JPMorgan Claverhouse Investment Trust plc

Annual Report & Accounts for the year ended 31st December 2015

J.P.Morgan
Asset Management

Features

Objective

Capital and income growth from UK investments.

Investment Policy

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

Further details on investment policies and risk management are given in the Business Review on pages 16 to 17.

Benchmark

The FTSE All-Share Index.

Capital Structure

At 31st December 2015, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 2,041,674 shares held in Treasury.

The Company has a £30 million debenture in issue, which carries a fixed interest rate of 7% per annum, repayable in 2020. The Company also has a £50 million three year floating rate loan facility with National Australia Bank, which expires on 28th April 2017.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA Regulation of 'Non-Mainstream Pooled Investments'

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

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

Association of Investment Companies

The Company is a member of the Association of Investment Companies ('AIC').

Website

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

Contents

Financial Results to 31st December 2015

ONE YEAR TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

+3.6%
Return to shareholders[1]
(2014: +4.0%)

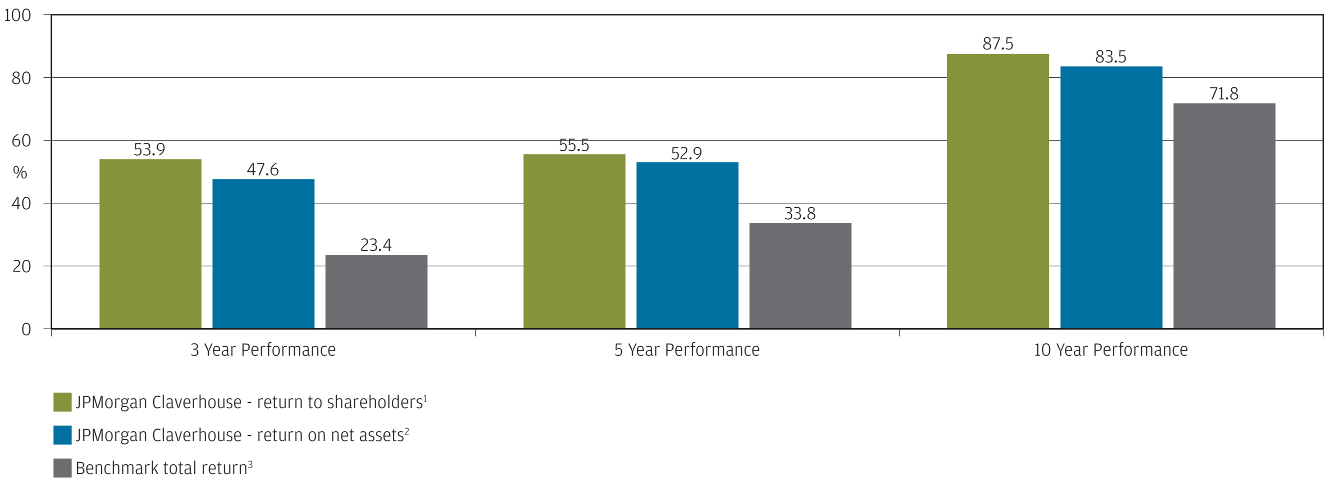
+6.0%
Return on net assets[2]
(2014: +2.1%)

+1.0%
Benchmark total return[3]
(2014: +1.2%)

21.5p
Dividend
(2014: 20.0p)

Long Term Performance

TOTAL RETURNS FOR PERIODS ENDED 31ST DECEMBER 2015



[1] Source: Morningstar.

[2] Source: J.P. Morgan.

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

A glossary of terms and definitions is provided on page 65.

CHAIRMAN'S STATEMENT

Performance and Manager Review

I am very pleased to present my first annual statement as Chairman of your Company. The year to 31st December 2015 was another positive one for investors in the UK equity market, albeit marginal at +1%. Such an apparently steady return does not give an indication of the level of intra-year volatility within the market and our Investment Managers provide more detail in their report which follows.

I can report that for the fourth successive year the Company has outperformed its benchmark index, both in terms of Net Asset Value ('NAV') per share and share price. The return on net assets, taking capital growth and income together, of the UK stock market as measured by your Company's benchmark, the FTSE All-Share Index, was +1.0%. Your Company's total return on net assets was significantly better at +6.0%. The share price at the year end was identical as at the previous year end, at 602.5p. This is because, despite the rise in the NAV over the year, the discount of the share price to NAV (calculated using the capital-only NAV, with debt at par) widened, from 3.4% to 5.9%, and the total return to shareholders for the year was +3.6%.

The Board is very pleased that the Company's significantly improved performance has been sustained through 2015, building further on the excellent longer term performance record that has been established following the detailed review of the investment process that was undertaken in early 2012 and the resultant changes that were made. Over the 46 months since those changes were implemented, the Company has produced a total return on net assets of +53.3% and a share price total return of +61.1%, compared with the benchmark total return of +29.4%. This excellent performance is great credit to our Investment Managers, William Meadon and Sarah Emly. The Company's longer term performance record is strong; as shown by the graphs on page 2, the NAV total return has significantly outperformed the benchmark over three, five and ten years.

Numis Securities Limited was appointed as the Company's corporate broker in June 2015. The Board, with support from Numis and JPMF, seeks to ensure that the Company's longer term performance record is recognised by the market and the Board continues to believe that, under orderly market conditions, this record should assist in improving the Company's rating, in terms of the discount to NAV at which the shares trade.

Revenue and Dividends

In 2015 the revenue per share increased by 11.1% to 25.89p per share. The Board decided that the total dividend for the year should be increased from 20.0p to 21.5p, a rise of 7.5%, significantly above inflation and thus growing the total dividend for the 43rd successive year. The dividend was more than covered by the revenue generated by the Company's portfolio, which included several special dividends, and this allowed us again to make a modest transfer to the Company's revenue reserve. It remains the Board's aim to increase the dividend each year and, taking a run of years together, we continue to aspire to deliver increases in dividends that will at least match the rate of inflation. The Board is well aware that the outlook for dividend income in the coming years is mixed. However, it reiterates that it does not wish to see the Investment Managers constrained by the need to generate income; the Board remains prepared to utilise the Company's revenue reserve to support the dividend should it be necessary.

Gearing

Taking account of borrowings, net of cash balances held, and hedging through the use of Index Futures, the Company ended the year approximately 12.8% geared. During the year

CHAIRMAN'S STATEMENT *CONTINUED*

the gearing varied between 10.6% and 15.6%. Gearing existed by way of a combination of the £30 million 7% 2020 debenture and a revolving credit facility of £50 million, of which £45 million was drawn at the year end. As reported in previous years, the Board has agreed with the Investment Managers that gearing of 10% is considered as 'normal' and that they have discretion to vary the tactical level of gearing in a range of +/- 7.5% around that normal level, with maximum total gearing under normal market conditions of 20%. The tactical range of +/- 7.5% on top of the normal 10% is kept under review and any move outside of that range requires the Board's prior consent. However, as reported on the Features page of this report, the Company's formal overall policy remains to operate within the limits of a range of 5% net cash to 20% geared in normal market conditions.

The Investment Managers are permitted to use Index Futures as a tool with which to manage the level of exposure to the market and the level of gearing. The use of futures obviates the need to sell stocks and has less of an effect on the Company's income account than would significant variations in the level of conventional debt. Futures are only used for portfolio management purposes and exposure is limited automatically by the gearing limits within which the portfolio is managed.

Discount and Share Repurchases

During the year the discount on the Company's shares (based on the capital-only NAV, with debt at par) ranged between 2.0% and 9.1%, averaging 6.0%. The Company did not repurchase any shares during the year and none have been repurchased since January 2012. However, the Board continues to monitor the discount closely and is prepared to repurchase shares when it feels that it is appropriate, taking into account market conditions and whether the Company's discount is significantly out of line with its peers. Those shares repurchased in previous years are held in Treasury for possible re-issue should the Company's shares move to a premium.

Board of Directors

I succeeded Sir Michael Bunbury as Chairman of your Company following the AGM in April 2015. John Scott has indicated his intention to step down from the Board at the conclusion of the 2017 AGM.

The Directors conduct an assessment of the performance of the Board and its committees, as well as their own performance, each year and this is normally supplemented by one-to-one meetings with me. The Chairman's performance is assessed by the Senior Independent Director after he has consulted with all of the other Directors. A report is made to the Nomination Committee which meets annually to consider the results of the evaluation exercises. As a result of that evaluation process, I can confirm that all Directors will stand for reappointment at the forthcoming AGM.

Board Apprentice

As reported in last year's Chairman's Statement, we agreed to participate in an initiative developed by a not-for-profit company, Board Apprentice, and have appointed Sharon Mavin, Director of Roehampton Business School in London, as our apprentice, on an unpaid basis, to shadow the Board in order to gain experience of the workings of a company at board level.

Both the Board and Sharon have found this to be a worthwhile initiative. Although Sharon's appointment was intended to be for 12 months, we have agreed to extend her appointment until November this year, at which time the Board expects to appoint another apprentice for a minimum 12 months' period.

Annual General Meeting

This year's AGM will be held at JPMorgan's office at 60 Victoria Embankment, London EC4Y 0JP on Wednesday 20th April 2016 at 12.00 noon. William Meadon will give a presentation to shareholders, reviewing the past year and commenting on the outlook for the current year. The meeting will be followed by a sandwich lunch, thus providing shareholders with the opportunity to meet the Directors and representatives of the Manager. We look forward to seeing as many shareholders as possible at the AGM.

Outlook

Since the year end there has been marked volatility in stock markets worldwide, including the UK. The concerns and challenges are well-known: slowing economies in China and some other Asian countries; low growth in many countries, low inflation and low interest rates; and geo-political uncertainties, particularly in Europe and the Middle East.

Notwithstanding these concerns, the UK economy continues to grow faster than most economies in the developed world and UK corporate balance sheets remain generally strong. At a time when dividend income from UK stocks is forecast to be lower in 2016 than last year, the good stewardship of your Company has resulted in accumulated revenue reserves greater than the amount of last year's total dividend, which will provide a cushion against possible reductions in dividend income from the Company's portfolio.

Claverhouse remains positioned as a core investment vehicle investing in London-listed companies which the Investment Managers consider to be reasonably valued, well-managed and well-financed. Although the current economic uncertainties are likely to produce considerable volatility in share prices over the coming months, most investors in equities take a medium to long-term investment view. History shows the importance for long-term shareholders of remaining invested through volatile markets.

The economic uncertainties over the coming months are likely in the UK to be exacerbated by the political uncertainties surrounding the referendum on continued EU membership, which has now been set for 23rd June 2016. It is by no means clear at the time of writing what the outcome of the referendum will be. The impact of an 'Out' vote on the Company, a sterling-denominated fund investing in London-listed companies, albeit many with international businesses, could be significant but the Company is in no different position from other similar investors. The Investment Managers will take such steps as they properly and reasonably can, in the periods leading up to and after the referendum, to manage the risks and seek out potential opportunities whatever the outcome of the referendum.

