



Half Year Report 2014

JPMorgan Claverhouse Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2014

Features

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

Benchmark

The FTSE All-Share Index.

Capital Structure

As at 30th June 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.

Management Company

During the period the Company employed JPMorgan Asset Management (UK) Limited to manage its assets. From 1st July 2014, JPMorgan Funds Limited was appointed Manager, following its approval as an Alternative Investment Fund Manager by the Financial Conduct Authority. For further information on this change please refer to the Chairman's Statement.

FCA regulation of 'non-mainstream pooled investments'

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

AIC

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

Website

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

Half Year Performance

Total returns (includes dividends reinvested)

-0.2%

Return to shareholders^{1,3}

-0.1%

Return on net assets^{2,3}

+1.6%

Benchmark return⁴

Financial Data

	30th June 2014	31st December 2013	% change
Shareholders' funds (£'000)	344,126	350,366	-1.8
Number of shares in issue ⁵	54,723,979	54,723,979	0.0
Share price	587.3p	599.0p	-2.0
Net asset value per share with debt at par value	628.8p	640.2p	-1.8
Net asset value per share with debt at fair value ⁶	617.5p	629.9p	-2.0
Share price discount to net asset value per share with debt at par value ⁷	5.4%	5.4%	
Share price discount to net asset value per share with debt at fair value ⁶	4.9%	4.9%	
Gearing ⁸	10.7%	15.1%	
Ongoing Charges ⁹	0.71%	0.71%	

A glossary of terms and definitions is provided on page 17.

¹Source: Morningstar.

²Source: J.P. Morgan.

³These are total returns and assume that the 2013 fourth quarterly dividend of 6.00p and the 2014 first quarterly dividend of 4.5p were reinvested on the applicable ex-dividend dates.

⁴Source: FTSE/Datstream. The Company's benchmark is the FTSE All-Share Index.

⁵Excluding 2,041,674 (31st December 2013: 2,041,674) shares held in Treasury.

⁶Source: Bloomberg. The fair value of the £30m (2013: £30m) debenture issued by the Company has been calculated using discounted cash flow techniques and the yield from a similarly dated gilt plus a margin based on the 5 year average for the AA Barclays Sterling Corporate Bond spread.

⁷Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2014, excluding current year income.

⁸Please refer to definition in the glossary of terms on page 17. The figure as at 31st December 2013 has been restated.

⁹Please refer to definition in the glossary of terms on page 17.

Chairman's Statement



Performance

It was over a year ago that I wrote that shareholders must expect some ebb and flow in performance and finally after four consecutive six monthly periods in which the Net Asset Value ('NAV') per share has outperformed the Company's benchmark of the FTSE All-Share Index, a modest amount of that outperformance has had to be surrendered. For the six months to 30th June 2014 Claverhouse's NAV total return was marginally negative at -0.1% and the share price total return similarly negative at -0.2%. The share price discount was unchanged at 5.4%, with debt at par. Meanwhile the FTSE All-Share total return was marginally positive at +1.6%.

As I have reported before, since the change of strategy in March 2012 the managers have run a more concentrated portfolio which normally contains between 60 and 80 stocks. As at 30th June 2014 the number was 63. A more concentrated portfolio inevitably will result in divergence from the benchmark. However, as long as over the long-term that divergence adds value it is to be applauded. Over the last one, three and five years to 30th June 2014 the Company's NAV per share total return has exceeded the benchmark by 2.8%, 8.0% and 15.6% respectively.

The Investment Managers' Report sets out in detail the outcome of the half year. The Board has confidence that the team of William Meadon and Sarah Emly, who have managed the portfolio since March 2012, will continue to invest in stocks for which they have high conviction.

Revenue and Dividends

Earnings per share for the six months to 30th June 2014 fell slightly to 12.14p, compared to 13.32p earned in the same period in 2013.

