



Half Year Report **2011**  
JPMorgan Claverhouse Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2011

# Features

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### Objective

Capital and income growth from UK investments.

### Investment Policies

- To invest in a portfolio consisting mostly of leading UK companies.
- To use long-term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 95% to 120% invested in normal market conditions.
- 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).

### Benchmark

The FTSE All-Share Index.

### Capital Structure

At 30th June 2011, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 1,589,170 shares held in Treasury.

### Management Company

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

# Half Year Performance

Total returns (includes dividends reinvested)

**+1.2%**

Return to shareholders<sup>1,3</sup>

**+3.4%**

Return on net assets<sup>2,3</sup>

**+3.0%**

Benchmark return<sup>4</sup>

## Financial Data

	30th June 2011	31st December 2010	% change
Shareholders' funds (£'000)	<b>281,854</b>	281,172	+0.2
Number of shares in issue <sup>5</sup>	<b>55,176,483</b>	55,369,483	-0.3
Share price	<b>465.0p</b>	470.0p	-1.1
Net asset value per share with debt at par value	<b>510.8p</b>	507.8p	+0.6
Net asset value per share with debt at fair value <sup>6</sup>	<b>501.4p</b>	500.5p	+0.2
Share price discount to net asset value per share with debt at par value <sup>7</sup>	<b>8.1%</b>	7.0%	
Share price discount to net asset value per share with debt at fair value <sup>6,7</sup>	<b>6.4%</b>	6.1%	
Actual gearing factor	<b>110.3%</b>	108.6%	

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

<sup>1</sup>Source: Morningstar.

<sup>2</sup>Source: J.P. Morgan.

<sup>3</sup>These are total returns and assume that the 2010 fourth quarterly dividend of 7.0p and the 2011 first quarterly dividend of 3.5p were reinvested on the applicable ex-dividend dates.

<sup>4</sup>Source: FTSE/Datastream. The Company's benchmark is the FTSE All-Share Index.

<sup>5</sup>Excluding 1,589,170 (31st December 2010: 1,396,170) shares held in Treasury.

<sup>6</sup>The fair value of the £30m (2010: £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.

<sup>7</sup>Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2011, excluding current year income.

# Chairman's Statement



The six months to 30th June 2011 found the UK Stock Market range bound. A set-back in March was reversed in early summer and the total return on our benchmark index, the FTSE All-Share, was +3.0%. Your Company's net asset value total return was marginally ahead of the benchmark at +3.4%. The total return to shareholders was +1.2%. A full review of the Company's performance for the first six months and the outlook for the remainder of the year is provided in the Investment Managers' Review on pages 4 to 6.

## Revenue and Dividends

At 8.48p, earnings per share for the six months to 30th June 2011 showed a useful increase as compared with the 7.52p earned in the same period in 2010. Despite the uncertainties engendered by the actions, or inactions, of governments in several parts of the world, many companies listed in the UK are in robust good health having taken steps since 2008/9 to strengthen their balance sheets. Many of those companies derive their earnings from world-wide businesses, including exposure to the faster growing markets of the developing world. Generally, non-financial companies have increased their earnings sharply, have grown their cash holdings and are distributing part of those as increased dividends. Our Investment Managers expect that robust growth in corporate dividends will continue.

The Directors have already declared two quarterly dividends of 3.50p each for the current financial year (2010: 3.50p). For 2010 the four quarterly dividends totalled 17.5p. I advised shareholders in the Annual Report that it remains your Board's aim to increase the dividend each year, as has been the case for the last 38 years. This remains our aspiration, but the Board will carefully consider this once our earnings for the full financial year have been confirmed. Nevertheless the Company's substantial Revenue Reserve will, once again, permit the Board to take a long-term view of dividend policy.

## Share Buy-backs and Discount

During the period under review the Company repurchased a total of 193,000 shares into Treasury. By comparison, during the six months to 30th June 2010, the Company repurchased 595,270 shares. The Company did not issue any new shares over the period. Any re-issue of shares from Treasury would only be made at a premium to net asset value. At 30th June 2011, 1,589,170 shares (2.8% of the total share capital) were held in Treasury. Unless it proves possible to re-issue those shares it remains the Board's intention to cancel a number of the Treasury shares such that the total held in Treasury will not exceed 10% of the issued share capital. Since the period end, the Company has purchased a further 219,122 share into Treasury.

