
JPMorgan Claverhouse Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2016



Features

Objective

Capital and income growth from UK investments.

Investment Policies

- To invest in a portfolio consisting mostly of leading companies listed on the London Stock Exchange. The Company's portfolio consists typically 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.

Benchmark

The FTSE All-Share Index.

Capital Structure

At 30th June 2016, 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 floating 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 the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

AIC

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

Website

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

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Half Year Performance

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 30TH JUNE 2016

-6.8%

Return to shareholders¹

-2.0%

Return on net assets²

+4.3%

Benchmark total return³

Financial Data

	30th June 2016	31st December 2015
Shareholders' funds (£'000)	342,154	355,726
Number of shares in issue ⁴	54,723,979	54,723,979
Share price	550.0p	602.5p
Net asset value per share with debt at par value ⁵	625.2p	650.0p
Net asset value per share with debt at fair value ^{5,6}	612.9p	638.6p
Share price discount to net asset value per share with debt at par value ⁷	10.6%	5.9%
Share price discount to net asset value per share with debt at fair value ⁸	8.8%	5.7%
Gearing	10.1%	13.2%
Gearing (incl Index Future exposure)	6.9%	13.2%
Ongoing charges	0.73%	0.74%

¹ Source: Morningstar.

² Source: J.P. Morgan.

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

⁴ Excluding 2,041,674 (31st December 2015: 2,041,674) shares held in Treasury.

⁵ Includes the current year revenue account balance.

⁶ The fair value of the £30m (2015: £30m) debenture issued by the Company has been calculated using discounted cash flow techniques and the yield from a similarly dated gilt plus a margin based on the 5 year average for the AA Barclays Sterling Corporate Bond spread.

⁷ Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2016 of 615.4p, which does not include the current year revenue account balance.

⁸ Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2016 of 603.03p, which does not include the current year revenue account balance.

A glossary of terms and definitions is provided on page 19.

About the Company

CHAIRMAN'S STATEMENT



Performance

The events of June 2016 have been unprecedented in the political history of the United Kingdom and it is with this in mind that I present the Company's results for the six months to 30th June 2016.

At the time of writing my annual Chairman's statement in March I stated that it was by no means clear what the outcome of the referendum on continued EU membership would be and that the impact of a 'Leave' vote on the Company, a sterling denominated fund investing in London-listed companies, could be significant. As we now know the outcome of the vote on 23rd June 2016 was for the United Kingdom to leave the EU.

The Company's performance in the first half of the year has been disappointing after several years of very good returns. The net asset value total return of -2.0% for the six months to 30th June 2016, compared with the return from the Company's benchmark, the FTSE All-Share Index, of +4.3% over the same period. This reflected a mid-cap bias in the Company's portfolio. As a result of the referendum vote, UK domestically focused companies were de-rated in favour of the larger FTSE100 companies, which have more international exposure and revenues. The return to shareholders for the six month period was -6.8% as the share price declined 8.7% over the first half of the year, reflecting a widening of the Company's discount over the period.

The Investment Managers explain more fully the impact of the EU vote on the investments in the portfolio in their report on pages 5 to 7 of this half year report.

Revenue and Dividends

Earnings per share for the six months to 30th June 2016 declined by 3.14% to 14.81p, compared to 15.29p earned in the same period in 2015.

A first quarterly dividend of 5.0p per share was paid on 1st June 2016. It continues to be the Board's intention that the first three quarterly dividends should be of an equal amount and the Board has declared a second quarterly interim dividend of 5.0p (2015: 5.0p) to be paid on 1st September 2016 to shareholders on the register at the close of business on 5th August 2016. It remains the Board's aim to increase the total dividend each year as it has done in each of the past 43 years.

In contrast to the Company's open ended peer group, as well as many other investment trusts, the Company continues to benefit from a relatively high level of revenue reserves and the ability to utilise these to support the dividend, as it has done in the past, should it be necessary.

Discount and Share Repurchases

Discounts in the investment trust sector have widened generally, a trend which has been exacerbated by the result of the EU referendum. As at 30th June 2016 the Company's discount (to its capital only NAV) was 10.6%, not significantly out of line with the peer group. The Company has not repurchased any shares during the six months to 30th June 2016. However, the Board continues to monitor the discount closely and is prepared to repurchase shares when it considers it appropriate.