Claverhouse has continued to pay a regular quarterly dividend and for the first two quarters of 2014 the quarterly dividend has been maintained at the 4.50p per share paid in those quarters in 2013. The total of the quarterly dividends in 2013 was 19.50p, being the forty first consecutive year in which the Company had increased its total annual dividend.

It remains the Board's aim to increase the dividend each year and a decision for the 2014 rate will be made when deciding the fourth quarter's dividend. However, even at the 2013 rate of 19.50p, the dividend yield on the shares at yesterday's market price of 574p is approximately 3.4% at a time when bank deposits continue to deliver only a paltry sum in interest.

Gearing

As I have reported before, the Board has agreed with the Investment Manager that gearing of 10% may be considered as 'normal' with a range of +/-7.5% around that normal level. Furthermore part of the management of the gearing is permitted to be undertaken through the use of index futures.

The Company continued to be geared throughout the six-month period and as at 30th June 2014 the effective level of gearing was 10.7%.

The Alternative Investment Fund Managers Directive ('AIFMD')

Shareholders will recall that in my Statement in the 2013 Annual Report I outlined the requirements under the AIFMD for the Company to appoint a different J.P. Morgan company as our Manager and also to appoint a depositary in addition to our existing custodian. I also reported that the Board has been advised by Dickson Minto on these matters.

I can now report that JPMorgan Funds Limited has been appointed as Manager and Company Secretary – although this will not in any way affect the actual management of the portfolio which will continue to be in the hands of William and Sarah, nor of the Company Secretarial functions which will continue to be handled by Jonathan Latter's team. The total fees payable to JPM companies will not increase as a result of this change.

Although JPMorgan Chase Bank, N.A. will continue as the Company's custodian, the depositary function for Claverhouse and indeed for all of the JPM Investment Trusts will be undertaken by Bank of New York Mellon ('BONY'). BONY will be paid a fee of 0.017% per annum of gross asset value, which will be additional to existing fees, for undertaking this depositary role, which is not expected to interfere with the smooth running of the Company and its administration.

Board Changes

I joined the Board in 1996 and became Chairman in 2005. After such a long stint it is time to move on and I will be retiring from the Board at the conclusion of the Annual General Meeting in April 2015. The Board intends to appoint Andrew Sutch as my successor. I will report further on this in the 2014 Annual Report.

At present there are five directors. The Board expects to appoint a further director before the date of the AGM. The process will be led by Andrew Sutch and shareholders will be asked to confirm that new appointment at the AGM.

Conclusion

As always there are many uncertainties ahead. However, the period since the dark days of Spring 2009 has admirably demonstrated that long-term equity investors who have kept faith with the asset class have been richly rewarded since 2009. Markets have now paused for breath and it will be important that company earnings should catch up with the growth in share prices which has largely resulted from expansion of price/earnings ratios. The world economy is expanding and the economies of some countries, and I would particularly cite the UK, are returning to robust growth. That should be positive for companies in Claverhouse's portfolio although, of course, most of the largest UK based companies are reliant more on the global outlook rather than that of just the UK.

Michael Bunbury
Chairman

7th August 2014

Investment Managers' Report



William Meadon



Sarah Emly

Market Review

The returns for the UK stock market for the first half of the year were modest with the FTSE All-Share index delivering a total return of just +1.6% in the six months to 30th June 2014. Against a generally more risk averse backdrop and with two FTSE 100 companies (AstraZeneca and Shire) subject to bid approaches, large cap stocks performed better than small and mid cap stocks over the period.

Despite an economy which continued to grow faster than many commentators expected, investor enthusiasm for equities was restrained by a number of factors: an expectation that interest rates would shortly rise, a deteriorating geo-political backdrop particularly in Iraq and a simple belief that after such a strong run equities were due a period of consolidation. The continuing growing dividend stream flowing from UK equities provided some comfort to investors.

A strong UK economy, and a bringing forward of the time when rates might rise, saw sterling strengthen from \$1.66 at the start of the year to \$1.71 by the end of June.

