JPMorgan Claverhouse Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2019

aic DIVIDEND HERO

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

J.P.Morgan
Asset Management

Your Company

Objective

Capital and income growth from UK investments.

Investment Policy

- To invest in a diversified portfolio consisting mostly of leading companies listed on the London Stock Exchange. The Company's portfolio consists of between 60 and 80 investments 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 have discretion to vary the gearing level between 5% net cash and 17.5% geared.
- The Board permits the Manager to use FTSE index futures to effect changes in the level of the Company's gearing.

Further details on investment policies and risk management are given on pages 21 and 22.

Benchmark

The FTSE All-Share Index (total return).

Capital Structure

At 31st December 2019, the Company's share capital comprised 56,870,653 (2018: 56,765,653) ordinary shares of 25p each, including 105,322 shares held in Treasury (2018: nil).

The Company has a £30 million debenture in issue, which carries a fixed interest rate of 7% per annum, repayable on 30th March 2020. The Company has agreed to issue £30 million fixed rate 25 year unsecured notes in March 2020 at an annualised coupon of 3.22%. The notes will replace the debenture. The Company also has a £50 million three year floating rate loan facility with National Australia Bank, which expires on 27th April 2020. (Further information is set out on page 23, under Borrowings).

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').

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Claverhouse Investment Trust plc can be recommended by 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.

The Company's ordinary shares are not considered to be 'complex instruments' under the FCA's 'Appropriateness' rules and guidance in the COB sourcebook.

Association of Investment Companies ('AIC')

The Company is a member of the 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.jpmclaverhouse.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

Investment Approach

Claverhouse is a diversified, typically geared portfolio of our best UK stock ideas. We aim to deliver steady outperformance of the FTSE All-Share Index over the medium term, without taking undue risks. We also aim to maintain the Company’s enviable dividend track record.

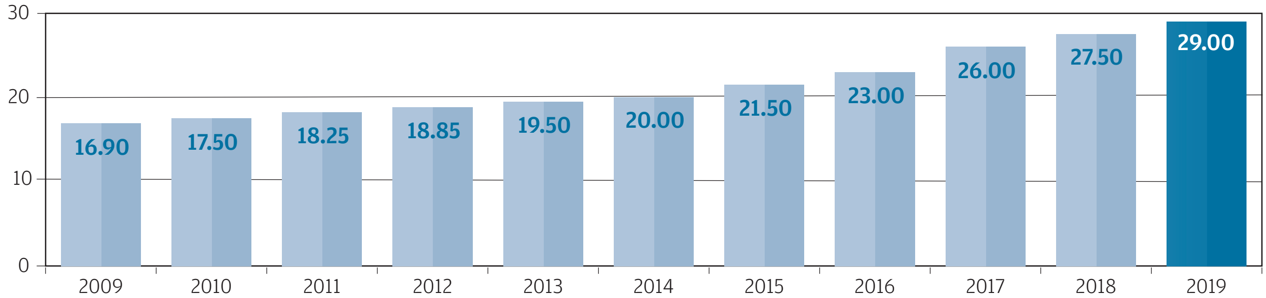
The Manager’s Heritage and Team

Claverhouse Investment Trust Limited was launched in 1963 with assets of £5 million and managed by Robert Fleming & Co. The Company took its name from a 17th century nobleman, Viscount Claverhouse (‘Bonnie Dundee’). The name was chosen to commemorate the Flemings’ Dundee roots. The Company adopted its present name of JPMorgan Claverhouse Investment Trust plc in 2007.

JPMorgan Asset Management’s investment professionals are well resourced and follow a distinct, disciplined methodology. They employ an active, bottom-up, team-based approach, which focuses on the value, quality, and momentum style characteristics of UK stocks.

Claverhouse has an outstanding record of dividend growth. It is one of just 20 investment trust ‘dividend heroes’ – trusts that have increased their dividend every year for at least the past 20 years. Claverhouse’s record of 47 consecutive years of dividend growth is the longest of any quoted investment trust invested solely in UK equities.

Dividend History



Portfolio Characteristics

47
Years of consecutive dividend growth

A focused portfolio of
60 to 80 stocks

139%
Total shareholder return since adoption of strategy (from 1st March 2012)

A consistent, transparent, robust investment process

CONTENTS

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 31ST DECEMBER

	2019	2018	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+21.5%	–5.5%	+39.8%	+55.3%
Return on net assets[2,A]	+25.3%	–13.5%	+25.9%	+48.5%
Benchmark return[3]	+19.1%	–9.5%	+21.9%	+43.7%
Net asset return performance compared to benchmark return[3]	+6.2%	–4.0%	+4.0%	+4.8%
Dividend	29.0p	27.5p		

[1] Source: Morningstar.

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

[3] Source: Morningstar. The Company's benchmark is the FTSE All-Share Index (total return).

[A] Alternative Performance Measure ('APM').

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 80 to 82.

SUMMARY OF RESULTS

	2019	2018	% change
Total returns for the year ended 31st December			
Return to shareholders[1,A]	+21.5%	–5.5%	
Return on net assets with debt at par value[2,A]	+25.3%	–13.5%	
Return on net assets with debt at fair value[2,A]	+25.9%	–13.1%	
Benchmark return[3]	+19.1%	–9.5%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	448,094	372,033	+20.4
Net asset value per share with debt at par value[4,A]	789.4p	655.4p	+20.4
Net asset value per share with debt at fair value[4,5,A]	787.9p	651.0p	+21.0
Share price	776.0p	665.0p	+16.7
Share price (discount)/premium to net asset value with debt at par value[6,A]	(0.1)%	3.3%	
Shares in issue (excluding shares held in Treasury)	56,765,331	56,765,653	
Revenue for the year ended 31st December			
Gross revenue return (£'000)	19,991	19,158	+4.3
Net revenue return after taxation (£'000)	17,619	16,623	+6.0
Revenue return per share	31.10p	30.09p	+3.4
Total dividend per share	29.0p	27.5p	+5.5
Gearing at 31st December[A]	8.9%	2.5%	
Ongoing Charges[A]	0.72%	0.76%	

[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share and debt at par value.

[3] Source: Morningstar. The Company's benchmark is the FTSE All-Share Index (total return).

[4] Includes the current year revenue account balance.

[5] The fair value of the £30m (2018: £30m) debenture issued by the Company has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the 5 year average yield for the AA Barclays Corporate Bond.

[6] Source: J.P.Morgan. The (discount)/premium is calculated using the net asset value at 31st December 2019 of 777.0p (2018: 643.6p), which does not include the current year revenue account balance.

[A] Alternative Performance Measure ('APM').

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 80 to 82.

Andrew Sutch
Chairman

Performance and Manager Review

Since the end of your Company's financial year, 31st December 2019, world stockmarkets have fallen significantly, principally because of concerns about the effect of the spread of COVID-19 on the global economy; and as at 16th March 2020 the FTSE All-Share Index had fallen to 2848.87, a fall of over 30% and its lowest level in almost eight years. Although we report in this document on the 2019 financial year, it is clear that 2020 will be different and very challenging for the global economy and markets and thus for the Company. Meanwhile, I can report a strong performance for the year to 31st December 2019, the Company's net asset total return being +25.3%. This compares with a total return for the same period from the Company's benchmark, the FTSE All-Share Index, of +19.1%, an excellent outperformance of +6.2%. The long-term performance also continued to be strong, with a cumulative net asset total return outperformance, compared to the benchmark total return, of +4.0% and +4.8% over three and five years, respectively.

The share price rose from 665.0p as at 1st January 2019 to 776.0p as at the year end, reflecting the rise in NAV but also affected by the price at which the shares have traded moving from a premium to a discount over the period. The shareholder total return for the year was +21.5% (2018: -5.5%).

Net asset value total return was +25.3% compared to the total return for the FTSE All-Share Index of +19.1%

The Investment Managers' report on pages 9 to 16 reviews the market and provides more detail on performance.

Revenue and Dividends

Revenue for the year to 31st December 2019 increased to 31.10p per share (2018: 30.09p). The Directors have declared a fourth quarterly interim dividend of 10.25p per share for the year ended 31st December 2019 which will bring the total dividend per share for the year to 29.0p (2018 total: 27.5p). This represents the 47th successive year in which the dividend has been raised and is an increase of 5.5% over the previous year. The dividend was more than covered by the revenue generated by the Company's portfolio and this once again allowed us to make a transfer to the Company's revenue reserves.

The Board's dividend policy remains to seek to increase the total dividend each year and, taking a run of years together, to increase dividends at a rate close to or above the rate of inflation. Given the Company's strong revenue reserves, the Board currently expects future dividend increases to continue to exceed the rate of inflation. The Board also intends to increase the first three quarterly interim dividends in 2020 from 6.25p per share to 6.50p per share. The Company continues to benefit from a relatively high level of revenue reserves and the ability to utilise these, if necessary, to support the dividend.

Revenue for the year increased to 31.10p per share

The Company pays interim dividends in order to provide shareholders with a regular income. Consequently, it does not pay final dividends, which would otherwise be subject to shareholder approval at the Annual General Meeting ('AGM'). In order to provide shareholders with an opportunity to vote on dividend policy and in accordance with best practice, the Directors will seek approval for the Company's dividend policy at the forthcoming AGM, namely to pay in each year four quarterly interim dividends on the Company's ordinary shares.

Premium/Discount and Share Issuance/Repurchases

During the year the discount to net asset value at which the shares traded ranged from a premium of 3.0% to a discount of 4.5%. At the start of the year 105,000 new shares were issued at a time when the shares were trading at a premium. 480,322 shares were repurchased and held in Treasury during the year and in the latter part of the year, as the discount narrowed to less than 2.0%, 375,000 shares were issued from Treasury. The balance of 105,322 shares were issued out of Treasury in January 2020.

At the AGM in April 2019 shareholders renewed the authority for the sale of shares from Treasury at a discount of no more than 2.0% to the prevailing net asset value per share (cum income debt at par). Renewal of this authority, the authority to issue new shares and to repurchase shares, will be sought at the AGM in April this year.

Gearing/Long Term Borrowing

The Company's gearing policy is to operate within a range of 5% net cash and 20% geared and the Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared.

Taking into account borrowings, net of cash balances held, the Company ended the year approximately 8.9% geared. Given the market turmoil in the last few weeks the Investment Managers have reduced gearing considerably since the year end. During the year gearing varied between 1.5% cash and 15.2% geared. Borrowing consisted of a combination of the £30 million 7% 2020 debenture and a revolving credit facility of £50 million, of which £30 million was drawn down at the year end. A further £10 million was drawn down after the year end and in recent weeks £25 million was repaid.

The £30 million 7% 2020 debenture matures on 30th March 2020 and, as I have previously reported, the Company entered into an agreement to authorise the issue and sale, by way of private placing, of £30 million 3.22% fixed rate 25 year unsecured notes (the 'Notes'). The sale and purchase of the Notes will occur on 30th March 2020 and will fund the maturity of the debenture.

Environmental, Social and Governance issues

We have seen over recent years the growing importance of environmental, social and governance ('ESG') issues and, more recently, an unprecedented focus on climate change. While the Investment Managers have always considered ESG issues in their investment process, over the last 12 months these have been progressively integrated into their investment process so that ESG issues will increasingly be considered at every stage along the decision making process. Company reporting on ESG issues is developing and the Investment Managers use their regular company meetings with potential and existing investee companies to discuss and challenge management on their adherence to best practice. The Board will continue to discuss and decide how the Company should best deal with sustainability and ESG issues.

Investment Management Fees and Manager Evaluation

Following discussions with the Manager, a reduction in management fees was agreed in December of last year and has been effective from 1st January 2020. The investment management fee is now charged on a tiered basis at an annual rate of 0.55% of the Company's net assets on the first £400 million and at 0.40% of net assets above that amount. Previously the management fee was charged at 0.60% of net assets on the first £500 million and at 0.50% of net assets above that amount.

