(2,839)	(906)	(1,683)	(2,589)
Net return/(loss) on ordinary activities before taxation		12,754	(5,790)	6,964	12,188	78,254	90,442
Taxation credit	7	–	–	–	7	–	7
Net return/(loss) on ordinary activities after taxation		12,754	(5,790)	6,964	12,195	78,254	90,449
Return/(loss) per share	8	23.31p	(10.58)p	12.73p	22.28p	143.00p	165.28p
Dividends declared and payable in respect of the year	9	20.00p			19.50p		
Dividends paid during the year	9	19.50p			21.85p		

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 44 to 62 form an integral part of these accounts.

Reconciliation of Movements 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 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**
Net (loss)/return on ordinary activities	–	–	–	(5,790)	12,754	**6,964**
Dividends paid in the year	–	–	–	–	(10,667)	**(10,667)**
At 31st December 2014	14,192	149,641	6,680	160,957	15,193	**346,663**

The notes on pages 44 to 62 form an integral part of these accounts.

Financial Statements continued

Balance Sheet

at 31st December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss		**402,912**	411,231
Investments in liquidity funds held at fair value through profit or loss		**25,141**	3,781
Total investments	10	**428,053**	415,012
Current assets	11		
Debtors		**1,009**	1,214
Cash and short term deposits		**1,845**	996
		2,854	2,210
Creditors: amounts falling due within one year	12	**(2,230)**	(34,111)
Derivative financial liabilities	13	**(600)**	(215)
Net current assets/(liabilities)		**24**	(32,116)
Total assets less current liabilities		**428,077**	382,896
Creditors: amounts falling due after more than one year	14	**(79,838)**	(29,811)
Provision for liabilities and charges	15	**(1,576)**	(2,719)
Net assets		**346,663**	350,366
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	**160,957**	166,747
Revenue reserve	17	**15,193**	13,106
Total equity shareholders' funds		**346,663**	350,366
Net asset value per share	18	**633.5p**	640.2p

The accounts on pages 40 to 62 were approved and authorised for issue by the Directors on 6th March 2015 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 44 to 62 form an integral part of these accounts.

The Company's registration number is 754577.

Cash Flow Statement

for the year ended 31st December 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	19	**11,458**	11,850
Returns on investments and servicing of finance			
Interest paid		**(2,768)**	(2,489)
Taxation			
Overseas tax recovered		**–**	22
Capital expenditure and financial investment			
Purchases of investments		**(220,447)**	(119,451)
Sales of investments		**205,370**	106,837
Settlement of futures contracts		**(80)**	(916)
Other capital charges		**(5)**	(3)
Net cash outflow from capital expenditure and financial investment		**(15,162)**	(13,533)
Dividends paid		**(10,667)**	(11,954)
Net cash outflow before financing		**(17,139)**	(16,104)
Financing			
Repayment of short term loans		**(40,000)**	(25,000)
Bank loan drawn down		**58,000**	42,000
Net cash inflow from financing activity		**18,000**	17,000
Increase in cash and cash equivalents	20	**861**	896

The notes on pages 44 to 62 form an integral part of these accounts.

Financial Statements continued

Notes to the Accounts

for the year ended 31st December 2014

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 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 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 50.

(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.

Financial Statements continued

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 into 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.

	2014 £'000	2013 £'000
2. (Losses)/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	**24,408**	16,827
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	**(34,740)**	(10,710)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(10,332)**	6,117
Realised losses on close out of futures	**(80)**	(916)
Net movement in investment holding gains and losses	**8,323**	80,022
Unrealised losses on futures held at fair value through profit or loss	**(385)**	(215)
Other capital charges	**(5)**	(2)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(2,479)**	85,006

	2014 £'000	2013 £'000
3. Income		
Income from investments		
Franked dividends	**14,639**	13,222
Property income distribution from UK REITS	**94**	–
Overseas dividends	**331**	1,093
Scrip dividends	**27**	6
Dividends from liquidity fund	**58**	15
	15,149	14,336
Interest receivable and similar income		
Underwriting commission	**32**	34
Deposit interest	**2**	1
	34	35
Total income	**15,183**	14,371

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
4. Management and performance fee						
Management fee	**608**	**1,128**	**1,736**	535	992	1,527
Performance fee	**–**	**325**	**325**	–	4,078	4,078
	608	**1,453**	**2,061**	535	5,070	5,605

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

	2014 £'000	2013 £'000
5. Other administrative expenses		
Administration expenses	**289**	256
Directors' fees[1]	**136**	127
Savings scheme costs[2]	**373**	330
Auditors' remuneration for audit services[3]	**29**	28
Auditors' remuneration for other services[4]	**1**	1
	828	742

[1]Details are given in the Directors' Remuneration Report on pages 32 and 33.
[2]These fees were paid to the Manager for the marketing and administration of savings scheme products. Includes £62,000 (2013: £55,000) irrecoverable VAT.
[3]Includes £5,000 (2013: £5,000) irrecoverable VAT.
[4]Includes £200 (2013: £200) irrecoverable VAT.