At the period end, the discount with debt at fair value was 6.4% (with debt valued at par it was 8.1%) and also averaged 8.1% over the six months.

### **Gearing**

As at 30th June 2011 the Company was 10.3% geared. During the period the gearing varied between 9% and 12%. It is the Board's current intention to keep gearing within the range of 0-15%; however this level is kept under regular review in conjunction with the Investment Managers and may be increased up to a maximum in normal circumstances of 20%.

### **The Future**

Anything that I write about the immediate future may well be out of date by midnight in the light of the brinkmanship being played out in the United States Congress. It seems incredible that deliberate uncertainty about the World's most important currency is being used for domestic political advantage. Meanwhile much of Europe has gone on holiday leaving considerable detail to be filled in of the plans to stabilise the debts, at least for a few more months, of Greece and other weak countries in the Eurozone. However, even when the plans are fully laid out, there remains substantial political uncertainty as to whether they will prove possible to implement.

Although the United Kingdom is, fortunately, not directly exposed to the problems of the Euro, it is heavily exposed through its banking system to the debt problems of the individual countries. I certainly hope that European policymakers will find a way to stabilise the currency as I believe that a material break-up of the Euro would cause substantial, and not wholly predictable, damage to the UK and to the World economy.

Economic growth in several countries has been relatively disappointing and shows few signs of picking up rapidly, particularly in countries with substantial government and personal debt. Nevertheless many companies are performing well and the valuation of equities listed in London is reasonable by historic standards. As I have written regularly in earlier statements, investors in equities need to keep faith with the asset class and not be deterred by volatility. Meanwhile I hope to be able to report a satisfactory result of the Managers' investment process for the full year to 31st December.

**Michael Bunbury**  
Chairman

1st August 2011

# Investment Managers' Report



James Illsley



Sarah Emly

## Market Review

After a strong performance in 2010, UK equities faced headwinds in the first half of 2011 from weak domestic economic data and rising inflation, as well as from persistent eurozone sovereign debt problems. Geopolitical concerns added to the pressure on equities as turmoil in the Middle East and North Africa pushed up the oil price and a devastating earthquake in Japan complicated the global economic outlook.

Against this turbulent backdrop, the FTSE All Share managed to deliver a positive total return, ending the six months under review 3.0% higher. Mid cap stocks led the way, with the FTSE250 index rising by 4.7%, whilst the large cap FTSE100 index rose by 2.7%.

The period began on a downbeat note as official gross domestic product (GDP) data showed that the UK economy contracted by 0.5% quarter-on-quarter in the fourth quarter of 2010. Other data releases for the end of the year were also disappointing as severe winter weather kept consumers out of the shops and restricted construction activity. Although the economy returned to growth in the first three months of 2011 with a 0.5% rise in GDP, forward-looking indicators showed signs of further weakness and investors feared that the economy could deteriorate further when Government spending cuts begin to bite this year. At the same time, inflationary pressures mounted, with consumer price inflation reaching 4.5% year-on-year in April, more than double the Bank of England's ('BoE') target rate.

The BoE's Monetary Policy Committee ('MPC') was therefore perceived to be walking an increasingly difficult policy line. In its quarterly Inflation Report published in May, the BoE acknowledged the challenges, trimming its forecasts for economic growth while projecting higher than expected future inflation. Nevertheless, UK base rates remained on hold at 0.5% throughout the period and expectations for increases this year and next were scaled back as economic data deteriorated.

In addition to the domestic pressures, the UK equity market was unsettled by global concerns. In mid-March a massive earthquake and tsunami in Japan caused huge human and physical losses and sparked a nuclear crisis, as damaged reactors at the Fukushima nuclear plant were found to be leaking radiation. Global supply chains were hit by parts shortages resulting from disruption to production sites. Political turmoil in the Middle East and North Africa also dented confidence. The resultant disruption to oil production triggered a sharp rise in oil prices, adding to the inflationary pressures on the UK economy.

Sovereign debt concerns rumbled on throughout the period, with Portugal requesting financial assistance from the European Union (EU) and the International Monetary Fund (IMF) in April after the country's banks threatened to stop buying Portuguese government bonds, pushing borrowing costs to record highs. Towards the end of the period, equity markets were hit by growing fears that Greece would be forced into a disorderly default on its debt. Sentiment recovered sharply at the end of June after the Greek government survived a confidence vote and received approval from parliament for a new round of austerity measures, clearing the way for the EU and the IMF to provide the next tranche of bailout funding.