CHAIRMAN'S STATEMENT *CONTINUED*

Gearing

As previously explained, the Board has agreed with the Investment Managers that gearing of 10% may be considered as 'normal', with discretion to manage the level within a range of +/-7.5% around that normal level. In the run up to the EU referendum gearing was reduced in order to limit the downside effects of a 'Leave' vote and at the period end it was 6.9%.

Investment Management Fees

As announced on 9th June 2016, following a review by the Board, with effect from 1st July 2016 the performance fee was terminated and the management fee is now charged at an amended annual rate of 0.60% of the Company's net assets on the first £500 million, and 0.50% of net assets above that amount. Carried forward performance fees accrued in calculating the Company's net assets as at 30th June 2016 were to be paid out in full. As at 30th June 2016 there was no such performance fee accrual and therefore no performance fee has been paid.

Investment Manager

After her absence through ill health, we are delighted that Sarah Emly, co-Investment Manager, has returned to her role, initially on a part time basis. We very much welcome her back.

Board Changes

I mentioned in my Chairman's statement in March that John Scott has indicated his intention to retire as a Director at the AGM in 2017. As part of its succession planning the Board has commenced a search for his replacement.

Outlook

The medium and longer term effects of the referendum result on UK companies, and on the UK economy as a whole, are still unclear. Since the result, UK equity markets have fluctuated significantly, with the large falls immediately after the vote being reversed subsequently. Sterling has weakened considerably, which has generally benefitted large-cap companies, many of whose revenues are earned largely overseas.

I think that we must expect continuing volatility over the coming months and that the likelihood of slower growth, a weaker currency and rising inflation will be problematic for many of the companies within the universe in which the Company invests. However, there will be winners as well as losers; the winners should include those companies which benefit from international earnings. The Investment Managers will continue to look for well-managed, reasonably valued companies, providing reliable dividend income, in which to invest and it is to be hoped that this will enable the Company to perform well, over the medium and longer term, compared with its benchmark index.

Andrew Sutch

Chairman

3rd August 2016

INVESTMENT MANAGERS' REPORT



William Meadon



Sarah Emly

Market Review

The return for the UK stock market for the first half of the year was positive, although highly volatile, particularly in the run-up to and aftermath of the EU referendum at the end of June.

The first six months of the year saw the FTSE All-Share index deliver a total return of +4.3%. There was, however, a marked change from previous periods in the performance of the different size brackets of companies. The more internationally oriented FTSE100 large-cap index returned +6.6%, in contrast to the much more domestically focused FTSE Mid 250 and FTSE Small Cap indices, which returned -5.2% and -2.0% respectively. The UK Gilts market delivered a total return of +11.4%, as investors sought safe havens, particularly during the month of June amidst the EU referendum vote.

2016 began with a very weak performance from equities. By mid-February the FTSE 100 index had fallen more than 11% from its new year level, as continuing concerns over the slowing growth in China and further downward pressure on commodities, including oil, depressed investor sentiment. However, with the European Central Bank committing to more stimulus and more dovish noises from the Chair of the US Federal Reserve, Janet Yellen, some composure returned to markets.

In the UK, the February announcement by the then Prime Minister, David Cameron, of the date of the EU referendum vote as 23rd June, and the subsequent high profile support that the Brexit campaign gained, contributed to sterling falling to its lowest levels since 2009. The referendum result on 24th June 2016 for the UK to leave the European Union caught markets by surprise and led to further weakening of sterling, downgrades to UK economic growth forecasts and widespread political, economic and constitutional uncertainty. In light of the referendum result, the FTSE 100 large cap index continued to outperform the mid and small cap indices, given the much more global nature of many of the large-cap companies, generating significant proportions of their profits overseas. US dollar earners such as the commodity stocks and the oil majors performed strongly over the first half of the year as a whole, as did the internationally oriented major pharmaceutical and tobacco sectors. By contrast, the more domestically focused stocks of the mid and small cap indices suffered precipitous falls in value post the Brexit vote, as did many property, housebuilding and financial stocks, particularly the banks.

Portfolio Review

The total return on the net assets of the Company of -2.0% compared with the benchmark return of +4.3% over the first six months of 2016.