Notes to the Accounts continued

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
6. Finance costs						
Interest on bank loans and overdrafts	**249**	**463**	**712**	162	300	462
Debenture interest	**744**	**1,383**	**2,127**	744	1,383	2,127
	993	**1,846**	**2,839**	906	1,683	2,589

7. Taxation

(a) Analysis of tax charge for the year

	2014 £'000	2013 £'000
Overseas withholding tax	**–**	(7)
Current tax credit for the year	**–**	(7)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2013: lower) than the Company's applicable rate of corporation tax for the year of 21.49% (2013: 23.25%). The factors affecting the current tax charge for the year are as follows:

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Net return on ordinary activities before taxation	**12,754**	**(5,790)**	**6,964**	12,188	78,254	90,442
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 21.49% (2013: 23.25%)	**2,741**	**(1,244)**	**1,497**	2,834	18,194	21,028
Effects of:						
Non taxable capital losses/(gains)	**–**	**535**	**535**	–	(19,764)	(19,764)
Non taxable UK dividends	**(3,146)**	**–**	**(3,146)**	(3,074)	–	(3,074)
Non taxable overseas dividends	**(71)**	**–**	**(71)**	(254)	–	(254)
Non taxable scrip dividends	**(6)**	**–**	**(6)**	(2)	–	(2)
Excess capital expenses arising in the year	**–**	**709**	**709**	–	1,570	1,570
Overseas withholding tax	**–**	**–**	**–**	(7)	–	(7)
Unrelieved expenses and charges	**482**	**–**	**482**	496	–	496
Current tax credit for the year	**–**	**–**	**–**	(7)	–	(7)

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £19,205,000 (2013: £19,002,000) based on a prospective corporation tax rate of 20% (2013: 21%). 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/(loss) per ordinary share

The revenue return per ordinary share is based on the earnings attributable to the ordinary shares of £12,756,000 (2013: £12,195,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2013: 54,723,979) excluding shares held in Treasury.

The capital loss per ordinary share is based on the earnings attributable to the ordinary shares of £5,792,000 (2013: £78,254,000 return) and on the weighted average number of shares in issue during the year of 54,723,979 (2013: 54,723,979) excluding shares held in Treasury.

The total return per ordinary share is based on the earnings attributable to the ordinary shares of £6,964,000 (2013: £90,449,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2013: 54,723,979) excluding shares held in Treasury.

9. Dividends

(a) Dividends paid and declared

	2014 £'000	2013 £'000
Unclaimed dividends refunded to the Company[1]	**(5)**	(4)
2013 fourth quarterly dividend of 6.00p (2012: 8.35p) paid in March 2014	**3,283**	4,569
First quarterly dividend of 4.50p (2013: 4.50p) paid in June 2014	**2,463**	2,463
Second quarterly dividend of 4.50p (2013: 4.50p) paid in September 2014	**2,463**	2,463
Third quarterly dividend of 4.50p (2013: 4.50p) paid in December 2014	**2,463**	2,463
Total dividend paid in the year of 19.50p (2013: 21.85p)[2]	**10,667**	11,954

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

[2]The total dividend declared in respect of 2013 was 18.85p. However, the Board has since spread the total dividend payment more evenly and hence the comparative figure for 2013 of 21.85p appears higher because it includes the payment of the fourth quarterly dividend in respect of 2012.

	2014 £'000	2013 £'000
Fourth quarterly dividend of 6.50p (2013: 6.00p) paid on 2nd March 2015	**3,557**	3,283

The fourth quarterly dividend has been declared and paid in respect of the year ended 31st December 2014. This dividend will be reflected in the accounts for the year ending 31st December 2015.

(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 £12,756,000 (2013: £12,195,000). Brought forward revenue reserves amounting to £nil (2013: £nil) have been utilised in order to finance the dividend.

