

JPMorgan Claverhouse Investment Trust plc

Half Year Report & Accounts for the six months ended 30th June 2017



Awarded to investment companies that have increased their dividends each year for 20 years or more

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 2017, the Company's share capital comprised 56,765,653 ordinary shares of 25p each, including 2,206,674 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 rate loan facility with National Australia Bank, which expires on 28th April 2020.

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').

AIC Dividend Heroes

The AIC Dividend Hero emblem on the front cover indicates that the Company has increased its dividends each year for at least 20 years.

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 (INCLUDING DIVIDENDS REINVESTED) TO 30TH JUNE 2017

+9.6%

Return to shareholders¹

+6.8%

Return on net assets²

+5.5%

Benchmark total return³

Financial Data

	30th June 2017	31st December 2016
Shareholders' funds (£'000)	399,771	382,307
Number of shares in issue ⁴	54,558,979	54,703,979
Share price	667.8p	622.0p
Net asset value per share with debt at par value ⁵	732.7p	698.9p
Net asset value per share with debt at fair value ^{5,6}	723.3p	687.6p
Share price discount to net asset value per share with debt at par value ⁷	7.5%	9.7%
Share price discount to net asset value per share with debt at fair value ⁸	6.3%	9.5%
Gearing	12.7%	12.0%
Ongoing charges ⁹	0.75%	0.77%

¹ Source: Morningstar.

² Source: Morningstar/J.P. Morgan, using net asset value, cum income, with debt at par value.

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

⁴ Excluding 2,206,674 (31st December 2016: 2,061,674) shares held in Treasury.

⁵ Includes the current year revenue account balance.

⁶ The fair value of the £30m (2016: £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 Corporate Bond.

⁷ Source: Bloomberg. The discount is calculated using the net asset value at 30th June 2017 of 722.0p, 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 2017 of 712.5p, which does not include the current year revenue account balance.

⁹ The definition of Ongoing Charges is set out on page 17.

A Glossary of Terms and Alternative Performance Measures is provided on page 17.

About the Company

CHAIRMAN'S STATEMENT



Performance

For the six months to 30th June 2017 I am pleased to report a total return on the Company's net assets of +6.8% and a share price total return of +9.6%. The results compare with a total return from the Company's benchmark index, the FTSE All-Share Index, of +5.5% over the same period, an outperformance of +1.3%.

Over the long term, performance remains strong. Since the change in investment strategy in 2012, the Company has produced a total return on net assets of +82.2% compared with the benchmark index total return of +59.4%. Over the same period this equates to an annualised total return of +2.8%* in excess of the benchmark index total return.

The net asset value has increased further since the half year end by +2.2% as at 31st July 2017, compared to the benchmark index increase of +1.2% over the same period, and the share price has risen by +0.6%.

The Investment Managers' report on pages 5 and 6 reviews the market and provides more detail on performance.

Revenue and Dividends

Revenue per share for the six months to 30th June 2017 increased by 9.5% to 16.21p, compared to 14.81p earned in the same period in 2016.

A first quarterly dividend of 5.5p per share (2016: 5.0p) was paid on 1st June 2017. It remains the Board's intention that the first three quarterly dividends should be of an equal amount and the Board has declared a second quarterly dividend of 5.5p per share (2016: 5.0p) to be paid on 1st September 2017 to shareholders on the register at the close of business on 4th August 2017. It continues to be the Board's aim to increase the total dividend each year as it has done in each of the past 44 years and the Company continues to benefit from a high level of revenue reserves and the ability to utilise these, if necessary, to support the dividend.

Discount and Share Repurchases

Discounts in the investment trust sector have narrowed generally in recent months, a reversal of the widening discount trend in early 2017. As at 30th June 2017 the Company's discount (to its capital only NAV with debt at par) was 7.5%. In January 2017 a total of 145,000 shares were repurchased for holding in Treasury. The Board continues to monitor the discount closely and is prepared to repurchase shares when it believes that it is appropriate. As at 31st July 2017 the discount was 9.1%.

Gearing

As previously explained, the Board has agreed with the Investment Managers that gearing of 10% may be considered as 'normal'. This is partly a reflection of the long term debt comprised in the £30 million 7% 2020 debenture. The Investment Managers have discretion to manage the gearing level within a range of +/-7.5% around the 10% normal level and as at 30th June 2017 the Company was 12.7% geared.