I thank Humphrey and Jane for their contribution to the Company

During the year, the Management Engagement Committee undertook a formal review of the Manager, covering the investment management, company secretarial, administrative and marketing services provided to the Company. The review took into account the Manager's investment performance record, management processes, investment style, resources and risk control mechanisms. I am pleased to report that the Board agreed with the Committee's recommendation that the continued appointment of the Manager is in the interests of shareholders.

Board of Directors

As reported in my statement in the Half Year Report, Mr Humphrey van der Klugt and Mrs Jane Tufnell will retire as Directors of the Company at the AGM in April this year. Both Humphrey and Jane have been valued colleagues on the Board and have contributed greatly to the Company and its development; and I thank them for their service. Mr David Fletcher will take over as Senior Independent Director on Humphrey's retirement.

As part of the Board's succession planning a recruitment process was undertaken and I am pleased to report that Mr Nicholas Melhuish and Mrs Victoria Stewart joined the Board at the beginning of February 2020. Nicholas and Victoria will stand for re-appointment at the AGM and I look forward to introducing them to shareholders then.

In accordance with UK Corporate Governance requirements, all Directors, other than Mr van der Klugt and Mrs Tufnell, will stand for re-appointment at the AGM.

Change of Auditors

The current audit firm Ernst & Young LLP has audited the Company's financial statements for over 20 years. As required under regulations requiring the rotation of audit firms, a formal audit tender was undertaken during the year and PricewaterhouseCoopers LLP has been selected as the new auditor on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. Approval of the new audit firm will be put to shareholders at the forthcoming AGM. I thank Ernst & Young LLP for their work over the period they have been the Company's auditors.

Annual General Meeting

This year's Annual General Meeting ('AGM') will be held at JPMorgan's offices at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 23rd April 2020 at 12 noon.

Due to the ongoing situation surrounding COVID-19, and the developing advice from the Department of Health & Social Care, the Board has taken the difficult decision to amend the format of the AGM for this year. Whilst the formal business of the AGM will be considered, the meeting will be functional only. There will be no presentation from the investment managers, William Meadon and Callum Abbot. However, a video of the presentation will be placed on the Company's website shortly afterwards. In addition, there will be no social event as part of the AGM and therefore no refreshments provided. **In these exceptional circumstances shareholders are strongly encouraged to consider whether they believe it would be appropriate for themselves to attend the AGM.**

In light of the changed format the Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. This will ensure that the votes are registered in the event that attendance at the AGM is not possible.

In addition, shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary via the 'Ask the Question' link found under the 'Contact Us' section on the Company's website. Any questions received will be replied to by the Company Secretary.

In the event that the situation changes the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website.

Outlook

As at 16th March 2020 the Company's share price had fallen to 532p, compared with 776.0p as at the year end, a fall of over 31%. It is clear that the effect of COVID-19 on economic activity will be considerable during 2020 and it is impossible to say at this stage when markets are likely to recover their recent losses.

The outcome of last December's General Election removed some of the last few years' uncertainty surrounding Brexit and, while many of the long-term effects of the UK's departure from, and the nature of the UK's ongoing relationship with, the European Union are still unclear, the UK stockmarket responded positively to the General Election result. UK equities, which have been out of favour for the last few years, should now be capable of attracting more investor interest. However, the new Government's policies, including the measures announced in the recent Budget, are now overshadowed by the emergency measures which the Government is introducing to support the UK economy and the health and well-being of its people during the virus epidemic. It is evident that 2020 will see a marked slowdown in economic activity which will impact businesses of all types; and we must be prepared for share prices to remain for some time volatile and lower than in the last few years. While the UK stockmarket may still be cheap compared with some others, it may take some time for investors to return to sustained buying activity. During this uncertain period the Investment Managers will, I am sure, concentrate on protecting the Company's portfolio while keeping close attention to the dividends being received from investee companies.

The Company has provided a regular, and over the last 47 years a rising, source of income for shareholders and the Company's revenue reserves are amongst the strongest in its sector. With these attributes, and the Manager's risk-controlled approach to stock selection, I believe that the Company should continue to outperform its benchmark index on a total return basis over the medium and long term.

Andrew Sutch
Chairman

18th March 2020

William Meadon
Investment Manager

Callum Abbot
Investment Manager

Market Review

Global equity markets were very strong over the year. The UK stock market was no exception, with the FTSE All-Share index delivering a handsome double digit return. Investors took heart not only from continuing steady world growth but also the news that the EU and UK government had eventually reached an agreed date, 31st January 2020, for the UK's departure from the European Union. The political clarity coming from the decisive Conservative general election victory in December came as further encouragement to many investors.

As the year drew to a close, equity markets continued to rally with the UK stock market closing at an all-time high. Sterling rallied sharply from its summer lows to finish the year higher against both the US dollar and the Euro. Interest rates remained low reflecting the continuing benign outlook for inflation.

Performance Review

Claverhouse performed well throughout the year, benefiting from both good stock selection and maintaining double digit gearing levels for most of the period.

In the year to 31st December 2019, Claverhouse delivered a total return on net assets (capital plus dividends re-invested) of +25.3% compared to the benchmark FTSE All-Share Index return of +19.1%. Despite the Company's shares moving from a premium to a small discount at the year end, the total annual return for shareholders was a still handsome +21.5%. A detailed breakdown of the performance is given in the accompanying table.

Our risk controlled approach to sizing positions at a stock and sector level has helped deliver consistent returns. Since the change in management approach in 2012, the fund has outperformed in over 70% of quarters.

Claverhouse performed well throughout the year, benefiting from both good stock selection and maintaining double digit gearing levels

PERFORMANCE ATTRIBUTION
YEAR ENDED 31ST DECEMBER 2019

	%	%
Contributions to total returns		
Benchmark return		19.1
Stock & Sector selection	6.4	
Gearing & cash	1.6	
Investment Managers' contribution	8.0	
Cost of debt (debenture)	-0.5	
Portfolio return		26.6
Management fee/other expenses	-0.7	
Share buyback/share issuance	–	
Sub total	-0.7	
Return on net assets with debt at fair value[A]		25.9
Change in the fair value of the debenture		-0.6
Return on net assets with debt at par value[A]		25.3

Source: B-one/Datastream/JPMAM/Morningstar. All figures are on a total return basis.

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

[A] Alternative Performance Measure ('APM').

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 80 to 82.

Our position in Softcat materially contributed to returns

Top Contributors and Detractors to Performance vs FTSE All-Share Index

Top Five Contributors		Top Five Detractors	
JPMorgan Smaller Companies Investment Trust	+2.01%	Micro Focus	-0.72%
JD Sports	+1.24%	Evraz	-0.55%
Softcat	+0.70%	Imperial Brands	-0.51%
Intermediate Capital Group	+0.69%	International Consolidated Airlines	-0.38%
Barratt Developments	+0.60%	Royal Dutch Shell	-0.35%

Source: JPMAM, as at 31st December 2019.

The **JPMorgan Smaller Companies Investment Trust**, managed by our in-house small companies team, performed extremely well over the period, returning 68% in share price terms. Over the years, this fund has not only contributed materially to the performance of Claverhouse, but as stocks have grown out of the smaller companies index and into the FTSE 350, it has also provided a rich source of many new ideas for us to invest in directly. **Games Workshop** and **Dunelm** are just two recent, very rewarding, examples of this process. JPMorgan Smaller Companies performed particularly well after the General Election as a combination of strong stock selection and a closing of the discount combined to give exceptional share price returns.

Our overweight position in **Softcat**, the IT reseller, materially contributed to returns. The company's share price nearly doubled over the course of the year. The company has continued to gain share in a growing market and its strategy of selling deeper to existing customers has reaped benefits. We still believe there is significantly more to go for as companies in the UK continue to prioritise technology investment and Softcat is well placed to capture a greater share of this growing markets.

Intermediate Capital Group is an alternative asset manager that specialises in various types of niche credit and equity financing through private equity style funds. Fund performance has been consistently strong across their range, generating substantial performance fees and leading to considerable demand for new funds, which are charged at premium fees.

Homebuilders performed strongly in 2019

In 2019, homebuilders performed strongly, as the primary housing market remained robust and investors became more comfortable with the macro and political environment. **Barratt Developments** was the best performer. The management team set an ambitious margin target at the start of the year and has executed its strategy successfully throughout 2019. We think the company will continue to drive margins higher towards their target and the improved outlook for the UK economy should provide a further tailwind.

The largest detractor for performance was our overweight position in software company **Micro Focus**. Since acquiring HP Enterprise's software business in 2017, Micro Focus's management team has been struggling to integrate it. However, the company reported strong trading at the start of 2019. We believed that if the improved trading trends could be maintained and the integration brought back on track the stock looked very cheap so we purchased an overweight position. However, it turned out to be a false dawn. We sold out after the profit warning in August. The company has continued to underperform since our exit.

Commodity companies **Evraz** and **Royal Dutch Shell** contributed negatively to returns. The income streams from these companies is attractive but both are highly sensitive to macro sentiment, which deteriorated towards the end of the year.

International Consolidated Airlines underperformed the market in the first half of the year. We sold out of our position as we felt there were more interesting opportunities elsewhere.

Tobacco company **Imperial Brands** had a challenging 2019. It is highly cash generative and pays an attractive dividend. However, the company has struggled to get to grips with the changes to its market that next generation tobacco products have caused.

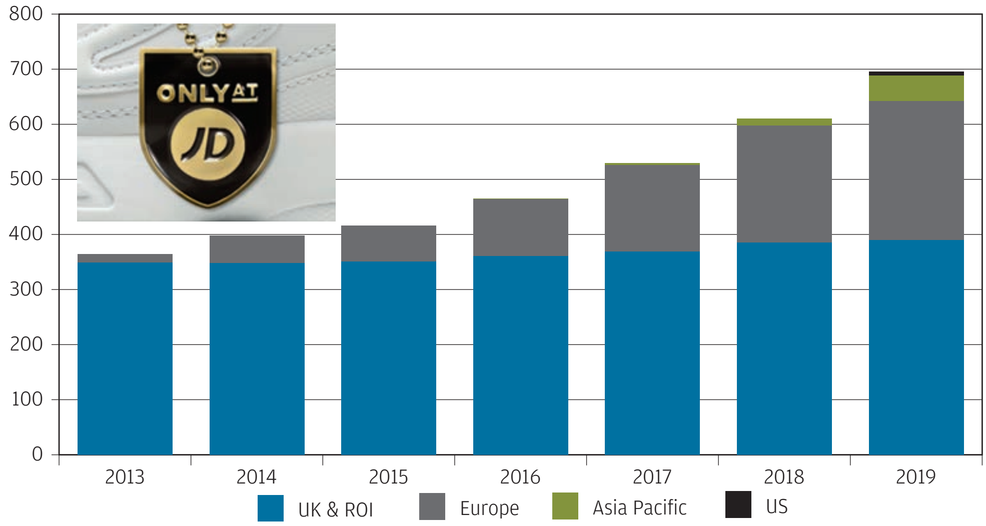
We built a small overweight position in **British American Tobacco (BAT)** over the course of the year. This tobacco company had a challenging 2018 due to disruption from alternative tobacco products and increased regulatory pressure in the US. In 2019 the US regulatory focus moved on reining in the nascent

JD Sports continues to beat even our high expectations

alternative tobacco markets. The increased regulatory burden will increase barriers to entry for the alternative tobacco markets, which favour the well-resourced and experienced incumbent tobacco companies. BAT has also invested significantly in alternative tobacco products. These factors mean BAT is now well placed to grow in both the traditional and alternative tobacco markets going forward.

JD Sports, a retailer of brand-name sports and leisurewear, continues to beat even our high expectations. It has excelled while all around traditional high street retailers have struggled. Its unique relationships with big brands like Nike and Adidas, as well as its strong online offering across multiple brands, has protected it from the tough retail industry backdrop. A recent expansion into the US (through the acquisition of Finish Line) should provide another leg of growth. Below we show the pattern of growth of stores worldwide.