Despite the difficult global and domestic conditions, UK companies continued to deliver robust earnings growth, as sterling weakness contributed to resilient external demand. Easy monetary policy and attractive valuations also provided support for the equity market.

### **Portfolio Review**

For the first six months of the year the total return on net assets for your Company was +3.4%, just ahead of the benchmark return of +3.0%. The underlying stock selection was positive during this volatile period, whilst the impact of our gearing was marginally negative.

The volatility in the macro economic back-drop was mirrored in the stock market with the FTSE100 index trading within a wide range between 6091 and the low of 5598 reached in the immediate aftermath of the Japanese earthquake and tsunami. Within the portfolio, changes in portfolio positioning have continued to be driven by the individual merits of stocks rather than by trying to second guess the volatile swings in economic data and investor sentiment.

In terms of the underlying performance of the equity portfolio, those stocks with strong earnings momentum, that is to say companies that beat the market's profit expectations, generally outperformed the market, whilst those that delivered negative surprises underperformed the market. The Company benefited from its holdings in the luxury retailer Burberry and in the international paper and packaging company, DS Smith, as both of these companies delivered strong results over the period, and their share prices increased by 29% and 25% respectively. Burberry was added to the portfolio in January 2011, as the demand from high-end consumers for branded luxury products continued to strengthen, both in the UK and internationally, with particularly strong growth in China. Our recent purchase of RPC, a structural growth stock that is one of the leading global plastic packaging manufacturers, also contributed positively to our returns, as its share price reacted very favourably to strong corporate results. However, some of our media stocks were disappointing during the first half of 2011, with Daily Mail and General Trust and ITV both underperforming the market as the outlook for their advertising revenues declined. Soft drinks supplier Britvic was also a negative performer, as it suffered from higher input cost pressures, which could not be fully passed onto their customers; we have since exited this stock.

Some of the blue-chip stocks that we believed were undervalued at the beginning of 2011 have gone on to outperform the market during the first half of the year, as the value style of investing has also been in favour. Our overweight positions in the global pharmaceutical stock AstraZeneca and the oil major Royal Dutch Shell, have both contributed positively to the portfolio's performance, as they outperformed the market as their cheap valuations became more widely appreciated. The life insurers, Legal & General and Aviva also performed strongly, rising by 26% and 16% respectively, two further value stocks that we have held for some time.

One of the largest additions to the portfolio during the period was the life insurance company Prudential. Following the abortive attempt by Prudential to buy the Asian

# Investment Managers' Report continued

assets of AIG, it has re-focused on its own operations and has reported very strong progress in its international operations in Asia and the USA. Within the banking sector we have sold the holding in Lloyds Banking Group as the stock price had recovered somewhat from the very depressed levels seen after the credit crisis, but trading conditions remain difficult with it having to provide further against loans made in the UK and Ireland. Being underweight in Lloyds Banking Group was a positive contributor to performance over the period, as it underperformed the market significantly. Proceeds from the sale were re-invested in HSBC which continues to be prudently financed, with a modest valuation given its exposure to emerging market growth.

The UK property sector, especially those companies focused on the prime markets of London and the south-east, continues to benefit from rising tenant demand for high quality space in the City and West End. New build was severely curtailed during the recession, with the result that rents are now rising and property valuations increasing due to a shortage of supply. Purchases have been made of Hammerson, Capital and Counties and also of the house builder Berkeley which is focused on the residential markets of the south-east.

Within the mining sector we sold the remainder of our holding in the copper producer Kazakhmys as the decade-long boom in commodity prices came to a halt - if only temporarily. The first half of 2011 was also significant for the listing of the commodity trader and mining company Glencore. The initial public offering was the largest ever for the UK, with a total market capitalisation of £35 billion. After extensive meetings with analysts and company management, we did not participate in the initial offering of shares at 530p. By the end of the period the shares had fallen to 491p.

## **Market outlook**

Ongoing unrest in the Middle East and the lack of a definitive solution to the eurozone debt crisis may continue to cause volatility in the near term. However, UK equity valuations remain attractive compared both to history and to bonds, and earnings growth expectations, while moderating slightly, remain positive.