In April the Board renewed the Company's revolving credit facility of £50 million with National Australia Bank for a further three years to April 2020. £35 million of this facility was drawn at 30th June 2017. The Board is also starting to consider how to replace the debenture which is due to be repaid in 2020.

* calculated on an arithmetic basis.

CHAIRMAN'S STATEMENT *CONTINUED*

Outlook

It seems inevitable that sentiment in the UK stockmarket over the coming months will be dominated by developments in the Brexit negotiations and any further upheavals in the British political scene. There is, in my view, now a greater likelihood than before that transitional arrangements covering many aspects of Britain's EU exit will be agreed for the period after March 2019 and thus there is some hope that the outcome will be more business friendly than might earlier have been expected. However, considerable uncertainty will remain for some time, which will not help companies with their business and investment decisions.

There have been mixed messages about the ability of UK companies to continue paying the level of dividends that they have paid in recent years. There has been concern that, with UK growth slowing, the earnings and dividends of more domestically focussed companies would be put under strain. While this remains the case, it is likely that UK companies are heading for the highest total of dividends ever paid this year, due to the lower pound which has increased the sterling value of international earnings. The Company continues to benefit from a high level of revenue reserves.

Equities remain an attractive asset class for medium to long term investment and the Investment Managers will continue to seek to invest in stocks within the Company's investment universe that can best flourish in these uncertain times.

Andrew Sutch

Chairman

4th August 2017

INVESTMENT MANAGERS' REPORT



William Meadon



Sarah Emly

Market Review

The first six months of the year saw the FTSE All-Share index deliver a total return of +5.5%. The more internationally oriented FTSE 100 large-cap index returned +4.7%, in contrast to the much more domestically focussed FTSE Mid 250 and FTSE Small Cap indices, which returned +8.5% and +10.2% respectively. The pound rallied by over 5% during the period to \$1.30 at the end of June. The UK Gilts market delivered a total return of +0.3%.

Politics dominated investors' thoughts in the first half of the year. In a remarkable series of events, the UK government went, within six months, from being genuinely strong and stable to weak and divided. By contrast, the resounding victory by Emmanuel Macron in the French Presidential Elections gave Europe a new found confidence.

The same opinion pollsters who gave David Cameron the confidence to call the EU referendum also led to the fateful decision of Prime Minister May to risk her parliamentary majority by calling a snap June Election. The campaign was shambolic and proved to be a humiliating experience for the Prime Minister, who not only failed to increase her majority but actually lost it altogether. It was only a hasty confidence and supply agreement with the Democratic Unionist Party that enabled Mrs May to form a government.

The uncertainty caused by both this and the ticking Brexit clock (which was started in March) filtered through to business and consumer confidence, both of which started to wane by the end of the period. Higher inflation ate into real wage growth, which impacted some stocks exposed to the UK consumer. However, continuing low unemployment levels and a low savings ratio helped support consumer spending.

Fortunately, global economic growth continued to accelerate, which provided some support for stocks with international earnings. Indeed, in the US, growth was sufficiently strong for the Fed to raise interest rates to 1.25% in June, the second rate rise in 2017 to date.

Portfolio review

The total return on the net assets of the Company of +6.8% compared with the benchmark index return of +5.5% over the first six months of 2017.

Stock selection was good. Fever-Tree, the fast growing premium mixer company was again the fund's best performer, with its share price rising another 50% over the six months. This remarkable company which employs only 50 people now has a market capitalisation of almost £2 billion as global demand for its suite of mixers continues to significantly beat expectations. Following such a strong run we top-sliced our holding during the period but the stock remains our most overweight position and we continue to be very positive on the company's prospects. JD Sports, the leading UK sportswear retailer, was another consumer stock which performed extremely well and again we took a small amount of profit on the holding.

Our holdings in Melrose Industries, Synthomer and 3i were all added to during the period and they all continued to perform well, delivering positive news flow and encouraging outlook statements. We also added to our recent purchase of Electrocomponents, the electronic equipment distributor where a new management team is adding significant shareholder value. Other new holdings included the specialist construction group Morgan Sindall and the bank note printer, De la Rue. The portfolio benefited from Unilever receiving an aborted bid from a US consortium which included Warren Buffet amongst its number. The failed takeover attempt spurred the company into implementing a number of shareholder-friendly changes to its strategy, which has pushed Unilever's share price to all-time highs.

The portfolio's holdings in pharmaceutical and oil stocks generally performed poorly and we reduced our weightings in both sectors in the light of more challenging trading. We also sold our holdings in Smith and Nephew, United Utilities and Domino's Pizza as the trading prospects of each of them had deteriorated.