JD SPORTS – GROWTH OF STORES WORLDWIDE



Source: JPMorgan Asset Management.

Portfolio Review

The portfolio held 62 stocks at the year-end and was geared for the majority of the year. A more volatile political backdrop in the UK and heightened geo-political risk between the US and China led to portfolio turnover being slightly higher than usual.

We aim to run a stock-focused but sector-diversified portfolio

We are bottom-up stock pickers; sector and macro views have less influence on the portfolio. We aim to run a stock-focused but sector-diversified portfolio.

Your fund benefited from being geared throughout the year. Through periods of heightened political uncertainty we occasionally use FTSE 100 futures to manage gearing. For example, in the second half of the year, we did a small amount of hedging to help cushion the fund from the volatility in share prices emanating from the increased levels of Brexit and political uncertainty. Once the General Election result was known, these hedged positions were closed.

At the year-end your fund was 8.9% geared.

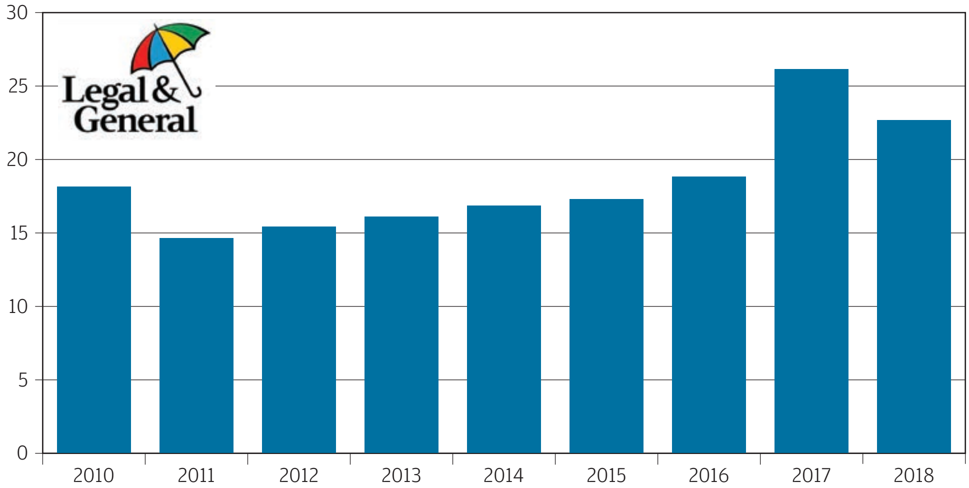
Top Over and Under-weight positions vs FTSE All Share Index

Top Five Overweight Positions		Top Five Underweight Positions	
Legal & General	+1.9%	Vodafone	-1.7%
GlaxoSmithKline	+1.7%	Reckitt Benckiser	-1.7%
JD Sports	+1.6%	HSBC	-1.7%
3i Group	+1.6%	National Grid	-1.4%
Next	+1.6%	Glencore	-1.1%

Source: JPMAM, as at 31st December 2019.

Legal & General's ongoing simplification has allowed it to be more stringent in its capital allocation, pricing and risk management in its core areas. Having streamlined its activities, by offloading assets such as legacy insurance liabilities to Swiss RE, it has been rewarded with higher returns, higher cash flows and higher dividends for investors. We continue to favour Legal & General over its competitors as, the shares still look cheap. Even after the recent rally the business looks attractively valued on a dividend yield basis which is at a significant premium to the FTSE All-Share Life Insurance Sector (see dividend yield chart below).

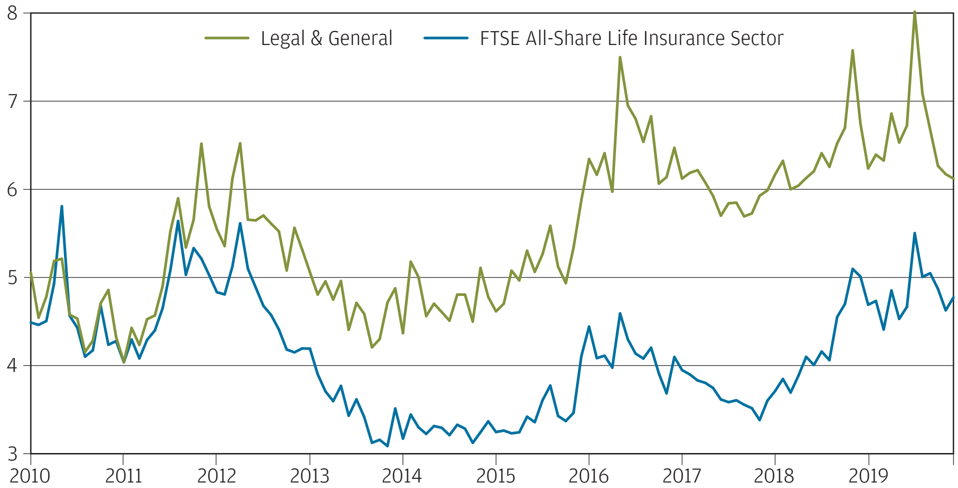
LEGAL & GENERAL – RETURN ON EQUITY



Source: JPMorgan Asset Management.

We continue to favour Legal & General over its competitors as the shares look cheap

LEGAL & GENERAL – 12 MONTH FORWARD DIVIDEND YIELD



Source: JPMorgan Asset Management.

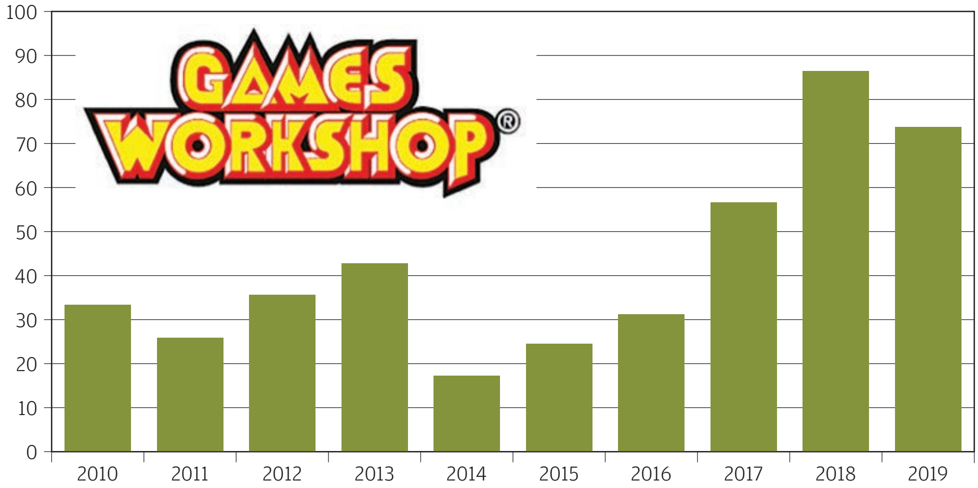
Significant stock purchases

Lloyds and Barclays — we moved to an overweight position in these UK banks in the run up to the election as the likelihood of a Labour government diminished. Their domestically exposed divisions should benefit from better consumer confidence in the UK and a generally stronger economy. **Lloyds'** risk exposure to the UK consumer puts it in a strong position should the UK economy rebound after a sluggish period due to the uncertainty created around Brexit outcomes. **Barclays** trades at a significant discount to its book value which seems unwarranted given their balanced book of business which finally seems to be performing after a period of restructuring.

High barriers to entry enable Games Workshop to earn very healthy profits

Games Workshop, a new holding in the portfolio, is the global leader for table-top miniature gaming. The company has scale, expertise and control of every aspect of its brands (eg Warhammer) and products. Such high barriers to entry enable the company to earn very healthy profits with little competitive threat. Whilst niche, the company's products have a genuine global fan base with more than three-quarters of sales now coming from overseas. The company's nascent media business, which includes animation, enables it to earn substantial royalties from computer game developers. Keeping a very low investor profile means that many are surprised to learn that the company has a market capitalisation in excess of £2 billion.

GAMES WORKSHOP – RETURN ON INVESTED CAPITAL (%)



Source: JPMorgan Asset Management.

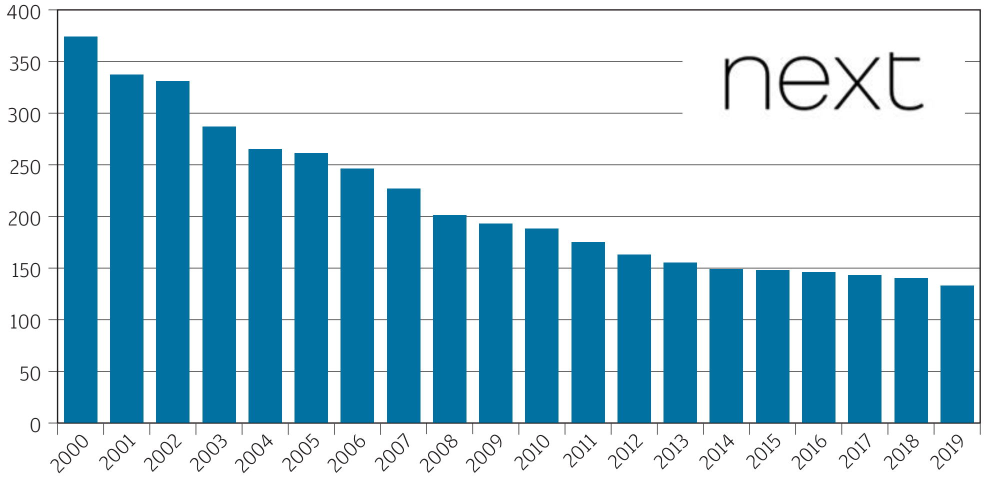
Mitchells & Butlers – at the time of purchase this pub owner and operator traded at a discount to its net asset value. This discount is likely to reduce as the company has delivered strong like for like revenue growth and is generating significant free cash flow. Recent consolidation in the sector (Greene King and EI Group) has shown there is appetite for asset-backed UK companies, which further supports the valuation.

Ultra Electronics – this aerospace and defence company had been poorly managed for a number of years. A new management team is in the process of turning the business around, the success of which is evidenced by the improvement in organic growth and a growing order book. The share price has rallied strongly, but we believe the turnaround has long term benefits, which are still to come through.

Next has demonstrated a canny ability to grow profits consistently

Next, a long standing holding in the portfolio, is another example of a retailer that has demonstrated a canny ability to grow profits consistently, despite the woes of the wider sector. Management continue to successfully transition the business away from its high street stores to a lower cost, wider-reaching online presence. In addition to offering own label products it is also becoming a platform to retail other brands through their 'Label' offering. The company's capital discipline is exemplary with 30% of their shares bought back over the last decade. They have also set the standard for clear detailed communication with shareholders regarding their Brexit preparations. We added to our holding during the year.

NEXT – SHARES OUTSTANDING (MILLION)



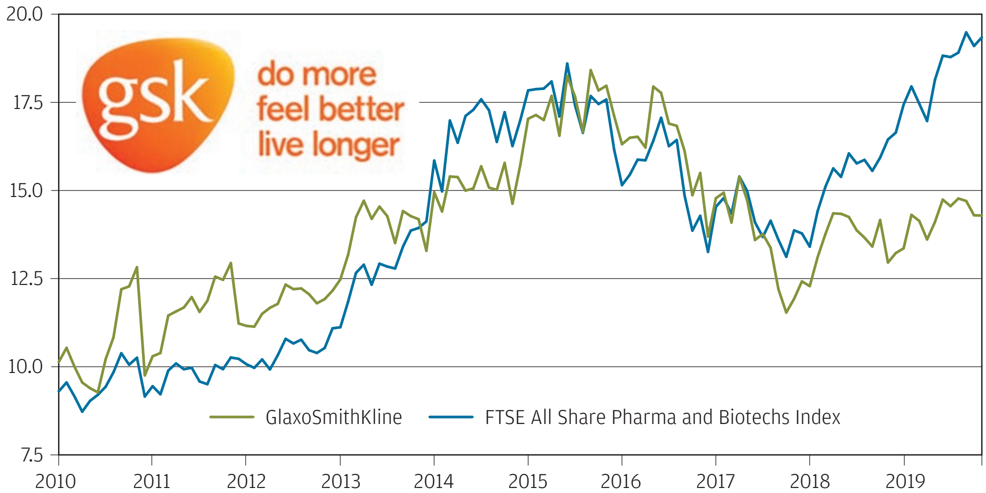
Source: JPMorgan Asset Management.