The portfolio suffered from its bias to domestically-focused mid cap stocks which performed poorly in both the run up to and the aftermath of the unexpected EU referendum result at the end of June. In anticipation of the volatility that might follow the EU vote, we significantly reduced the portfolio's exposure to mid cap stocks during the month of June through sales of Go-Ahead, Greggs, Laird and St Modwen. In retrospect, and had we correctly anticipated the result of the referendum, we should have sold more. The Brexit vote was a major surprise and investors' immediate fears were that the UK would soon go into recession. The share prices of many domestically oriented companies dropped vertiginously on these concerns.

INVESTMENT MANAGERS' REPORT *CONTINUED*

Housebuilders' shares were particularly badly hit with some of them falling by as much as 40%. Our holdings in Barratt Developments, Berkeley Group and Taylor Wimpey were no exception. Although we had significantly reduced our exposure to the sector during the period, the share price falls were so severe that even our remaining modest exposure proved costly to the portfolio. Our holdings in British Land and Land Securities also suffered after the referendum result, as investors anticipated a sharp slowdown in commercial property developments. The closing of some property funds to investors, prohibiting them from redeeming their investments, did not help sentiment in the sector.

Having been an excellent investment for us in the previous 12 months, the broadcaster and media company ITV gave up much of its previous gains as concerns focused on the effect a UK recession might have on advertising revenues. In these volatile times, we take comfort from the company's prodigious cash flow and now very low valuation. The high street retailer Dixons Carphone also fell sharply on concerns that consumer spending would fall sharply in a post Brexit world.

There were some rays of light: our tobacco stocks, British American Tobacco and Imperial Brands both performed very well in the period, rising more than 30% and 15% respectively. Our holding in the premium mixer and soft drinks retailer Fever-Tree also continued to exceed expectations in its delivery of profits, which was reflected in its share price rising another 20% in the period.

The portfolio also benefited from increasing its holdings in the mining sector through purchases of Rio Tinto, Glencore and BHP Billiton. We took heart from rallying commodity prices and encouraging signs that many companies in the sector were at last starting to exert some capital discipline for the benefit of their shareholders. Our relatively low exposure to the poorly performing banking sector was also beneficial.

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

Top Five Overweight Positions		Top Five Underweight Positions	
Rio Tinto	+2.3%	SAB Miller	-2.1%
British American Tobacco	+2.2%	Diageo	-1.4%
Micro Focus International	+2.1%	HSBC Holdings	-1.3%
Imperial Brands	+1.9%	CRH	-0.9%
BT Group	+1.7%	ARM Holdings	-0.8%

Source: JPMAM and Factset, as at 30th June 2016.

Market outlook

Extricating ourselves from the EU will not be easy or cheap. Much will depend on whether the divorce is quick or slow and amicable or acrimonious. Prime Minister May has her work cut out.

There is a significant risk that whilst the complex and lengthy discussions with the EU take place, many corporate investment plans are put on hold. Worse, some companies may not have the patience to wait for politicians to reach a deal and will initiate steps to move some or all of their UK operations overseas. Unemployment would then rise and consumer confidence fall, causing purchases to be deferred or cancelled. Economic growth (which was already fragile) will then probably slow. In short, the likelihood of a UK recession in 2017 has increased considerably. The authorities are likely to respond with further fiscal and monetary stimulus although with interest rates already at very low levels, the Governor of the Bank of England has admitted that "there are limits to what the Bank of England can do".

Against this precarious backdrop it would be wrong for us to be too prescriptive as to how events will play out. However, for the foreseeable future at least, we would expect markets to remain volatile and the pound weak. But as prices gyrate, opportunities will arise and as a closed end fund with a medium to long term time horizon, we should be in a better position than most to exploit them.

Over the longer term, we are confident that a portfolio of reasonably valued, strong companies paying a stream of reliable and growing dividends will outperform the broader market. Moreover, despite the more challenging times that lie ahead, the Company's very healthy revenue reserves provide considerable security to its own dividend.

At the time of writing gearing had risen to 9.8%, but this still gives us scope to invest as and when opportunities arise.

William Meadon

Sarah Emly

Investment Managers

3rd August 2016

Investment Review

SECTOR ANALYSIS

	30th June 2016		31st December 2015	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Consumer Goods	21.8	17.9	19.6	16.5
Financials ²	21.2	22.3	29.6	26.5
Oil & Gas	13.9	12.4	9.2	10.2
Consumer Services	12.5	11.3	17.4	12.6
Basic Materials	8.3	5.4	2.0	4.2
Health Care	7.7	9.9	8.2	8.8
Telecommunications	5.5	4.8	6.6	5.3
Industrials	4.3	10.2	3.3	10.5
Technology	2.8	1.6	3.5	1.6
Utilities	2.0	4.2	0.6	3.8
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £376.6m (2015: £402.8m).

