



# Half Year Report 09

JPMorgan Claverhouse Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2009

# 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

The Company has an authorised share capital of 156,000,000 ordinary shares of 25p each, of which 56,765,653 were in issue as at 30th June 2009.

## Management Company

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

# Half Year Performance

Total Returns (capital plus income)

**+1.2%**

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

**+0.8%**

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

**+0.8%**

Benchmark return<sup>4</sup>

## Financial Data

	<b>30th June 2009</b>	<b>31st December 2008</b>	<b>% change</b>
Shareholders' funds (£'000)	<b>201,563</b>	211,087	-4.5
Number of shares in issue	<b>56,765,653</b>	56,789,153	-
Share price	<b>330.5p</b>	340.0p	-2.8
Net asset value per share with debt at par value	<b>355.1p</b>	371.7p	-4.5
Net asset value per share with debt at fair value	<b>344.3p</b>	360.4p	-4.5
Discount of share price to net asset value per share with debt at par value <sup>5</sup>	<b>5.5%</b>	5.2%	
Actual gearing factor	<b>111.5%</b>	109.7%	

A glossary of terms and definitions is provided on page 16.

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

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

<sup>3</sup>These are total returns and assume that the 2008 fourth quarterly and special dividends of 5.9p and 3.6p respectively, and the 2009 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>Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2009, excluding current year income.

# Chairman's Statement



I signed out my Statement for the Annual Report on 4th March 2009 which, as it turned out subsequently, was within a day of the bottom of the stock market for the first six months of 2009. Once again they were a rollercoaster six months for investors. Initially the gloom, so evident at the turn of the year, got even deeper.

But when the market turned in early March, suddenly risk was back in fashion and, despite easing back towards the end of the half-year, many severely depressed stocks rebounded in style. Overall, the FTSE All-Share Index ended up 21.9% from its low point reached on 3rd March.

Your Company's net asset value total return was +0.8% over the six months to 30th June 2009. This exactly matched the total return on our benchmark index, the FTSE All-Share, of +0.8%. 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' Report on pages 4 and 5.

## Revenue and Dividends

As foreshadowed in my March Statement, earnings per share for the six months to 30th June 2009 fell sharply when compared with the same period in 2008. Earnings were 8.94p as compared with 11.18p for the corresponding period last year. It has been clear for some time that dividends will remain under pressure as companies seek to rebuild their balance sheets in the face of the serious down-turn in business activity and the uncertainty of the length of the recession in developed economies.

The Directors have already declared two quarterly dividends of 3.50p each for the current financial year (2008: 3.50p). I advised shareholders in my March Statement that the Board hoped to be able at least to maintain the dividend of 16.4p (excluding the special dividend of 3.6p, paid as a result of the VAT recovery) per share for the year ending 31st December 2009, if necessary using part of the Company's revenue reserve (which after payment of the second quarterly dividend of 3.50p equates to approximately 24.7p per share) to achieve this position. This remains the Board's intention.

## Share Buy-backs and Discount

Throughout the investment trust sector share buy-backs have reduced substantially and that has also been your Company's experience. During the period under review the Company repurchased a total of 23,500 shares for cancellation, at a discount to net asset value (with debt at par value) of 7.3%. By comparison, during the six months to 30th June 2008, the Company repurchased 882,415 shares. The Company did not issue any new shares over the period. At the period end, the discount with debt valued at par was 5.5% and averaged 5.6% over the six months.

## Gearing

As at 30th June 2009 the Company was 11.5% geared. During the period the gearing varied between 11.0% and 15.5%. 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 of 20%.

### **The Future**

Despite their strength in recent weeks, markets remain nervous after the battering of 2008. Although the pace of decline of economic activity in developed economies appears to have slowed there is little sign of any sustained upturn. However, at least the developed world's banking system would appear to be more secure and private sector businesses are cutting costs and restructuring. When the upturn comes this should stand the private sector in good stead.