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

Andrew Sutch
Chairman

9th March 2016

INVESTMENT MANAGERS' REPORT

William Meadon

Sarah Emly

Market Review

The UK stock market, as measured by the FTSE All-Share Index, delivered a modestly positive total return of +1.0% in the 12 months to 31st December 2015. Mid cap companies significantly outperformed their small and large cap peers, with the FTSE Mid 250 index delivering a total return of +11.2%, while the FTSE 100 returned -1.3% and the FTSE Small Cap index returned +9.2%. As in 2014, the market's positive return was entirely generated by dividend income. The capital value of the FTSE All-Share Index delivered a return of -2.5%, thus demonstrating again the importance of dividends to total returns.

The UK economy continued to grow at a reasonable rate (GDP +2.2%), making it one of the fastest growing in the developed world. Unemployment fell to a six year low of 5.4% and consumer confidence continued to improve on the back of low interest rates and an improving housing market. The slump in commodity prices, particularly in the second half of the year, ensured that inflation remained low and that base rates remained unchanged at 0.5% for yet another year. Falling inflation expectations were reflected in low gilt yields, with 10 year gilts yielding just 2.0% by the end of 2015.

The equity market started the year well with investors taking heart from continuing strong UK growth and encouraging signs of a nascent recovery in continental Europe. House prices rose in the wake of the success of the Conservatives in gaining an overall majority in the May General Election. A pick-up in industrial production suggested the economy was gathering momentum in the second quarter. Labour market conditions continued to improve throughout the period, with unemployment falling further to 5.5%, the lowest level since 2008, and wages rose at their fastest pace since August 2011.

However, overseas worries came to the fore over the summer with Greece back in focus, as hopes faded that it would reach an agreement with its creditors ahead of a crucial deadline. In the autumn, investor woes were compounded by a series of clumsy interventions by the Chinese authorities in both their stock and foreign exchange markets. The subsequent volatile reaction of the Chinese stock market had a ripple effect across global markets. The failure of OPEC to reach an agreement on a capped level of output led to oil prices falling, like other commodity prices, into a vertiginous slump. At year end, a barrel of Brent crude cost $37, a fall of 55% over the year.

Performance Review

In the year to 31st December 2015 your Company delivered a total return on net assets (capital plus dividends reinvested) of +6.0%, ahead of the benchmark FTSE All-Share Index, which delivered a return of +1.0%. A detailed breakdown of the performance is given in the accompanying table on page 8. Stock selection was again positive over the year.

It is pleasing to report that over the three years to 31st December 2015, your Company's NAV total return has outperformed that of the benchmark total return by +5.5% per annum, which is ahead of our outperformance objective of +2.0% per annum.

Imperial Tobacco was again a significant contributor to performance over the year. In an increasingly uncertain economic environment the company's visibility of both earnings and dividend growth is reassuring to us and, with a premium yield, still looks very good value. Another long term holding, the broadcaster ITV, announced a fifth consecutive year of double digit profit growth and increased its annual dividend by 36%, whilst also returning part of its strong cash generation to shareholders through a third consecutive special dividend. This stock remains attractive both in terms of its valuation and its ability to beat market expectations. Jupiter Fund Management also performed well, increasing its regular dividend strongly whilst also paying a special dividend.

Other successful stocks included a number of our housebuilding and property related stocks including Taylor Wimpey, Berkeley Group and Bellway, all of which announced good results, but also benefited from the positive sentiment towards the domestic cyclical stocks following the general election result.

By contrast, the biggest detractor from performance was the underweight position in BG Group which received a takeover approach from Royal Dutch Shell in early April. Our holding in the leading iron ore producer, Rio Tinto performed poorly over the year, as it suffered from collapsing commodity prices. The portfolio did, however, benefit from avoiding the very worst performers in the mining sector such as Glencore, which fell over 65% during the year.

Overall, against a fairly flat return on the index, 2015 was another satisfactory year of performance for JPMorgan Claverhouse. We continue to manage the portfolio within fairly tight risk controls, believing that such an approach will produce more consistent medium term returns for our shareholders.

Portfolio Review

New holdings introduced during the period included Fever Tree, the leading player within the premium segment of the £7.7 billion global mixer market. Based on the premise that premium spirits should be consumed with premium quality mixers, co-founders Charles Rolls and Tim Warrilow developed a mixer brand centred around the quality and provenance of its ingredients. The company has a range of 12 premium mixers, led by its Indian Tonic Water, which accounts for 45% of sales. Its products are now available in 50 countries with 70% of Group revenue coming from overseas. Having started buying the stock at £4.00 it was pleasing that it had already reached £6.00 per share by the year end.

We also bought into the chemicals group Synthomer, which has a new management team focused on driving strong shareholder returns. Throughout the year we continued to reduce our exposure to the mining sector, selling out of BHP Billiton and reducing our exposure to Rio Tinto, which was our only holding in the sector at the year end.

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

Top Five Overweight Positions		Top Five Underweight Positions	
ITV	+2.2%	HSBC	–1.8%
Dixons Carphone	+2.2%	Diageo	–1.8%
Imperial Tobacco	+1.9%	National Grid	–1.8%
Micro Focus International	+1.8%	Royal Dutch Shell	–1.4%
BT Group	+1.6%	Compass	–1.0%

Source: JPMAM, as at 31st December 2015.

The Company's portfolio is constructed principally from bottom-up stock selection; our sector and macro views have a lesser influence on the portfolio. We aim to run a stock focused but sector diversified portfolio. The portfolio held 68 stocks at the year end.

INVESTMENT MANAGERS' REPORT *CONTINUED*

We kept gearing levels in the low teens for most of the year but reduced it to 12.8% by year end, reflecting our more cautious views on markets and the fewer number of attractive stock opportunities. We occasionally use FTSE 100 futures to hedge the portfolio.

PERFORMANCE ATTRIBUTION
FOR THE YEAR ENDED 31ST DECEMBER 2015

	%	%
Contributions to total returns		
Benchmark return		1.0
Stock & sector selection	7.5	
Cost of gearing/Cash	-1.0	
Derivatives	0.1	
Investment Managers' contribution		6.6
Portfolio total return		7.6
Management fee/other expenses	-0.7	
Performance fee	-1.1	
Residual	0.2	
Other effects		-1.6
Return on net assets		6.0
Return to shareholders		3.6

Source: B-one/Datastream/JPMAM/Morningstar.

All figures are on a total return basis.

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

A glossary of terms and definitions is provided on page 65.

Market Outlook

We continue to live in a world of low numbers: growth, inflation and consequently interest rates are all likely to remain at historically low levels for the foreseeable future. Too many economies are reliant on debt, quantitative easing and low interest rates to be regarded as healthy. Whilst the UK economy continues to be one of the fastest growing in the developed world, it still depends too much on domestic consumption, rather than manufacturing and exports, for its growth. With China and other Far East economies slowing, the recent rise in US interest rates is likely to be the global exception.

Geo-politically, the refugee crisis in Europe remains a very significant challenge and may well test the political unity of Europe to its limit. The emotion generated by it may well be key in determining the outcome of the looming 'Brexit' vote. An 'out' vote will be a real game changer, for which there is no real precedent. Until the outcome is known, sterling is likely to be weak.

Whilst we take comfort from the strong balance sheets of most UK companies, we expect the increasing political, geo-political and global economic uncertainties to make markets more turbulent in the year ahead. Equities have certainly been volatile so far in 2016, driven as much by sentiment as any deterioration in underlying fundamentals. As a closed end fund we are, however, in a good position to use such volatility to our shareholders' advantage.

Irrespective of the short term movements of share prices, the security of your Company's dividend remains solid, benefiting from the substantial revenue reserves that have been accumulated during more benign times. This secure income will hopefully provide some comfort to shareholders until the investment skies clear.

Gearing at the year end was 12.8% and is 10.8% at the time of writing.

I would like to conclude by wishing my long-standing colleague and co-Investment Manager, Sarah Emly, who has been absent from the office for several months, a full recovery from her recent illness. I look forward to welcoming her back this year.

William Meadon
Sarah Emly
Investment Managers

9th March 2016

SUMMARY OF RESULTS

	2015	2014	
Total returns for the year ended 31st December			
Return to shareholders[1]	+3.6%	+4.0%	
Return on net assets[2]	+6.0%	+2.1%	
Benchmark return[3]	+1 0%	+1.2%	
Net asset value, share price and discount at 31st December			**% change**
Shareholders' funds (£'000)	355,726	346,663	+2.6
Net asset value per share with debt at par value[4]	650.0p	633.5p	+2.6
Net asset value per share with debt at fair value[5]	638.6p	620.3p	+3.0
Share price	602.5p	602.5p	
Share price discount to net asset value with debt at par value[6]	5.9%	3.4%	
Shares in issue (excluding shares held in Treasury)	54,723,979	54,723,979	
Revenue for the year ended 31st December			
Gross revenue return (£'000)	16,690	15,183	+9.9
Net revenue return on ordinary activities after taxation (£'000)	14,168	12,754	+11.1
Revenue per share	25.89p	23.31p	+11.1
Total dividend per share	21.5p	20.0p	+7.5
Gearing at 31st December[7]	**12.8%**	**15.7%**	
Gearing at 31st December (incl Index future exposure)[8]	**12.8%**	**11.9%**	
Ongoing charges[9]	**0.74%**	**0.74%**	
Ongoing charges including any performance fee payable	**1.22%**	**1.16%**	

A glossary of terms and definitions is provided on page 65.

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

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

[4] Includes the current year revenue account balance.

[5] The fair value of the £30m (2014: £30m) debenture issued by the Company has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the 5 year average yield for the AA Barclays Corporate Bond.

[6] Source: Bloomberg. The discount is calculated using the net asset value at 31st December 2015 of 640.3p, which does not include the current year revenue account balance.

[7] 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.

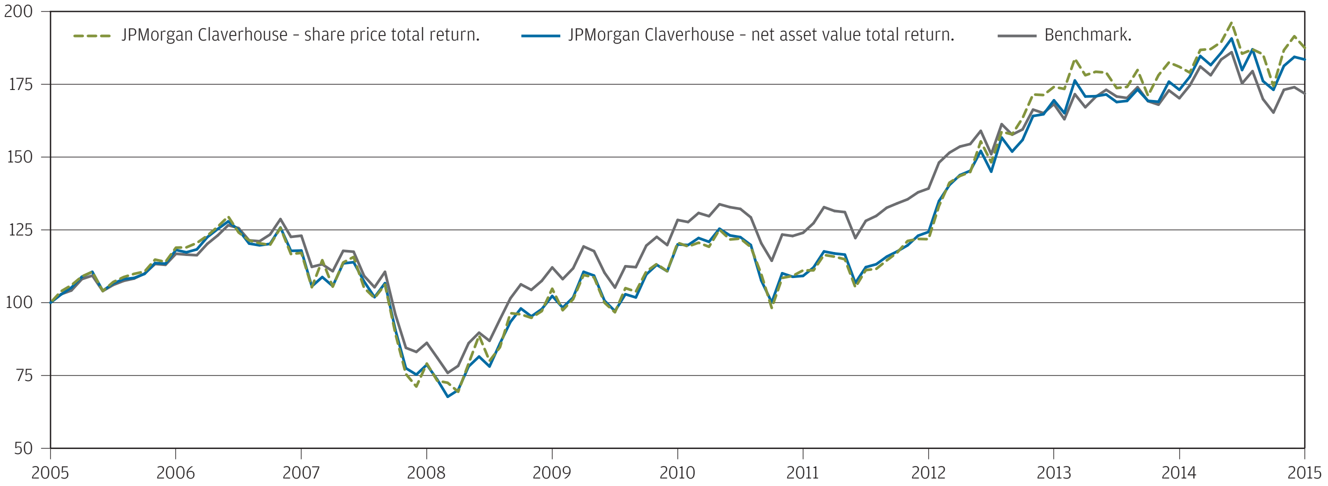
[8] Gearing represents the excess amount above shareholders' funds of total assets, less the market value of futures, expressed as a percentage of shareholders' funds.