Portfolio Review

After the strong returns delivered in 2013, the first half of 2014 has been more challenging. The total return on the net assets of your Company of -0.1% compared with the benchmark return of +1.6%. The first quarter of 2014 continued the trends of 2013 and your Company outperformed the market, but during the most recent three months there was a rapid rotation out of stocks that had previously risen strongly, with many investors taking profits out of mid-cap and momentum stocks. For the first half as a whole the underlying stock selection of the Company underperformed the modestly rising UK equity market.

Our small-cap exposure was detrimental to performance during the second quarter of 2014, as small-cap stocks underperformed the wider UK market. Being initially underweight in the pharmaceutical stock, Shire, was also unhelpful as it enjoyed bid speculation. However, we started a position during the period and were overweight when AbbVie made their final bid approach which has been recommended by Shire's board of directors. Our holding in Barclays was also unhelpful, as the share price fell markedly in response to potentially adverse regulatory issues, despite a business restructuring proposal that was initially well received by investors. During the second quarter of the year a number of the Company's momentum stocks that had performed so strongly during 2013 were subject to profit taking, as there was a sharp market rotation out of previous winners such as Bodycote, Restaurant Group, Ashted and Tui Travel. By contrast, some of our premium dividend yielding stocks were amongst the best performers over the six month period, led by United Utilities, whose share price rose by 35% as its attractive valuation became more widely recognised. Our long term holding in Imperial Tobacco, a cash generative and defensive stock that has consistently delivered 10% per annum dividend growth, was another strong performer, as was our key position in AstraZeneca which was the subject of bid speculation from Pfizer during the period.

The portfolio remains very focused, holding just 63 stocks at the half year end. We continued to concentrate on company fundamentals and valuations throughout the recent market rotation away from some of our more momentum oriented stocks.

Consequently we retained those stocks that continued to look attractive, but if one of our stocks became less attractive, we reinvested the capital into a more compelling one. For example, we used the recent market rotation to add to some of our favoured holdings such as Restaurant Group and the life insurer, Aviva, where the restructuring under the new Chief Executive, Mark Wilson, continues to make good progress. We also topped up our holding in Compass, a structural growth stock where strong cash generation allowed it to announce a special dividend. We introduced a holding in Shaftesbury, the London focused real estate company with a strong presence in Covent Garden, Carnaby Street and Chinatown, locations which are seeing strong tenant demand and value appreciation. By contrast we sold our holding in Lancashire Holdings, as its valuation became less attractive and its prospects weakened.

Your Company had an average level of gearing (after taking account of FTSE 100 Index futures held) over the period of 12.0%.

Market Outlook

At more than five years in duration, this bull market is now one of the longest on record. For those who are so minded, there are therefore substantial profits to take, particularly in mid caps which have more than doubled in that time. Whilst not expensive, equities can no longer be described as cheap. We do, however, remain positive on quoted UK stocks on a medium term view but with the interest rate cycle turning and political risk in the UK rising we expect them to be increasingly volatile in the next six to 12 months.

The strength of the UK economy has surprised many, including the Governor of the Bank of England, who seems to have now accepted the argument that rates ought to rise sooner rather than later. However, we are still probably only facing a small rise in rates, which the buoyant recovery should easily be able to tolerate. With the UK's tightening of policy likely to be earlier than the US Federal Reserve, and with the ECB likely to embark on a renewed round of stimulus, the upward pressure on sterling could be substantial, which would create a more difficult environment for UK exporters.

We also remain concerned that despite the longest and toughest recession in recent history the UK retains significant twin current account and government deficits. Moreover, political risk is also likely to come increasingly to the fore with the Scottish referendum in September being too close to call as is the May 2015 general election. Geo-political events, particularly in Ukraine and Iraq, continue to alarm. A significant deterioration of events here has, in itself, the capacity to rattle markets and potentially derail the world economic recovery.