The lacklustre nature of the UK economic recovery is of concern for investors, with high food and fuel prices compounding the pressure on the consumer that is resulting from increased unemployment and housing market weakness. However, given that the Government's fiscal austerity measures are beginning to take effect, the BoE may be expected to keep interest rates on hold for an extended period - indeed, the minutes of the most recent meeting suggested some MPC members now favour a return to quantitative easing. This accommodative policy stance should continue to provide support.

**James Illsley**  
**Sarah Emly**  
Investment Managers

1st August 2011



# Sector Analysis

	at 30th June 2011		at 31st December 2010	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Financials <sup>2</sup>	26.7	22.1	22.4	22.6
Oil & Gas	19.4	17.0	18.2	16.9
Basic Materials	14.4	13.3	15.2	14.1
Consumer Goods	8.1	11.8	9.2	11.3
Health Care	8.0	7.3	8.1	6.9
Telecommunications	7.1	5.8	6.6	6.0
Industrials	5.4	7.6	7.1	7.3
Consumer Services	5.3	9.6	8.7	9.7
Utilities	1.7	3.8	1.6	3.7
Technology	0.9	1.7	1.1	1.5
Net current assets <sup>3</sup>	3.0	–	1.8	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0

<sup>1</sup>Based on total assets less current liabilities of £320.6m (2010: £310.9m). The £9.0m drawn down on the Company's loan facility at 30th June 2011 has been treated as a long term liability for the purpose of this analysis.

<sup>2</sup>Includes the Company's investments in the JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc of 2.4% and 2.2% of the portfolio respectively.

<sup>3</sup>Includes the Company's investment in the JPMorgan Sterling Liquidity Fund.

# List of Investments

at 30th June 2011

Company	Sector	Valuation £'000	% <sup>1</sup>
Royal Dutch Shell	Oil & Gas	28,780	9.0
HSBC	Financials	21,466	6.7
BP	Oil & Gas	17,666	5.5
Vodafone	Telecommunications	17,147	5.3
Rio Tinto	Basic Materials	14,592	4.6
GlaxoSmithKline	Health Care	11,738	3.6
AstraZeneca	Health Care	11,578	3.6
BHP Billiton	Basic Materials	10,737	3.3
Anglo American	Basic Materials	8,102	2.5
BG	Oil & Gas	8,017	2.5
JPMorgan UK Smaller Companies Fund	Financials	7,527	2.4
JPMorgan Smaller Companies Investment Trust	Financials	7,199	2.2
Prudential	Financials	6,842	2.1
Barclays	Financials	5,682	1.8
British American Tobacco	Consumer Goods	5,145	1.6
BT	Telecommunications	4,996	1.6
Xstrata	Basic Materials	4,929	1.5
Unilever	Consumer Goods	4,481	1.4
Hammerson	Financials	4,290	1.3
Legal & General	Financials	4,225	1.3
Petrofac	Oil & Gas	4,055	1.3
Aviva	Financials	3,987	1.3
Imperial Tobacco	Consumer Goods	3,262	1.0
IMI	Industrials	2,951	0.9
Burberry	Consumer Goods	2,820	0.9
Diageo	Consumer Goods	2,731	0.9
Amec	Oil & Gas	2,536	0.8
ITV	Consumer Services	2,496	0.8
Shire	Health Care	2,435	0.8
Weir	Industrials	2,298	0.7
Schroders	Financials	2,234	0.7
Ferrexpo	Basic Materials	2,189	0.7
Admiral	Financials	2,140	0.7
Drax	Utilities	2,122	0.7
Tullett Prebon	Financials	2,101	0.7
Derwent London	Financials	2,020	0.6
DS Smith	Industrials	2,003	0.6
Next	Consumer Services	1,928	0.6
Mondi	Basic Materials	1,888	0.6
Croda International	Basic Materials	1,858	0.6
Northumbrian Water	Utilities	1,762	0.5
Tesco	Consumer Services	1,745	0.5
Amlin	Financials	1,734	0.5
Catlin	Financials	1,718	0.5
Berkeley	Consumer Goods	1,705	0.5
Hargreaves Lansdown	Financials	1,695	0.5
Computacenter	Technology	1,611	0.5
Lancashire	Financials	1,589	0.5
Pennon	Utilities	1,532	0.5
Capital & Counties Properties	Financials	1,496	0.5
ITE	Consumer Services	1,461	0.5