[9] Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year. The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012.

PERFORMANCE

Ten Year Performance

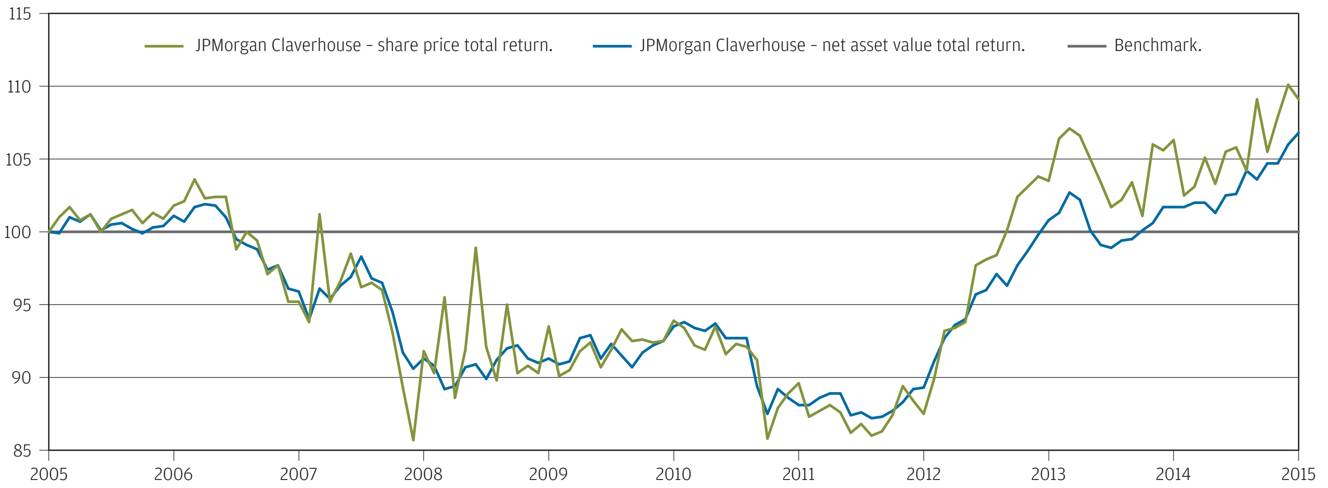
FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005



Source: Morningstar/Datastream.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005



Source: Morningstar/Datastream.

TEN YEAR FINANCIAL RECORD

At 31st December	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'000)	318,454	352,743	327,912	211,087	254,330	281,172	248,418	271,871	350,366	346,663	355,726
Net asset value per share (p)	495.9	577.6	562.1	371.7	451.3	507.8	453.9	496.8	640.2	633.5	650.0
Share price (p)	469.0	544.5	521.5	340.0	425.0	470.0	416.0	437.0	599.0	602.5	602.5
Share price discount (%)[1]	5.4	6.3	6.3	5.2	4.9	7.0	7.1	10.7	5.4	3.4	5.9
Gearing/(net cash) (%)[2]	13.4	12.2	7.7	9.7	10.3	8.6	7.6	15.0	15.1	11.9	12.8
Ongoing Charges (%)[3]	0.84	0.75	0.79	0.75	0.83	0.72	0.72	0.74	0.71	0.74	0.74
Year ended 31st December											
Revenue attributable to shareholders (£'000)	8,359	9,256	9,714	13,426	8,377	7,611	9,226	9,821	12,195	12,754	14,168
Return per share (p)	12.76	14.84	16.28	23.38	14.77	13.63	16.73	17.95	22.28	23.31	25.89
Total dividend per share (p)	11.50	13.50	15.30	20.00[4]	16.90	17.50	18.25	18.85	19.50	20.00	21.50
Rebased to 100 at 31st December 2005											
Share price – total return[5]	100.0	118.9	117.1	79.1	104.8	120.6	111.1	121.8	174.1	181.0	187.5
Net asset value per share – total return[5]	100.0	118.1	117.9	78.7	102.3	120.0	109.2	124.3	169.5	173.1	183.5
FTSE All-Share Index – total return[6]	100.0	116.8	123.0	86.2	112.1	128.4	124.0	139.2	168.2	170.2	171.8
Retail Price Index[6]	100.0	104.4	108.7	109.7	112.3	117.7	123.3	127.2	130.6	132.7	134.3

A glossary of terms and definitions is provided on page 65.

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

[2] Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position. The figures from 2013 show the effective gearing level, taking account of any open Index Futures held at the year end.

[3] Management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average of the daily net assets during the year (2009 to 2011: Total Expense Ratio ('TER'): the average of the month end net assets; 2008 and prior years: the average of the opening and closing net assets). The ongoing charges are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The ongoing charges in respect of 2015, including the performance fee payable, were 1.22% (2014: 1.16%).

[4] Includes a special dividend of 3.60p.

[5] Source: J.P. Morgan.

[6] Source: Datastream.

TEN LARGEST EQUITY INVESTMENTS[1] AT 31ST DECEMBER

Company	Sub-sector	2015 Valuation £'000	%[2]	2014 Valuation £'000	%[2]
British American Tobacco	Tobacco	18,918	4.4	17,212	4.0
Imperial Tobacco	Tobacco	14,263	3.3	12,689	3.0
Lloyds Banking Group	Banks	14,107	3.2	12,627	2.9
BT[3]	Fixed Line Telecommunications	14,064	3.2	11,188	2.6
AstraZeneca	Pharmaceuticals & Biotechnology	13,829	3.2	16,787	3.9
Royal Dutch Shell	Oil & Gas Producers	13,741	3.2	32,636	7.6
HSBC	Banks	13,576	3.1	20,811	4.9
BP	Oil & Gas Producers	13,333	3.1	13,501	3.2
JPMorgan Smaller Companies Investment Trust[3]	Equity Investment Instruments	12,603	2.9	9,883	2.3
Vodafone	Mobile Telecommunications	12,572	2.9	16,919	4.0
Total[4]		**141,006**	**32.5**		

[1] Excludes investments in liquidity funds.

[2] Based on total investments of £433.5m (2014: £428.1m).

[3] Not included in the ten largest investments at 31st December 2014.

[4] As at 31st December 2014, the value of the ten largest investments amounted to £170.5m representing 39.8% of total investments.

SECTOR ANALYSIS

	31st December 2015 Portfolio %[1]	31st December 2015 Benchmark %	31st December 2014 Portfolio %[1]	31st December 2014 Benchmark %
Financials[2]	27.5	26.5	27.0	25.6
Consumer Goods	18.2	16.5	14.7	14.5
Consumer Services	16.2	12.6	14.2	11.3
Oil & Gas	8.5	10.2	10.8	12.7
Health Care	7.6	8.8	10.0	8.5
Telecommunications	6.1	5.3	6.6	4.9
Technology	3.3	1.6	1.6	1.5
Industrials	3.1	10.5	3.7	9.8
Basic Materials	1.9	4.2	4.7	7.2
Utilities	0.5	3.8	0.8	4.0
Liquidity Funds	7.1	–	5.9	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investment of £433.5m (2014: £428.1m).

[2] Includes the Company's investments in the JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc of 0.8% and 2.9% of the portfolio respectively.

LIST OF INVESTMENTS AT 31ST DECEMBER 2015

Company	Valuation £'000
Financials	
Banks	
Lloyds Banking Group	14,107
HSBC	13,576
Barclays	6,378
	34,061
Life Insurance	
Prudential	12,507
Aviva	9,100
Legal & General	4,400
	26,007
Equity Investment Instruments	
JPMorgan Smaller Companies Investment Trust	12,603
JPMorgan UK Smaller Companies Fund	3,533
	16,136
Real Estate	
Shaftesbury	6,406
British Land	5,886
Land Securities	2,991
	15,283
Financial Services	
Jupiter Fund Management	5,657
Provident Financial	3,709
John Laing	2,254
	11,620
Nonlife Insurance	
Beazley	4,943
Direct Line Insurance	4,017
	8,960
Real Estate & Investment Services	
Capital & Counties Properties	3,201
Savills	2,067
St Modwen Properties	1,983
	7,251
Total Financials	119,318

Company	Valuation £'000
Consumer Goods	
Tobacco	
British American Tobacco	18,918
Imperial Tobacco	14,263
	33,181
Household Goods	
Berkeley	6,522
Taylor Wimpey	5,800
Reckitt Benckiser	4,362
Barratt Developments	4,084
Bellway	2,855
Galliford Try	2,222
	25,845
Beverages	
SABMiller	5,717
Fevertree Drinks	4,187
Diageo	2,180
	12,084
Personal Goods	
Unilever	4,786
	4,786
Automobiles & Parts	
GKN	2,912
	2,912
Total Consumer Goods	78,808
Consumer Services	
Media	
ITV	10,556
WPP	6,425
RELX	3,476
Sky	2,280
	22,737
General Retailers	
Dixons Carphone	9,360
Next	4,268
Card Factory	4,110
WH Smith	2,442
JD Sports Fashion	2,078
	22,258

LIST OF INVESTMENTS *CONTINUED*

Company	Valuation £'000
Travel & Leisure	
Betfair	4,679
Restaurant Group	3,629
Domino's Pizza	3,015
Go-Ahead	2,370
easyJet	1,386
Wizz Air	1,348
	16,427
Food & Drug Retails	
Greggs	4,481
Booker	4,216
	8,697
Total Consumer Services	**70,119**
Oil & Gas	
Oil & Gas Producers	
Royal Dutch Shell	13,741
BP	13,333
BG	9,842
	36,916
Total Oil & Gas	**36,916**
Health Care	
Pharmaceuticals & Biotechnology	
AstraZeneca	13,829
GlaxoSmithKline	9,576
Shire	9,513
	32,918
Total Health Care	**32,918**
Telecommunications	
Fixed Line Telecommunications	
BT	14,064
	14,064
Mobile Telecommunications	
Vodafone	12,572
	12,572
Total Telecommunications	**26,636**

Company	Valuation £'000
Technology	
Software & Computer Services	
Micro Focus International	7,261
Sage	2,113
	9,374
Technology Hardware & Equipment	
Laird	2,702
ARM	2,058
	4,760
Total Technology	**14,134**
Industrials	
Support Services	
Ashtead	4,939
Howden Joinery	3,359
	8,298
Industrial Engineering	
Bodycote International	3,067
	3,067
Aerospace & Defence	
BAE Systems	1,917
	1,917
Total Industrials	**13,282**
Basic Materials	
Chemicals	
Synthomer	5,802
	5,802
Mining	
Rio Tinto	2,518
	2,518
Total Basic Materials	**8,320**
Utilities	
Gas, Water & Multiutilities	
United Utilities	2,341
	2,341
Total Utilities	**2,341**
Liquidity Funds	
JPMorgan Sterling Liquidity Fund	30,702
Total Liquidity Funds	**30,702**
Total Portfolio	**433,494**

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

BUSINESS REVIEW

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

Structure and Objective of the Company

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

The Company is subject to UK and European legislation and regulations including UK company law, Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure and Transparency Rules, taxation law and the Company's own Articles of Association.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010) for the year ended 31st December 2013 and future years. As a result, the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

Investment Policies and Risk Management

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

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

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

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

Investment Restrictions and Guidelines

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 15% of its assets in any one individual stock at the time of acquisition.
- The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. During the year the level of gearing varied between 10.6% and 15.6%. The Company's borrowings comprise a £30 million debenture and a £50 million revolving credit facility.

