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# JPMorgan Claverhouse Investment Trust plc

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**Annual General Meeting | 21 April 2017**

**William Meadon**  
Portfolio Manager

**Sarah Emly**  
Portfolio Manager

## Co-fund managers

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- Co-manager of Claverhouse
  - Appointed 1<sup>st</sup> March 2012
  - 34 years industry experience – 21 years at J.P. Morgan Asset Management



- Co-manager of Claverhouse
  - Appointed 2006
  - 21 years industry experience – 21 years at J.P. Morgan Asset Management

### ... focused UK equity specialists

As at 12 April 2017. There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management will continue to be employed by J.P. Morgan Asset Management or that past performance or success of any such professional serves as an indicator of such professional's future performance or success.

## Claverhouse... a focused approach

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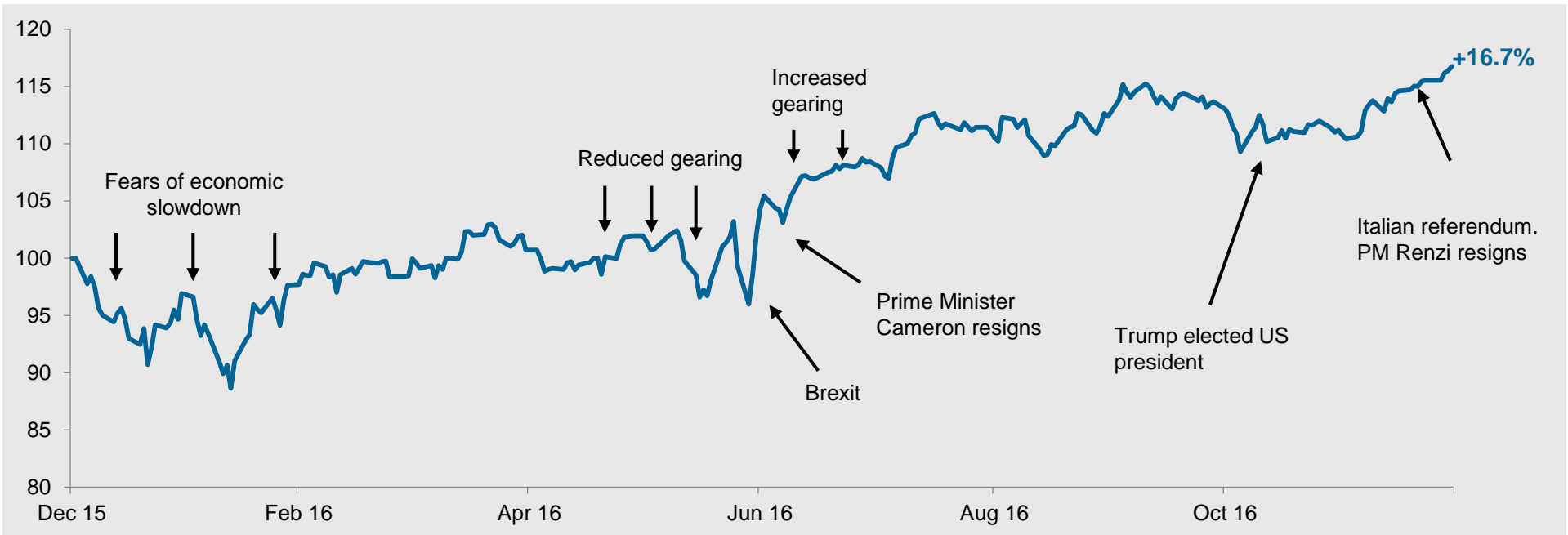
- Capital and income growth from UK investments
  - Medium term time horizon
- A low turnover UK equity portfolio (60-80 stocks) investing in:
  - Strong balance sheets
  - Pricing power
  - Reasonable valuation
  - Risk controls: stocks +/- 2%, sectors +/-3%
- Gearing: structural and tactical
  - £30m debenture c.10% gearing
  - £50m loan facility to give +/- 7.5% tactical gearing
  - Range: 2.5% to 17.5%

**...a structurally geared, focused UK equity investment trust**

Source: J.P. Morgan Asset Management, as at 12 April 2017.

# 2016: a volatile and challenging year

## 12 months to 31 December 2016, FTSE All Share Index total return performance



## ...a positive total return

Source: J.P. Morgan Asset Management, Thomson Reuters Datastream. Data from 31 December 2015 to at 31 December 2016, in GBP. Benchmark is FTSE All Share Index Total Return, with dividends reinvested. Returns rebased to 100 as of 31 December 2015. **Past performance is not a guide to current or future performance.**