² Includes the Company's investments in the JPMorgan UK Smaller Companies Fund and JPMorgan Smaller Companies Investment Trust plc of 0.8% and 2.6% of the portfolio respectively.

LIST OF INVESTMENTS AT 30TH JUNE 2016

Company	Sector	Valuation £'000	%
Royal Dutch Shell	Oil & Gas	33,949	9.0
British American Tobacco	Consumer Goods	24,294	6.5
BP	Oil & Gas	18,562	4.9
Imperial Brands	Consumer Goods	14,006	3.7
Rio Tinto	Basic Materials	13,475	3.6
GlaxoSmithKline	Health Care	13,244	3.5
Reckitt Benckiser	Consumer Goods	12,311	3.3
BT	Telecommunications	12,224	3.2
HSBC	Financials	11,796	3.1
Unilever	Consumer Goods	11,020	2.9
Lloyds Banking Group	Financials	10,431	2.8
Prudential	Financials	10,264	2.7
JPMorgan Smaller Companies Investment Trust	Financials	9,974	2.6
AstraZeneca	Health Care	9,212	2.4
WPP	Consumer Services	8,650	2.3
Vodafone	Telecommunications	8,495	2.3
Micro Focus International	Technology	8,297	2.2
Aviva	Financials	7,708	2.0
Shire	Health Care	6,870	1.8
ITV	Consumer Services	6,858	1.8
BHP Billiton	Basic Materials	6,326	1.7
Synthomer	Basic Materials	5,901	1.6
JD Sports Fashion	Consumer Services	5,382	1.4
RELX	Consumer Services	5,099	1.4
Fever-Tree	Consumer Goods	5,057	1.3
National Grid	Utilities	4,920	1.3
Beazley	Financials	4,628	1.2
Diageo	Consumer Goods	4,386	1.2
BAE Systems	Industrials	4,258	1.1
Compass	Consumer Services	4,032	1.1
Booker	Consumer Services	4,028	1.1
Paddy Power Betfair	Consumer Services	4,028	1.1
Glencore	Basic Materials	3,923	1.0
Card Factory	Consumer Services	3,589	1.0
Shaftesbury	Financials	3,431	0.9
Direct Line Insurance	Financials	3,399	0.9
Experian	Industrials	3,263	0.9
Legal & General	Financials	3,132	0.8
JPMorgan UK Smaller Companies Fund	Financials	2,935	0.8
Barclays	Financials	2,923	0.8

Company	Sector	Valuation £'000	%
Domino's Pizza	Consumer Services	2,855	0.8
Bodycote International	Industrials	2,779	0.7
Barratt Developments	Consumer Goods	2,643	0.7
Land Securities	Financials	2,640	0.7
United Utilities	Utilities	2,589	0.7
GKN	Consumer Goods	2,544	0.7
Howden Joinery	Industrials	2,461	0.7
John Laing	Financials	2,414	0.6
Taylor Wimpey	Consumer Goods	2,333	0.6
Sage	Technology	2,258	0.6
Rentokil Initial	Industrials	2,197	0.6
Bellway	Consumer Goods	1,908	0.5
British Land	Financials	1,740	0.5
Sky	Consumer Services	1,736	0.5
Jupiter Fund Management	Financials	1,688	0.4
Polymetal International	Basic Materials	1,556	0.4
Savills	Financials	1,428	0.4
Berkeley	Consumer Goods	1,334	0.4
Ashtead	Industrials	1,249	0.3
Total		376,632	100.0