	2014 £'000	2013 £'000
First quarterly dividend of 4.50p (2013: 4.50p) paid in June 2014	**2,463**	2,463
Second quarterly dividend of 4.50p (2013: 4.50p) paid in September 2014	**2,463**	2,463
Third quarterly dividend of 4.50p (2013: 4.50p) paid in December 2014	**2,463**	2,463
Fourth quarterly dividend of 6.50p (2013: 6.00p) paid on 2nd March 2015	**3,557**	3,283
Total dividend declared in respect of the year of 20.00p (2013: 19.50p)	**10,946**	10,672

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Notes to the Accounts continued

	2014 £'000	2013 £'000
10. Investments		
Investments listed on a recognised stock exchange	**402,912**	415,012
Investments in liquidity funds	**25,141**	–
	428,053	415,012
Opening book cost	**302,543**	273,100
Opening investment holding gains	**112,469**	43,157
Opening valuation	**415,012**	316,257
Movements in the year:		
Purchases at cost	**220,474**	119,453
Sales - proceeds	**(205,424)**	(106,837)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(10,332)**	6,117
Net movement in investment holding gains and losses	**8,323**	80,022
Closing valuation	**428,053**	415,012
Closing book cost	**342,001**	302,543
Closing investment holding gains	**86,052**	112,469
Total investments held at fair value through profit or loss	**428,053**	415,012

During the year, prior year investment holding gains amounting to £34,739,000 were transferred to gains on sales of investments as disclosed in note 17 on page 52.

Transaction costs on purchases during the year amounted to £754,000 (2013: £424,000) and on sales during the year amounted to £111,000 (2013: £59,000). These costs comprise brokerage commission and stamp duty.

	2014 £'000	2013 £'000
11. Current assets		
Debtors		
Dividends and interest receivable	**919**	1,187
Tax recoverable	**66**	–
Other debtors	**24**	27
	1,009	1,214

The Directors consider that the carrying amount of debtors approximates to their fair value. No assets are past due or impaired (2013: none).

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.

	2014 £'000	2013 £'000
12. Creditors: amounts falling due within one year		
Bank loans	–	32,000
Securities purchased awaiting settlement	–	54
Other creditors and accruals	**111**	91
Interest accrued	**651**	607
Performance fee	**1,468**	1,359
	2,230	34,111

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

	2014 £'000	2013 £'000
13. Financial Instruments		
Futures contracts[1]	**(600)**	(215)

[1]Cash is held in a margin account and restricted for Company use.

	2014 £'000	2013 £'000
14. Creditors: amounts falling due after more than one year		
£50,000,000 Loan Facility[1]	**50,000**	–
Falling due after more than five years		
£30,000,000 7% debenture stock 30th March 2020	**29,838**	29,811
	79,838	29,811

[1]The Company has a £50 million unsecured loan facility with National Australia Bank which was fully drawn at the year end.

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

	2014 £'000	2013 £'000
15. Provisions for liabilities and charges		
Performance fee payable		
Opening balance	**2,719**	–
Performance fee for the year[1]	**325**	4,078
Amount realised during the year	**(1,468)**	(1,359)
Closing balance	**1,576**	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

	2014 £'000	2013 £'000
16. Share capital		
Allotted and fully paid		
Opening balance of 54,723,979 (2013: 54,723,979) shares, excluding shares held in Treasury	**13,682**	13,682
Sub total	**13,682**	13,682
2,041,674 (2013: 2,041,674) shares held in Treasury	**510**	510
Closing balance[1]	**14,192**	14,192

[1]Represents 56,765,653 (2013: 56,765,653) shares, including 2,041,674 (2013: 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	57,212	109,535	13,106
Foreign currency losses on cash and short term deposits	–	–	(12)	–	–
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	(10,332)	–	–
Net movement in investment holding gains and losses	–	–	–	8,323	–
Transfer on disposal of investments	–	–	34,740	(34,740)	–
Realised losses on close out of futures	–	–	(80)	–	–
Unrealised losses on futures from prior period now realised	–	–	(215)	215	–
Unrealised losses on futures	–	–	–	(385)	–
Performance fee for the year	–	–	–	(325)	–
Performance fee realised during the year	–	–	(1,468)	1,468	–
Management fee and finance costs charged to capital	–	–	(2,974)	–	–
Other capital charges	–	–	(5)	–	–
Dividends appropriated in the year	–	–	–	–	(10,667)
Retained revenue for the year	–	–	–	–	12,754
Closing balance	**149,641**	**6,680**	**76,866**	**84,091**	**15,193**

18. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders of £346,663,000 (2013: £350,366,000) and on the 54,723,979 (2013: 54,723,979) shares in issue at the year end, excluding shares held in Treasury.