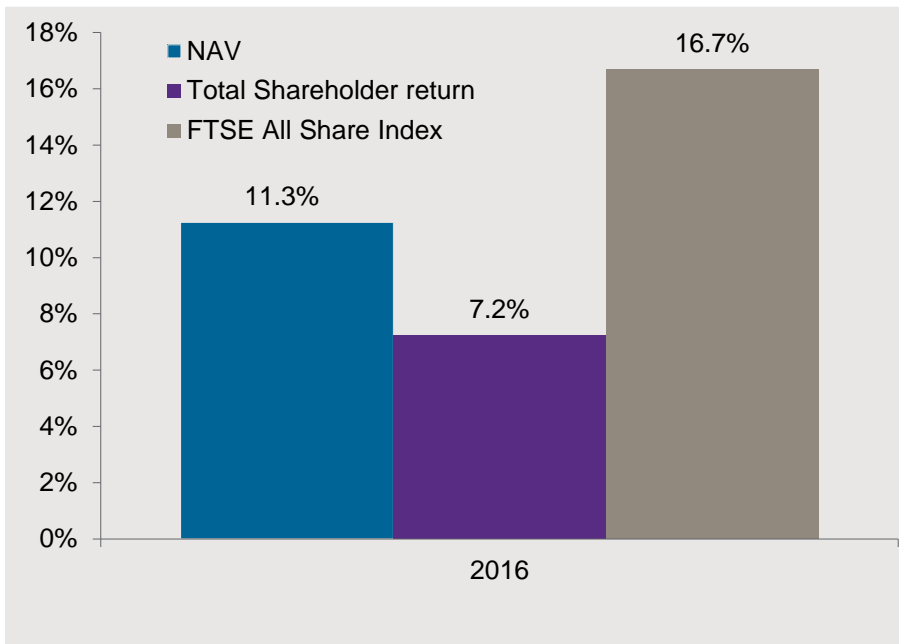
## 2016 performance

- NAV +11.3%
- Total Shareholder Return +7.2%
- Benchmark return +16.7%
- Dividend +7.0% to 23p: 44th consecutive annual dividend increase

### ... a challenging year

Source: J.P. Morgan Asset Management. Returns are for the reference period from 31 December 2015 to 31 December 2016, in GBP. NAV returns are net of fees and applicable charges, income reinvested, debt at par (debt valued at maturity face value). Total shareholder return is change in the share price of JPM Claverhouse Investment Trust plc over 2016. Indices do not include fees or operating expenses and are not available for actual investment. The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Benchmark is FTSE All Share Index Total Return. The Benchmark is a point of reference against which the performance of the fund may be measured. The fund may bear little resemblance to its benchmark. Indices do not include fees or operating expenses and are not available for actual investment. Dividend paid by the Fund may exceed the gains of the Fund, resulting in erosion of the capital invested. It may not be possible to maintain dividend payments indefinitely, and the value of your investment could ultimately be reduced to zero. Dividend payments are not guaranteed. **Past performance is not a guide to current or future performance.**

### 2016 performance



## Performance record

JPMorgan Claverhouse Investment Trust plc: 5 year performance to 31 December 2016

New management team & approach from 1<sup>st</sup> March 2012

	2016	2015	2014	2013	2012	3 yr p.a.	5 yr p.a.
Total Shareholder Return (%)	+7.2	+3.6	+4.0	+42.9	+9.0	+4.9	+12.6
NAV Return (%)	+11.3	+6.2	+2.1	+33.8	+13.8	+6.4	+12.9
FTSE All Share Net Index (%)	+16.7	+1.0	+1.2	+20.8	+12.3	+6.1	+10.1
NAV Relative Return (%)	-4.7	+5.2	+0.9	+10.8	+1.3	+0.3	+2.5