In the light of these concerns, we have reduced our gearing but we will take advantage of any volatility in prices to add to our favoured stocks in the belief that good quality, reasonably priced UK equities still represent a store of value for the medium term investor.

William Meadon
Sarah Emly
Investment Managers

7th August 2014

Sector Analysis

	30th June 2014		31st December 2013	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials ²	26.7	24.0	29.3	23.9
Oil & Gas	15.9	15.6	12.3	14.4
Consumer Goods	11.9	14.1	10.6	13.3
Consumer Services	10.7	10.5	13.0	10.7
Health Care	10.6	8.5	6.8	7.3
Industrials	8.0	10.0	7.6	10.3
Telecommunications	6.0	4.3	9.2	7.2
Basic Materials	5.4	7.8	5.7	7.8
Technology	2.0	1.4	2.2	1.6
Utilities	1.6	3.8	2.4	3.5
Net current assets ³	1.2	—	0.9	—
Total	100.0	100.0	100.0	100.0

¹Based on total assets less current liabilities of £420.2m (2013: £414.9m). The £45.0m (2013: £32.0m) drawn down on the Company's loan facility at 30th June 2014 has been treated as a long term liability for the purpose of this analysis.

²Includes the Company's investments in the JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc of 1.0% and 2.5% of the portfolio respectively.

³Includes the Company's investment in the JPMorgan Sterling Liquidity Fund and FTSE 100 IDX Futures.

List of Investments

at 30th June 2014

Company	Sector	Valuation £'000	% ¹
Royal Dutch Shell	Oil & Gas	37,168	8.8
BP	Oil & Gas	24,431	5.8
HSBC	Financials	20,274	4.8
GlaxoSmithKline	Health Care	19,724	4.7
British American Tobacco	Consumer Goods	17,124	4.1
AstraZeneca	Health Care	15,993	3.8
Vodafone	Telecommunications	14,315	3.4
Rio Tinto	Basic Materials	12,820	3.1
Lloyds Banking Group	Financials	12,365	2.9
Imperial Tobacco	Consumer Goods	11,763	2.8
Prudential	Financials	11,577	2.8
BT	Telecommunications	10,725	2.6
JPMorgan Smaller Companies Investment Trust	Financials	10,303	2.5
Shire	Health Care	8,890	2.1
Aviva	Financials	8,114	1.9
BHP Billiton	Basic Materials	8,084	1.9
Barclays	Financials	8,042	1.9
ITV	Consumer Services	7,605	1.8
Diageo	Consumer Goods	7,445	1.8
United Utilities	Utilities	6,844	1.6
Ashtead	Industrials	6,518	1.6
Compass	Consumer Services	6,290	1.5
Next	Consumer Services	6,087	1.4
Dixons Retail	Consumer Services	6,017	1.4
Bodycote International	Industrials	5,635	1.3
Jupiter Fund Management	Financials	5,459	1.3
Restaurant Group	Consumer Services	5,383	1.3
British Land	Financials	5,253	1.2
BG	Oil & Gas	5,083	1.2
Rolls-Royce	Industrials	4,492	1.1
Direct Line Insurance	Financials	4,187	1.0
JPMorgan UK Smaller Companies Fund	Financials	4,183	1.0
BAE Systems	Industrials	4,171	1.0
TUI Travel	Consumer Services	3,753	0.9
Interserve	Industrials	3,534	0.8
St James's Place	Financials	3,476	0.8
ARM Holdings	Technology	3,424	0.8
Shaftesbury	Financials	3,180	0.8
Beazley	Financials	3,178	0.8