The same cannot be said about the UK public sector. The political and economic uncertainties are legion arising from the state of the UK Government's finances as the UK faces a general election no later than June 2010. Whoever forms the next Government will face a shocking state of affairs which will require both cuts in Government expenditure and tax rises. Even then the UK will be fortunate if it is able to finance the public deficits forecast for the next four years without a material rise in interest rates. In addition many commentators fear a resurgence of inflation in the years ahead.

These are not promising circumstances for rapid progress in the economy or the stock market, although the international nature of the business of the UK's largest companies should provide some support. Nevertheless, I continue to remind myself of the long-term trends in returns from stock market investments, which I referred to in my Statement to shareholders in March, and the necessity for investors to keep faith with the asset class, particularly should the risk of inflation increase. I fear though that we will continue to experience material volatility. But I am still of the view that long-term investors will eventually be rewarded despite the very indifferent performance of the equity market for ten years now.

Your Board will continue to monitor carefully the outcome of the Managers' investment process and very much hope to be able to report on value added at 31st December 2009.

**Michael Bunbury**  
Chairman

6th August 2009

# Investment Managers' Report



James Illsley



Sarah Emly

## Market Review

UK equities ended the first six months of the year broadly flat. However, the market's overall performance masked continued volatility for investors. The year began badly. The first two months of 2009 saw significant share price falls as ongoing concerns about the extent of the economic downturn and continued worries about the health of the global financial system sparked further heavy selling.

Backward looking economic data painted a picture of severe weakness. The UK economy contracted by 1.8% quarter on quarter over the final three months of 2008 and by another 2.4% in the first quarter of 2009, marking the biggest drop in UK economic output for over fifty years (source: National Statistics Office and Bloomberg). Against this backdrop, the Bank of England's Monetary Policy Committee continued to cut interest rates aggressively, with cuts in January, February and March down to a record low of just 0.5%, where it has stayed since that date.

In the first week of March the Bank of England also took the unprecedented step of announcing plans to buy £75 billion (extended to £150 billion in May) of Government bonds through a programme called quantitative easing ('QE'). The aim of QE, which has also been adopted by the US Federal Reserve, is to bring down borrowing costs for businesses and consumers by forcing long-term Government bond yields lower.

As the half year progressed, signs started to emerge that the unprecedented monetary policy action, combined with the Government stimulus packages announced late last year, may be working. Economic data releases began to suggest that the pace of economic contraction was slowing, with manufacturing and services purchasing managers' indices picking up and retail sales rising again. A further boost to the UK economy and corporate earnings will come from the significant fall in value of sterling, particularly against the US dollar, in the second half of 2008. Even housing market reports suggested house prices may at last be stabilising after falling sharply since late 2007.

The result of the stabilisation in economic news was a sharp rebound in the FTSE All-Share Index during the second half of March and through April and May. Therefore, despite falling sharply and hitting a near five-year low on 3rd March, the market fought back during the spring and early summer to end the period 0.8% higher.

## Portfolio Review

For the first six months of the year the total return on net assets for your Company was +0.8%, in line with the benchmark return. Our investment philosophy is to build a portfolio combining value and growth stocks, as both of these 'styles' have long term records of out-performance. In the first six months of 2009 the returns to these two styles have seen marked shifts as investor sentiment has oscillated between extreme fear and nascent optimism. Up until the market bottoming on 3rd March, value stocks, which are often more economically sensitive, underperformed as investors worried that the global economy could be heading for a severe depression. Over this period, growth stocks outperformed the declining market. Since 3rd March investor sentiment has recovered and value stocks have outperformed markedly, whilst those growth stocks which had defensive attributes have lagged. Over the six months as a whole this has meant that value has modestly outperformed, whilst growth, in particular earnings and price momentum, have underperformed.