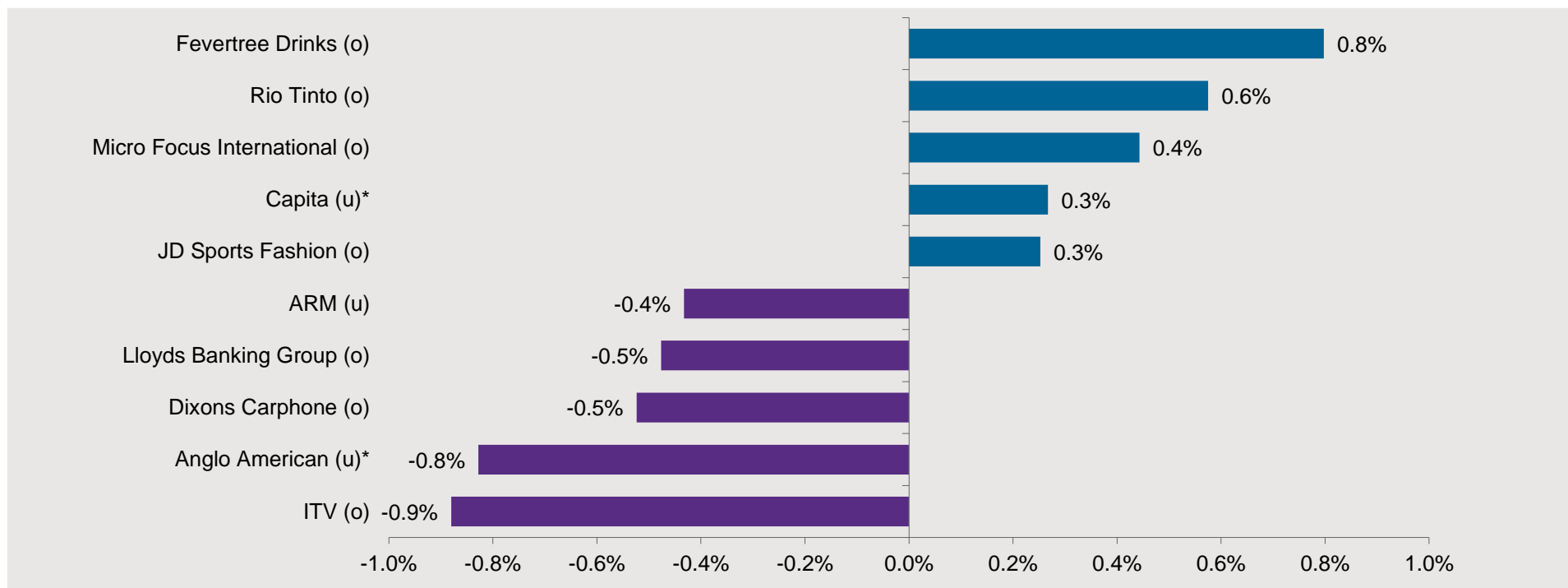
### ...good long term performance

Source: J.P. Morgan Asset Management. Returns are as of 31 December 2016, in GBP. Past performance is not a reliable indicator of current or future performance. NAV returns are net of fees and applicable charges, income reinvested, debt at par (debt valued at maturity face value). Total shareholder return is change in the share price of JPM Claverhouse Investment Trust plc. Benchmark is FTSE All Share Index Total Return. The Benchmark is a point of reference against which the performance of the fund may be measured. The fund may bear little resemblance to its benchmark. Indices do not include fees or operating expenses and are not available for actual investment. NAV relative returns are calculated geometrically and as a percentage based on the difference between portfolio return and benchmark return divided by the benchmark return for a the period.

# Performance in 2016 – attribution

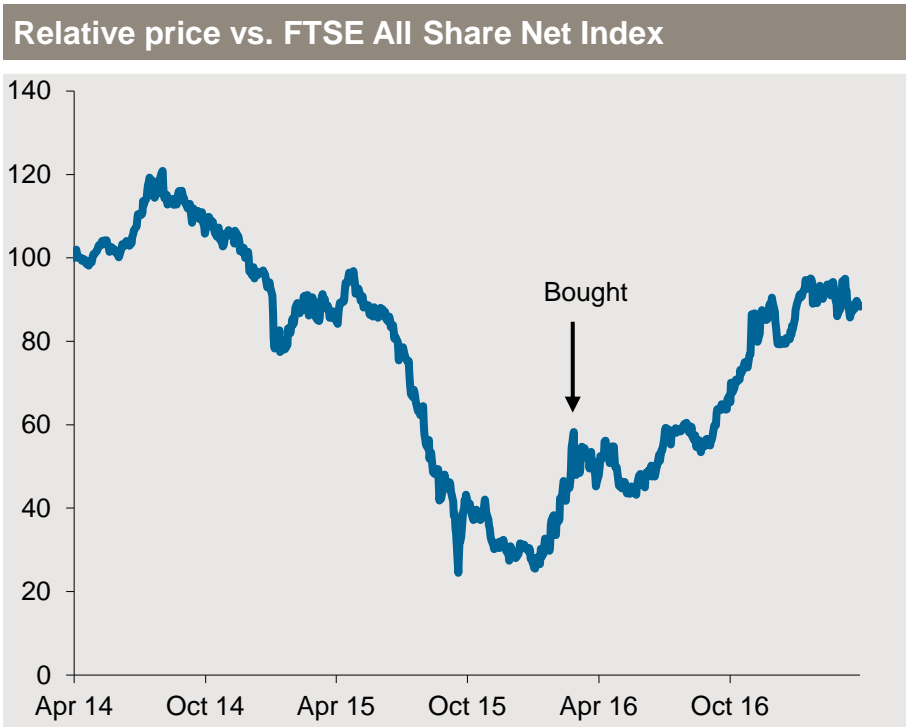
JPMorgan Claverhouse Investment Trust plc – 12 months to 31 December 2016

## Stock level attribution



Source: J.P. Morgan Asset Management, FactSet. The Fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Past performance is not a reliable indicator of current or future performance. (o) represents an overweight position relative to the benchmark (FTSE All Share Net Index), (u) represents an underweight position. \* Indicates stock not held. Attributions may not match official returns due to differences in systems rounding.

## Stock example: Glencore



- Global, diversified commodities producer and marketer
- Over expansion stretched the balance sheet
- Dividend cut
- Cash raise and disposals then reduced debt
- Commodity prices rising
- Valuation attractive

### ... increasingly exposed to core miners

Source: Thomson Reuters Datastream data for the reference period from 11 April 2014 to 11 April 2017. The information in this case study is intended as an example only and should not be construed as advice, it may not be suitable for your particular circumstances and if you are unsure of the suitability of any investment you should seek financial advice. Past performance is not a reliable indicator of current or future performance. The opinions and views expressed here are those held by the author as at date of this document, which are subject to change and are not to be taken as or construed as investment advice. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. The companies above are shown for illustrative purposes only. The use of their logos is in no way an endorsement of those companies by J.P. Morgan Asset Management investment management services nor is it intended to indicate an endorsement of J.P. Morgan Asset Management investment management services by those companies.