- The use of derivative instruments is subject to the prior approval of the Board, which sets appropriate limits and restrictions. The Investment Managers are permitted to use Index Futures to manage the level of gearing within the range set by the Board.

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

Performance

In the year to 31st December 2015, the Company produced a total return to shareholders of +3.6% and a total return on net assets of +6.0%. This compares with the return on the Company's benchmark of +1.0%. At 31st December 2015, the value of the Company's investment portfolio was £433.5 million (2014: £428.1 million). The Investment Managers' Report on pages 6 to 9 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross return for the year amounted to £30,032,000 (2014: £12,692,000) and net return after accounting for the management fee, performance fee, other administrative expenses, finance costs and taxation amounted to £20,823,000 (2014: £6,964,000). Distributable income for the year totalled £14,168,000 (2014: £12,754,000). The Directors declared a fourth quarterly interim dividend of 6.5 pence per share which was paid on 1st March 2016 to shareholders on the register at the close of business on 5th February 2016. This, when added to the three quarterly interim dividends paid during 2015, made a total dividend for the year of 21.5 pence (2014: 20.00 pence), costing £11.8 million (2014: £10.9 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £14.0 million, equivalent to approximately 25.7 pence per share.

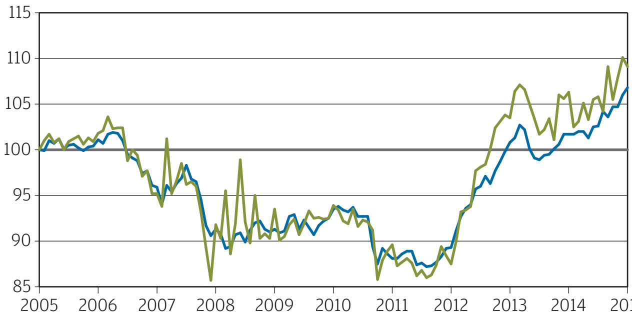
Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

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

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005



Source: Morningstar/Datastream.

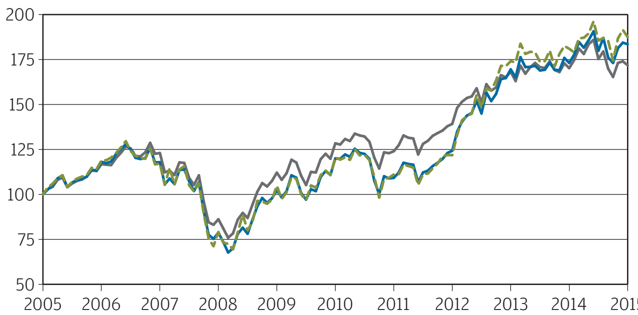
JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value total return.

Benchmark index is represented by the grey horizontal line.

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2005



Source: Morningstar/Datastream.

JPMorgan Claverhouse – share price total return.

JPMorgan Claverhouse – net asset value total return.

Benchmark.

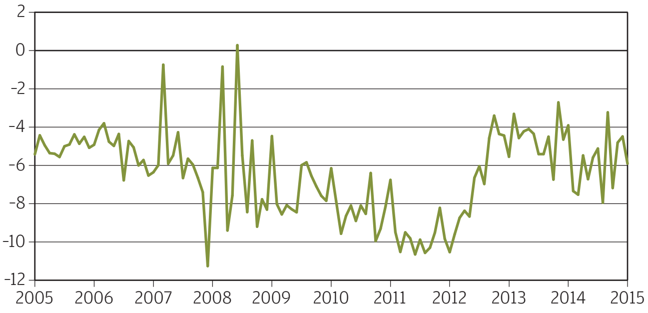
- **Performance against the Company's peers**
  The principal objective is to achieve capital and income growth and out-performance relative to the benchmark. However, the Board also monitors, and is satisfied with, the Company's performance relative to a broad range of competitor funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock selection. Details of the attribution analysis for the year ended 31st December 2015 are given in the Investment Managers' Report on page 8.

BUSINESS REVIEW *CONTINUED*

- **Share price discount to net asset value ('NAV') per share**
  The Board has for several years operated a share repurchase programme that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year to 31st December 2015, the Company's shares traded at a discount of between 3.2% and 8.0% (using month end data, with debt at par value). No shares were repurchased during the year.

Premium/(Discount)



Source: Datastream (month end data).

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

- **Ongoing charges**
  The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 31st December 2015 were 0.74% (2014: 0.74%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The analysis showed that the Company's ongoing charges compare reasonably with those of its peers. The ongoing charges including the performance fee payable for 2015 were 1.22% (2014: 1.16%).

Share Capital

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

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

At the year end, 2,041,674 shares were held in Treasury, representing 3.6% of the issued share capital. The Company will reissue shares held in Treasury only at a premium to NAV per share. Since the end of the financial year, the Company has not repurchased any shares.

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

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

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st December 2015, there were four male Directors and one female Director on the Board.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the Manager's policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

Social, Community, Environmental and Human Rights

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or fossil fuels and consequently does not have a measurable carbon footprint. The Company's manager, JPMF, is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

- Investment and Strategy: an inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.
- Market: market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Company uses Index Futures to manage the effective level of gearing. Such instruments are also subject to fluctuations in value and may therefore result in gains or losses. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.
- Accounting, Legal and Regulatory: in order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure & Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary and its professional advisers to ensure compliance with The Companies Act and the UKLA Listing Rules and DTRs.
- Corporate Governance and Shareholder Relations: details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 25 to 28.
- Operational: disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records could prevent accurate reporting and monitoring of the Company's financial position. This includes the risk of cybercrime and the consequent potential threat to security and business continuity. Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on pages 28 to 29.
- Financial: the financial risks arising from the Company's financial instruments include market price risk, interest rate risk, liquidity risk and credit risk. Further details are disclosed in note 24 on pages 55 to 59.

BUSINESS REVIEW *CONTINUED*

Long Term Viability

Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the UK economy and equity market.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving long term capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by investment advisers, that investors should consider investing in equities for a minimum of five years. Thus the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited
Secretary

9th March 2016

BOARD OF DIRECTORS

Andrew Sutch*‡†
(Chairman of the Board and Nomination Committee)
A Director since 1st April 2013

Last reappointed to the Board: 2015.

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

Shared directorships with other Directors: None.

Shareholding in Company: 6,977

John Scott DL*‡†
A Director since 2004

Last reappointed to the Board: 2015.

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

Shared directorships with other Directors: None.

Shareholding in Company: 10,148.

Humphrey van der Klugt*‡† (Chairman of the Audit Committee, Senior Independent Director)
A Director since 2008

Last reappointed to the Board: 2015.

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

Shared directorships with other Directors: None.

Shareholding in Company: 5,000.

BOARD OF DIRECTORS *CONTINUED*

Jane Tufnell*‡†
A Director since 1st October 2013

Last reappointed to the Board: 2015.

Chairman of GVQ Investment Management Limited, independent non-executive director of The Diverse Income Trust Plc and Record plc. She co-founded Ruffer LLP, a privately-owned investment management firm, in 1994.

Shared directorships with other Directors: None.

Shareholding in Company: 1,000.

David Fletcher*‡†
Appointed to the Board on 1st February 2015.

Last reappointed to the Board: 2015.

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

Shared directorships with other Directors: None.

Shareholding in Company: 2,297.

*** Member of the Audit Committee.**

‡ Member of the Nomination Committee.

† Considered independent by the Board.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31st December 2015.

Management of the Company

The Manager and Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. Prior to 1st July 2014, these roles were undertaken by JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014. JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

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

The Board conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. No separate management engagement committee has been established as all of the Directors are considered to be independent of the Manager. The Company has consistently out-performed its benchmark index and in light of this the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board also considered the support that the Company receives from JPMF.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF'). JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at www.jpmclaverhouse.co.uk There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

JPMF's remuneration disclosures are set out on page 61.

Management and Performance Fees

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

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

The results for the year to 31st December 2015 generated a performance fee for the year of £3,660,414. This amount, when added to the positive performance fee accrual brought forward of £1,575,827, gives a positive balance of £5,236,241. The sum of £1,736,335 is due and payable now. The balance of £3,499,906 has been carried forward until it is paid in full or absorbed by any underperformance in subsequent years.

Directors

David Fletcher was appointed a Director of the Company with effect from 1st February 2015. The Directors of the Company who held office at the end of the year are detailed on pages 21 and 22.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 31.

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

DIRECTORS' REPORT *CONTINUED*

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

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

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the year and as at the date of this report.

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

Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's Auditors are unaware; and

(b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

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

Independent Auditors

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

Section 992 Companies Act 2006

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

Capital Structure

At 31st December 2015, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 2,041,674 shares held in Treasury.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of AGM on page 64.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	% of voting rights
JPMorgan Asset Management Holdings Inc.	7.9

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

The Company is also aware that approximately 39% of the Company's total voting rights are held by individuals through savings products managed by JPMorgan and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances JPMorgan has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant general meeting.

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or repurchase the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its Directors concerning compensation for loss of office.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting ('AGM'):

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 10 and 11)

The Directors will seek authority at the AGM to issue up to 5,472,397 new ordinary shares for cash up to an aggregate nominal amount of £1,368,099 such amount being equivalent to 10% of the present issued ordinary share capital (excluding Treasury shares) as at the last practicable date before the publication of this document. The full text of the resolutions is set out in the Notice of Meeting on page 62. This authority will expire at the conclusion of the AGM of the Company in 2017 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee which is charged on the Company's market capitalisation, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

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

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2015 AGM, will expire on 14th October 2016 unless renewed at the forthcoming AGM. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 gives the Company authority to buy back its own issued ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of 8,203,124 ordinary shares, representing approximately 14.99% of the Company's issued ordinary shares as at 8th March 2016 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices.

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

The full text of the resolution is set out in the Notice of Meeting on pages 62 and 63. Repurchases will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate. This authority will expire on 19th October 2017, but it is the Board's intention to seek renewal of the authority at the 2017 AGM.