Countryside Properties — this UK construction company is a new holding for us. They operate two main divisions: firstly, a housebuilding business similar to that of other UK housebuilders; second, 'Partnerships' which focus on the regeneration of urban sites generally in conjunction with a public sector body. As the domestic political skies cleared we added to our utility holding (**United Utilities, Severn Trent** and **Pennon**) as they simply looked too cheap versus both history and their regulated assets bases.

GlaxoSmithKline offers strong cash generation and an attractive valuation

GlaxoSmithKline (GSK) – is a research-based pharmaceutical company that has been a stalwart in the portfolio offering strong cash generation and an attractive valuation in a relatively expensive sector. Given the pricing concerns around pharmaceuticals in the US, we favour the diversified business model that GSK has relative to its peer group. Also, the announcement to eventually divest its consumer health division through a joint venture with Pfizer should help unlock value in the group and allow it to focus purely on the research side of the business.

GSK – 12 MONTH FORWARD PRICE-TO-EARNINGS RATIO



Source: JPMorgan Asset Management.

M&G – this long-standing asset management business and closed UK life insurance business was spun out from its parent company, Prudential, during the year. The newly created M&G has a very attractive dividend yield (8%) which is supported by the strong cash generation of its life insurance business.

Significant stock sales

The Autumn saw us make our final sales of **Fever-Tree**. This stock has been a wonderful investment for Claverhouse over the years. Having first invested in 2015 at £4, the rapid rise in the share price over the ensuing four years enabled us to make many profitable partial sales along the way, some as high as £35. However, during 2019, we became increasingly concerned that growth of the company's range of mixers was slowing in both the UK and Europe and that the success of its US expansion was as yet unproven. We therefore made final sales of the stock in September at £24. Such fears proved well founded as, post the period end, the company warned that its profits would not meet the market's expectations. The stock fell sharply and is currently trading at £9.7, where we are assessing whether to invest once more.

We reduced our exposure to the oil sector during the year through some sales of both **Royal Dutch Shell** and **BP**. Both companies face significant headwinds from a falling oil price and the increasing demands put on them by society to reduce their carbon emissions. We sold out of the exploration and production company **Tullow**, after it announced a disappointing update on its Guyana oil fields. The mining company **Glencore** has substantial coal and oil assets which are rapidly falling out of favour as society becomes increasingly conscious of the impact they are having on the environment. This, together with the overhang of a US Department of Justice investigation into Glencore's operations in the Democratic Republic of Congo, Nigeria and Venezuela, led us to sell our entire holding.

HSBC – we moved further underweight to this international banking group. In the second half of the year the company abandoned previously stated financial targets and announced a substantial restructuring of many of its businesses. The company is clearly struggling to cope with a backdrop of sustained low interest rates as well as heightened geo-political risks in its key Asian markets, especially Hong Kong.

Reckitt Benckiser – this global household goods and health products business has been struck down by a series of ailments which has led us to exit our already underweight holding. We think that the new CEO has his work cut out to return the group to meaningful volume growth and there is a danger that the margins may be sacrificed to achieve this.

Burford – we exited our off-benchmark position in this litigation finance specialist. As the litigation finance market becomes more crowded, our concerns grew over the sustainability of the high returns on capital. This proved prescient as, later in the year, the stock fell sharply as more investors started to share our concerns.

We sold out of our position in **ITV**, the British TV producer. Netflix, Amazon and now Apple (to name just a few) have entered the production space with much higher budgets and we struggle to see how ITV's latest venture, Britbox, can successfully compete with such deep pocketed behemoths.

Vodafone – we sold our remaining small holding as we do not think a dividend cut is enough to turn the tide in an industry where price wars are a constant feature. Even post the dividend cut, debt levels remain uncomfortably high.

Market Outlook

The decisive result of the recent General Election has removed much of the political uncertainty

The decisive result of the recent General Election has removed much of the political uncertainty that has hung for over both the UK economy and stock market in recent years. Whilst the precise timeline for delivering a complete Brexit (including attendant trade deals) will remain unclear for some while yet, we nevertheless expect the clearing of the political skies soon to improve the confidence of consumers, corporates and investors alike.

With such a substantial majority in the Commons, the Government can enact policy at will and it would not surprise us if much of it was radical in nature and rewarding for UK shareholders. Such policies should also attract overseas investors back to the UK economy and stock market. What is more, despite a strong performance in 2019, UK equities still look very good value, trading at a 35% discount to the MSCI World index – a near 30 year record. Moreover, the prospective yield on the FTSE All-Share looks particularly appealing relative to both other equity markets and also the pitifully low yield on bonds and cash deposits.

The global economy remains in reasonable shape and should be supported further by the recent signing of the first stage of the US/China trade deal. The US economy may slow a little in 2020 but it is unlikely to go into recession. This together with continuing low interest rates keeps us optimistic on the prospects for markets in the medium term.

However, an improving economic and political backdrop has been completely overshadowed since the year end by the rapid spread of COVID-19 from its origins in China. This virulent virus, which is moving at pace across the globe, is understandably causing concern amongst both investors and general public alike. Against a backdrop of considerable uncertainty as to how potentially dangerous the virus is and how far it will spread, equity markets globally have fallen sharply. Sentiment is likely to remain risk averse until such fears dissipate, which may be some while. As a consequence, we have tactically reduced the gearing in the portfolio to lower levels than usual, but we will be looking to increase it when appropriate.

Meanwhile, as markets oscillate, Claverhouse's shareholders can continue to take considerable comfort from being invested in a company with fortress revenue reserves which provide them with one of the most secure dividends in the UK stock market.

Your fund currently has no gearing.

William Meadon
Callum Abbot
Investment Managers

18th March 2020

Postscript

Much of the above report was originally written before the extreme market turmoil of the last week. Share prices have fallen significantly in recent days and the outlook for many companies has changed. We will react and adapt to the changing situation, the outcome of which is difficult to predict at present, to ensure that the capital and income objectives of the Company are preserved as best as we can.

TEN LARGEST EQUITY INVESTMENTS

AT 31ST DECEMBER

Company	Sector	2019 Valuation £'000	%[1]	2018 Valuation £'000	%[1]
Royal Dutch Shell	Oil & Gas	37,335	7.7	40,188	10.5
GlaxoSmithKline	Health Care	24,709	5.1	19,903	5.2
JPMorgan Smaller Companies Investment Trust	Financials	24,123	4.9	14,659	3.8
AstraZeneca	Health Care	21,838	4.5	16,837	4.4
Diageo	Consumer Goods	19,479	4.0	19,658	5.2
HSBC	Financials	15,953	3.2	22,745	6.0
BP	Oil & Gas	15,857	3.2	19,555	5.1
Rio Tinto	Basic Materials	14,947	3.1	12,752	3.3
British American Tobacco[2]	Consumer Goods	14,482	3.0	5,316	1.4
Legal & General[2]	Financials	12,209	2.5	7,987	2.1
Total[3]		**200,932**	**41.2**		

[1] Based on total investments of £487.8m (2018: £381.4m).
[2] Not included in the ten largest investments at 31st December 2018.
[3] As at 31st December 2018, the value of the ten largest investments amounted to £190.5m representing 49.9% of total investments.

SECTOR ANALYSIS

	31st December 2019		31st December 2018	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials[2]	29.6	27.1	22.7	26.2
Consumer Goods	16.4	14.1	18.3	13.9
Consumer Services	14.2	12.0	10.7	11.5
Oil & Gas	10.9	11.8	16.7	14.3
Health Care	9.5	9.3	9.9	8.5
Basic Materials	6.9	7.5	8.8	7.8
Industrials	6.2	11.6	7.7	10.9
Technology	4.2	1.1	1.4	1.0
Utilities	1.6	3.0	1.0	2.8
Telecommunications	0.5	2.5	2.8	3.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £487.8m (2018: £381.4m).
[2] Includes the Company's investment in JPMorgan Smaller Companies Investment Trust plc: 4.9% (2018: 3.8%) of the portfolio.

LIST OF INVESTMENTS AT 31ST DECEMBER 2019

Company	Valuation £'000
FINANCIALS	
JPMorgan Smaller Companies Investment Trust	24,123
HSBC	15,953
Legal & General	12,209
Lloyds Banking	11,847
Prudential	10,777
3i	9,288
Intermediate Capital Group	7,604
Barclays	6,626
UNITE	6,334
Scottish Mortgage Investment Trust	5,801
Savills	5,107
Royal Bank of Scotland	5,042
John Laing	4,454
M&G	4,202
Segro	4,080
Safestore	3,257
London Stock Exchange	2,859
OneSavings Bank	2,325
Standard Chartered	2,259
	144,147
CONSUMER GOODS	
Diageo	19,479
British American Tobacco	14,482
Unilever	12,203
Persimmon	7,677
Barratt Developments	7,522
Games Workshop	6,551
Bellway	5,075
Imperial Brands	2,757
Countryside Properties	2,605
Taylor Wimpey	1,459
	79,810

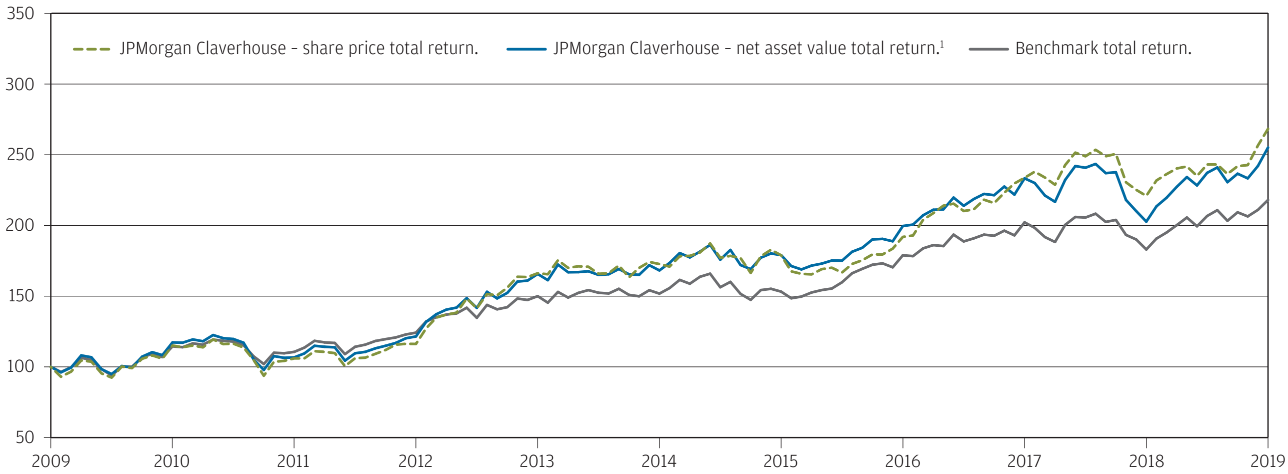
Company	Valuation £'000
CONSUMER SERVICES	
RELX	10,515
Next	8,726
JD Sports Fashion	7,984
WPP	7,642
Compass	7,515
Tesco	7,487
Mitchells & Butlers	5,719
National Express	4,769
Dunelm	4,086
Auto Trader	2,618
Wizz Air	2,382
	69,443
OIL & GAS	
Royal Dutch Shell	37,335
BP	15,857
	53,192
HEALTH CARE	
GlaxoSmithKline	24,709
AstraZeneca	21,838
	46,547
BASIC MATERIALS	
Rio Tinto	14,947
Anglo American	8,028
BHP	7,343
Evraz	3,173
	33,491

Company	Valuation £'000
INDUSTRIALS	
Ashtead	7,528
Smurfit Kappa	6,772
Ultra Electronics	4,526
Experian	3,760
Marshalls	3,014
CRH	2,427
Morgan Sindall	2,380
	30,407
TECHNOLOGY	
Softcat	7,126
Spirent Communications	7,028
AVEVA	6,257
	20,411
UTILITIES	
Severn Trent	2,676
United Utilities	2,662
Pennon	2,612
	7,950
TELECOMMUNICATIONS	
BT	2,386
	2,386
TOTAL INVESTMENTS	**487,784**

The above companies have been classified into sectors based on the Industry Classification Benchmark (ICB).