# Portfolio activity: selling mid caps

Dixons relative price vs. FTSE All Share Net Index



Card Factory relative price vs. FTSE All Share Net Index



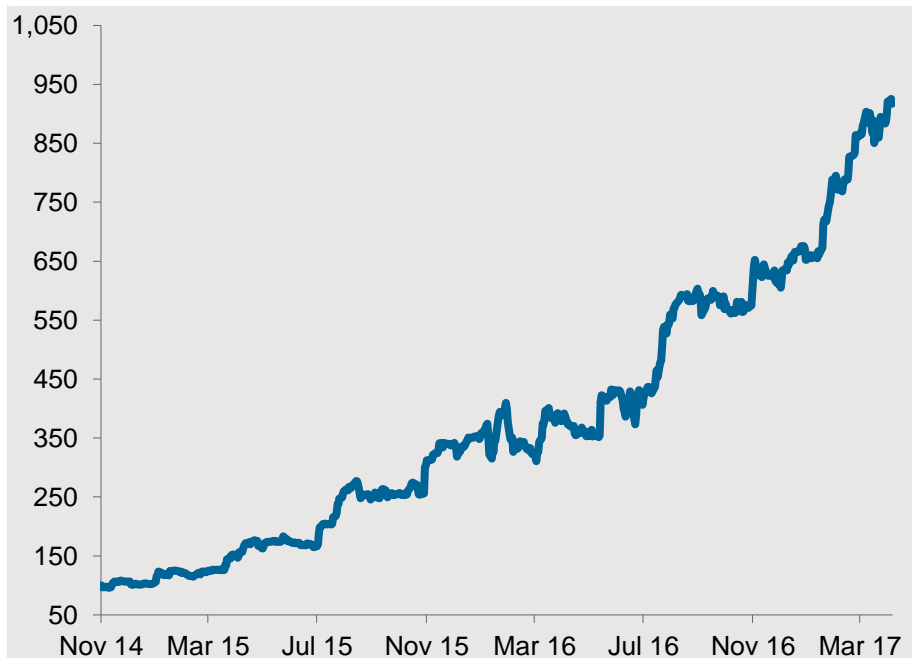
## ... reducing mid caps ahead of Brexit

Source: Thomson Reuters Datastream. **Left chart** is data for the reference period between 11 April 2014 and 11 April 2017. **Right chart** is data for the reference period between 14 May 2014 and 11 April 2017. Rebased to 100 as at 14 April 2014. The information in this case study is intended as an example only and should not be construed as advice, it may not be suitable for your particular circumstances and if you are unsure of the suitability of any investment you should seek financial advice. Past performance is not a reliable indicator of current or future performance. The opinions and views expressed here are those held by the author as at date of this document, which are subject to change and are not to be taken as or construed as investment advice. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. The companies above are shown for illustrative purposes only. The use of their logos is in no way an endorsement of those companies by J.P. Morgan Asset Management investment management services nor is it intended to indicate an endorsement of J.P. Morgan Asset Management investment management services by those companies.

## Stock example: Fever-Tree



### Relative price vs. FTSE All Share Net Index



- A leading provider of premium mixers
- Capitalising on market trends
- Outsourcing business model (50 staff)
- New product development

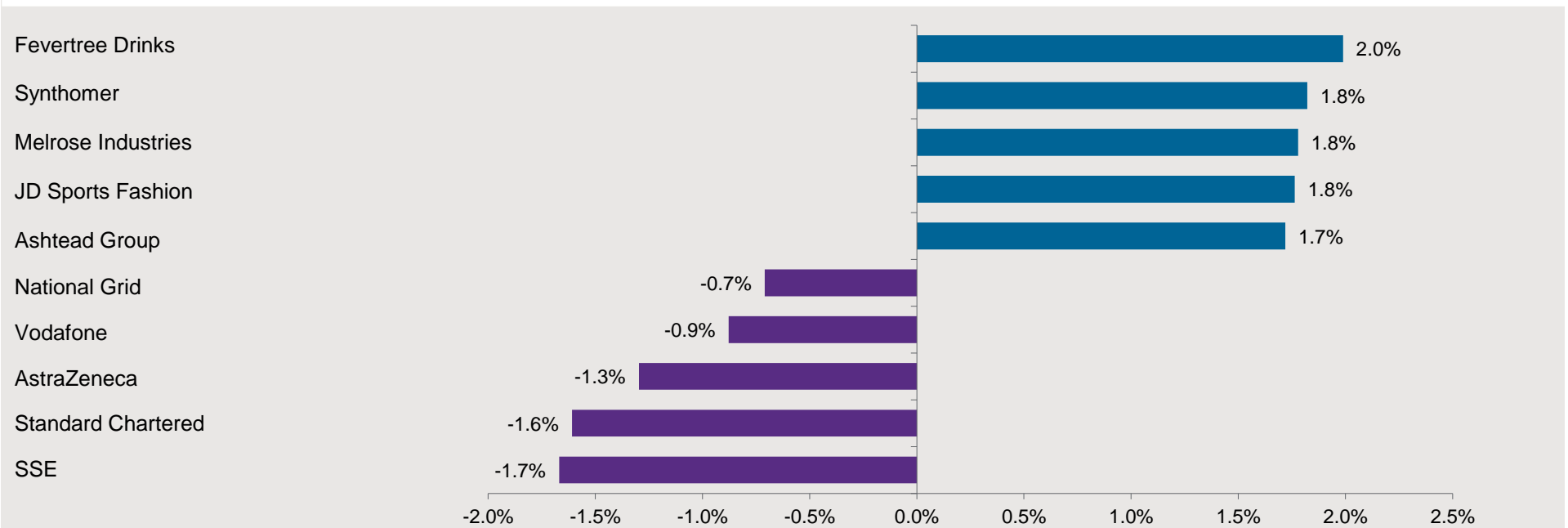
### ... continuing to deliver

Source: Thomson Reuters Datastream data for the reference period between 6 November 2014 and 11 April 2017, in GBP. Rebased to 100 as at 6 November 2014. The information in this case study is intended as an example only and should not be construed as advice, it may not be suitable for your particular circumstances and if you are unsure of the suitability of any investment you should seek financial advice. Past performance is not a reliable indicator of current or future performance. The opinions and views expressed here are those held by the author as at date of this document, which are subject to change and are not to be taken as or construed as investment advice. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. The companies above are shown for illustrative purposes only. The use of their logos is in no way an endorsement of those companies by J.P. Morgan Asset Management investment management services nor is it intended to indicate an endorsement of J.P. Morgan Asset Management investment management services by those companies.