List of Investments

at 30th June 2014

Company	Sector	Valuation £'000	% ¹
Berendsen	Industrials	3,157	0.8
Berkeley	Consumer Goods	3,037	0.7
Provident Financial	Financials	2,943	0.7
Bellway	Consumer Goods	2,882	0.7
Barratt Developments	Consumer Goods	2,879	0.7
Micro Focus International	Technology	2,804	0.7
Legal & General	Financials	2,739	0.7
GKN	Consumer Goods	2,596	0.6
Smith (DS)	Industrials	2,447	0.6
Capital & Counties Properties	Financials	2,366	0.6
Laird	Technology	2,159	0.5
Taylor Wimpey	Consumer Goods	2,136	0.5
easyJet	Consumer Services	2,057	0.5
Halfords	Consumer Services	2,011	0.5
Royal Mail	Industrials	2,010	0.5
Foxtons	Financials	1,973	0.5
Elementis	Basic Materials	1,842	0.4
Galliford Try	Industrials	1,841	0.4
Card Factory	Consumer Services	1,570	0.4
Hargreaves Lansdown	Financials	1,445	0.3
Poundland	Consumer Services	1,412	0.3
WH Smith	Consumer Services	1,353	0.3
Go-Ahead	Consumer Services	1,326	0.3
St Modwen Properties	Financials	1,307	0.3
JPMorgan Sterling Liquidity Fund	Liquidity Funds	4,991	1.2
Total		420,192	100.0

¹Based on total investments of £420.2m. The £45.0m drawn down on the Company's loan facility at 30th June 2014 has been treated as a long term liability for the purpose of this analysis.

Income Statement

for the six months ended 30th June 2014

	(Unaudited) Six months ended 30th June 2014			(Unaudited) Six months ended 30th June 2013			(Audited) Year ended 31st December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(7,148)	(7,148)	–	35,185	35,185	–	85,006	85,006
Net foreign currency (losses)/gains	–	(12)	(12)	–	–	–	–	1	1
Income from investments	7,797	–	7,797	8,311	–	8,311	14,336	–	14,336
Other interest receivable and similar income	1	–	1	12	–	12	35	–	35
Gross return/(loss)	7,798	(7,160)	638	8,323	35,185	43,508	14,371	85,007	99,378
Management fee	(307)	(570)	(877)	(251)	(466)	(717)	(535)	(992)	(1,527)
Performance fee writeback/(charge)	–	1,484	1,484	–	–	–	–	(4,078)	(4,078)
Other administrative expenses	(369)	–	(369)	(335)	–	(335)	(742)	–	(742)
Net return/(loss) on ordinary activities before finance costs and taxation	7,122	(6,246)	876	7,737	34,719	42,456	13,094	79,937	93,031
Finance costs	(480)	(893)	(1,373)	(449)	(835)	(1,284)	(906)	(1,683)	(2,589)
Net return/(loss) on ordinary activities before taxation	6,642	(7,139)	(497)	7,288	33,884	41,172	12,188	78,254	90,442
Taxation - (charge)/credit	(1)	–	(1)	1	–	1	7	–	7
Net return/(loss) on ordinary activities after taxation	6,641	(7,139)	(498)	7,289	33,884	41,173	12,195	78,254	90,449
Return/(loss) per share (note 4)	12.14p	(13.05)p	(0.91)p	13.32p	61.92p	75.24p	22.28p	143.00p	165.28p

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

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

Reconciliation of Movements in Shareholders' Funds

Six months ended 30th June 2014 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31st December 2013	14,192	149,641	6,680	166,747	13,106	350,366
Net (loss)/return on ordinary activities	—	—	—	(7,139)	6,641	(498)
Dividends paid in the period	—	—	—	—	(5,742)	(5,742)
At 30th June 2014	14,192	149,641	6,680	159,608	14,005	344,126

Six months ended 30th June 2013 (Unaudited)	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	—	—	—	33,884	7,289	41,173
Dividends paid in the period	—	—	—	—	(7,028)	(7,028)
At 30th June 2013	14,192	149,641	6,680	122,377	13,126	306,016

Year ended 31st December 2013 (Audited)	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