TEN YEAR PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2009

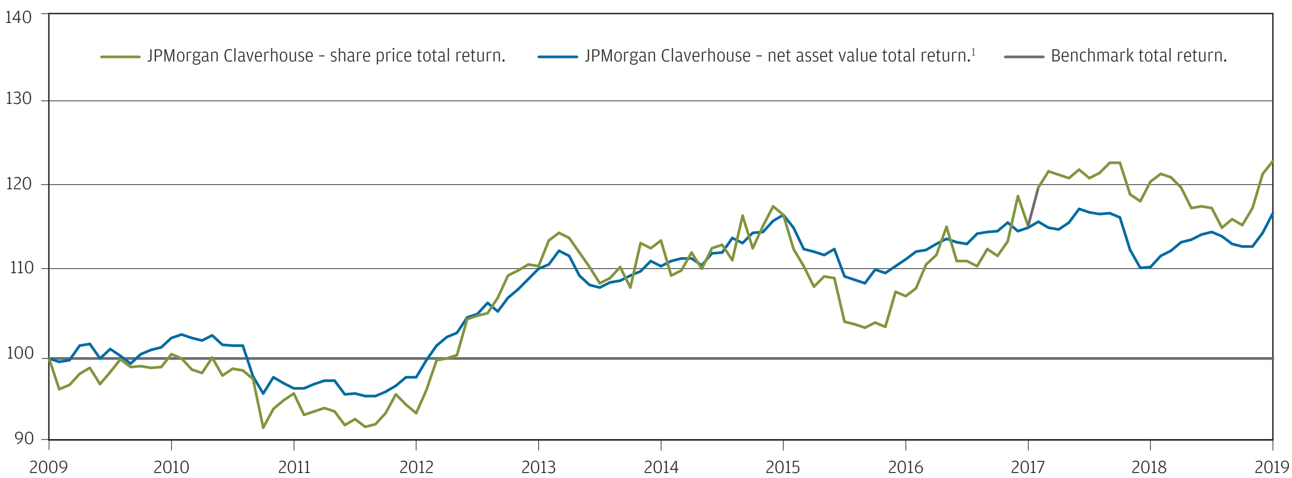


Source: J.P.Morgan/Morningstar.

[1] Using cum income net asset value per share, with debt at fair value.

TEN YEAR PERFORMANCE RELATIVE TO BENCHMARK

FIGURES HAVE BEEN REBASED TO 100 AT 31ST DECEMBER 2009



Source: J.P.Morgan/Morningstar.

[1] Using cum income net asset value per share, with debt at fair value.

TEN YEAR FINANCIAL RECORD

At 31st December	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Shareholders' funds (£'000)	254,330	281,172	248,418	271,871	350,366	346,663	355,726	382,307	428,498	372,033	448,094
Net asset value per share (p)[A]	451.3	507.8	453.9	496.8	640.2	633.5	650.0	698.9	785.4	655.4	789.4
Share price (p)	425.0	470.0	416.0	437.0	599.0	602.5	602.5	622.0	730.5	665.0	776.0
Share price (discount)/premium (%)[1,A]	(4.9)	(7.0)	(7.1)	(10.7)	(5.4)	(3.4)	(5.9)	(9.7)	(5.4)	3.3	(0.1)
Gearing (%)[A]	10.3	8.6	7.6	15.0	15.1	11.9	13.2	12.0	11.3	2.5	8.9

Year ended 31st December	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue attributable to shareholders (£'000)	8,377	7,611	9,226	9,821	12,195	12,754	14,168	13,833	15,997	16,623	17,619
Revenue return per share (p)	14.77	13.63	16.73	17.95	22.28	23.31	25.89	25.28	29.32	30.09	31.10
Total dividend per share (p)	16.90	17.50	18.25	18.85	19.50	20.00	21.50	23.00	26.00	27.50	29.00
Ongoing charges (%)[A]	0.83	0.72	0.72	0.74	0.71	0.74	0.74	0.77	0.77	0.76	0.72

Rebased to 100 at 31st December 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total return to shareholders[2,A]	100.0	115.1	106.0	116.2	166.2	172.7	178.9	191.9	233.7	220.9	268.3
Total return on net assets[2,A]	100.0	117.3	106.7	121.5	165.7	168.2	179.0	199.6	233.3	202.7	255.1
Benchmark total return[3]	100.0	114.5	110.6	124.2	150.0	151.8	153.2	178.9	202.2	183.0	218.0
Consumer Price Index[4]	100.0	103.6	108.1	110.9	113.2	113.8	114.0	115.8	119.2	121.7	123.3

[1] The (discount)/premium is calculated using the capital-only net asset value with debt at par value. This does not include the current year revenue account balance.

[2] Source: J.P. Morgan/Morningstar.

[3] The Company's benchmark is the FTSE All-Share Index (total return).

[4] Office for National Statistics.

[A] Alternative Performance Measure ('APM').

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 80 to 82.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report, amongst other matters, sets out:

- the Company, its purpose, values, strategy and culture;
- the Structure and Objective;
- the Investment Policies and Risk Management;
- the Investment Restrictions and Guidelines;
- the Performance and Key Performance Indicators;
- Discount and Premium Management Policy;
- Borrowings;
- the Company's Environmental, Social, Community and Human Rights Issues;
- principal risks and how the Company seeks to manage those risks; and
- Long Term Viability.

The Directors' Report on pages 27 to 38 includes information on Board Diversity, Employees, Social, Environmental, Community and Human Rights Issues, and Greenhouse Gases and forms part of this Strategic Report.

The Company's purpose, values, strategy and culture

The purpose of the Company is to provide a cost effective, investment vehicle for investors who seek capital and income growth from UK Investments. To achieve this, the Board of Directors is responsible for employing and overseeing an investment management company that has appropriate investment expertise, resources and controls in place to meet the Company's investment objective. The Company consists of the Board and its shareholders and has no employees or customers in the traditional sense. The culture of the Company is embodied in the Board of Directors whose values are trust and fairness. In seeking to deliver the Company's investment objectives for shareholders they seek to challenge constructively and in a respectful way with our Managers and other stakeholders, which include our Depositary and Custodian. To ensure that it is aligned with the Company's purpose, values and strategy, the Board comprises Directors from a diverse background who have a breadth of relevant experience and contribute in an open boardroom culture.

Structure and Objective of the Company

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

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

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

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 6 to 8, and in the Investment Managers' Report on pages 9 to 16.

Investment Policies and Risk Management

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

The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to individual stocks and sectors. The maximum exposure to an investment will normally range between +/-3% relative to its weight in the benchmark index. The maximum exposure to a sector will normally range between +/-5% relative to the benchmark index. Total exposure to small cap companies will normally range between +/-5% of the FTSE Small Cap Index weighting within the FTSE All-Share Index. A maximum of 5% of the Company's assets may be invested in companies outside the FTSE All-Share Index. These limits and restrictions may be varied by the Board at any time at its discretion. To gain the appropriate exposure, the Investment Managers are permitted to invest in pooled funds. The Company's assets are managed by two Investment Managers based in London, supported by a 41 strong team of investment professionals.

The Company's portfolio consists of between 60 and 80 investments in which the Manager has high conviction.

The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared. The Board permits the Manager to use FTSE index futures to effect changes in the level of the Company's gearing.

Investment Restrictions and Guidelines

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

- The Company will not invest more than 15% of its assets in other UK listed investment companies.
- The Company will not invest more than 10% of assets in companies that themselves may invest more than 15% of gross assets in UK listed investment companies.
- The Company will not invest more than 15% of its assets in any one individual stock at the time of acquisition.
- The Company's gearing policy is to operate within a range of 5% net cash to 20% geared in normal market conditions. During the year the level of gearing varied between 1.5% net cash and 15.2% geared.
- The use of derivative instruments is subject to the prior approval of the Board, which sets appropriate limits and restrictions. The Investment Managers are permitted to use Index Futures to manage the level of gearing within the range set by the Board.

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

Performance

In the year to 31st December 2019, the Company produced a total return to shareholders of +21.5% and a total return on net assets (with debt at par value) of +25.3%. This compares with the total return on the Company's benchmark of +19.1%. At 31st December 2019, the value of the Company's investment portfolio was £487.8 million (2018: £381.4 million). The Investment Managers' Report on pages 9 to 16 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

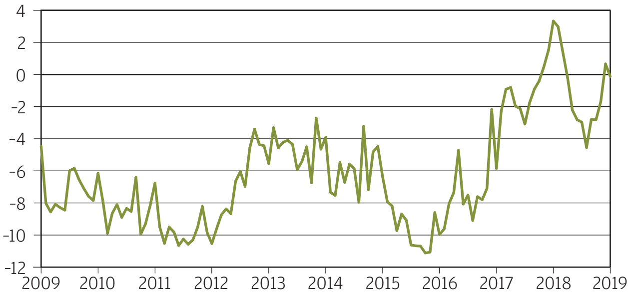
Gross return for the year amounted to £97,509,000 (2018: £51,180,000 loss) and net return after accounting for the management fee, other administrative expenses, finance costs and taxation amounted to £91,898,000 (2018: £56,965,000 loss). Distributable income for the year totalled £17,619,000 (2018: £16,623,000). The Directors declared a fourth quarterly interim dividend of 10.25 pence per share which was paid on 2nd March 2020 to shareholders on the register at the close of business on 7th February 2020. This, when added to the three quarterly interim dividends paid during 2019, made a total dividend for the year of 29.0 pence (2018: 27.5 pence), costing £16.4 million (2018: £15.4 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £19.6 million (2018: £18.4 million), equivalent to approximately 34.4 pence (2018: 32.4 pence) per share.

Key Performance Indicators ('KPIs')

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

- **Performance against the benchmark index**
  Charts of the Company's performance relative to its benchmark index over 10 years are shown on pages 19 and 20.
- **Performance against the Company's peers**
  The principal objective is to achieve capital and income growth from UK investments. Outperformance is measured relative to the benchmark. However, the Board also monitors, and is satisfied with, the Company's performance relative to a broad range of competitor funds.
- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock selection. Details of the attribution analysis for the year ended 31st December 2019 are given in the Investment Managers' Report on page 9.
- **Share price discount to net asset value ('NAV') per share**
  The Board has for several years operated a share repurchase policy that seeks to address imbalances in supply and demand for the Company's shares within the market and thereby seek to manage the volatility and absolute level of the discount to NAV per share at which the Company's shares trade. In the year to 31st December 2019, the Company's shares traded between a discount of 4.5% and a premium of 3.0% (using month end data, capital-only net asset value, with debt at par value).

(Discount)/Premium



Source: Datastream (month end data).

JPMorgan Claverhouse – (Discount)/Premium (capital-only) net asset value, with debt at par value.

- **Ongoing charges**

  The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 31st December 2019 were 0.72% (2018: 0.76%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The analysis showed that the Company's ongoing charges compare reasonably with those of its peers.