Company	Sector	Valuation £'000	% <sup>1</sup>
RPC	Industrials	1,380	0.4
ARM	Technology	1,358	0.4
Atkins (WS)	Industrials	1,343	0.4
Rank	Consumer Services	1,338	0.4
Investec	Financials	1,337	0.4
Shaftesbury	Financials	1,327	0.4
Elementis	Basic Materials	1,305	0.4
GKN	Consumer Goods	1,278	0.4
SABMiller	Consumer Goods	1,218	0.4
Intercontinental Hotels	Consumer Services	1,098	0.3
SThree	Industrials	1,096	0.3
Aberdeen Asset Management	Financials	1,062	0.3
Bellway	Consumer Goods	1,058	0.3
Morrison (WM)	Consumer Services	1,052	0.3
Barratt Developments	Consumer Goods	1,049	0.3
Smiths Group	Industrials	1,045	0.3
Beazley	Financials	1,004	0.3
Premier Oil	Oil & Gas	984	0.3
International Consolidated Airlines	Consumer Services	972	0.3
Electrocomponents	Industrials	959	0.3
Informa	Consumer Services	907	0.3
Renishaw	Industrials	894	0.3
Carillion	Industrials	884	0.3
Royal Bank of Scotland	Financials	866	0.3
Ashmore	Financials	827	0.3
Bodycote	Industrials	827	0.3
N Brown	Consumer Services	789	0.3
Sports Direct International	Consumer Services	782	0.3
Restaurant	Consumer Services	700	0.2
Dairy Crest	Consumer Goods	661	0.2
Devro	Consumer Goods	622	0.2
Kenmare Resources	Basic Materials	586	0.2
Savills	Financials	569	0.2
Rightmove	Consumer Services	543	0.2
Morgan Sindall	Industrials	522	0.2
Hays	Industrials	477	0.2
Standard Chartered	Financials	473	0.2
JD Sport Fashion	Consumer Services	464	0.1
Kingfisher	Consumer Services	451	0.1
Domino Printing Sciences	Industrials	386	0.1
TalkTalk Telecom	Telecommunications	363	0.1
Euromoney Institutional Investor	Consumer Services	306	0.1
Kier	Industrials	306	0.1
Telecom Plus	Telecommunications	161	0.1
Net current assets <sup>2</sup>		9,728	3.0
<b>Total</b>		<b>320,598</b>	<b>100.0</b>

<sup>1</sup>Based on total assets less current liabilities of £320.6m. The £9.0m drawn down on the Company's loan facility at 30th June 2011 has been treated as a long term liability for the purpose of this analysis.

<sup>2</sup>Includes investments in liquidity funds.

# Income Statement

for the six months ended 30th June 2011

	(Unaudited) Six months ended 30th June 2011			(Unaudited) Six months ended 30th June 2010			(Audited) Year ended 31st December 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Gains/(losses) on investments held at fair value through profit or loss</b>	–	<b>3,886</b>	<b>3,886</b>	–	(19,680)	(19,680)	–	35,257	35,257
<b>Income from investments</b>	<b>5,617</b>	–	<b>5,617</b>	5,130	–	5,130	9,374	–	9,374
<b>Other interest receivable and similar income</b>	<b>8</b>	–	<b>8</b>	41	–	41	63	–	63
<b>Gross return/(loss)</b>	<b>5,625</b>	<b>3,886</b>	<b>9,511</b>	5,171	(19,680)	(14,509)	9,437	35,257	44,694
Management fee	(237)	(440)	(677)	(215)	(399)	(614)	(431)	(802)	(1,233)
Other administrative expenses	(290)	–	(290)	(341)	–	(341)	(610)	–	(610)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>5,098</b>	<b>3,446</b>	<b>8,544</b>	4,615	(20,079)	(15,464)	8,396	34,455	42,851
Finance costs	(399)	(741)	(1,140)	(390)	(725)	(1,115)	(770)	(1,430)	(2,200)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>4,699</b>	<b>2,705</b>	<b>7,404</b>	4,225	(20,804)	(16,579)	7,626	33,025	40,651
Taxation	(8)	–	(8)	(4)	–	(4)	(15)	–	(15)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>4,691</b>	<b>2,705</b>	<b>7,396</b>	4,221	(20,804)	(16,583)	7,611	33,025	40,636
<b>Return/(loss) per share (note 4)</b>	<b>8.48p</b>	<b>4.89p</b>	<b>13.37p</b>	7.52p	(37.08)p	(29.56)p	13.63p	59.12p	72.75p