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE 2016

	(Unaudited) Six months ended 30th June 2016			(Unaudited) Six months ended 30th June 2015			(Audited) Year ended 31st December 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(17,488)	(17,488)	–	8,278	8,278	–	13,352	13,352
Net foreign currency gains/(losses)	–	6	6	–	–	–	–	(10)	(10)
Income from investments	9,289	–	9,289	9,588	–	9,588	16,592	–	16,592
Interest receivable and similar income	38	–	38	33	–	33	98	–	98
Gross return/(loss)	9,327	(17,482)	(8,155)	9,621	8,278	17,899	16,690	13,342	30,032
Management fee	(286)	(530)	(816)	(313)	(582)	(895)	(616)	(1,145)	(1,761)
Performance fee writeback/(charge)	–	3,500	3,500	–	(537)	(537)	–	(3,660)	(3,660)
Other administrative expenses	(401)	–	(401)	(438)	–	(438)	(884)	–	(884)
Net return/(loss) on ordinary activities before finance costs and taxation	8,640	(14,512)	(5,872)	8,870	7,159	16,029	15,190	8,537	23,727
Finance costs	(474)	(880)	(1,354)	(500)	(928)	(1,428)	(1,014)	(1,882)	(2,896)
Net return/(loss) on ordinary activities before taxation	8,166	(15,392)	(7,226)	8,370	6,231	14,601	14,176	6,655	20,831
Taxation	(61)	–	(61)	–	–	–	(8)	–	(8)
Net return/(loss) on ordinary activities after taxation	8,105	(15,392)	(7,287)	8,370	6,231	14,601	14,168	6,655	20,823
Return/(loss) per share (note 4)	14.81p	(28.13)p	(13.32)p	15.29p	11.39p	26.68p	25.89p	12.16p	38.05p

All revenue and capital items in the above statement derive from continuing operations.

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 return/(loss) per share represents the profit/(loss) per share for the period/year and also the total comprehensive income per share.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH JUNE 2016

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 30th June 2016 (Unaudited)						
At 31st December 2015	14,192	149,641	6,680	167,612	17,601	355,726
Net (loss)/return on ordinary activities	–	–	–	(15,392)	8,105	(7,287)
Dividends paid in the period	–	–	–	–	(6,285)	(6,285)
At 30th June 2016	14,192	149,641	6,680	152,220	19,421	342,154
Six months ended 30th June 2015 (Unaudited)						
At 31st December 2014	14,192	149,641	6,680	160,957	15,193	346,663
Net return on ordinary activities	–	–	–	6,231	8,370	14,601
Dividends paid in the period	–	–	–	–	(6,288)	(6,288)
At 30th June 2015	14,192	149,641	6,680	167,188	17,275	354,976
Year ended 31st December 2015 (Audited)						
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 paid in the year	–	–	–	–	(11,760)	(11,760)
At 31st December 2015	14,192	149,641	6,680	167,612	17,601	355,726

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 30TH JUNE 2016

	(Unaudited) 30th June 2016 £'000	(Unaudited) 30th June 2015 £'000	(Audited) 31st December 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	376,632	426,172	402,792
Current assets			
Derivative financial assets (note 8)	–	379	–
Debtors	4,463	2,584	1,117
Cash and cash equivalents ¹	39,651	8,533	32,691
	44,114	11,496	33,808
Creditors:			
Amounts falling due within one year	(47,809)	(2,373)	(2,509)
Derivative financial liabilities (note 8)	(905)	–	–
Net current (liabilities)/assets	(4,600)	9,123	31,299
Total assets less current liabilities	372,032	435,295	434,091
Creditors:			
Amounts falling due after more than one year	(29,878)	(79,852)	(74,865)
Provision for liabilities and charges	–	(467)	(3,500)
Net assets	342,154	354,976	355,726
Capital and reserves			
Called up share capital	14,192	14,192	14,192
Share premium	149,641	149,641	149,641
Capital redemption reserve	6,680	6,680	6,680
Capital reserves	152,220	167,188	167,612
Revenue reserve	19,421	17,275	17,601
Shareholders' funds	342,154	354,976	355,726
Net asset value per share (note 5)	625.2p	648.7p	650.0p

¹ This line item combines the two lines of 'Investments in liquidity funds held at fair value through profit or loss' and 'Cash and short term deposits' in the financial statements for the year ended 31st December 2015 and the half year ended 30th June 2015 into one.