Discount and Premium Management Policy

The Board's policy is to actively manage the discount and premium to net asset value at which the Company's shares trade. At the Annual General Meeting in 2019 shareholders renewed the authority to repurchase shares and for the sale of shares from Treasury at a discount of no more than 2% (cum income debt at par). In addition the Directors were authorised to issue new shares at a premium to net asset value (cum income debt at par), after the costs of issue.

The Directors intend to continue with the active discount and premium management policy. As a result the Board intends in normal market conditions to repurchase shares offered on the market at prices representing discounts to NAV of 5% or more, with such shares to be held in Treasury. In response to market demand the Company is willing to sell shares from Treasury, subject to a maximum discount of 2%. The Company has authority both to repurchase shares in the market for cancellation or to be held in Treasury. Resolutions to renew these authorities will be put to shareholders at the forthcoming Annual General Meeting. During the year 480,322 shares were repurchased (2018: nil) and 375,000 shares were subsequently issued from Treasury (2018: 2,206,674). At the year end there were 105,322 shares held in Treasury (2018: nil).

In addition, new shares are available for issue at a premium to NAV, after costs of issue. The NAV to be used for share issuance is cum income debt at fair value, this being the NAV basis calculated daily by the Company and most commonly used by market participants. The Directors are seeking authority to renew the authority to issue new shares at the Annual General Meeting in April. The required resolutions are set out in the Notice of Annual General Meeting on pages 76 and 77.

During the year 105,000 new shares were issued (2018: nil).

Borrowings

The Company has a £30 million debenture (the 'Debenture'), which carries a fixed interest rate of 7% per annum and matures on 30th March 2020. In November 2017, the Company entered into an agreement to authorise the issue and sale, by way of private placing, of £30 million fixed rate 25 year unsecured notes (the 'Notes') at an annualised coupon of 3.22%. The sale and purchase of the notes will occur on 30th March 2020 and will fund the maturity of the Debenture.

The Company also has a £50 million unsecured loan facility currently with National Australia Bank, of which £30 million was drawn down at the year end. The facility matures on 27th April 2020 and it is intended that it will be renewed.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st December 2019, there were three male Directors and two female Directors on the Board. The Board's policy on diversity is set out on page 34.

Employees, Social, Community and Human Rights Issues

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

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

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

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

Greenhouse Gas Emissions

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

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/modern-slavery-act.pdf

Criminal Corporate Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company.

Principal Risks

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

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. The risk matrix, including emerging risks, are reviewed formally by the Board every six months or more regularly as appropriate. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

- **Cybercrime**
  The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's cyber security programme. The Board reviews the cyber security precautions taken by its third party suppliers on a regular basis. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested by independent reporting accountants and reported on every six months against the AAF Standard.

- **Share price discount**
  If the Company's share price lags the NAV by a significant level, this may result in lower returns to shareholders. The Board seeks to manage the volatility and absolute level of the discount by judicious use of its share repurchase authority taking account of market conditions and having established explicit guidelines.

- **External factors**
  The Board has considered, and continues to keep under review, the political, economic and regulatory risks to the Company associated with the UK's decision to leave the European Union and the ongoing trade negotiations, including the effect on the business and economic environment in which the companies in the portfolio operate; the effect of volatility in sterling on the portfolio companies and the dividends received from them; possible changes in regulation affecting the listing and promotion of shares in UK companies, including the Company itself; and possible changes in direct and indirect taxes which may affect the Company's returns. In addition the Board continues to review the geo-political and economic impact of the COVID-19.

- **Investment and Strategy**
  An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. JPMF provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.

- **Market**
  Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Company may use Index Futures to manage the effective level of gearing. Such instruments are also subject to fluctuations in value and may therefore result in gains or losses. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Manager.

- **Operational**
  Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records could prevent accurate reporting and monitoring of the Company's financial position.

  Details of how the Board monitors the services provided by the Manager and its associates and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Corporate Governance report on pages 32 and 36.

The risk of fraud or other control failures or weaknesses within the Manager or other service providers could result in losses to the Company. The Audit Committee receives independently audited reports on the Manager's and other service providers' internal controls, as well as report from the Manager's Compliance function. The Company's management agreement obliges the Manager to report on the detection of fraud relating to the Company's investments and the Company is afforded protection through its various contracts with suppliers, of which one of the key protections is the Depositary's indemnification for loss or misappropriation of the Company's assets held in custody.

- **Loss of Investment Team**

  Loss of key staff by the Manager, such as the Investment Managers, could affect the performance of the Company. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach.

- **Legal and Regulatory/Corporate Governance**

  In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given on page 16. Were the Company to breach Section 1158, it might lose investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act and, since its shares are listed on the London Stock Exchange, the FCA Listing Rules, Prospectus, Market Abuse Regulation and Disclosure Guidance & Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the FCA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary and its professional advisers to ensure compliance with the Companies Act and the FCA Listing Rules and DTRs.

  Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 32 to 36.

- **Financial**

  Poor control of expenses can lead to an escalation of costs and high ongoing charges. The Board monitors the expenses of the Company and is provided with detailed information.

  The financial risks arising from the Company's financial instruments include market price risk, interest rate risk, liquidity risk and credit risk. Further details are disclosed in note 22 on pages 66 to 70.

- **Emerging Risks**

  The Board has considered and kept under review emerging risks, including but not limited to the impact of climate change, natural disasters and social dislocation and conflict.

Long Term Viability

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

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

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

By order of the Board
Faith Pengelly, for and on behalf of
JPMorgan Funds Limited
Secretary

18th March 2020

Directors’ Report

Andrew Sutch*‡† (Chairman of the Board)
A Director since 2013. Appointed Chairman in 2015.
Last reappointed to the Board: 2019.
Consultant at Stephenson Harwood LLP as a corporate lawyer with particular experience in investment funds and financial services law. He was the firm's senior partner for 10 years. He has extensive experience advising investment managers and investment funds. He is also Chairman of European Opportunities Trust plc, Chairman of Hipgnosis Songs Fund Limited and a council member of the Royal Academy of Dramatic Art.
Shared directorships with other Directors: None.
Shareholding in Company: 8,118.

Humphrey van der Klugt*‡† (Senior Independent Director)
A Director since 2008
Last reappointed to the Board: 2019.
Director of Allianz Technology Trust plc and Worldwide Healthcare Trust plc. Formerly a director of BlackRock Commodities Income Investment Trust plc, Murray Income Trust plc and chairman of Fidelity European Values plc. He was a senior executive and director of Schroder Investment Management Limited and a member of their group investment and asset allocation committees and a UK equity portfolio manager. He is a Chartered Accountant.
Shared directorships with other Directors: None.
Shareholding in Company: 5,000.

Jane Tufnell*‡†
A Director since 2013
Last reappointed to the Board: 2019.
Non-executive director of The Diverse Income Trust Plc, Record plc, Schroder UK Public Private Trust plc, ICG Enterprise Trust plc and Chairman of Odyssean Investment Trust Plc. She co-founded Ruffer Investment Management Limited in 1994.
Shared directorships with other Directors: None.
Shareholding in Company: 1,000.

David Fletcher*‡† (Chairman of the Audit Committee and Remuneration Committee)
A Director since 2015.
Last reappointed to the Board: 2019.
Finance Director of Stonehage Fleming Family & Partners Limited ('FF&P'), a multi family office until September 2019. He joined FF&P in 2002 and became Chief Financial Officer in 2009 and subsequent Group Finance Director. Prior to FF&P, he spent 20 years in investment banking in London, Hong Kong and Tokyo with JPMorgan, Robert Fleming & Co. and Baring Brothers & Co Limited. He is also a director of Aberdeen Smaller Companies Income Trust plc. He is a Chartered Accountant.
Shared directorships with other Directors: None.
Shareholding in Company: 2,671.

Jill May*‡† (Chairman of the Nomination Committee and Management Engagement Committee)
A Director since 2017.
Last reappointed to the Board: 2019.
External Member of the Prudential Regulation Committee of The Bank of England. She is a non-executive director of Ruffer Investment Company Limited, Sirius Real Estate Limited and Standard Life Investments Property Income Trust Limited. She was a non-executive director of the Institute of Chartered Accountants, of the Competition and Markets Authority (CMA) and a Panel Member of the CMA. Prior to this she spent 25 years in investment banking, 13 years in M&A with S.G. Warburg & Co and 12 years at UBS AG.
Shared directorships with other Directors: None.
Shareholding in Company: 3,755.

*** Member of the Audit Committee.**

‡ Member of the Nomination Committee, Remuneration Committee and Management Engagement Committee.

† Considered independent by the Board.

Nicholas Melhuish*‡†
A Director since 1st February 2020.
Last reappointed to the Board: n/a.
Fellow & Bursar of Corpus Christi College, Oxford. He is also a director and Trustee of The London Clinic and Trustee of the Trusthouse Charitable Foundation. He has 28 years of investment experience as a fund manager in the UK and overseas, most recently as Head of Global Equities at the European asset manager Amundi S.A.
Shared directorships with other Directors: None.
Shareholding in the Company: None.

Victoria Stewart*‡†
A Director since 1st February 2020.
Last reappointed to the Board: n/a.
A non-executive director of Secure Trust Bank PLC where she is Chairman of the Remuneration Committee. She is also a non-executive director of Artemis Alpha Fund plc. She has over 22 years investment management experience and was investment manager of the Royal London UK Smaller Companies Trust Fund from its inception in 2007 to 2016.
Shared directorships with other Directors: None.
Shareholding in the Company: None.

*** Member of the Audit Committee.**

‡ Member of the Nomination Committee, Remuneration Committee and Management Engagement Committee.

† Considered independent by the Board.

The Directors present their review and the audited financial statements for the year ended 31st December 2019.

Management of the Company

The Manager and Secretary is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMorgan Asset Management (UK) Limited ('JPMAM'). The Manager is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

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

The Management Engagement Committee (formed in 2019) conducts a formal evaluation of the performance of the contractual relationship with the Manager on an annual basis. The Committee has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the consideration of the investment strategy and process of the Manager, resources and risk controls, performance against the benchmark over the long term and the quality of support that the Company received, including the marketing support provided. The latest evaluation of the Manager was carried out in early 2020. As a result of that process the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board also considered the support that the Company receives from JPMF.

The Alternative Investment Fund Managers Directive ('AIFMD')

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

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

JPMF's remuneration disclosures are set out on pages 73 and 74.

Management Fee

With effect from 1st January 2020 the management fee is being charged at the annual rate of 0.55% of the Company's net assets on the first £400 million and at 0.40% of net assets above that amount (until 31st December 2019 it was charged at 0.60% of net assets on the first £500 million and at 0.50% of net assets above that amount). Investments on which JPMAM earns a management fee are excluded from the calculation and therefore attract no additional management fee. The fee is calculated and paid monthly in arrears.

Directors

All Directors of the Company, detailed on pages 27 and 28, with the exception of Victoria Stewart and Nicholas Melhuish, held office throughout the year to 31st December 2019. Details of Directors' beneficial shareholdings can be found in the Directors' Remuneration Report on page 41. No Director reported an interest in the Company's debenture during the year.

Director Indemnification and Insurance

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

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

Disclosure of information to Auditors

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

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

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

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

Independent Auditors

Due to the length of service Ernst & Young LLP will retire as the Company's auditors at the forthcoming Annual General Meeting. As explained in the Audit Committee Report on page 38 the Board proposes that PricewaterhouseCoopers LLP be appointed auditor to the Company, and there is a resolution being put to Shareholders at the forthcoming Annual General Meeting to effect that change.