Balance Sheet

at 30th June 2014

	(Unaudited) 30th June 2014 £'000	(Unaudited) 30th June 2013 £'000	(Audited) 31st December 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	415,201	362,792	411,231
Investments in liquidity funds held at fair value through profit or loss	4,991	681	3,781
Total investments	420,192	363,473	415,012
Current assets			
Derivative financial instruments (note 7)	51	—	—
Debtors	6,369	2,133	1,214
Cash and short term deposits	1,584	1,154	996
	8,004	3,287	2,210
Creditors: amounts falling due within one year ¹	(53,011)	(30,749)	(34,111)
Derivative financial instruments (note 8)	—	(197)	(215)
Net current liabilities	(45,007)	(27,659)	(32,116)
Total assets less current liabilities	375,185	335,814	382,896
Creditors: amounts falling due after more than one year	(29,825)	(29,798)	(29,811)
Provision for liabilities and charges	(1,234)	—	(2,719)
Net assets	344,126	306,016	350,366
Capital and reserves			
Called up share capital	14,192	14,192	14,192
Share premium	149,641	149,641	149,641
Capital redemption reserve	6,680	6,680	6,680
Capital reserves	159,608	122,377	166,747
Revenue reserve	14,005	13,126	13,106
Shareholders' funds	344,126	306,016	350,366
Net asset value per share (note 5)	628.8p	559.2p	640.2p

¹As at 30th June 2014, the Company had drawn down £45m of its £50m loan facility (30th June 2013, £30m; 31st December 2013, £32m).

Cash Flow Statement

for the six months ended 30th June 2014

	(Unaudited) Six months ended 30th June 2014 £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Net cash inflow from operating activities (note 6)	4,859	6,408	11,850
Net cash outflow from returns on investments and servicing of finance	(1,333)	(1,208)	(2,489)
Tax recovered	—	13	22
Net cash outflow from capital expenditure and financial investment	(10,185)	(12,130)	(13,533)
Dividends paid	(5,742)	(7,028)	(11,954)
Net cash inflow from financing	13,000	15,000	17,000
Increase in cash for the period	599	1,055	896
Reconciliation of net cash flow to movement in net debt			
Net cash movement	599	1,055	896
Net loans drawn down in the period	(13,000)	(15,000)	(17,000)
Exchange movements	(12)	—	1
Other movements	(13)	(14)	(27)
Movement in net debt in the period	(12,426)	(13,959)	(16,130)
Net debt at the beginning of the period	(60,815)	(44,685)	(44,685)
Net debt at the end of the period	(73,241)	(58,644)	(60,815)
Represented by:			
Cash and short term deposits	1,584	1,154	996
Bank loans falling due within one year	(45,000)	(30,000)	(32,000)
Debenture falling due after more than five years	(29,825)	(29,798)	(29,811)
Net debt at the end of the period	(73,241)	(58,644)	(60,815)

Notes to the Accounts

for the six months ended 30th June 2014

1. Financial statements

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

The figures and financial information for the year ended 31st December 2013 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st December 2013.

3. Dividends

	(Unaudited) Six months ended 30th June 2014 £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Unclaimed dividends refunded to the Company	(4)	(4)	(4)
2013 fourth quarterly dividend of 6.0p (2012: 8.35p) paid in March	3,283	4,569	4,569
First quarterly dividend of 4.5p (2013: 4.5p) paid in June	2,463	2,463	2,463
Second quarterly dividend of 4.5p paid in September	n/a	n/a	2,463
Third quarterly dividend of 4.5p paid in December	n/a	n/a	2,463
Total dividends paid in the period	5,742	7,028	11,954

A second quarterly dividend of 4.5p (2013: 4.5p) per share, amounting to £2,463,000 (2013: £2,463,000), has been declared payable in respect of the year ending 31st December 2014. It will be paid on 1st September 2014 to shareholders on the register at the close of business on 1st August 2014.