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 2011 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 31st December 2010</b>	14,192	149,641	6,680	97,195	13,464	<b>281,172</b>
Repurchase of shares into Treasury	–	–	–	(902)	–	<b>(902)</b>
Net return on ordinary activities	–	–	–	2,705	4,691	<b>7,396</b>
Dividends paid in the period	–	–	–	–	(5,812)	<b>(5,812)</b>
<b>At 30th June 2011</b>	14,192	149,641	6,680	98,998	12,343	<b>281,854</b>

Six months ended 30th June 2010 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 31st December 2009</b>	14,192	149,641	6,680	68,504	15,313	<b>254,330</b>
Repurchase of shares into Treasury	–	–	–	(2,576)	–	<b>(2,576)</b>
Net (loss)/return on ordinary activities	–	–	–	(20,804)	4,221	<b>(16,583)</b>
Dividends paid in the period	–	–	–	–	(5,565)	<b>(5,565)</b>
<b>At 30th June 2010</b>	14,192	149,641	6,680	45,124	13,969	<b>229,606</b>

Year ended 31st December 2010 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 31st December 2009</b>	14,192	149,641	6,680	68,504	15,313	<b>254,330</b>
Repurchase of shares into Treasury	–	–	–	(4,334)	–	<b>(4,334)</b>
Net return on ordinary activities	–	–	–	33,025	7,611	<b>40,636</b>
Dividends paid in the year	–	–	–	–	(9,460)	<b>(9,460)</b>
<b>At 31st December 2010</b>	14,192	149,641	6,680	97,195	13,464	<b>281,172</b>

# Balance Sheet

at 30th June 2011

	(Unaudited) 30th June 2011 £'000	(Unaudited) 30th June 2010 £'000	(Audited) 31st December 2010 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	310,870	255,598	305,450
Investments in liquidity funds held at fair value through profit or loss	9,636	7,661	5,046
	<b>320,506</b>	263,259	310,496
<b>Current assets</b>			
Debtors	3,406	1,428	1,334
Cash and short term deposits	132	278	207
	<b>3,538</b>	1,706	1,541
<b>Creditors:</b> amounts falling due within one year <sup>1</sup>	<b>(12,446)</b>	(5,642)	(1,134)
<b>Net current (liabilities)/assets</b>	<b>(8,908)</b>	(3,936)	407
<b>Total assets less current liabilities</b>	<b>311,598</b>	259,323	310,903
<b>Creditors:</b> amounts falling due after more than one year	<b>(29,744)</b>	(29,717)	(29,731)
<b>Net assets</b>	<b>281,854</b>	229,606	281,172
<b>Capital and reserves</b>			
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	98,998	45,124	97,195
Revenue reserve	12,343	13,969	13,464
<b>Shareholders' funds</b>	<b>281,854</b>	229,606	281,172
<b>Net asset value per share (note 5)</b>	<b>510.8p</b>	411.8p	507.8p

<sup>1</sup>At 30th June 2011, the Company had drawn down £9 million on its loan facility of £15 million with ING Bank NV.

# Cash Flow Statement

for the six months ended 30th June 2011

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
<b>Net cash inflow from operating activities (note 6)</b>	<b>4,628</b>	3,675	7,143
Net cash outflow from returns on investments and servicing of finance	<b>(1,058)</b>	(1,102)	(2,180)
Tax recovered	–	5	7
Net cash (outflow)/inflow from capital expenditure and financial investment	<b>(5,983)</b>	1,092	8,915
Dividends paid	<b>(5,812)</b>	(5,565)	(9,460)
Net cash inflow/(outflow) from financing	<b>8,150</b>	1,999	(4,392)
<b>(Decrease)/increase in cash for the period</b>	<b>(75)</b>	104	33
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net cash movement	<b>(75)</b>	104	33
Net loans drawn down in the period	<b>(9,000)</b>	(5,000)	–
Other movements	<b>(13)</b>	(13)	(27)
Movement in net debt in the period	<b>(9,088)</b>	(4,909)	6
Net debt at the beginning of the period	<b>(29,524)</b>	(29,530)	(29,530)
<b>Net debt at the end of the period</b>	<b>(38,612)</b>	(34,439)	(29,524)
Represented by:			
Cash and short term deposits	<b>132</b>	278	207
Bank loans falling due within one year	<b>(9,000)</b>	(5,000)	–
Debenture falling due after more than five years	<b>(29,744)</b>	(29,717)	(29,731)
	<b>(38,612)</b>	(34,439)	(29,524)

# Notes to the Accounts

for the six months ended 30th June 2011

## 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 2010 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 2010.