At a stock level these differing style returns are reflected in the Company's portfolio. The overweight positions in lowly rated stocks which have outperformed, such as the mining companies Rio Tinto and Kazakhmys, the bank, Barclays, and financials such as Tullett Prebon and Investec have contributed positively to performance. By contrast, stocks held for their growth characteristics, such as GlaxoSmithKline and Unilever have underperformed as investors have focused their attention on more

cyclical companies. The mining sector has delivered particularly strong returns in the first half of 2009, with Kazakhmys leading the sector's performance, rising 173%, whilst Rio Tinto delivered +75%. The mining sector performed strongly as it responded positively to indications that China had resumed buying commodities, with the copper price in particular rising strongly over the period. In the 2008 Annual Report we commented that oil equipment and services companies had been out of favour in the second half of that year but we remained positive on the sector. In the first six months of 2009, the sector has rallied strongly with Petrofac delivering a 98% return as it has become clear that oil companies will continue to invest to protect their long term growth.

Another feature of the first half of 2009 has been the announcement of an increasing number of rights issues by companies. Debt finance has become increasingly expensive and hard to come by and so companies have raised additional equity to rebuild their battered balance sheets. Such rights issues included a large number of real estate companies alongside some highly geared cyclical companies that needed to reduce their financial gearing in order to avoid breaching banking covenants. The Company participated in a number of capital raisings, including the two major rights issues, HSBC, the global banking group, and Rio Tinto.

For the second half of the year the economic outlook continues to be difficult to predict with any degree of certainty. In the immediate future the unprecedented degree of monetary and fiscal stimulus, coupled with QE have removed the worst case economic scenarios that were being discussed early in 2009. Indeed, there are an increasing number of surveys and indicators that give hope that the worst part of this downturn has passed. However, whilst the rate of deterioration may have eased, that is not the same as a resumption of growth. For the Company, that means that we will continue to ensure the portfolio is invested to give a balanced exposure to value, earnings growth and positive newsflow. The portfolio continues to have a significant exposure to both of the UK's leading pharmaceutical companies, AstraZeneca and GlaxoSmithKline as their lowly share price valuations will respond well to positive newsflow from their drug development pipelines and should prove to be defensive in any further market volatility. The Company is also well positioned in a number of attractively valued cyclical stocks, to benefit from economic and corporate recovery when it occurs, with a number of retailers, construction related stocks and selected financials.

#### **Market outlook**

UK equity valuations continue to look broadly attractive, both on an historic basis and relative to bond yields. The UK economy, although still weak, is likely to benefit from the significant Government stimulus measures, central bank easing and the boost to trade from the weakness of sterling, which in turn should help strengthen corporate earnings expectations.

Indeed, most recent economic data have continued to suggest that the trough in activity has been passed and that the business cycle has turned. Surveys have continued to improve and in some instances have significantly beaten expectations, although from very low levels.

However, with global credit conditions still tight and with household de-leveraging and rising unemployment likely to constrain the extent of the rebound in consumer spending, any economic recovery through the rest of 2009 is likely to be modest. Nevertheless, the recent stabilisation of economic data have led to an improvement in corporate earnings momentum over the past few months, with a greater number of analysts now upgrading their forecasts for company earnings. Indeed these trends have continued into the second half of the year with the equity market rising through July.

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

6th August 2009

# Ten Largest Investments<sup>1</sup>

at 30th June 2009

Company	Sub-Sector	Valuation £'000	Total Assets % <sup>2</sup>
Royal Dutch Shell	Oil & Gas Producers	21,016	8.9
BP	Oil & Gas Producers	18,243	7.7
HSBC	Banks	13,548	5.7
GlaxoSmithKline	Pharmaceuticals & Biotechnology	11,443	4.8
Vodafone	Mobile Telecommunications	11,366	4.8
AstraZeneca	Pharmaceuticals & Biotechnology	11,002	4.7
British American Tobacco	Tobacco	7,512	3.2
Barclays	Banks	7,096	3.0
BHP Billiton	Mining	7,049	3.0
Reckitt Benckiser	Household Goods	5,633	2.4
<b>Total<sup>3</sup></b>		<b>113,908</b>	<b>48.2</b>

<sup>1</sup>Does not include the Company's investment in the JPMorgan Sterling Liquidity Fund.