Capital Structure and Voting Rights

Capital Structure

At 31st December 2019, the Company's share capital comprised 56,870,653 ordinary shares of 25p each including Treasury shares. 480,322 shares were repurchased during the year and held in Treasury. During the year the Company issued 375,000 shares from Treasury and as at 31st December 2019 105,322 shares were held in Treasury. The Company issued 105,000 new shares during the year. Since the year end 105,322 shares were issued from Treasury and 175,000 new shares issued.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 79.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	% of voting rights
JPMorgan Elect plc	6.48

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

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

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

Listing Rule 9.8.4R

Listing Rule 9.8.4R requires the Company to include certain information in an identified section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no such disclosures to be made in this report.

Annual General Meeting

Note: This section is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

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

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

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash of up to 5,687,065 ordinary shares (representing 10% of the Company's issued ordinary capital, excluding Treasury shares, as at the latest practicable date before the publication of this document). The authority conferred by Resolution 10 will expire at the conclusion of the Annual General Meeting to be held in 2021 unless renewed at a prior general meeting.

Resolution 11 will enable the allotment of new ordinary shares, pursuant to Resolution 10 or the sale of Treasury shares otherwise than by way of a pro-rata issue or sale to existing shareholders. This authority will also expire at the conclusion of the Annual General Meeting to be held in 2021 unless renewed at a prior general meeting.

The full text of resolutions 10 and 11 is set out in the Notice of Meeting on page 76.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. The proceeds of any such issue or sale will be available for investment in line with the Company's investment policies. The Board is seeking to renew the authority to issue up to 10% of the Company's issued share capital (excluding Treasury shares) in order to provide flexibility to issue shares at a premium and manage share price volatility to NAV.

In accordance with the Company's discount and premium management policy the Company is willing to sell any shares held in Treasury at a discount to NAV, subject to shareholders approving Resolution 13 at the Annual General Meeting. In addition, the Company may also issue new ordinary shares at a premium to NAV (cum income debt at fair), after the costs of issue.

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2019 Annual General Meeting, will expire on 25th October 2020 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 will give the Company authority to buy-back its own issued ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of ordinary shares that could be purchased to a maximum of 8,524,910 shares or, if less, that number of ordinary shares which is equal to 14.99% of the Company's issued ordinary shares as the date of passing Resolution 12 (excluding Treasury shares). The authority also sets the minimum and maximum prices which will be paid on any buy-back of shares.

The full text of resolution 12 is set out in the Notice of Meeting on pages 76 and 77.

If resolution 12 is passed at the Annual General Meeting, the Company intends in normal market conditions to repurchase shares offered on the market at prices representing discounts to NAV (capital only) of 5% or more and to hold in Treasury any shares it may repurchase pursuant to this authority for possible reissue in accordance with the Company's discount and premium management policy, subject to the passing of Resolution 13 described below.

(iii) Sale of Treasury shares (resolution 13)

Subject to the passing of Resolution 13 which will be proposed as an Ordinary Resolution, the Directors will be authorised to sell out of Treasury any ordinary shares which have been repurchased by the Company pursuant to the authority conferred by Resolution 12, or currently held in Treasury, at a discount to the prevailing net asset value per ordinary share. This authority will expire at the conclusion of the Company's Annual General Meeting to be held in 2021, unless renewed at a prior general meeting.

The full text of resolution 13 is set out in the Notice of Meeting on page 77.

In accordance with the Company's discount and premium management policy, shares will only be sold or transferred out of Treasury at a discount which is lower than the average discount to the net asset value per share at which the Company acquired the shares it then holds in Treasury. In addition, the discount will not be more than a 2% discount to the prevailing net asset value per share (cum income debt at par).

The authorities conferred by Resolutions 10, 11, 12 and 13 will be used to implement the Company's discount and premium management policy and the Board intends to seek renewal of these authorities from shareholders at each subsequent Annual General Meeting. In the event that the Directors exhaust any of the authorities required to implement the discount and premium management policy before the next Annual General Meeting, the Board will consider seeking shareholder approval to renew the relevant authorities at an earlier general meeting.

(iv) Approval of dividend policy (resolution 14)

The Company pays interim dividends on its ordinary shares in order to provide shareholders with regular income. Consequently, it does not pay final dividends, which would otherwise be subject to shareholder approval at the AGM. Therefore, in accordance with best practice, the Directors will seek approval at the forthcoming AGM of the Company's dividend policy to continue to pay four quarterly interim dividends on the Company's ordinary shares.

(v) Approval of increase in the maximum aggregate Directors' fees payable (resolution 15)

The Company's Articles of Association currently state that the annual remuneration of the Directors should not exceed in aggregate the sum of £175,000. The Company proposes to seek shareholder approval, by ordinary resolution, to increase the maximum aggregate sum to £200,000 per annum.

Recommendation

The Board considers that resolutions 10 to 15 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 20,544 shares, representing approximately 0.05% of the voting rights in the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 43, indicates how the Company has applied the principles of good governance. The Board has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code'), as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far has they apply to the Company's business, throughout the year under review.

Corporate Governance Statement continued

Directors' Duties/Promoting the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. Their performance is monitored by the Board and its committees, who have oversight of the Company's operations. The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Manager must have regard to ethical and environmental issues that impact society at large. Environmental, social and governance considerations are included in the Manager's investment process and will continue to evolve.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. The Directors have considered this duty when making the strategic decisions during the year that impact shareholders, including the audit tender, the new Director appointments, a review of the gearing facilities, the recommendation that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Annual General Meeting, the continued appointment of the Investment Manager and in particular, the revised investment management fee arrangement explained in the Chairman's statement on page 7.

The Board regularly monitors its shareholder profile of the Company. The Board's relationship with shareholders is set out on page 34.

Role of the Board

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

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

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

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

Board Composition

The Board, chaired by Andrew Sutch, currently consists of seven non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 27 and 28. There have been no changes to the Chairman's other significant commitments during the year under review.

Humphrey Van der Klugt and Jane Tufnell will retire as Directors at the Annual General Meeting on 23rd April 2020. An assessment of appropriate skills and experience required of potential candidates was undertaken, taking into account the profile of the current Board and the background of the retiring Directors. As part of the succession planning process Nurole was appointed and, after a selection of a short list for interview, the decision was made to appoint Nicholas Melhuish and Victoria Stewart as Directors on 1st February 2020. Both Nicholas Melhuish and

Victoria Stewart will seek reappointment at the Annual General Meeting in April, Nurole has no other connection with the Company.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below.

Reappointment of Directors

The Directors of the Company standing for re-appointment and their brief biographical details are set out on pages 27 and 28. The skills and experience that each of these Directors brings to the Board, and hence why their contributions are considered important to the long term success of the Company, are summarised below.

Resolution 4 relates to the reappointment of David Fletcher. He has a strong accounting and financial background, having held the office of Finance Director at Stonehage Fleming Family & Partners Limited. He is a chartered accountant.

Resolution 5 relates to the reappointment of Jill May. She has a background in investment banking and the financial regulatory environment.

Resolution 6 relates to the re-appointment of newly appointed Director Nicholas Melhuish. He brings his 28 years of investment management experience to the Board. He also has a strong financial accounting background.

Resolution 7 relates to the re-appointment of newly appointed Director Victoria Stewart. She has in-depth knowledge and experience in UK equity investment management.

Resolution 8 relates to the reappointment of Andrew Sutch. He brings leadership to the Board and indepth knowledge of the investment sector over many years.

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

Tenure

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

The Board believes that Directors including the Chairman should serve more than nine years only in exceptional circumstances.

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

Induction and Training

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

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on pages 27 and 28. Directors who are not members of Committees may attend at the invitation of the Chairman of the relevant Committee.

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

Meetings Attended

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
David Fletcher	5	2	1
Humphrey van der Klugt	5	2	1
Jill May	5	2	1
Andrew Sutch	5	2	1
Jane Tufnell	5	2	1

Audit Committee

The report of the Audit Committee is set out on pages 37 and 38.

Nomination Committee

The Nomination Committee, chaired by Jill May (formerly Andrew Sutch), consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary.

The Board's policy on diversity, including age, gender, educational and professional background is to take account of the benefits of

Corporate Governance Statement continued

these during the appointment process. During the year the Nomination Committee oversaw the appointment of the new Directors. The Board remains committed to appointing the most appropriate candidate and is cognisant of the need to have a diverse representation amongst its Directors. As a result the appointment process takes account of this need.

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

Until the establishment of a Remuneration Committee in 2019 the Committee also reviewed Directors' fees and made recommendations to the Board as and when appropriate in relation to remuneration policy.

Remuneration Committee
The Board has established a Remuneration Committee for the purpose of reviewing Directors' fees. It makes recommendations to the Board as and when appropriate, in relation to remuneration policy and implementation. This activity was previously carried out by the Nominations Committee.

All Directors are members of the Remuneration Committee which is chaired by David Fletcher.

Management Engagement Committee
In early 2019, the Board established a Management Engagement Committee for the purposes of reviewing the performance of the Manager as well as investment management fees.
The Management Engagement Committee, chaired by Jill May, consists of all Directors and meets at least annually.

Terms of Reference

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

Relations with Shareholders

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

The Chairman wrote to the Company's largest shareholders following the publication of last year's Annual Report and Financial Statements offering the opportunity to have a meeting.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance.

During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 85. Humphrey van der Klugt, as Senior Independent Director, may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 85.

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

Risk Management and Internal Control

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

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

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating of controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant and emerging risks faced by the Company (see Principal Risks on pages 24 and 25). This process, which has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements. Given the foregoing, and in common with most investment trust companies, the Company does not have an internal audit function of its own. The Manager's internal audit department conducts regular and rigorous reviews of the various functions within its asset management business. Any significant findings that are relevant to the Company and/or the Manager's investment trust business are reported to the Board. The key elements designed to provide effective internal control are as follows:

- **Financial Reporting**

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

- **Information Technology Systems**

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

- **Management and Depositary Agreements**

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

- **Management Systems**

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

- **Investment Strategy**

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

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

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

By the means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31st December 2019 and to the date of approval of this Annual Report and Accounts.

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

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of the Manager's policy statements on corporate governance, voting policy and stewardship/engagement issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 23.

Corporate Governance

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

Proxy Voting

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

Corporate Governance Statement continued

Stewardship/Engagement

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

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

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

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

By order of the Board
Faith Pengelly, for and on behalf of
JPMorgan Funds Limited,
Secretary

18th March 2020

Audit Committee Report

I am pleased to present my report to shareholders as Chairman of the Audit Committee, for the year ended 31st December 2019.

Composition

The membership of the Audit Committee (the 'Committee') is set out on pages 27 and 28, and the Committee meets on at least two occasions each year. In addition the Audit Committee meets the Auditors at least annually, without any other party present, for a private discussion. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. As a Chartered Accountant, I have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector.

Role and Responsibility

The Committee is responsible for monitoring and reviewing the principles, policies and practices adopted in the preparation and audit of the accounts of the Company and the integrity of the financial statements. The Committee is also responsible for monitoring the effectiveness of the internal controls and the risk management framework. The Committee reviews the actions and judgements of the Manager in relation to the half year report and annual report and financial statements and the Company's compliance with the UK Corporate Governance Code.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st December 2019, the Committee considered the following significant issues, in particular those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1(b) to the accounts on page 56. The audit includes the determination of the existence and ownership of the investments. The Company has appointed Bank of New York Mellon (International) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A., as the Company's custodian. BNY is responsible for the oversight of the custody of the Company's assets.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 56. Income recording is conducted by the Manager and the methodology is reported upon to the Board within a six monthly independent report on the operations of the Manager.
Calculation of management fee	The management fees are calculated in accordance with the Investment Management Agreement. The Audit Committee reviews controls reports and expense schedules. The auditor independently recalculates the management fees as part of the audit and has not reported any exceptions.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Section 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

Internal Audit

The Committee continues to believe that the Company does not require an internal audit function, as it delegates its day-to-day operations to third parties from whom it receives internal control reports. The Board considers it sufficient to rely on the internal audit department of the Manager.