# Stock positions

JPMorgan Claverhouse Investment Trust plc as of 28 February 2017

## Largest overweight and underweight positions (%)



## ... investing in our best stock ideas

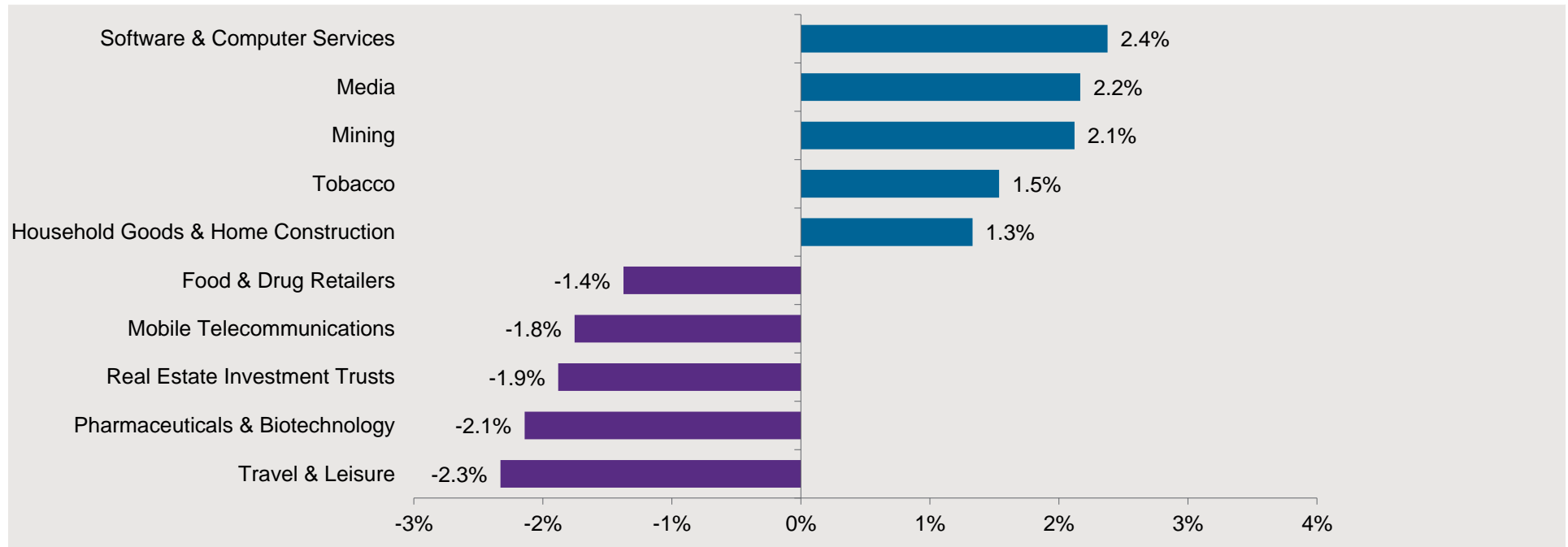
Source: J.P. Morgan Asset Management, FactSet.

The Fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

# Sector positions

JPMorgan Claverhouse Investment Trust plc as of 28 February 2017

## Largest overweight and underweight positions (%)



## ... positions a result of bottom-up stock selection decisions

Source: J.P. Morgan Asset Management, FactSet. The Fund is an actively managed portfolio; holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

## Performance record to 31 March 2017

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	YTD	1 yr	3 yr p.a.	5 yr p.a.
Total Shareholder Return (%)	+8.8	+26.2	+7.1	+13.6
NAV Return (%)	+5.5	+22.3	+8.0	+12.7
FTSE All Share Net Index (%)	+4.0	+22.0	+7.7	+9.7
<b>NAV Relative Return (%)</b>	<b>+1.4</b>	<b>+0.3</b>	<b>+0.3</b>	<b>+2.7</b>