<sup>2</sup>Based on total assets less current liabilities of £236.3m. The £5.0m drawn down on the Company's loan facility has been treated as a long term liability for the purpose of this analysis.

<sup>3</sup>As at 31st December 2008, the value of the ten largest investments amounted to £127.4m representing 52.9% of total assets less current liabilities.

# Sector Analysis

	at 30th June 2009		at 31st December 2008	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials <sup>1</sup>	22.4	22.1	20.8	19.9
Oil & Gas	19.7	19.4	22.5	21.1
Consumer Goods	10.4	11.9	9.8	12.4
Healthcare	9.5	8.6	10.8	9.8
Consumer Services	9.1	9.9	5.8	9.7
Basic Materials <sup>2</sup>	8.8	9.8	7.0	6.8
Industrial	6.9	6.9	6.6	6.8
Telecommunications	5.4	6.1	6.3	7.3
Technology	1.8	1.4	0.4	1.0
Utilities	1.1	3.9	6.2	5.2
Net Current Assets <sup>3</sup>	4.9	–	3.8	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0

Based on total assets less current liabilities of £236.3m . The £5.0m drawn down on the Company's loan facility at 30th June 2009 has been treated as a long term liability for the purpose of this analysis.

<sup>1</sup>Includes the Company's investments in JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc. Excluding these investments, the Company has an underweight position in the financials sector relative to the benchmark index.

<sup>2</sup>Includes the Company's holding of partly paid shares in Rio Tinto, the value of which was subsequently increased by £1.3m following completion of the rights issue. The benchmark weighting reflects the fully paid shares.

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

# Income Statement

for the six months ended 30th June 2009

	(Unaudited) Six months ended 30th June 2009			(Unaudited) Six months ended 30th June 2008			(Audited) Year ended 31st December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Losses on investments held at fair value through profit or loss</b>	–	(6,097)	(6,097)	–	(36,630)	(36,630)	–	(113,890)	(113,890)
<b>Income from investments</b>	5,974	–	5,974	7,452	–	7,452	13,335	–	13,335
<b>Other interest receivable and similar income</b>	23	–	23	17	–	17	772	–	772
<b>Gross return/(loss)</b>	<b>5,997</b>	<b>(6,097)</b>	<b>(100)</b>	7,469	(36,630)	(29,161)	14,107	(113,890)	(99,783)
Management fee	(170)	(316)	(486)	(264)	(491)	(755)	(475)	(881)	(1,356)
VAT recovered	–	–	–	–	–	–	1,267	2,067	3,334
Other administrative expenses	(331)	–	(331)	(310)	–	(310)	(658)	–	(658)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>5,496</b>	<b>(6,413)</b>	<b>(917)</b>	6,895	(37,121)	(30,226)	14,241	(112,704)	(98,463)
Finance costs	(392)	(727)	(1,119)	(393)	(729)	(1,122)	(766)	(1,423)	(2,189)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>5,104</b>	<b>(7,140)</b>	<b>(2,036)</b>	6,502	(37,850)	(31,348)	13,475	(114,127)	(100,652)
Taxation	(29)	–	(29)	(26)	–	(26)	(49)	–	(49)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>5,075</b>	<b>(7,140)</b>	<b>(2,065)</b>	6,476	(37,850)	(31,374)	13,426	(114,127)	(100,701)
<b>Return/(loss) per share (note 4)</b>	<b>8.94p</b>	<b>(12.58)p</b>	<b>(3.64)p</b>	11.18p	(65.33)p	(54.15)p	23.38p	(198.70)p	(175.32)p

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 2009 (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 2008</b>	14,198	149,641	6,674	22,291	18,283	<b>211,087</b>
Repurchase and cancellation of shares	(6)	–	6	(82)	–	<b>(82)</b>
Net (loss)/return on ordinary activities	–	–	–	(7,140)	5,075	<b>(2,065)</b>
Dividends appropriated in the period	–	–	–	–	(7,377)	<b>(7,377)</b>
<b>At 30th June 2009</b>	14,192	149,641	6,680	15,069	15,981	<b>201,563</b>