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH JUNE 2016

	(Unaudited) Six months ended 30th June 2016 £'000	(Unaudited) Six months ended 30th June 2015 £'000	(Audited) Year ended 31st December 2015 £'000
Net cash outflow from operations before dividends and interest (note 6)	(2,990)	(2,833)	(4,137)
Dividends received	8,405	8,011	16,488
Interest received	38	33	98
Interest paid	(1,377)	(1,415)	(2,856)
Overseas tax recovered	–	–	1
Net cash inflow from operating activities	4,076	3,796	9,594
Purchases of investments	(67,089)	(60,093)	(104,473)
Sales of investments	87,185	45,171	117,697
Settlement of futures contracts	(927)	(1,039)	(353)
Net cash inflow/(outflow) from investing activities	19,169	(15,961)	12,871
Dividends paid	(6,285)	(6,288)	(11,760)
Repayment of bank loans	(10,000)	–	(5,000)
Net cash outflow from financing activities	(16,285)	(6,288)	(16,760)
Increase/(decrease) in cash and cash equivalents	6,960	(18,453)	5,705
Cash and cash equivalents at start of period/year	32,691	26,986	26,986
Cash and cash equivalents at end of period/year	39,651	8,533	32,691
Increase/(decrease) in cash and cash equivalents	6,960	(18,453)	5,705
Cash and cash equivalents consist of:			
Cash and short term deposits	11,210	1,333	1,989
Cash held in JPMorgan Sterling Liquidity Fund	28,441	7,200	30,702
Total	39,651	8,533	32,691

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE 2016

1. Financial statements

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

The figures and financial information for the year ended 31st December 2015 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The 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 Association of Investment Companies in November 2014.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th June 2016.

In March 2016, the FRC published amendments to FRS 102 concerning fair value hierarchy disclosures. These amendments are effective for accounting periods beginning on or after 1st January 2017. The Company has elected to adopt these amendments early in these half year financial statements. Full disclosure is given in note 7.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st December 2015.

3. Dividends paid¹

	(Unaudited) Six months ended 30th June 2016 £'000	(Unaudited) Six months ended 30th June 2015 £'000	(Audited) Year ended 31st December 2015 £'000
Unclaimed dividends refunded to the Company	(8)	(5)	(5)
2015 fourth quarterly dividend of 6.5p (2014: 6.5p) paid in March	3,557	3,557	3,557
First quarterly dividend of 5.0p (2015: 5.0p) paid in June	2,736	2,736	2,736
Second quarterly dividend of 5.0p paid in September	n/a	n/a	2,736
Third quarterly dividend of 5.0p paid in December	n/a	n/a	2,736
Total dividends paid in the period¹	6,285	6,288	11,760

¹ All dividends paid in the period/year have been funded from the revenue reserve.

A second quarterly dividend of 5.0p (2015: 5.0p) per share, amounting to £2,736,000 (2015: £2,736,000), has been declared payable in respect of the year ending 31st December 2016. It will be paid on 1st September 2016 to shareholders on the register at the close of business on 5th August 2016.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
4. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2016 £'000	(Unaudited) Six months ended 30th June 2015 £'000	(Audited) Year ended 31st December 2015 £'000
Return/(loss) per share is based on the following:			
Revenue return	8,105	8,370	14,168
Capital (loss)/return	(15,392)	6,231	6,655
Total (loss)/return	(7,287)	14,601	20,823
Weighted average number of shares in issue	54,723,979	54,723,979	54,723,979
Revenue return per share	14.81p	15.29p	25.89p
Capital (loss)/return per share	(28.13)p	11.39p	12.16p
Total (loss)/return per share	(13.32)p	26.68p	38.05p

5. Net asset value per share

	(Unaudited) Six months ended 30th June 2016	(Unaudited) Six months ended 30th June 2015	(Audited) Year ended 31st December 2015
Net assets (£'000)	342,154	354,976	355,726
Number of shares in issue	54,723,979	54,723,979	54,723,979
Net asset value per share	625.2p	648.7p	650.0p

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

	(Unaudited) Six months ended 30th June 2016 £'000	(Unaudited) Six months ended 30th June 2015 £'000	(Audited) Year ended 31st December 2015 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(5,872)	16,029	23,727
Add: capital loss/(Less: capital return) on ordinary activities before finance costs and taxation	14,512	(7,159)	(8,537)
Increase in accrued income and other debtors	(816)	(1,515)	(48)
Decrease in accrued expenses	(42)	(34)	(1)
Performance fee paid	(1,736)	(1,468)	(1,468)
Management fee charged to capital	(530)	(582)	(1,145)
Overseas withholding tax	(69)	(60)	(69)
Dividends received	(8,405)	(8,011)	(16,488)
Interest received	(38)	(33)	(98)
Realised gain/(loss) on foreign currency transactions	6	–	(10)
Net cash outflow from operations before dividends and interest	(2,990)	(2,833)	(4,137)