	2014 £'000	2013 £'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	**9,803**	93,031
Add: capital loss/(less: capital return) before finance costs and taxation	**3,944**	(79,937)
Decrease/(increase) in accrued income	**268**	(221)
Increase/(decrease) in accrued expenses	**20**	(27)
Decrease in other debtors	**3**	2
Scrip dividends received as income	**(27)**	(6)
Performance fee paid	**(1,359)**	–
Management fee charged to capital	**(1,128)**	(992)
Overseas withholding tax and UK income tax	**(66)**	–
Net cash inflow from operating activities	**11,458**	11,850

	At 31st December 2013 £'000	Cash flow £'000	Exchange movement £'000	Other movements £'000	At 31st December 2014 £'000
20. Analysis of changes in net debt					
Cash and short term deposits	996	861	(12)	–	**1,845**
Bank loan falling due within one year	(32,000)	32,000	–	–	**–**
Bank loan falling due after one year	–	(50,000)	–	–	**(50,000)**
Debenture falling due after more than five years	(29,811)	–	–	(27)	**(29,838)**
Net debt	(60,815)	(17,139)	(12)	(27)	**(77,993)**

21. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2013: 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 the Manager for the year was £1,736,000 (2013: £1,527,000) of which £nil (2013: £nil) was outstanding at the year end.

Included in the administration expenses in note 5 on page 47 are safe custody fees amounting to £7,000 (2013: £5,000) payable to JPMorgan Chase of which £1,000 (2013: £1,000) was outstanding at the year end.

During the year £373,000 (2013: £330,000) was payable to the Manager for the marketing and administration of savings scheme products, of which £nil (2013: £nil) was outstanding at the year end.

The performance fee incurred for the year was £325,000 (2013: £4,078,000). An amount of £1,468,000 (2013: £1,359,000) was payable at the year end. An amount of £1,576,000 (2013: £2,719,000) is carried forward and will either be paid or absorbed by underperformance in subsequent years.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. Commission amounting to £32,000 (2013: £72,000) was payable to JPMorgan Securities Limited for the year of which £nil (2013: £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 JPMF. At the year end these were valued at £12.8 million (2013: £16.7 million) and represented 3.0% (2013: 4.0%) of the Company's investment portfolio. During the year the Company made £nil (2013: £nil) purchases of such investments and sales with a total value of £2,456,000 (2013: £nil). Income amounting to £186,000 (2013: £185,000) was receivable from these investments during the year of which £nil (2013: £54,000) 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 £25.1 million (2013: £3.8 million) and represented 5.9% (2013: 0.9%) of the Company's investment portfolio. During the year, the Company made purchases of this investment with a total value of £70.7 million (2013: £39.6 million) and sales with a total value of £45.5 million (2013: £39.7 million). Income amounting to £58,000 (2013: £15,000) was receivable from this investment during the year of which £nil (2013: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £5,000 (2013: £2,000) were payable to JPMorgan Chase during the year of which £1,000 (2013: £1,000) was outstanding at the year end.

At the year end, a bank balance of £1,845,000 (2013: £996,000) was held with JPMorgan Chase. A net amount of interest of £2,000 (2013: £1,000) was receivable by the Company during the year from JPMorgan Chase, of which £nil (2013: £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) and 1(g) on pages 44 and 45.

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

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss at 31st December 2014				
Equity investments	**402,912**	**–**	**–**	**402,912**
Liquidity funds	**25,141**	**–**	**–**	**25,141**
Derivative financial instruments – futures contracts	**–**	**(600)**	**–**	**(600)**
Total	**428,053**	**(600)**	**–**	**427,453**

	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

There have been no transfers between Levels 1, 2 or 3 during the year (2013: £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 achieve 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.

	2014 £'000	2013 £'000
Exposure to floating interest rates:		
Cash and short term deposits	**1,845**	996
JPMorgan Sterling Liquidity Fund	**25,141**	3,781
Bank loan	**(50,000)**	(32,000)
Total net exposure	**(23,014)**	(27,223)

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 £50 million unsecured loan facility with National Australia Bank, which was fully drawn at the year end. The agreement expires on 28th April 2017. 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.

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

	2014 £'000	2013 £'000
Maximum debit exposure to floating interest rates – net (loan) balances	**(41,701)**	(30,771)
Minimum (debit)/maximum credit exposure to floating interest rates – net (loan)/cash balances	**(23,014)**	2,806

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2013: 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.