Six months ended 30th June 2008 (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 2007</b>	14,585	149,641	6,287	143,517	13,882	<b>327,912</b>
Repurchase and cancellation of shares	(221)	–	221	(4,281)	–	<b>(4,281)</b>
Net (loss)/return on ordinary activities	–	–	–	(37,850)	6,476	<b>(31,374)</b>
Dividends appropriated in the period	–	–	–	–	(5,043)	<b>(5,043)</b>
<b>At 30th June 2008</b>	14,364	149,641	6,508	101,386	15,315	<b>287,214</b>

Year ended 31st December 2008 (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 2007</b>	14,585	149,641	6,287	143,517	13,882	<b>327,912</b>
Repurchase and cancellation of shares	(387)	–	387	(7,099)	–	<b>(7,099)</b>
Net (loss)/return on ordinary activities	–	–	–	(114,127)	13,426	<b>(100,701)</b>
Dividends appropriated in the year	–	–	–	–	(9,025)	<b>(9,025)</b>
<b>At 31st December 2008</b>	14,198	149,641	6,674	22,291	18,283	<b>211,087</b>

# Balance Sheet

at 30th June 2009

	(Unaudited) 30th June 2009 £'000	(Unaudited) 30th June 2008 £'000	(Audited) 31st December 2008 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	224,689	312,369	231,599
Investments in liquidity funds held at fair value through profit or loss	11,039	4,054	8,924
	<b>235,728</b>	316,423	240,523
<b>Current assets</b>			
Debtors	1,181	1,332	1,034
Cash and short term deposits	96	479	86
	<b>1,277</b>	1,811	1,120
<b>Creditors: amounts falling due within one year</b>	<b>(5,752)</b>	(1,356)	(879)
<b>Net current (liabilities)/assets</b>	<b>(4,475)</b>	455	241
<b>Total assets less current liabilities</b>	<b>231,253</b>	316,878	240,764
<b>Creditors: amounts falling due after more than one year</b>	<b>(29,690)</b>	(29,664)	(29,677)
<b>Total net assets</b>	<b>201,563</b>	287,214	211,087
<b>Capital and reserves</b>			
Called up share capital	14,192	14,364	14,198
Share premium	149,641	149,641	149,641
Capital redemption reserve	6,680	6,508	6,674
Capital reserves	15,069	101,386	22,291
Revenue reserve	15,981	15,315	18,283
<b>Shareholders' funds</b>	<b>201,563</b>	287,214	211,087
<b>Net asset value per share (note 5)</b>	<b>355.1p</b>	499.9p	371.7p

# Cash Flow Statement

for the six months ended 30th June 2009

	(Unaudited) Six months ended 30th June 2009 £'000	(Unaudited) Six months ended 30th June 2008 £'000	(Audited) Year ended 31st December 2008 £'000
<b>Net cash inflow from operating activities (note 6)</b>	<b>4,939</b>	5,868	14,934
Net cash outflow from returns on investments and servicing of finance	<b>(1,099)</b>	(1,153)	(2,208)
Overseas tax recovered	–	–	1
Net cash (outflow)/inflow from capital expenditure and financial investment	<b>(1,338)</b>	10,600	9,509
Dividends paid	<b>(7,377)</b>	(5,043)	(9,025)
Net cash inflow/(outflow) from financing	<b>4,885</b>	(9,818)	(13,149)
<b>Increase in cash for the period</b>	<b>10</b>	454	62
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net cash movement	<b>10</b>	454	62
Net loans (drawn down)/ repaid in the period	<b>(5,000)</b>	6,000	6,000
Other movements	<b>(13)</b>	(13)	(27)
Movement in net debt in the period	<b>(5,003)</b>	6,441	6,035
Net debt at the beginning of the period	<b>(29,591)</b>	(35,626)	(35,626)
<b>Net debt at the end of the period</b>	<b>(34,594)</b>	(29,185)	(29,591)
Represented by:			
Cash and short term deposits	<b>96</b>	479	86
Bank loans falling due within one year	<b>(5,000)</b>	–	–
Debenture falling due after more than five years	<b>(29,690)</b>	(29,664)	(29,677)
	<b>(34,594)</b>	(29,185)	(29,591)