## 3. Dividends

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Unclaimed dividends refunded to the Company	(2)	(1)	(1)
2010 Fourth quarterly dividend of 7.0p (2009: 6.4p) paid in March	3,876	3,607	3,607
First quarterly dividend of 3.5p (2010: 3.5p) paid in June	1,938	1,959	1,959
Second quarterly dividend of 3.5p paid in September	n/a	n/a	1,951
Third quarterly dividend of 3.5p paid in December	n/a	n/a	1,944
	<b>5,812</b>	5,565	9,460

A second quarterly dividend of 3.5p (2010: 3.5p) per share, amounting to £1,931,000 (2010: £1,951,000), has been declared payable in respect of the year ending 31st December 2011. It will be paid on 1st September 2011 to shareholders on the register at the close of business on 12th August 2011.



#### 4. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Return/(loss) per share is based on the following:			
Revenue return	4,691	4,221	7,611
Capital return/(loss)	2,705	(20,804)	33,025
Total return/(loss)	7,396	(16,583)	40,636
Weighted average number of shares in issue	55,329,829	56,111,039	55,860,096
Revenue return per share	8.48p	7.52p	13.63p
Capital return/(loss) per share	4.89p	(37.08)p	59.12p
Total return/(loss) per share	13.37p	(29.56)p	72.75p

#### 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 2011 of 55,176,483 (30th June 2010: 55,761,783 and 31st December 2010: 55,369,483), excluding shares held in Treasury.

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

	(Unaudited) Six months ended 30th June 2011 £'000	(Unaudited) Six months ended 30th June 2010 £'000	(Audited) Year ended 31st December 2010 £'000
Total return/(loss) on ordinary activities before finance costs and taxation	8,544	(15,464)	42,851
Less capital (return)/loss before finance costs and taxation	(3,446)	20,079	(34,455)
Increase in net debtors and accrued income	(9)	(505)	(389)
Overseas withholding tax and UK income tax	(21)	(11)	(17)
Scrip dividends received as income	–	(25)	(45)
Management fee charged to capital	(440)	(399)	(802)
Net cash inflow from operating activities	4,628	3,675	7,143

# 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 2010.

## **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.

## **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.

For and on behalf of the Board.

**Sir Michael Bunbury**  
Chairman

1st August 2011

# 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, 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.

## **Actual Gearing Factor**

Investments excluding holdings in liquidity funds, expressed as a percentage of shareholders' funds. This shows the effect of gearing on the net asset value if the market value of the portfolio were to increase by 100%.

## **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.

# Notes

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# Notes

# 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)  
Virginia Holmes  
Humphrey van der Klugt  
Anne McMeehan  
John Scott

### 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, The Independent and on the JPMorgan Internet site at [www.jpmlclaverhouse.co.uk](http://www.jpmlclaverhouse.co.uk), where the ordinary share price is updated every fifteen minutes during trading hours.

### Website

[www.jpmlclaverhouse.co.uk](http://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](http://www.jpmmorganwealthmanagerplus.co.uk)

### Taxation

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

### Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

### Company's Registered Office

Finsbury Dials  
20 Finsbury Street  
London EC2Y 9AQ  
Telephone number: 020 7742 6000

For company secretarial and administrative matters please contact Jonathan Latter.

### Custodian

JPMorgan Chase Bank, N.A.  
125 London Wall  
London EC2Y 5AJ

### 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](http://www.shareview.co.uk)

### Auditor

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

### Brokers

JPMorgan Cazenove  
10 Aldermanbury  
London EC2V 7RF

### 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

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Your telephone call may be recorded for your security

[www.jpmlclaverhouse.co.uk](http://www.jpmlclaverhouse.co.uk)