Notes to the Accounts continued

4. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2014 £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Return/(loss) per share is based on the following:			
Revenue return	6,641	7,289	12,195
Capital (loss)/return	(7,139)	33,884	78,254
Total (loss)/return	(498)	41,173	90,449
Weighted average number of shares in issue	54,723,979	54,723,979	54,723,979
Revenue return per share	12.14p	13.32p	22.28p
Capital (loss)/return per share	(13.05)p	61.92p	143.00p
Total (loss)/return per share	(0.91)p	75.24p	165.28p

5. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 30th June 2014 of 54,723,979 (30th June 2013: 54,723,979 and 31st December 2013: 54,723,979), excluding shares held in Treasury.

6. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 30th June 2014 £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Net return on ordinary activities before finance costs and taxation	876	42,456	93,031
Less capital loss/(return) before finance costs and taxation	6,246	(34,719)	(79,937)
Increase in net debtors and accrued income	(278)	(857)	(246)
Overseas withholding tax and UK income tax	(56)	—	—
Scrip dividends received as income	—	(6)	(6)
Management fee charged to capital	(570)	(466)	(992)
Performance fee paid	(1,359)	—	—
Net cash inflow from operating activities	4,859	6,408	11,850

7. Current assets

Derivative financial instruments

	(Unaudited) Six months ended 30th June 2014 ¹ £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Futures contract	51	–	–

¹This represents FTSE 100 index futures at a contract cost of £32,868,000 and a market value of £32,817,000 giving an unrealised asset of £51,000.

8. Current liabilities

Derivative financial instruments

	(Unaudited) Six months ended 30th June 2014 £'000	(Unaudited) Six months ended 30th June 2013 £'000	(Audited) Year ended 31st December 2013 £'000
Futures contract	–	(197)	(215)

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st December 2013.

Related Parties Transactions

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

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that 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 there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half Year Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board.

Sir Michael Bunbury
Chairman

7th August 2014

Glossary of Terms and Definitions

Return to Shareholders

Total return to the shareholder, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, in 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, in 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 when calculating the total 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 in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or 'track' this index and consequently there may be some divergence between the Company's performance and that of the benchmark.

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The Gearing figures on page 1 show the effective gearing level and take account of the effect of any open Index Futures held at the period end.

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. The opposite of a discount is a premium. It is more common for the shares of an investment trust to trade at a discount than at a premium.

Ongoing Charges

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 period. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The figure as at 30th June 2014 is an estimated annualised figure based on the six months to 30th June 2014.

Financial Conduct Authority

Beware of share fraud

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

History

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

Directors

Sir Michael Bunbury Bt., KCVO, DL (Chairman)
Humphrey van der Klugt
John Scott DL
Andrew Sutch
Jane Tufnell

Company Numbers

Company registration number: 754577
London Stock Exchange Sedol number: 0342218
ISIN: GB0003422184
Bloomberg code: JCH LN
Reuters code: JCH. L

Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange. The Company's ordinary shares are listed on the London Stock Exchange and are quoted daily in the Financial Times, The Times, The Daily Telegraph and on the JPMorgan Internet site at www.jpmlclaverhouse.co.uk, where the ordinary share price is updated every fifteen minutes during trading hours.

Website

www.jpmlclaverhouse.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited. With effect from 1st July 2014, JPMorgan Funds Limited was appointed Manager and Company Secretary.

Company's Registered Office

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

For company secretarial and administrative matters please contact Jonathan Latter.

Depository

BNY Mellon Trust and Depository (UK) Limited
BNY Mellon Centre
1 Queen Victoria Street
London EC4V 4LA

Custodian

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

Registrars

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

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 individual holdings on the internet by visiting www.shareview.co.uk

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.



The Association of
Investment Companies

A member of the AIC

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

Your telephone call may be recorded for your security

www.jpmlclaverhouse.co.uk