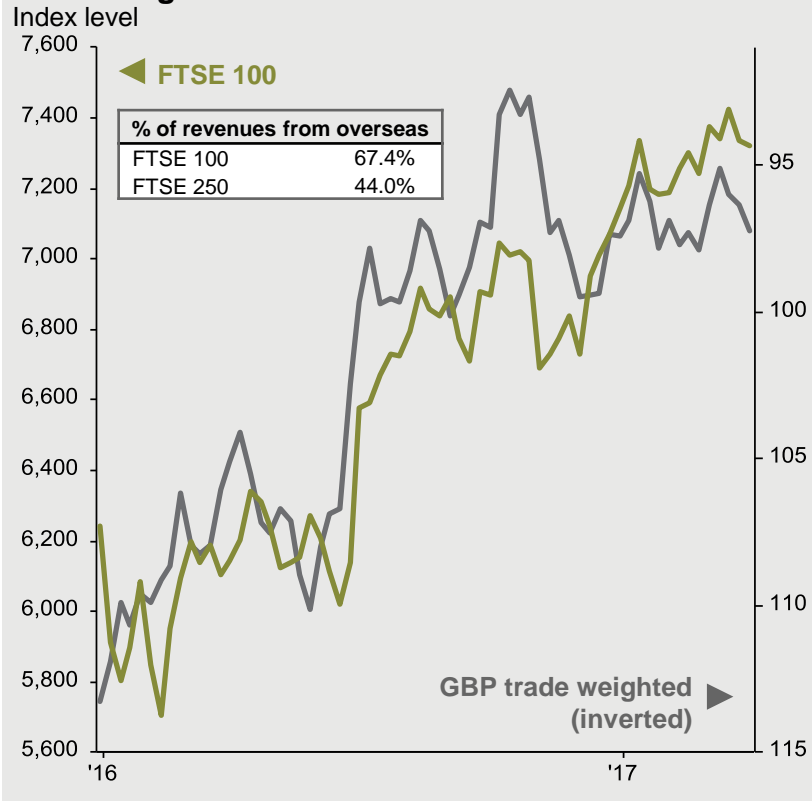
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### ...new year started well

Source: J.P. Morgan Asset Management. Returns as of 31 March 2017, in GBP. Past performance is not a reliable indicator of current or future performance. Total shareholder return is change in the share price of JPM Claverhouse Investment Trust plc. NAV returns are net of fees and applicable charges, income reinvested, debt at par (debt valued at maturity face value). Benchmark is FTSE All Share Index Total Return. The Benchmark is a point of reference against which the performance of the fund may be measured. The fund may bear little resemblance to its benchmark. Indices do not include fees or operating expenses and are not available for actual investment. NAV relative returns are calculated geometrically.

# Outlook – valuation

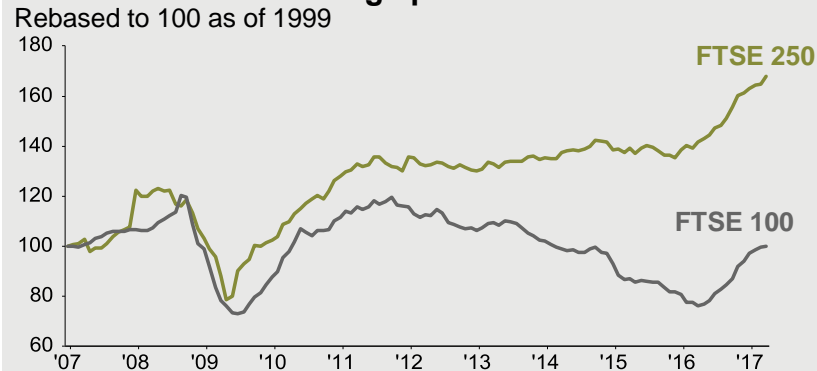
## Trade-weighted GBP vs. FTSE 100



## FTSE 100 vs. FTSE 250 valuations



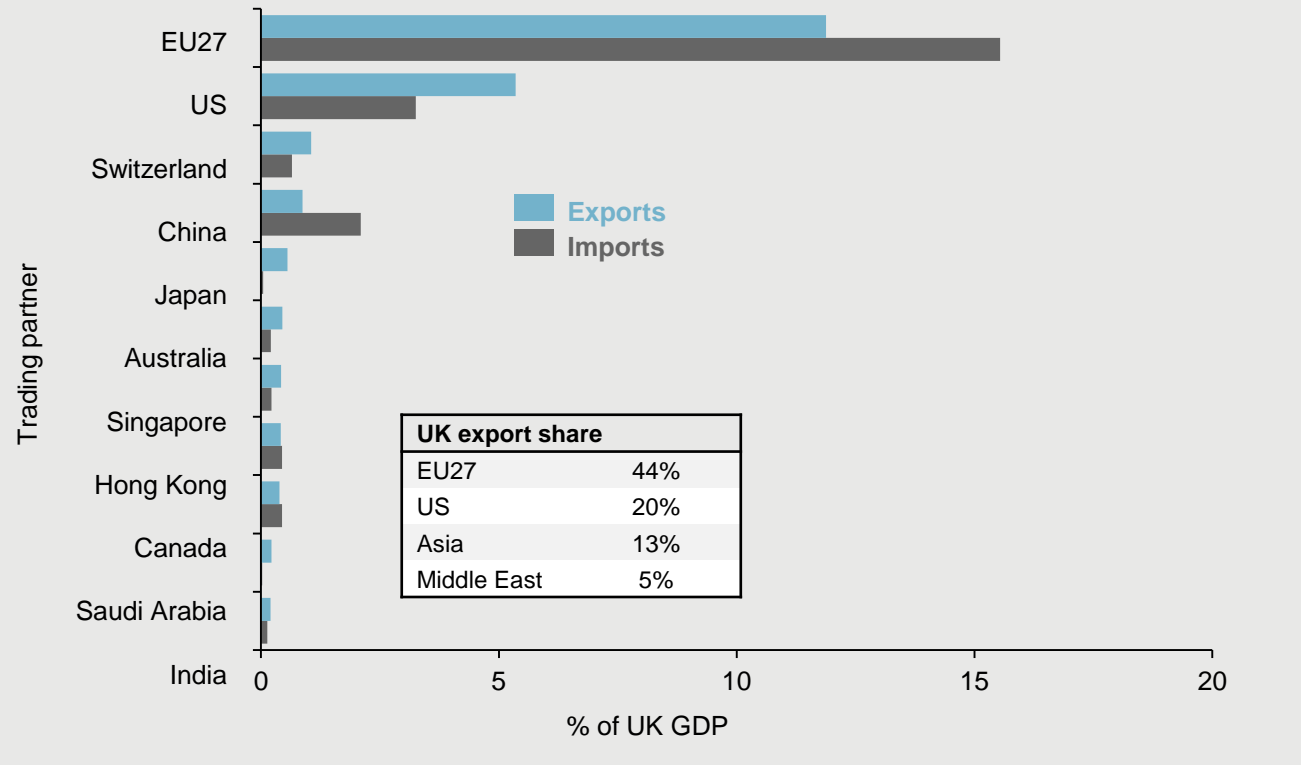
## Next 12 months' earnings per share estimates