# Notes to the Accounts

for the six months ended 30th June 2009

## 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 2008 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' 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 2008.

## 3. Dividends

	(Unaudited) Six months ended 30th June 2009 £'000	(Unaudited) Six months ended 30th June 2008 £'000	(Audited) Year ended 31st December 2008 £'000
Unclaimed dividends refunded to the Company	(3)	–	(3)
2008 Fourth quarterly dividend of 5.9p (2007: 5.2p) paid in March	3,349	3,020	3,020
2008 Special dividend of 3.6p (2007: nil) paid in March	2,044	–	–
First quarterly dividend of 3.5p (2008: 3.5p) paid in June	1,987	2,023	2,023
Second quarterly dividend of 3.5p paid in September	n/a	n/a	1,995
Third quarterly dividend of 3.5p paid in December	n/a	n/a	1,990
	<b>7,377</b>	5,043	9,025

A second quarterly dividend of 3.5p (2008: 3.5p) per share, amounting to £1,987,000 (2008: £1,995,000), has been declared payable in respect of the three months ended 30th June 2009.

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

	(Unaudited) Six months ended 30th June 2009 £'000	(Unaudited) Six months ended 30th June 2008 £'000	(Audited) Year ended 31st December 2008 £'000
Return/(loss) per share is based on the following:			
Revenue return	5,075	6,476	13,426
Capital loss	(7,140)	(37,850)	(114,127)
Total loss	(2,065)	(31,374)	(100,701)
Weighted average number of shares in issue	56,765,653	57,933,779	57,437,139
Revenue return per share	8.94p	11.18p	23.38p
Capital loss per share	(12.58)p	(65.33)p	(198.70)p
Total loss per share	(3.64)p	(54.15)p	(175.32)p

#### 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 2009 of 56,765,653 (30th June 2008: 57,456,153 and 31st December 2008: 56,789,153).

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

	(Unaudited) Six months ended 30th June 2009 £'000	(Unaudited) Six months ended 30th June 2008 £'000	(Audited) Year ended 31st December 2008 £'000
Total loss on ordinary activities before finance costs and taxation	(917)	(30,226)	(98,463)
Less capital loss before finance costs and taxation	6,413	37,121	112,704
Increase in net debtors and accrued income	(212)	(507)	(205)
Overseas taxation	(24)	(29)	(58)
Scrip dividends received as income	(5)	–	(230)
Expenses charged to capital	(316)	(491)	1,186
Net cash inflow from operating activities	4,939	5,868	14,934

# 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 six 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 2008.

## **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 during the period.

## **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

6th August 2009

# 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 through a professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Investment Trust Share Plan, Individual Savings Account (ISA) and the Pension Account.

## 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 or Alison Vincent.

## Registrars

Equiniti  
Reference 1079  
Aspect House  
Spencer Road  
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).

## Auditors

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

## Brokers

JPMorgan Cazenove  
20 Moorgate  
London EC2R 6DA

## Savings Product Administrators

For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details on the back cover of this report.

**aic**

The Association of  
Investment Companies A member of the AIC

# Glossary of Terms

## **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 in further shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

## **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 in further 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 stated index.

## **Actual gearing factor**

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

## **Discount**

If the share price of an investment company 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 company to trade at a discount than at a premium.



JPMorgan Helpline  
Freephone 0800 20 40 20 or 020 7742 9999  
9.00 am to 5.30 pm Monday to Friday

Your telephone call may be recorded for your security

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