	2014		2013	
	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	**47**	**(47)**	(32)	32
Capital return	**(162)**	**162**	(104)	104
Total return after taxation for the year and net assets	**(115)**	**115**	(136)	136

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 and future contracts as follows. Holdings in liquidity funds are not deemed to be exposed to other price risk.

	2014 £'000	2013 £'000
Equity investments held at fair value through profit or loss	**402,912**	411,231
Derivative instruments – futures contracts	**(600)**	(215)
Total	**402,312**	411,016

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 including the future contract 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% (2013: 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 equities and includes the impact on the management fee, but assumes all other variables are held constant.

	2014		2013	
	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	**(75)**	**75**	(78)	78
Capital return	**38,834**	**(38,834)**	40,442	(40,442)
Total return after taxation for the year and net assets	**38,759**	**(38,759)**	40,364	(40,364)

(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 57.

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:

	2014				2013			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	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	–	–	8,925	8,925	–	–	11,025	11,025
Bank loan	–	–	50,000	50,000	–	–	–	–
Interest on bank loan	–	–	1,021	1,021	–	–	–	–
Performance fee provision	–	–	1,576	1,576	–	–	–	–
Creditors: amounts falling due within one year								
Bank loan	–	–	–	–	–	32,000	–	32,000
Interest on bank loan	190	580	–	770	195	36	–	231
Derivative financial instrument	600	–	–	600	215	–	–	215
Other creditors and accruals	111	–	–	111	91	–	–	91
Performance fee payable	–	1,468	–	1,468	–	1,359	–	1,359
Interest on debenture	1,050	1,050	–	2,100	1,050	1,050	–	2,100
	1,951	3,098	91,522	96,571	1,551	34,445	41,025	77,021

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Notes to the Accounts continued

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

(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.

Cash

Counterparties are subject to ongoing 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.

Custody

BNY Mellon Trust & Depositary (UK) Limited ('BNY'), as the Company's appointed depositary, is responsible for the appointment of the custodian and its network of subcustodians. Under the terms of the depositary agreement BNY has strict liability for the loss or misappropriation of assets held at custody.

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all the assets of the Company.

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.

	2014		2013	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Fixed assets – investments held at fair value through profit or loss	**428,053**	**25,141**	415,012	3,781
Current assets				
Debtors	**1,009**	**1,009**	1,214	1,214
Cash and short term deposits	**1,845**	**1,845**	996	996
	430,907	**27,995**	417,222	5,991

(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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
£30 million 7% debenture stock March 2020	**29,838**	29,811	**37,039**	35,467

25. Capital management policies and procedures

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

	2014 £'000	2013 £'000
Debt		
NAB £50 million Loan Facility	**50,000**	–
£30 million 7% debenture stock March 2020	**29,838**	29,811
	79,838	29,811
Equity		
Share capital	**14,192**	14,192
Reserves	**332,471**	336,174
	346,663	350,366
Total debt and equity	**426,501**	380,177

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.

	2014 £'000	2013 £'000
Investments excluding holdings in liquidity funds	**402,912**	411,231
Current assets excluding cash	**1,009**	1,160
Current liabilities excluding bank loans	**(2,830)**	(2,272)
Total assets	**401,091**	410,119
Net assets	**346,663**	350,366
Gearing/(net cash)	**15.7%**	17.1%

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.

Notes to the Accounts continued

26. Alternative Investment Fund Managers Directive ('AIFMD')

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD (see Glossary of Terms and Definitions on page 66), as at 31st December 2014, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200.00%	200.00%
Actual	150.48%	146.67%

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the fifty second Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at Trinity House, Tower Hill, London EC3N 4DH on Wednesday, 15th April 2015 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 2014.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2014.
4. To reappoint David Fletcher 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 2016 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

Shareholder Information continued

Notice of Annual General Meeting continued

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 14th October 2016 unless the authority is renewed at the Company's Annual General Meeting in 2016 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 Funds Limited,
Secretary

13th March 2015

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.
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 12.00 noon 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.

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 5th March 2015 (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.

Shareholder Information continued

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.

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 and is calculated in accordance with guidance issued by the Association of Investment Companies.

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.

Leverage
For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

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.

Financial Conduct Authority

Beware of share fraud

In association with: icsa Registrars Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

Financial Calendar

Financial year end	31st December
Half year results announced	July/August
Final results announced	March
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 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 Funds Limited

Company's Registered Office
60 Victoria Embankment
London EC4Y 0JP
Telephone: 020 7742 4000

Please contact Jonathan Latter for company secretarial and administrative matters.

Depositary
BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

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

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.

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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

www.jpmclaverhouse.co.uk