Recommendation

The Board considers that resolutions 10 to 12 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 25,422 shares representing approximately 0.05% of the voting rights in the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 33, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.[1]

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

Role of the Board

A management agreement between the Company and JPMF sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

[1] Copies of the UK Corporate Governance Code and the AIC Code may be found on the respective organisations' websites: www.frc.org.uk and www.theaic.co.uk

DIRECTORS' REPORT *CONTINUED*

The Board has procedures in place to deal with potential conflicts of interest and, following the introduction of The Bribery Act 2010, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMF, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board, chaired by Andrew Sutch, currently consists of five non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 21 and 22. There have been no changes to the Chairman's other significant commitments during the year under review.

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

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be reappointed by shareholders. Thereafter, a Director's appointment is subject to the performance evaluation carried out each year and the approval of shareholders at each annual general meeting, in accordance with corporate governance best practice. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees periodically.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the AGM.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on pages 21 and 22. Directors who are not members of Committees may attend at the invitation of the Chairman of the relevant Committee.

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

Meetings Attended

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

[1] Retired 15th April 2015. Sir Michael Bunbury was not a member of the Audit Committee but attended meetings by invitation.

[2] Appointed 1st February 2015.

Board Committees

Nomination Committee

The Nomination Committee, chaired by Andrew Sutch, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. An independent third party, Trust Associates, were employed to conduct the search for a new Director, which resulted in the appointment of David Fletcher. Trust Associates have no connection with the Board or the Manager.

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

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together. Questionnaires, drawn up by the Board, with the assistance of JPMF and a firm of independent consultants, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director leads the evaluation of the Chairman's performance.

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

Audit Committee

The Audit Committee, chaired by Humphrey van der Klugt, and whose membership is set out on pages 21 and 22, meets on at least two occasions each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

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

During its review of the Company's financial statements for the year ended 31st December 2015, the Audit Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on page 43. The audit includes the determination of the existence and ownership of the investments. Controls are in place to ensure valuations are appropriate and existence is verified through custodian reconciliations. The Board monitors the controls in place.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the accounts on page 44.
Calculation of Management and Performance Fees	The management and performance fees are calculated in accordance with the Investment Management Agreement. The Board reviews controls reports, expense schedules and the performance fee calculation. The auditor independently recalculates the management and performance fees as part of the audit and has not reported any exceptions.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

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

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st December 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 33.

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

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Audit Committee meeting at which the draft Annual Report & Accounts were considered and also engage with Directors as and when required. Having reviewed the performance of the external Auditors, including assessing the quality of work, timing of communications and work with JPMF, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The current audit firm has audited the Company's financial statements since 1966. The Company's year ended 31st December 2015 is the current Audit Partner's fifth of a five year maximum term. The Company will be required to appoint a new audit firm in 2020.

DIRECTORS' REPORT *CONTINUED*

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

Going Concern

The Directors believe that, having considered the Company's investment objective (see page 16), risk management policies (see pages 55 to 59), capital management policies and procedures (see page 60), the nature of the portfolio and expenditure and cash flow projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Company's financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these financial statements.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders half yearly by way of the half year and annual report and accounts. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 67.

The Company's Annual Report and Accounts are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 67.

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

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMF and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by JPMF and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. In addition, the Company's depositary is responsible for overseeing the operations of the custodian and the Company's cash flows. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on page 19). This process, which was in place during the year under review and up to the date of the approval of the Annual Report and Accounts, accords with the Financial Reporting Council's guidance. Whilst the Company does not have an internal audit function of its own, the Board considers that it is sufficient to rely on the internal audit department of the Manager. This arrangement is kept under review. The key elements designed to provide effective internal control are as follows:

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

Information Technology Systems – the Manager and the Company's other suppliers have security systems in place to protect the Company's information. Information technology controls are tested and reported on regularly by independent third parties.

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

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

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

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

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st December 2015 and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of risk management and internal control, the Board has not identified or been advised of any failings or weaknesses which it has determined to be significant.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of the Manager's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 18.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

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

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Secretary

9th March 2016

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 31st December 2015, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 34 to 38.

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

Directors' Remuneration Policy

The law requires that the Directors' Remuneration Policy is subject to a triennial binding vote. However, the Board has decided to seek annual approval and therefore an ordinary resolution to approve this policy will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board and retained. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

Reviews are based on information provided by the Manager and industry research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. The Company has no Chief Executive Officer and no employees and therefore no consultation of employees is required and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

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

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

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

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 26.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st December 2014 and no changes are proposed for the year ending 31st December 2016.

At the Annual General Meeting held on 15th April 2015, of votes cast, 98.0% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and the remuneration report and 2.0% voted against. Abstentions were received from less than 2.0% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report from the 2016 Annual General Meeting will be given in the annual report for the year ending 31st December 2016.

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

Single total figure of remuneration

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

Single total figure table[1]

	Total fees[2] 2015 £	2014 £
Andrew Sutch	30,799	23,000
Humphrey van der Klugt	27,000	27,000
Michael Bunbury[3]	9,938	34,000
David Fletcher[4]	21,083	–
Virginia Holmes[5]	–	6,369
John Scott	23,000	23,000
Jane Tufnell	23,000	23,000
Total	**134,820**	**136,369**

[1] Audited information.

[2] Directors' remuneration comprises an annual fee only. Directors are also reimbursed for out of pocket expenses incurred in attending the Company's business.

[3] Retired 15th April 2015.

[4] Appointed 1st February 2015.

[5] Retired 9th April 2014.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2015 is below:

Remuneration for the Chairman over the five years ended 31st December 2015

Year ended 31st December	Fees
2015	£34,000
2014	£34,000
2013	£32,000
2012	£32,000
2011	£32,000

Directors' Shareholdings[1]

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

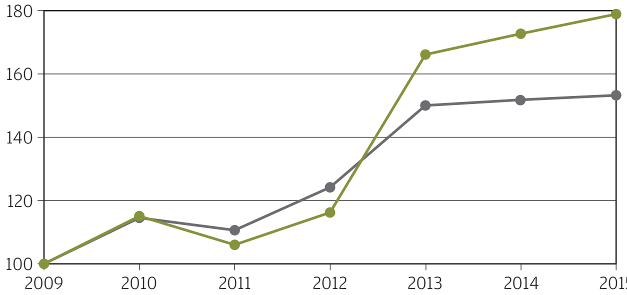
Directors' Name	31st December 2015	31st December 2014 or as at date of appointment
Andrew Sutch	6,898	5,090
David Fletcher	2,271	–
Humphrey van der Klugt	5,000	5,000
John Scott	10,148	10,148
Jane Tufnell	1,000	1,000
Total	**25,317**	**21,238**

Since the year end, David Fletcher and Andrew Sutch have acquired 26 and 79 shares in the Company respectively.

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

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

Six Year Share Price and Benchmark Total Return Performance to 31st December 2015



Source: Morningstar.

Share price total return.

Benchmark.

DIRECTORS' REMUNERATION REPORT *CONTINUED*

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December 2015 £	2014 £
Remuneration paid to all Directors	134,820	136,369
Distribution to shareholders – by way of dividend	11,765,000	10,946,000

For and on behalf of the Board
Andrew Sutch
Chairman

9th March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmclaverhouse.co.uk website, which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Under applicable law and regulations the Directors are also responsible for preparing a Directors' Report and Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed on pages 21 and 22 confirm that, to the best of their knowledge the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

For and on behalf of the Board
Andrew Sutch
Chairman

9th March 2016

Independent Auditor's Report

TO THE MEMBERS OF JPMORGAN CLAVERHOUSE INVESTMENT TRUST PLC

Our opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 2015 and of the Company's net return for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

JPMorgan Claverhouse Investment Trust plc's financial statements comprise:

Statement of Comprehensive Income for the year ended 31st December 2015.

Statement of Changes in Equity for the year ended 31st December 2015.

Statement of Financial Position as at 31st December 2015.

Statement of Cash Flows for the year ended 31st December 2015.

Related notes 1 to 25 to the financial statements.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Overview of our audit approach

Risks of material misstatement	• Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment. • The management and performance fees payable by the Company for investment management services are not calculated in accordance with the methodology prescribed in the investment management agreement. • Incorrect valuation and existence of the investment portfolio.
Audit scope	• We performed an audit of JPMorgan Claverhouse Investment Trust plc.
Materiality	• Materiality of £3.6 million which represents 1% of equity shareholder's funds (2014: £3.5 million).

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those with the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk:	**Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment** (as described on page 27 in the Report of the Audit Committee). The investment income receivable by the Company during the period directly drives the Company's ability to make a dividend payment to shareholders. The investment income receivable for the year to 31st December 2015 was £16.7 million (as disclosed in note 4 to the financial statements). If the Company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial year, this will impact the extent of the profits available to fund dividend distributions to shareholders. The accounting treatment adopted has a direct impact on the profits available for distribution to shareholders of the Company by way of dividends. Given the judgmental aspect of allocating special dividends between revenue and capital and the risk of management override from processing of topside journals, we consider this an area warranting specific audit focus.

	From our review, the Company received 17 special dividends during the year, amounting to £1.6m, all of which were treated as revenue. None of the special dividends received during the year were material.
Our response to the risk:	We have performed the following procedures: We agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements. We agreed, for a sample of investee companies, the dividend declarations made by the investee company from an external third party source to the income entitlements recorded by the Company. We agreed all accrued dividends to third party source and to post year end bank statements to assess the recoverability of these amounts.
What we concluded to the Audit Committee:	The results of our procedures are: We noted no issues in agreeing the sample of dividend receipts to and from an independent source and to the bank statements. We noted no issues in agreeing the sample of dividend declarations to the income entitlements recorded by the Company. We noted no issues in agreeing the sample of accrued dividend receipts to an independent source and to the bank statements.
Risk:	**The management and performance fees payable by the Company for investment management services are not calculated in accordance with the methodology prescribed in the investment management agreement** (as described on page 27 in the Report in the Audit Committee). The fees payable by the Company for investment management services are a significant component of the Company's cost base and, therefore, impact the Company's total return. For the year to 31st December 2015, the management fee was £1.8 million and the performance fee was £3.7 million (as disclosed in Note 5 to the financial statements). As described on page 23 the calculation methodology for both the management and performance fee is relatively complex with a number of inputs required from both external sources and the Company's own financial records. If the management or performance fee is not calculated in accordance with the methodology described in the investment management agreement this could have a significant impact on both costs and overall performance.
Our response to the risk:	We have performed the following procedures: We used the terms contained in the investment management agreement to perform a recalculation of the management and performance fee. We agreed the inputs used in the calculation of the management and performance fee to source data. In respect of the management fee, we agreed the monthly cash payments made to Company bank statements. In relation to the performance fee, we agreed the accounting treatment adopted in relation to the recognition of the fee was appropriate given the requirement to defer a portion of the performance fee earned over a three year period.
What we concluded to the Audit Committee:	The results of our procedures are: We are satisfied that the terms of the investment management agreement have been materially applied within the management and performance fee calculations. For all inputs and payments, we noted no issues in agreeing the amounts to source data. We noted no issues agreeing the management fee payments to Company bank statements. We are satisfied that the accounting treatment in relation to the deferred portion of the performance fees is in accordance with the terms of the agreement and the accounting policies.