Source: (Left) FactSet, J.P. Morgan Economic Research, J.P. Morgan Asset Management. (Top and bottom right) FactSet, FTSE, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2017. Past performance is not necessarily a reliable indicator of current and future performance.

# Outlook – macro

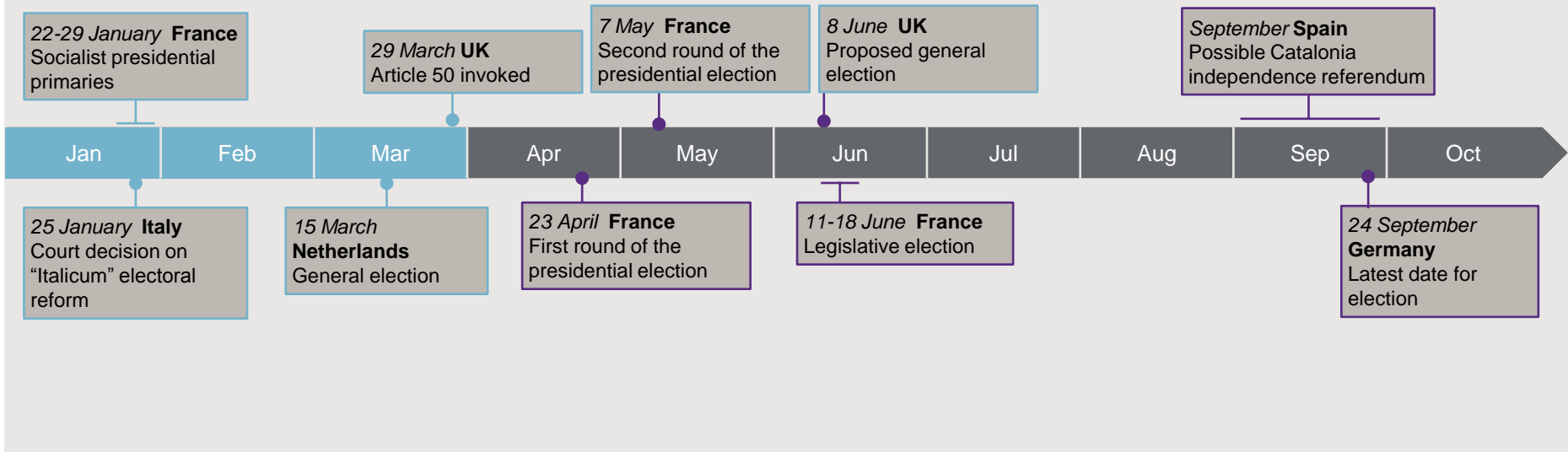
## UK – exports and imports of goods and services



Source: (Left) UK ONS Pink Book, J.P. Morgan Asset Management. (Right) J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2017. (Right) Business Inside

# Outlook – politics

## Europe 2017 political timeline

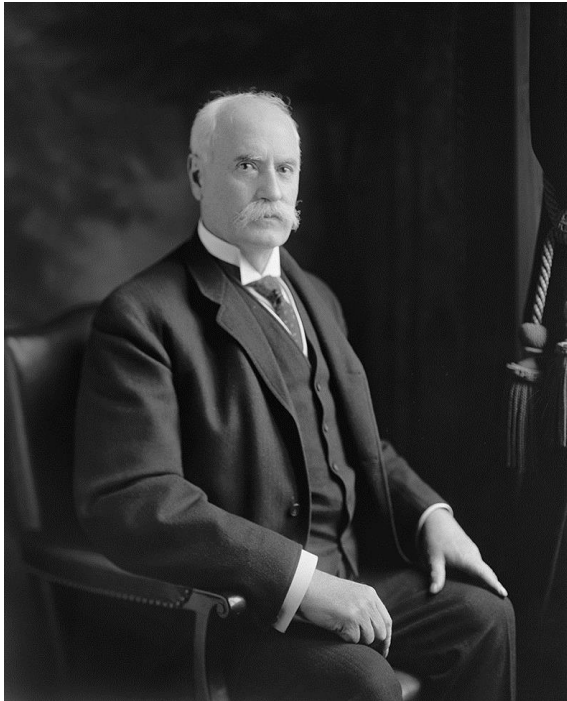


Source: J.P. Morgan Asset Management, Guide to the Markets - UK. Data as at 20 April 2017.