7. Fair valuation of financial instruments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 30th June 2016		(Unaudited) Six months ended 30th June 2015		(Audited) Year ended 31st December 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices for identical instruments in active markets ¹	373,697	(905)	423,225	–	399,259	–
Level 2: Prices of recent transactions for identical instruments ²	2,935	–	3,326	–	3,533	–
Total value of investments	376,632	(905)	426,551	–	402,792	–

¹ Includes FTSE 100 index future positions.

² JPMorgan UK Smaller Companies Fund.

8. Derivative financial instruments

	(Unaudited) Six months ended 30th June 2016 £'000		(Unaudited) Six months ended 30th June 2015 £'000		(Audited) Year ended 31st December 2015 £'000	
	Derivative financial assets					
Futures contract ¹		–		379		–
Derivative financial liabilities						
Futures contract ¹		(905)		–		–

¹ This represents short FTSE 100 index futures at a contract cost of £9,821,000 (30th June 2015: £17,134,000, 31st December 2015: £nil). Based on market values at 30th June 2016, the contracts give rise to an unrealised liability of £905,000 (30th June 2015: £379,000 asset, 31st December 2015: £nil).

9. Subsequent Events

With effect from 1st July 2016, the performance fee was terminated and the management fee is charged at an amended annual rate of 0.60% of the Company's net assets on the first £500 million, and at 0.50% of net assets above that amount. Full details of the previous management fee arrangements are set out in the Annual Report for the year ended 31st December 2015.

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st December 2015.

Related Parties Transactions

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

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. For these reasons, they consider that there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company, and of the assets, liabilities, financial position and net return of the Company as at 30th June 2016 as required by the UK Listing Authority Disclosure and Transparency Rules 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Andrew Sutch
Chairman

3rd August 2016

Shareholder Information

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders

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

Return on Net Assets

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

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

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

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

Gearing/Net Cash

Gearing represents the excess amount above shareholders' funds of total investments expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position. The Gearing figures on page 1 show the effective gearing level and take account of the effect of any open Index Futures held at the period end.

Share Price Discount/Premium to Net Asset Value ('NAV') per Share

If the share price of an investment trust is lower than the NAV per share, the company's shares are said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for the shares of an investment trust to trade at a discount than at a premium.

Ongoing Charges

Management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year. The ongoing charges are calculated in accordance with guidance issued by the AIC. The figures as at 30th June 2016 are estimated annualised figures based on the six months to 30th June 2016.

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 2016/17 tax year, from 6th April 2016 and ending 5th April 2017, 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 Youinvest	Interactive Investor
Alliance Trust Savings	iWeb Share Dealing
Barclays Stockbrokers	James Brearley
Bestinvest	James Hay
cavendish online	Seltrade
Charles Stanley Direct	Strawberry Invest
Close Brothers Self Directed	TD Direct Investing
Clubfinance	Telegraph Investor
Fidelity Personal Investing	The Share Centre
Halifax Share Dealing	TQ Invest
Hargreaves Lansdown	Trustnet Direct

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

AJ Bell Investcentre	James Hay
Alliance Trust Savings - Adviser Centre	Novia
Amber Financial Investments	Nucleus
Wrap	Seven IM
Ascentric	Standard Life Wrap
FundsNetwork	Transact

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.

Financial Conduct Authority

Beware of share fraud

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

How to avoid share fraud

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

Report a scam

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

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

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

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



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Information about the Company

FINANCIAL CALENDAR

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

History

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

Directors

Andrew Sutch (Chairman)
David Fletcher
Humphrey van der Klugt
John Scott DL
Jane Tufnell

Company Numbers

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

Market Information

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

Website

www.jpmlclaverhouse.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker, intermediary 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 wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Funds Limited.

Company's Registered Office

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

For company secretarial and administrative matters please contact Jonathan Latter.

Depository

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

Registrars

Equiniti
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 Registrars quoting reference 1079. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk

Auditor

Ernst & Young LLP
Statutory Auditor
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.



The Association of
Investment Companies

A member of the AIC

www.jpmlclaverhouse.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.