INVESTMENT MANAGERS' REPORT *CONTINUED*

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

Top Five Overweight Positions		Top Five Underweight Positions	
Fever-Tree	+2.1%	Vodafone Group	-1.6%
3i	+2.0%	National Grid	-1.4%
Synthomer	+2.0%	AstraZeneca	-1.3%
Melrose	+1.8%	Standard Chartered	-0.9%
Micro Focus Int	+1.7%	SSE	-0.6%

Source: JPMAM, as at 30th June 2017.

The outlook for underlying UK dividend growth remains mixed, with recent headline dividend growth flattered by the weakness of sterling over the last twelve months. This has enhanced the sterling value of dividends from some of the globally-oriented large cap stocks which declare their dividends in US dollars. There have also been some special dividends announced by UK companies in the first half of 2017, although fewer than was the case last year. Nonetheless some companies will continue to generate sufficient cash to deliver good underlying dividends and/or special dividends. Claverhouse itself has seen an increase in its income from investments during the first half of the year, as outlined in the Chairman's statement.

Market outlook

The economic and political outlook for the second half of 2017 and beyond has become more uncertain. The Prime Minister's authority has evaporated and only the lack of appetite on the Conservative benches for another leadership election keeps her in place. At some stage that will change but, for the moment at least, Mrs May is likely to remain in office, a much diminished figure whose position as Prime Minister hangs by a thread, ready to be cut once her party has re-grouped.

However, at least two good things should come out of a compromised, minority government: firstly, the likelihood of a more business friendly Brexit and secondly, against such an uncertain backdrop, the likelihood of interest rates staying lower for even longer. Both of these should provide some support for equities. Sterling may well weaken further from here, but this would, at the margin, be good for overseas earners and exporters. Moreover, global growth is accelerating and equities are also a better hedge than bonds or cash against the UK's rising inflation.

Notwithstanding all of the above, we will be led by events, many of which will be difficult to predict. For example, the pursuit of a business unfriendly 'hard' Brexit or the fall of the Government would lead to some significant changes in the portfolio and to our level of gearing. At the time of writing, gearing is 11.2%.

William Meadon

Sarah Emly

Investment Managers

4th August 2017

Investment Review

SECTOR ANALYSIS

	30th June 2017		31st December 2016	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials ²	26.9	26.7	25.1	25.7
Consumer Goods	19.1	15.4	18.6	14.4
Industrials	13.1	11.4	7.2	10.6
Oil & Gas	10.8	11.4	13.8	13.2
Consumer Services	9.9	11.3	10.1	11.7
Basic Materials	9.0	6.6	9.6	6.9
Health Care	6.1	9.3	8.5	9.1
Technology	2.9	0.9	3.2	0.8
Telecommunications	1.8	3.8	2.1	4.0
Utilities	0.4	3.2	1.8	3.6
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £450.4m (31st December 2016: £428.2m).

² Includes the Company's investment in JPMorgan Smaller Companies Investment Trust: 3.3% of the portfolio (31st December 2016: 2.6%).

LIST OF INVESTMENTS AT 30TH JUNE 2017

Company	Valuation £'000
Financials	
HSBC	30,008
Lloyds Banking Group	14,959
JPMorgan Smaller Companies Investment Trust	14,709
Prudential	14,382
3i	10,640
Barclays	6,933
Beazley	6,202
Legal & General	5,655
Aviva	5,355
Direct Line Insurance	5,196
John Laing	3,251
Jupiter Fund Management	2,327
St James's Place	1,675
	121,292

Consumer Goods	
British American Tobacco	23,295
Unilever	10,832
Imperial Brands	9,579
Fever-Tree	9,280
Diageo	9,158
Reckitt Benckiser	7,819
GKN	6,374
Bellway	3,964
Taylor Wimpey	3,108
Barratt Developments	2,717
	86,126

Company	Valuation £'000
Industrials	
Melrose Industries	8,956
Ashtead	8,919
Experian	6,762
Rentokil Initial	5,917
Electrocomponents	5,532
BAE Systems	5,148
WS Atkins	4,841
Bodycote	4,063
Morgan Sindall	3,824
CRH	2,128
DS Smith	1,493
De La Rue	1,490
	59,073