Risk:	**Incorrect valuation and existence of the investment portfolio** (as described on page 27 in the Report of the Audit Committee). The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31st December 2015 was £433.5 million (2014: £428.1 million), consisting of £399.3 million of listed equities and £34.2 million of mutual funds. (movements in the investment portfolio are shown in note 11 to the financial statements). Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.
Our response to the risk:	We have performed the following procedures: We have used our bespoke asset pricing tool to value 100% of the investment portfolio. We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and depositary as at 31st December 2015.
What we concluded to the Audit Committee:	The results of our procedures are: For all investments, we noted no material differences in market value. We noted no differences between the custodian and depositary confirmations and the Company's underlying financial records.

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls and changes in the business environment when assessing the level of work to be performed. The Company is a single component and we perform a full audit on this Company.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be £3.6 million (2014: £3.5 million), which is 1% of equity shareholders' funds. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We derived our materiality calculation from a proportion of total equity as we consider that to be the most important financial metric on which shareholders judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, being £2.7 million (2014: £2.6 million). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £0.7 million (2014: £0.6 million) for the revenue column of the Income Statement, being 5% of the revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered to be clearly trivial.

We agreed with the audit committee that we would report all audit differences in excess of £0.18 million (2014: £0.13 million) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 33 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

ISAs (UK & Ireland) reporting

We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:

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

In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.

We have no exceptions to report.

Companies Act 2006 reporting

We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.

Listing Rules review requirements

We are required to review: • the Directors' statement in relation to going concern set out on page 28, and longer-term viability, set out on page 20; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' assessment of the Principal Risks that would threaten the solvency or liquidity of the entity

ISAs (UK & Ireland) reporting

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

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

9th March 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	13,352	13,352	–	(2,479)	(2,479)
Net foreign currency losses		–	(10)	(10)	–	(12)	(12)
Income from investments	4	16,687	–	16,687	15,149	–	15,149
Interest receivable and similar income	4	3	–	3	34	–	34
Gross return/(loss)		16,690	13,342	30,032	15,183	(2,491)	12,692
Management fee	5	(616)	(1,145)	(1,761)	(608)	(1,128)	(1,736)
Performance fee	5	–	(3,660)	(3,660)	–	(325)	(325)
Other administrative expenses	6	(884)	–	(884)	(828)	–	(828)
Net return/(loss) on ordinary activities before finance costs and taxation		15,190	8,537	23,727	13,747	(3,944)	9,803
Finance costs	7	(1,014)	(1,882)	(2,896)	(993)	(1,846)	(2,839)
Net return/(loss) on ordinary activities before taxation		14,176	6,655	20,831	12,754	(5,790)	6,964
Taxation	8	(8)	–	(8)	–	–	–
Net return/(loss) on ordinary activities after taxation		14,168	6,655	20,823	12,754	(5,790)	6,964
Return/(loss) per share	9	25.89p	12.16p	38.05p	23.31p	(10.58)p	12.73p
Dividends declared and payable in respect of the year	10	21.50p			20.00p		
Dividends paid during the year	10	21.50p			19.50p		

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

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

The notes on pages 43 to 60 form an integral part of these accounts.

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve[1] £'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	–	–	–	(5,790)	12,754	6,964
Dividends appropriated in the year	–	–	–	–	(10,667)	(10,667)
At 31st December 2014	14,192	149,641	6,680	160,957	15,193	346,663
Net return on ordinary activities	–	–	–	6,655	14,168	20,823
Dividends appropriated in the year	–	–	–	–	(11,760)	(11,760)
At 31st December 2015	14,192	149,641	6,680	167,612	17,601	355,726

The notes on pages 43 to 60 form an integral part of these accounts.

[1] This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets	11		
Investments held at fair value through profit or loss		402,792	402,912
Investment in liquidity fund held at fair value through profit or loss		30,702	25,141
		433,494	**428,053**
Current assets	12		
Debtors		1,117	1,009
Cash and short term deposits		1,989	1,845
		3,106	**2,854**
Creditors:			
Amounts falling due within one year	13	(2,509)	(2,230)
Derivative financial liabilities	14	–	(600)
Net current assets		**597**	**24**
Total assets less current liabilities		**434,091**	**428,077**
Creditors:			
Amounts falling due after more than one year	15	(74,865)	(79,838)
Provision for liabilities and charges	16	(3,500)	(1,576)
Net assets		**355,726**	**346,663**
Capital and reserves			
Called up share capital	17	14,192	14,192
Share premium	18	149,641	149,641
Capital redemption reserve	18	6,680	6,680
Capital reserves	18	167,612	160,957
Revenue reserve	18	17,601	15,193
Shareholders' funds		**355,726**	**346,663**
Net asset value per share	19	**650.0p**	**633.5p**

The accounts on pages 39 to 60 were approved and authorised for issue by the Directors on 9th March 2016 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 43 to 60 form an integral part of these accounts.

Company registration number: 754577.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Net cash outflow from operations before dividends and interest	20	(4,137)	(3,893)
Dividends received		16,488	15,266
Interest received		98	60
Interest paid		(2,856)	(2,768)
Overseas tax recovered		1	–
Net cash inflow from operating activities		**9,594**	**8,665**
Purchases of investments		(104,473)	(153,547)
Sales of investments		117,697	159,825
Settlement of futures contracts		(353)	(80)
Settlement of foreign currency contracts		–	13
Net cash inflow from investing activities		**12,871**	**6,211**
Dividends paid		(11,760)	(10,667)
Repayment of bank loans		(5,000)	(40,000)
Drawdown of bank loans		–	58,000
Net cash (outflow)/inflow from financing activities		**(16,760)**	**7,333**
Increase in cash and cash equivalents		**5,705**	**22,209**
Cash and cash equivalents at start of year		26,986	4,777
Cash and cash equivalents at end of year		32,691	26,986
Increase in cash and cash equivalents		**5,705**	**22,209**
Cash and cash equivalents consist of:			
Cash at bank		1,989	1,845
Investments in liquidity funds		30,702	25,141
Total		**32,691**	**26,986**

The notes on pages 43 to 60 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH DECEMBER 2015

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the AIC in November 2014. All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 28 of the Directors' Report form part of these financial statements.

(b) Transition to FRS 102

This set of financial statements, in accordance with the SORP includes changes arising from the adoption of FRS 102 which the Company is required to comply with for the first time for the year ended 31st December 2015.

Aside from amendments to the disclosure of fair value hierarchy information and presentational aspects relating to the Statement of Cash Flows, no significant changes have arisen from the adoption of the new standards. Where changes have arisen, they are substantially in relation to presentation, disclosure and non-quantifiable aspects – there has been no impact to financial position or financial performance and no comparative figures require restating.

(c) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off in the capital column of the Statement of Comprehensive Income at the time of acquisition. Subsequently the investments are valued at fair value, which is represented by the quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

Realised gains and losses on sales of investments are recognised in the Statement of Comprehensive Income and are transferred to capital reserves within 'Gains and losses on sales of investments' and represent the excess of sales proceeds over the carrying value at the previous balance sheet date. Increases and decreases in the valuation of investments held at the year end are recognised in the Statement of Comprehensive Income and are transferred to capital reserves within 'Holding gains and losses on investments'.

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

(d) Accounting for reserves

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(e) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

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

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

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

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

(f) Expenses

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

- any performance fee is allocated 100% to capital. The fee is calculated annually, with any underperformance carried forward and offset against any future out-performance. Any fee payable is charged to capital and spread evenly over three years. The actual amount paid in respect of performance fees in any one year is subject to a cap of 0.4% of total assets;
- the management fee is allocated 35% to revenue and 65% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio;
- expenses incidental to the purchase of an investment and those incidental to the sale are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 50.

(g) Finance costs

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

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

(h) Financial instruments

Cash and cash equivalents may comprise cash (including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents (including liquidity funds). Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash.

Derivative financial instruments, including futures contracts, are valued at fair value and are included in current assets or current liabilities. Any profits or losses on the closure or revaluation of positions are recognised in the Statement of Comprehensive Income and taken to capital reserves. Financial instruments are initially recognised and derecognised on a trade date basis.

The debenture in issue is classified as financial liabilities at amortised cost. It was initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. The amortisation of direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method.

The bank loan is classified as financial liabilities measured at fair value. They are initially measured as proceeds and subsequently measured at fair value. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income. For loans taken out in a currency other than the fund's functional currency (GBP) the unrealised exchange gains or losses are accounted for in the Statement of Comprehensive Income.

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

(i) Taxation

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

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences, but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(j) Functional currency

The Company is required to identify a functional currency, being the currency of the primary economic environment in which the Company operates. The Board has determined that sterling is the Company's functional currency. Sterling is also the currency in which these financial statements are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets and liabilities and equity investments held at fair value denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in 'Holding gains and losses on investments' for investments still held at year end, and in "Gains and losses on sales of investments" for investments sold during the year.

(k) Dividends payable

Dividends are included in the accounts in the year in which they are approved by shareholders.

(l) Value Added Tax ('VAT')

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

(m) Repurchase of shares into Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is charged to capital reserves and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into the capital redemption reserve.

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

2. Significant accounting judgements and estimates

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

Management do not believe that any accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains/(losses) on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Gains on sales of investments held at fair value through profit or loss based on historical cost	5,395	24,408
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(10,759)	(34,740)
Losses on sales of investments based on the carrying value at the previous balance sheet date	(5,364)	(10,332)
Realised losses on close out of futures	(353)	(80)
Net movement in investment holding gains and losses	18,472	8,323
Unrealised gains/(losses) on futures held at fair value through profit or loss	600	(385)
Other capital charges	(3)	(5)
Total capital gains/(losses) on investments held at fair value through profit or loss	**13,352**	**(2,479)**

4. Income

	2015 £'000	2014 £'000
Income from investments		
Franked dividends	15,720	14,639
Property income distribution from UK REITS	255	94
Overseas dividends	617	331
Scrip dividends	–	27
Interest from liquidity fund	95	58
	16,687	**15,149**
Interest receivable and similar income		
Underwriting commission	–	32
Deposit interest	3	2
Total income	**16,690**	**15,183**

5. Management and performance fees

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Management fee	616	1,145	1,761	608	1,128	1,736
Performance fee	–	3,660	3,660	–	325	325
	616	**4,805**	**5,421**	**608**	**1,453**	**2,061**

Details of the management and performance fees are given in the Directors' Report on page 23.

6. Other administrative expenses

	2015 £'000	2014 £'000
Administration expenses	361	289
Directors' fees[1]	135	136
Savings scheme costs[2]	358	373
Auditors' remuneration for audit services[3]	29	29
Auditors' remuneration for other services[4]	1	1
	884	**828**

[1] Details are given in the Directors' Remuneration Report on page 31.

[2] These fees were paid to the Manager for the marketing and administration of savings scheme products. Includes £60,000 (2014: £62,000) irrecoverable VAT.

[3] Includes £5,000 (2014: £5,000) irrecoverable VAT.

[4] Includes £nil (2014: £200) irrecoverable VAT. The other services provided comprise a review of compliance with the debenture trust deed.