## John D. Rockefeller

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**“Do you know the only thing that gives me pleasure?**

**It’s to see my dividends coming in.”**

**- John D. Rockefeller**

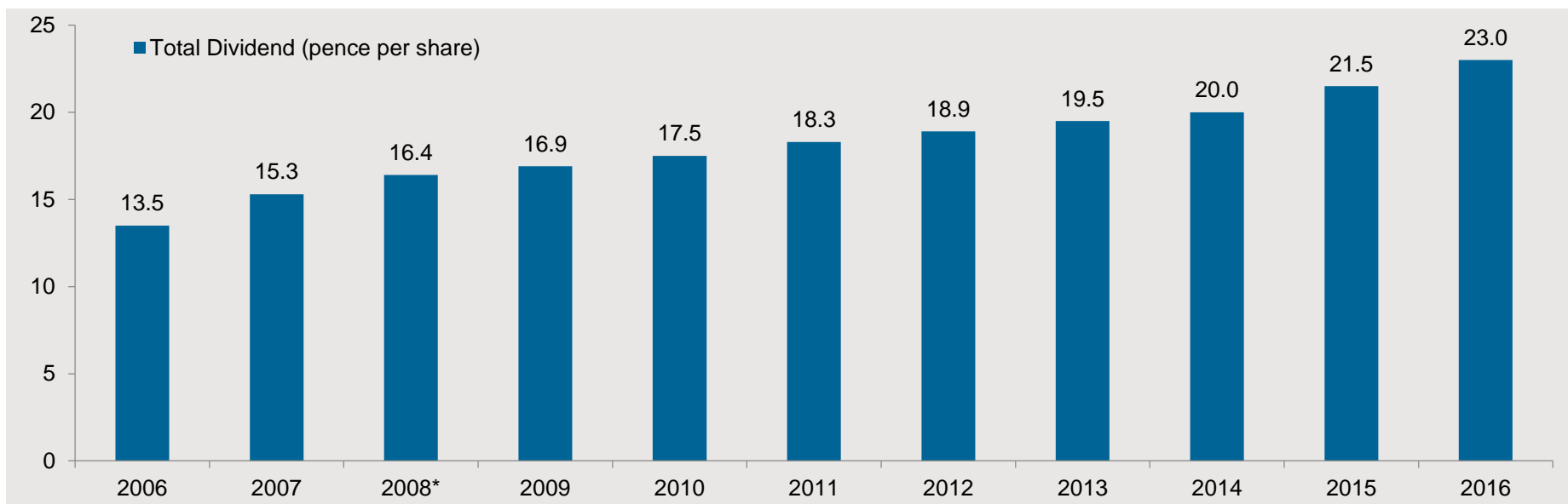
Source: Shutterstock.

# JPMorgan Claverhouse Investment Trust plc

44 consecutive annual dividend increases (1972 dividend = 0.48p)

**Claverhouse IT 10 year dividend growth 5.5% p.a.\*  
RPI 2.71% p.a.\*\***

## Annual dividend per share



\* Source: J.P. Morgan Asset Management, as at 31 December 2016. Dividend growth is calculated as the compounded annual growth rate of dividends paid by JPMorgan Claverhouse Investment Trust plc (excluding special dividends) over the period shown (2006-2016). Not including special dividend of 3.6 pence per share paid in 2008. Dividend paid by the Fund may exceed the gains of the Fund, resulting in erosion of the capital invested. It may not be possible to maintain dividend payments indefinitely, and the value of your investment could ultimately be reduced to zero. Dividend payments are not guaranteed.

\*\* Source Bloomberg, as at 31 December 2016. RPI denotes the UK Retail Price Index and is measured from 2006-2016.

**Past performance is not a guide to current or future performance.**

# Conclusion

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- A challenging, volatile year but positive returns
- Consistent long term outperformance and dividend growth
  - Outperformed by 2.7% p.a. over 5 years\*
  - 44 consecutive years of dividend growth
- Economic outlook still benign; political outlook more uncertain
- Good start to 2017

**... focused on delivering performance in a risk controlled way**

\* NAV relative return over 5 years to 31 March 2017, in GBP. Past performance is not a reliable indicator of current or future performance. NAV returns are net of fees and applicable charges, income reinvested, debt at par (debt valued at maturity face value). Benchmark is FTSE All Share Index Total Return. The Benchmark is a point of reference against which the performance of the fund may be measured. The fund may bear little resemblance to its benchmark. Indices do not include fees or operating expenses and are not available for actual investment. NAV relative returns are calculated geometrically.

## Specific risks

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### JPMorgan Claverhouse Investment Trust plc

- The trust may invest in smaller company shares, which can be more unpredictable and less liquid than shares of larger companies.
- Where permitted, a trust may invest in other investment trusts that utilise gearing (borrowing), which will exaggerate market movements both up and down.
- Dividend income payments are not guaranteed and may fluctuate.
- Derivatives are complex and trusts that use them for investment purposes may be more volatile. These trusts are considered to be higher risk than trusts that invest only in shares.

Source: J.P. Morgan Asset Management as of 31 March 2017.

# J.P. Morgan Asset Management

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