Oil & Gas	
Royal Dutch Shell 'B'	32,950
BP	15,617
	48,567

Consumer Services	
WPP	8,996
ITV	6,989
JD Sports Fashion	6,959
RELX	6,161
International Consolidated Airlines Group	4,712
InterContinental Hotels	2,672
Carnival	2,386
Compass	2,368
UBM	1,768
Inchcape	1,328
	44,339

Company	Valuation £'000
Basic Materials	
Rio Tinto	13,338
Synthomer	9,088
Glencore	7,371
BHP Billiton	5,922
Centamin	1,773
Evraz	1,682
Polymetal International	1,279
	40,453
Health Care	
GlaxoSmithKline	14,751
AstraZeneca	6,648
Shire	6,143
	27,542
Technology	
Micro Focus International	8,754
Sage Group	4,130
	12,884
Telecommunications	
BT Group	4,340
Vodafone	3,914
	8,254
Utilities	
Centrica	1,844
	1,844
Total Investments	450,374

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE 2017

	(Unaudited) Six months ended 30th June 2017			(Unaudited) Six months ended 30th June 2016			(Audited) Year ended 31st December 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	18,476	18,476	–	(17,488)	(17,488)	–	24,029	24,029
Net foreign currency (losses)/gains	–	(3)	(3)	–	6	6	–	6	6
Income from investments	10,042	–	10,042	9,289	–	9,289	16,236	–	16,236
Interest receivable and similar income	15	–	15	38	–	38	72	–	72
Gross return/(loss)	10,057	18,473	28,530	9,327	(17,482)	(8,155)	16,308	24,035	40,343
Management fee	(400)	(743)	(1,143)	(286)	(530)	(816)	(650)	(1,208)	(1,858)
Performance fee writeback	–	–	–	–	3,500	3,500	–	3,500	3,500
Other administrative expenses	(350)	–	(350)	(401)	–	(401)	(840)	–	(840)
Net return/(loss) on ordinary activities before finance costs and taxation	9,307	17,730	27,037	8,640	(14,512)	(5,872)	14,818	26,327	41,145
Finance costs	(451)	(838)	(1,289)	(474)	(880)	(1,354)	(919)	(1,706)	(2,625)
Net return/(loss) on ordinary activities before taxation	8,856	16,892	25,748	8,166	(15,392)	(7,226)	13,899	24,621	38,520
Taxation	(12)	–	(12)	(61)	–	(61)	(66)	–	(66)
Net return/(loss) on ordinary activities after taxation	8,844	16,892	25,736	8,105	(15,392)	(7,287)	13,833	24,621	38,454
Return/(loss) per share (note 4)	16.21p	30.95p	47.16p	14.81p	(28.13)p	(13.32)p	25.28p	44.99p	70.27p

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 net return/(loss) on ordinary activities after taxation represents the profit/(loss) for the period/year and also the total comprehensive income.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE 2017

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 30th June 2017 (Unaudited)						
At 31st December 2016	14,192	149,641	6,680	192,118	19,676	382,307
Repurchase of the Company's shares into Treasury	–	–	–	(918)	–	(918)
Net return on ordinary activities	–	–	–	16,892	8,844	25,736
Dividends paid in the period	–	–	–	–	(7,354)	(7,354)
At 30th June 2017	14,192	149,641	6,680	208,092	21,166	399,771
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
Year ended 31st December 2016 (Audited)						
At 31st December 2015	14,192	149,641	6,680	167,612	17,601	355,726
Repurchase of the Company's shares into Treasury	–	–	–	(115)	–	(115)
Net return on ordinary activities	–	–	–	24,621	13,833	38,454
Dividends paid in the year	–	–	–	–	(11,758)	(11,758)
At 31st December 2016	14,192	149,641	6,680	192,118	19,676	382,307

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 2017

	(Unaudited) 30th June 2017 £'000	(Unaudited) 30th June 2016 £'000	(Audited) 31st December 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	450,374	376,632	428,242
Current assets			
Debtors	1,941	4,463	882
Cash and cash equivalents	13,125	39,651	11,771
	15,066	44,114	12,653
Current liabilities			
Creditors: amounts falling due within one year	(764)	(47,809)	(28,696)
Derivative financial liabilities (note 7)	–	(905)	–
Net current assets/(liabilities)	14,302	(4,600)	(16,043)
Total assets less current liabilities	464,676	372,032	412,199
Creditors: amounts falling due after more than one year	(64,905)	(29,878)	(29,892)
Net assets	399,771	342,154	382,307
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	208,092	152,220	192,118
Revenue reserve	21,166	19,421	19,676
Total shareholders' funds	399,771	342,154	382,307
Net asset value per share (note 5)	732.7p	625.2p	698.9p

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE 2017

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 2016 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, including 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 have been prepared in accordance with the Companies Act 2006, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' of the United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the revised 'SORP') issued by the Association of Investment Companies in November 2014 and updated in January 2017.