7. Finance costs

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Interest on bank loans and overdrafts	269	500	769	249	463	712
Debenture interest	745	1,382	2,127	744	1,383	2,127
	1,014	**1,882**	**2,896**	**993**	**1,846**	**2,839**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

8. Taxation

(a) Analysis of tax charge in the year

	2015 £'000	2014 £'000
Overseas withholding tax	8	–
Total tax charge for the year	8	–

(b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (2014: lower) than the Company's applicable rate of corporation tax for the year of 20.25% (2014: 21.49%). The factors affecting the total tax charge for the year are as follows:

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Net return on ordinary activities before taxation	**14,176**	**6,655**	**20,831**	**12,754**	**(5,790)**	**6,964**
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 20.25% (2014: 21.49%)	2,871	1,348	4,219	2,741	(1,244)	1,497
Effects of:						
Non taxable capital (gains)/losses	–	(2,702)	(2,702)	–	535	535
Non taxable UK dividends	(3,183)	–	(3,183)	(3,146)	–	(3,146)
Non taxable overseas dividends	(125)	–	(125)	(71)	–	(71)
Non taxable scrip dividends	–	–	–	(6)	–	(6)
Excess capital expenses arising in the year	–	1,354	1,354	–	709	709
Overseas withholding tax	8	–	8	–	–	–
Unrelieved expenses and charges	437	–	437	482	–	482
Total tax charge for the year	**8**	**–**	**8**	**–**	**–**	**–**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £18,878,000 (2014: £19,205,000) based on a prospective corporation tax rate of 18% (2014: 20%). The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. These reductions in the standard rate of corporation tax were substantively enacted on 26th October 2015 and became effective from 18th November 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

9. Return/(loss) per ordinary share

The revenue return per ordinary share is based on the earnings attributable to the ordinary shares of £14,168,000 (2014: £12,754,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2014: 54,723,979) excluding shares held in Treasury.

The capital return per ordinary share is based on the earnings attributable to the ordinary shares of £6,655,000 (2014: £5,790,000 loss) and on the weighted average number of shares in issue during the year of 54,723,979 (2014: 54,723,979) excluding shares held in Treasury.

The total return per ordinary share is based on the earnings attributable to the ordinary shares of £20,823,000 (2014: £6,964,000) and on the weighted average number of shares in issue during the year of 54,723,979 (2014: 54,723,979) excluding shares held in Treasury.

10. Dividends[1]

(a) Dividends paid and proposed

	2015 £'000	2014 £'000
Unclaimed dividends refunded to the Company[2]	(5)	(5)
2014 fourth quarterly dividend of 6.50p (2013: 6.00p) paid in March 2015	3,557	3,283
First quarterly dividend of 5.00p (2014: 4.50p) paid in June 2015	2,736	2,463
Second quarterly dividend of 5.00p (2014: 4.50p) paid in September 2015	2,736	2,463
Third quarterly dividend of 5.00p (2014: 4.50p) paid in December 2015	2,736	2,463
Total dividend paid in the year of 21.50p (2014: 19.50p)	**11,760**	**10,667**

[1] All dividends paid and declared in the period have been funded from the Revenue Reserve.

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

	2015 £'000	2014 £'000
Fourth quarterly dividend of 6.50p (2014: 6.50p) paid on 1st March 2016	**3,557**	**3,557**

The fourth quarterly dividend has been declared and paid in respect of the year ended 31st December 2015. This dividend will be reflected in the accounts for the year ending 31st December 2016.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, as shown below. The revenue available for distribution by way of dividend for the year is £14,168,000 (2014: £12,754,000). The minimum distribution required under Section 1158 is £11,664,000 (2014: £10,477,000). Brought forward revenue reserves amounting to £nil (2014: £nil) have been utilised in order to finance the dividend.

	2015 £'000	2014 £'000
First quarterly dividend of 5.00p (2014: 4.50p) paid in June 2015	2,736	2,463
Second quarterly dividend of 5.00p (2014: 4.50p) paid in September 2015	2,736	2,463
Third quarterly dividend of 5.00p (2014: 4.50p) paid in December 2015	2,736	2,463
Fourth quarterly dividend of 6.50p (2014: 6.50p) paid on 1st March 2016	3,557	3,557
Total dividend declared in respect of the year of 21.50p (2014: 20.00p)	**11,765**	**10,946**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11. Investments

	2015 £'000	2014 £'000
Investments listed on a recognised stock exchange	402,792	402,912
Investments in liquidity funds	30,702	25,141
	433,494	**428,053**
Opening book cost	342,001	302,543
Opening investment holding gains	86,052	112,469
Opening valuation	428,053	415,012
Movements in the year:		
Purchases at cost	153,870	220,474
Sales – proceeds	(161,537)	(205,424)
Losses on sales of investments based on the carrying value at the previous balance sheet date	(5,364)	(10,332)
Net movement in investment holding gains and losses	18,472	8,323
Closing valuation	433,494	428,053
Closing book cost	339,729	342,001
Closing investment holding gains	93,765	86,052
Total investments held at fair value through profit or loss	**433,494**	**428,053**

During the year, prior year investment holding gains amounting to £10,759,000 were transferred to gains on sales of investments as disclosed in note 18 on page 52.

Transaction costs on purchases during the year amounted to £1,316,000 (2014: £754,000) and on sales during the year amounted to £194,000 (2014: £111,000). These costs comprise brokerage commission and stamp duty.

12. Current assets

Debtors

	2015 £'000	2014 £'000
Dividends and interest receivable	954	919
Tax recoverable	126	66
Other debtors	37	24
	1,117	**1,009**

The Directors consider that the carrying amount of debtors approximates to their fair value. No assets are past due or impaired (2014: none).

Cash and short term deposits

Cash and short term deposits comprise bank balances and short term deposits. The carrying amount of these balances represents their fair value.

13. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Other creditors	109	111
Interest accrued	664	651
Performance fee	1,736	1,468
	2,509	2,230

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

14. Financial instruments

	2015 £'000	2014 £'000
Futures contracts	–	(600)

15. Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
£50,000,000 Loan facility	45,000	50,000
£30,000,000 7% debenture 30th March 2020	29,865	29,838
	74,865	79,838

The Company has a £50 million unsecured loan facility with National Australia Bank, of which £45 million was drawn at the year end. The agreement expires on 28th April 2017. Interest is payable at a margin over LIBOR as offered in the market for the loan period, plus the 'mandatory costs' rate, which is the lender's cost of complying with certain regulatory requirements. The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year.

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

16. Provisions for liabilities and charges

	2015 £'000	2014 £'000
Performance fee payable		
Opening balance	1,576	2,719
Performance fee for the year[1]	3,660	325
Amount realised during the year	(1,736)	(1,468)
Closing balance	3,500	1,576

[1] As explained in the Directors' Report on page 23, the performance fee earned in the year is spread evenly over three years and capped at 0.4% of total assets in any one year. The balance is carried forward until it is paid in full or offset against underperformance in subsequent years.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

17. Share capital

	2015 £'000	2014 £'000
Allotted and fully paid		
Shares of 25p each		
Opening balance of 54,723,979 (2014: 54,723,979) shares excluding shares held in Treasury	13,682	13,682
Subtotal	13,682	13,682
2,041,674 (2014: 2,041,674) shares held in Treasury	510	510
Closing balance[1]	**14,192**	**14,192**

[1] Represents 56,765,653 (2014: 56,765,653) shares, including 2,041,674 (2014:2,041,674) shares held in Treasury.

18. Reserves

			Capital reserves		
	Share premium £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
Opening balance	149,641	6,680	76,866	84,091	15,193
Foreign currency losses on cash and short term deposits	–	–	(10)	–	–
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	(5,364)	–	–
Net movement in investment holding gains and losses	–	–	–	18,472	–
Transfer on disposal of investments	–	–	10,759	(10,759)	–
Realised losses on close out of futures	–	–	247	–	–
Unrealised losses on futures from prior period now realised	–	–	(600)	600	–
Additional transfer in relation to 2014 futures	–	–	215	(215)	–
Performance fee for the year	–	–	–	(3,660)	–
Performance fee realised during the year	–	–	(1,736)	1,736	–
Management fee and finance costs charged to capital	–	–	(3,027)	–	–
Other capital charges	–	–	(3)	–	–
Dividends appropriated in the year	–	–	–	–	(11,760)
Retained revenue for the year	–	–	–	–	14,168
Closing balance	**149,641**	**6,680**	**77,347**	**90,265**	**17,601**

19. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders of £355,726,000 (2014: £346,663,000) and on the 54,723,979 (2014: 54,723,979) shares in issue at the year end, excluding shares held in Treasury.

20. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	2015 £'000	2014 £'000
Net return on ordinary activities before finance costs and taxation	23,727	9,803
Net capital return/(loss) on ordinary activities before finance costs and taxation	(8,537)	3,944
(Increase)/decrease in accrued income and debtors	(48)	271
(Decrease)/increase in accrued expenses	(1)	20
Scrip Dividends received as income	–	(27)
Performance fee paid	(1,468)	(1,359)
Management fee charged to capital	(1,145)	(1,128)
Overseas withholding tax and UK income tax	(69)	(66)
Dividends received	(16,488)	(15,266)
Interest received	(98)	(60)
Realised gain/loss on foreign exchange transactions	(10)	(25)
Net cash outflow from operations before dividends and interest	**(4,137)**	**(3,893)**

21. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2014: none).

22. Related party transactions

Details of the management contract are set out in the Directors' Report on page 23. The management fee payable to the Manager for the year was £1,761,000 (2014: £1,736,000) of which £nil (2014: £nil) was outstanding at the year end.

Included in the administration expenses in note 6 on page 47 are safe custody fees amounting to £7,000 (2014: £7,000) payable to JPMorgan Chase of which £1,000 (2014: £1,000) was outstanding at the year end.

During the year £358,000 (2014: £373,000) was payable to the Manager for the marketing and administration of savings scheme products, of which £nil (2014: £nil) was outstanding at the year end.

The performance fee incurred for the year was £3,660,000 (2014: £325,000). An amount of £1,736,000 (2014: £1,468,000) was payable at the year end. An amount of £3,500,000 (2014: £1,576,000) is carried forward and will either be paid or offset by underperformance in subsequent years.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. Commission amounting to £53,000 (2014: £32,000) was payable to JPMorgan Securities Limited for the year of which £nil (2014: £nil) was outstanding at the year end.

The Company holds investments in JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc which are managed by JPMorgan. At the year end these were valued at £16.1 million (2014: £12.8 million) and represented 3.7% (2014: 3.0%) of the Company's investment portfolio. During the year the Company made £nil (2014: £nil) purchases of such investments and sales with a total value of £nil (2014: £2,456,000). Income amounting to £228,000 (2014: £186,000) was receivable from these investments during the year of which £nil (2014: £nil) was outstanding at the year end.

The Company also holds an investment in the JPMorgan Sterling Liquidity Fund, managed by JPMorgan. At the year end this was valued at £30.7 million (2014: £25.1 million) and represented 7.1% (2014: 5.9%) of the Company's investment portfolio. During the year, the Company made purchases of this investment with a total value of £49.4 million (2014: £70.7 million) and sales with a total value of £43.8 million (2014: £45.5 million). Income amounting to £95,000 (2014: £58,000) was receivable from this investment during the year of which £nil (2014: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £3,000 (2014: £5,000) were payable to JPMorgan Chase during the year of which £nil (2014: £1,000) was outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. Related party transactions *continued*

At the year end, a bank balance of £1,989,000 (2014: £1,845,000) was held with JPMorgan Chase. A net amount of interest of £3,000 (2014: £2,000) was receivable by the Company during the year from JPMorgan Chase, of which £nil (2014: £nil) was outstanding at the year end.

Details of Directors' transactions in the Company's shares and Directors' fees are included in the Directors' Remuneration Report on page 31.

23. Disclosures regarding financial instruments measured at fair value

The fair value hierarchy disclosures required by FRS 102 are given below.

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

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

(A) Quoted prices for identical instruments in active markets

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

(B) Prices of recent transactions for identical instruments

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

(C) Valuation techniques using observable market value

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(c) on page 43.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31st December.

	2015		2014	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Quoted prices for identical instruments in active markets[1]	429,961	–	425,142	(600)
Prices of recent transactions for identical instruments[2]	3,533	–	2,911	–
Valuation techniques using observable market value	–	–	–	–
Total value of investments	**433,494**	**–**	**428,053**	**(600)**

[1] Includes JPMorgan Sterling Liquidity Fund and the FTSE 100 Index Future Positions.
[2] Includes JPMorgan UK Smaller Companies Fund.

There have been no transfers between Level A, B or C during the year (2014: £nil). As a result of the transition from old UK GAAP to FRS 102, JPMorgan UK Smaller Companies Fund which had been categorised as Level 1 (or A) in the prior year, has been amended to accord with current year methodology.

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

As an investment trust, the Company invests in equities and other securities for the long term so as to achieve its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

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

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year. The Company's financial instruments may comprise the following:

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

(a) Market risk

The fair value or future cash flows of financial instruments held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market price risk is given in parts (i) and (ii) to this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks; and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

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

Management of interest rate risk

The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions.

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

Interest rate exposure

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

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash and short term deposits	1,989	1,845
JPMorgan Sterling Liquidity Fund	30,702	25,141
Bank loan	(45,000)	(50,000)
Total net exposure	**(12,309)**	**(23,014)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(i) Interest rate risk *continued*

Interest rate exposure *continued*

Interest receivable is at the following rates:

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

Details of the bank loan are given in note 15 on page 51.

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2015		2014	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	85	(85)	47	(47)
Capital return	(146)	146	(162)	162
Total return after taxation for the year	**(61)**	**61**	**(115)**	**115**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes, due to fluctuations in the level of cash balances, liquidity fund balances and borrowings on the loan facility.

(ii) Other price risk

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

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

The Company's total exposure to other changes in market prices at 31st December comprises its holdings in equity investments and future contracts as follows. Holdings in liquidity funds are not deemed to be exposed to other price risk.

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	402,792	402,912
Derivative instruments – futures contracts	–	(600)
Net assets	**402,792**	**402,312**

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 13 to 15. This shows that all of the investments including the future contract are listed in the UK. Accordingly there is a concentration of exposure to this country. However, it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2014: 10%) in market values. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and includes the impact on the management fee, but assumes all other variables are held constant.

	2015		2014	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(78)	78	(75)	75
Capital return	40,135	(40,135)	38,834	(38,834)
Total return after taxation for the year and net assets	**40,057**	**(40,057)**	**38,759**	**(38,759)**

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital requirements and to gear the Company as appropriate. Details of the Company's loan facility are given in note 15 on page 51.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(b) Liquidity risk *continued*

Liquidity risk exposure

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

	2015			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due after more than one year				
£30,000,000 7% debenture 30th March 2020	–	–	30,000	30,000
Interest on debenture	–	–	6,825	6,825
Bank loan	–	–	45,000	45,000
Interest on bank loan	–	–	229	229
Performance fee provision	–	–	3,500	3,500
Creditors: amounts falling due within one year				
Interest on bank loan	312	530	–	842
Other creditors and accruals	109	–	–	109
Performance fee payable	1,736	–	–	1,736
Interest on debenture	1,050	1,050	–	2,100
	3,207	**1,580**	**85,554**	**90,341**

	2014			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors: amounts falling due after more than one year				
£30,000,000 7% debenture 30th March 2020	–	–	30,000	30,000
Interest on debenture	–	–	8,925	8,925
Bank loan	–	–	50,000	50,000
Interest on bank loan	–	–	1,021	1,021
Performance fee provision	–	–	1,576	1,576
Creditors: amounts falling due within one year				
Interest on bank loan	316	580	–	896
Derivative financial instrument	600	–	–	600
Other creditors and accruals	111	–	–	111
Performance fee payable	–	1,468	–	1,468
Interest on debenture	1,050	1,050	–	2,100
	2,077	**3,098**	**91,522**	**96,697**

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager regularly monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to ongoing credit analysis by the Manager and trades can only be placed with counterparties that have been approved by both the JPMorgan Counterparty Risk Group and the Board.

Custody

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

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

Credit risk exposure

The following amounts, shown in the Statement of Financial Position, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	£'000	Maximum exposure £'000	£'000	Maximum exposure £'000
Fixed assets – investments held at fair value through profit or loss	433,494	30,702	428,053	25,141
Current assets				
Debtors	1,117	1,117	1,009	1,009
Cash and short term deposits	1,989	1,989	1,845	1,845
	436,600	33,808	430,907	27,995

(d) Fair values of financial assets and financial liabilities

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

	Accounts value		Fair value	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
£30 million 7% debenture March 2020	29,865	29,838	36,110	37,039

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

25. Capital management policies and procedures

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

	2015 £'000	2014 £'000
Debt:		
£50 million Loan facility	45,000	50,000
£30 million 7% debenture March 2020	29,865	29,838
	74,865	79,838
Equity:		
Share capital	14,192	14,192
Reserves	341,534	332,471
	355,726	346,663
Total debt and equity	**430,591**	**426,501**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

The Board's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions.

	2015 £'000	2014 £'000
Investments excluding liquidity holdings	402,792	402,912
Current assets excluding cash	1,117	1,009
Current liabilities excluding bank loan	(2,509)	(2,830)
Total assets	401,400	401,091
Net assets	**355,726**	**346,663**
Gearing	**12.8%**	**15.7%**

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

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

Alternative Investment Fund Managers Directive ('AIFMD') Disclosures (Unaudited)

Leverage

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD (see Glossary of Terms and Definitions on page 65), as at 31st December 2015, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	122%	122%

JPMF Remuneration

JPMF is the authorised manager of the Company and is part of the J.P. Morgan Chase & Co. group of companies. In this disclosure, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This disclosure has been prepared in accordance with the AIFMD, the European Commission Delegated Regulation supplementing the AIFMD, the 'Guidelines on Sound Remuneration Policies' under the AIFMD issued by the European Securities and Markets Authority and the Financial Conduct Authority Handbook (SYSC 19B: The AIFM Remuneration Code and FUND 3.3).

JPMF Remuneration Policy

The current remuneration policy for the EMEA Global Investment business of J.P. Morgan can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/adv/emea-remuneration-policy. This policy includes details of the alignment with risk management, the financial and non-financial criteria used to evaluate performance and the measures adopted to avoid or manage conflicts of interest.

JPMF Quantitative Disclosures

The table below provides an overview of the aggregate 2015 total remuneration paid to J.P. Morgan staff that can be reasonably attributed to the Company. These figures include the remuneration of all staff of JPMorgan Asset Management (UK) Limited (the relevant employing entity) and the number of beneficiaries, both apportioned to the Company on an assets under management ('AUM') weighted basis.

It is not possible to provide a further breakdown of remuneration attributable to the Company in a relevant or reliable way. However, for context, JPMF manages 34 alternative investment funds ('AIFs') (with 40 sub-funds) and 2 UCITS funds (with 41 sub-funds), with a combined AUM as at 31st December 2015 of £9,293 million and £10,645 million respectively.

	Fixed	Variable	Number of beneficiaries
All staff ($'000s)	17,269	11,734	135

The 'Identified Staff' of JPMF are those employees whose actions have a material impact on the risk profile of JPMF or the AIFs it manages, including the Company. The aggregate 2015 total remuneration paid to this group was $27,884,080. Given the size of JPMF, in particular the number of senior management and other Identified Staff, compensation information for these two groups has been aggregated.

For the purposes of the above disclosures, where portfolio management activities have been formally delegated, remuneration for the relevant employees has been excluded.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifty third Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Wednesday, 20th April 2016 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2015.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2015.
4. To reappoint David Fletcher as a Director.
5. To reappoint Humphrey van der Klugt as a Director.
6. To reappoint John Scott as a Director.
7. To reappoint Andrew Sutch as a Director.
8. To reappoint Jane Tufnell as a Director.
9. To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,368,099, representing approximately 10% of the Company's issued Ordinary share capital as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of relevant securities – Special Resolution

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,368,099 representing approximately 10% of the issued share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares on such terms and in such manner as the Directors may from time to time determine

    PROVIDED ALWAYS THAT

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 8,203,124, or if less, that number of ordinary shares which is equal to 14.99% of the issued share capital as at the date of the passing of this Resolution;

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

    (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange

Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors);

(v) the authority hereby conferred shall expire on 19th October 2017 unless the authority is renewed at the Company's Annual General Meeting in 2017 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board
Jonathan Latter, for and on behalf of
JPMorgan Funds Limited,
Secretary

16th March 2016

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 12.00 noon two business days prior to the Meeting (i.e. excluding weekends and bank holidays).

4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.

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

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.

8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.

10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmclaverhouse.co.uk.

13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.

14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.

15. As an alternative to completing a hard copy Form of Proxy/Voting Instruction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk Full instructions are given on both websites.

16. As at 8th March 2016 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 56,765,653 ordinary shares (of which 2,041,674 are held in Treasury) carrying one vote each. Therefore the total voting rights in the Company are 54,723,979.

Electronic appointment – CREST members

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

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders
Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Return on Net Assets
Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the return on net assets.

Benchmark Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

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

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

Ongoing Charges
The Ongoing Charges represent the Company's management fee and all other operating expenses, excluding finance costs and performance fee payable, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

Share Price Discount/Premium to net asset value ('NAV') per share
If the share price of an investment trust is lower than the NAV per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

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

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

Performance Attribution Definitions:

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

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

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

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

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following:

Fund supermarkets:

AJ Bell	James Brearley
Alliance Trust Savings	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority ('FCA') adviser charging and commission rules, visit www.fca.org.uk.

Information about the Company

FINANCIAL CALENDAR

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

History

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

Company Numbers

Company registration number: 754577
London Stock Exchange code: 0342218

Market Information

The Company's net asset value ('NAV') per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at www.jpmclaverhouse.co.uk where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmclaverhouse.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 and J.P. Morgan ISA. These products are all available on the online service, at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Jonathan Latter at the above address.

Depositary

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

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

Registrars

Equiniti Limited
Reference 1079
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2318

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1090. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditor

Ernst & Young LLP
Statutory Auditor
25 Churchill Place
Canary Wharf
London E14 5EY

Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Savings Product Administrators

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

aic
The Association of Investment Companies
A member of the AIC

www.jpmclaverhouse.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.

J.P.Morgan
Asset Management