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 2017.

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 2016.

3. Dividends paid

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 £'000	(Audited) Year ended 31st December 2016 £'000
Unclaimed dividends refunded to the Company	(12)	(8)	(7)
2016 fourth quarterly dividend of 8.0p (2015: 6.5p) paid in March	4,365	3,557	3,557
First quarterly dividend of 5.5p (2016: 5.0p) paid in June	3,001	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 period	7,354	6,285	11,758

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

A second quarterly dividend of 5.5p (2016: 5.0p) per share, amounting to £3,001,000 (2016: £2,736,000), has been declared payable in respect of the year ending 31st December 2017. It will be paid on 1st September 2017 to shareholders on the register at the close of business on 4th August 2017.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

4. Return/(loss) per share

	(Unaudited) Six months ended 30th June 2017 £'000	(Unaudited) Six months ended 30th June 2016 £'000	(Audited) Year ended 31st December 2016 £'000
Return/(loss) per share is based on the following:			
Revenue return	8,844	8,105	13,833
Capital return/(loss)	16,892	(15,392)	24,621
Total return/(loss)	25,736	(7,287)	38,454
Weighted average number of shares in issue	54,570,913	54,723,979	54,720,755
Revenue return per share	16.21p	14.81p	25.28p
Capital return/(loss) per share	30.95p	(28.13)p	44.99p
Total return/(loss) per share	47.16p	(13.32)p	70.27p

5. Net asset value per share

	(Unaudited) Six months ended 30th June 2017	(Unaudited) Six months ended 30th June 2016	(Audited) Year ended 31st December 2016
Net assets (£'000)	399,771	342,154	382,307
Number of shares in issue at period end	54,558,979	54,723,979	54,703,979
Net asset value per share	732.7p	625.2p	698.9p

6. 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 2017		(Unaudited) Six months ended 30th June 2016		(Audited) Year ended 31st December 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ¹	450,374	–	373,697	(905)	428,242	–
Level 2 ²	–	–	2,935	–	–	–
Total value of investments	450,374	–	376,632	(905)	428,242	–

¹ 30th June 2016 includes FTSE 100 index future positions.

² JPMorgan UK Smaller Companies Fund.

7. Derivative financial instruments

	(Unaudited) Six months ended 30th June 2017		(Unaudited) Six months ended 30th June 2016		(Audited) Year ended 31st December 2016	
	£'000		£'000		£'000	
Derivative financial liabilities						
Futures contract ¹	–		(905)		–	

¹ 30th June 2016 represents short FTSE 100 index futures at a contract cost of £9,821,000. Based on market values at 30th June 2016, the contracts give rise to an unrealised liability of £905,000.

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; legal and regulatory; corporate governance and shareholder relations; operational and cyber crime; 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 2016.

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 2017 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

4th August 2017

Shareholder Information

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Return to Shareholders

Total return to the shareholder, on a last traded price to last traded 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 (see page 2).

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 (see page 2).

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 closing-market value to closing-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 (see page 2).

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 2 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 (see page 2).

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 2017 are estimated annualised figures based on the six months to 30th June 2017 (see page 2).

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

You can invest in a J.P. Morgan investment trust through the following;

1. Directly from J.P. Morgan

Investment Account

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

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2017/18 tax year, from 6th April 2017 and ending 5th April 2018, the total ISA allowance is £20,000. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include;

AJ Bell	Interactive Investor
Alliance Trust Savings	James Brearley
Barclays Stockbrokers	James Hay
Bestinvest	Selftrade
Charles Stanley Direct	TD Direct
FundsNetwork	The Share Centre
Hargreaves Lansdown	

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. The websites of these providers are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may 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 fca.org.uk

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart



Notes

Information about the Company

FINANCIAL CALENDAR

Financial year end	31st December
Final results announced	March
Half year end	30th June
Half year results announced	August
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
Jill May
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 or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan Junior ISA. These products are all available on the online service at jpmorgan.co.uk/online

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.

Depositary

BNY Mellon Trust and Depositary (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.

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,
9.00am to 5.30pm.

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