Going Concern

The Directors believe that, having considered the Company's investment objective (see page 21), risk management policies (see pages 66 to 70), capital management policies and procedures (see pages 70 and 71), the nature of the portfolio, including the high level of liquidity, and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. In addition, and in particular, the Board has considered the impact of COVID-19 and believes that this will have a limited financial impact on the Company's operational resources and existence. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these financial statements.

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

Risk Management and Internal Control

The Committee examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. In the Directors' opinion the Auditors are independent. A risk matrix has been developed which covers all key risks the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place. The Board has delegated to the Committee the responsibility for the review and maintenance of the risk matrix.

In 2019 the Company also engaged the Auditors to undertake agreed-upon procedures to review the Company's compliance with the debenture trust deed. The Board does not consider that the fee for these non-audit services undermined the Auditors' independence as it is regarded an immaterial sum.

Auditor Objectivity and Independence

The Committee has implemented safeguards to ensure that the provision of non-audit services does not impair the external Auditors' objectivity or independence. All non-audit fees are approved by the Committee and an assessment of the safeguards is carried out on an annual basis.

Auditor Appointment and Tenure

The Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external Auditors. Representatives of the Company's Auditors attended the Committee meeting at which the draft Annual Report and Financial Statements were considered and also engage with Directors as and when required.

The current audit firm Ernst & Young LLP has audited the Company's Financial Statements for over 20 years. As reported last year, the Company is required to appoint a new audit firm for 2020. A formal audit tender was undertaken during the year. The Committee reviewed tender submissions from three audit firms, and, following detailed consideration recommended to the Board that PricewaterhouseCoopers LLP ('PwC') be appointed as auditors on the basis of the experience demonstrated of the investment trust business and the strength of the audit team. The Board supported the recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

I want to thank Ernst & Young LLP for their work over the period they have been the Company's Auditors.

Fair, Balanced and Understandable

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31st December 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 43.

David Fletcher
Audit Committee Chairman

18th March 2020

Directors’ Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st December 2019, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 45 to 50.

All of the Directors are non-executive. In 2019 the Board established a Remuneration Committee. This Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

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

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

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

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

In the year under review Directors were paid at rates not changed since January 2017: Chairman £37,000; Chairman of the Audit Committee £29,500; and other Directors £24,500.

The Board decided during the year to increase the fees paid and with effect from 1st January 2020 Directors fees will be paid at the following rates: Chairman £39,500; Chairman of the Audit Committee £32,500; and other Directors £26,500.

The Company's articles of association provide that any increase in the maximum aggregate annual limit on Directors' fees, currently £175,000, requires both Board and shareholder approval. The Directors propose that the aggregate maximum be increased to £200,000 per annum. A resolution proposing the above amendment will be put to shareholders at the Annual General Meeting. The full text of the resolution is set out in the Notice of Meeting on page 77.

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

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 33.

Directors' Remuneration Policy Implementation

The Directors' Remuneration Report, which includes details of the Directors' remuneration policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 31st December 2019 and no changes are proposed for the year ending 31st December 2020.

At the Annual General Meeting held on 25th April 2019, of votes cast, 98% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and the remuneration report and 1.0% voted against. Abstentions were received from less than 1.0% of the votes cast.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report at the 2020 Annual General Meeting will be given in the annual report for the year ending 31st December 2020.

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

Single total figure of remuneration

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

Single total figure table[1]

Directors' Name	2019 Fees £	2019 Taxable expenses[2] £	2019 Total £	2018 Fees £	2018 Taxable expenses[2] £	2018 Total £
Andrew Sutch	37,000	–	37,000	37,000	–	37,000
Humphrey van der Klugt[3]	24,500	549	25,049	29,075	306	29,381
David Fletcher[3]	29,500	–	29,500	24,925	–	24,925
Jane Tufnell	24,500	–	24,500	24,500	–	24,500
Jill May	24,500	–	24,500	24,500	–	24,500
Total	140,000	549	140,549	140,000	306	140,306

[1] Audited information. Other subject headings for the single figure table as prescribed by regulation are not included because there is nothing to disclose in relation thereto.

[2] Taxable travel and subsistence expenses incurred in attending Board and Committee meetings.

[3] David Fletcher assumed the position of Audit Committee Chairman from Humphrey van der Klugt with effect from 1st December 2018.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2019 is below:

Remuneration for the Chairman over the five years ended 31st December 2019

Year ended 31st December	Fees
2019	£37,000
2018	£37,000
2017	£37,000
2016	£34,000
2015	£34,000

Directors' Shareholdings[1]

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

Directors' Name	31st December 2019	31st December 2018
Andrew Sutch	7,999	7,693
David Fletcher	2,632	2,532
Humphrey van der Klugt	5,000	5,000
Jill May	3,755	3,755
Jane Tufnell	1,000	1,000
Total	20,386	19,980

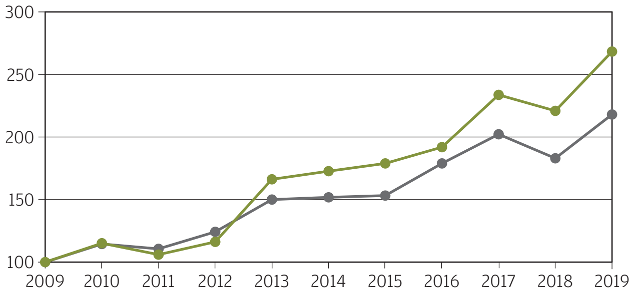
[1] Audited information.

Since the year end, David Fletcher and Andrew Sutch have acquired 39 and 119 shares in the Company respectively.

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

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

Ten Year Share Price and Benchmark Total Return Performance to 31st December 2019



Source: Morningstar.

Share price total return.

Benchmark total return.

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

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 31st December 2019	2018
Remuneration paid to all Directors	£140,549	£140,306
Distribution to shareholders		
– by way of dividends paid	£16,002,000	£15,141,000
– by way of share repurchases	£3,394,000	–

For and on behalf of the Board
David Fletcher
Remuneration Committee Chairman

18th March 2020

Statement of Directors' Responsibilities

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

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

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

and the Directors confirm that they have done so.

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

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

The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

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

Each of the Directors, whose names and functions are listed on pages 27 and 28, confirm that, to the best of their knowledge, the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return or loss of the Company.

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

For and on behalf of the Board
Andrew Sutch
Chairman

18th March 2020

Independent Auditor’s Report

To the Members of JPMorgan Claverhouse Investment Trust Plc

Opinion

We have audited the financial statements of JPMorgan Claverhouse Investment Trust PLC (the 'Company') for the year ended 31st December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 24 and 25 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 24 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 56 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 25 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. • Risk of incorrect valuation and/or defective title to the investment portfolio.
Materiality	• Overall materiality of £4.48 million which represents 1% of shareholders' funds (2018: £3.72 million).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 37 in the Report of the Audit Committee and as per the accounting policy set out on page 56). The total revenue received for the year to 31st December 2019 was £19.99 million (2018: £19.16 million), consisting primarily of dividend income from listed investments. In total, the Company received 15 special dividends amounting to £2.73 million (2018: £1.83 million). Out of the total 15 special dividends received, four were classified as capital, amounting to £1.50 million, and 11 were classified as revenue, amounting to £1.23 million. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. The risk has neither increased or decreased in the current year.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition, and the classification of special dividends, by reviewing their internal controls reports and by performing walkthrough procedures. We agreed all dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the XD date by the dividend per share as agreed to an external source. Where applicable, we also agreed the exchange rates to an external source. We traced a sample of dividends received to the bank statements. To test completeness of the income recorded by the Company from its investments throughout the year, we agreed all investee company dividend announcements from an independent data vendor to the Company's income report. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31st December 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements. We performed a review of the income and capital reports to identify dividends received and accrued during the period that are above our testing threshold. Further, we identified which of the dividends above our testing threshold are special dividends with reference to an external source.	**The results of our procedures are:** We have no issues to report to the Audit Committee.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	There were three special dividends above our testing threshold with a cumulative value of £1.39 million, all of which were classified as capital. On a random basis, we also tested seven special dividends (cumulative value of £0.90 million) below our testing threshold; all of which were classified as revenue. For the special dividends that we tested, we recalculated and assessed the appropriateness of management's classification between revenue and capital with reference to information available from the underlying company, which set out the rationale for paying the special dividend.	
Incorrect valuation and/or defective title of the investment portfolio (as described on page 37 in the Report of the Audit Committee and as per the accounting policy set out on page 56). The valuation of the portfolio at 31st December 2019 was £487.78 million (2018: £381.38 million) listed shares. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at close of business on the reporting date. The risk has neither increased or decreased in the current year.	**We performed the following procedures:** Obtained an understanding of the Administrator's processes and controls surrounding investment pricing of listed securities by reviewing the internal controls reports and by performing walkthrough procedures For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We assessed the liquidity of the investment portfolio through analysing the monthly average trading volume and bid-ask spread of the investments. We agreed the Company's investments to the independent confirmation received from the Company's Custodian and Depositary at 31st December 2019.	**The results of our procedures are:** We have no issues to report to the Audit Committee.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £4.48 million (2018: £3.72 million) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £3.36 million (2018: £2.79 million). We have set performance materiality at this percentage as we considered there to be a low likelihood of misstatements based on our previous audits of the Company.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.88 million (2018: £0.83 million) being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.22 million (2018: £0.19 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the annual report set out on pages 1 to 43 and 73 to 83, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 38** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 37 to 38** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 31** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company to audit the financial statements for the year ended 31st December 1963 and subsequent financial periods.

  The period of total uninterrupted engagement is 57 years, covering the years ending 31st December 1963 to 31st December 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Sarah Williams (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
London

18th March 2020

Notes:

[1] The maintenance and integrity of the JPMorgan Claverhouse Investment Trust plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

[2] Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	77,518	77,518	–	(70,369)	(70,369)
Net foreign currency gains		–	–	–	–	31	31
Income from investments	4	19,912	–	19,912	19,039	–	19,039
Interest receivable and similar income	4	79	–	79	119	–	119
Gross return/(loss)		**19,991**	**77,518**	**97,509**	**19,158**	**(70,338)**	**(51,180)**
Management fee	5	(825)	(1,532)	(2,357)	(840)	(1,559)	(2,399)
Other administrative expenses	6	(618)	–	(618)	(739)	–	(739)
Net return/(loss) before finance costs and taxation		**18,548**	**75,986**	**94,534**	**17,579**	**(71,897)**	**(54,318)**
Finance costs	7	(920)	(1,707)	(2,627)	(911)	(1,691)	(2,602)
Net return/(loss) before taxation		**17,628**	**74,279**	**91,907**	**16,668**	**(73,588)**	**(56,920)**
Taxation	8	(9)	–	(9)	(45)	–	(45)
Net return/(loss) after taxation		**17,619**	**74,279**	**91,898**	**16,623**	**(73,588)**	**(56,965)**
Return/(loss) per share	9	**31.10p**	**131.12p**	**162.22p**	**30.09p**	**(133.20)p**	**(103.11)p**
Dividends declared and payable in respect of the year	10	**29.00p**			**27.50p**		
Dividends paid during the year	10	**28.25p**			**27.50p**		

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

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

Net return/(loss) after taxation represents the profit/(loss) for the year and also Total Comprehensive Income.

The notes on page 56 to 71 form part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 31st December 2017	**14,192**	**149,641**	**6,680**	**235,667**	**22,318**	**428,498**
Issuance of the Company's shares from Treasury	–	5,821	–	9,898	–	15,719
Expenses related to listing of shares	–	(78)	–	–	–	(78)
Net (loss)/return	–	–	–	(73,588)	16,623	(56,965)
Dividends paid in the year	–	–	–	–	(15,141)	(15,141)
At 31st December 2018	**14,192**	**155,384**	**6,680**	**171,977**	**23,800**	**372,033**
Issuance of the Company's shares from Treasury	–	198	–	2,650	–	2,848
Issue of Ordinary shares	26	685	–	–	–	711
Repurchase of the Company's shares into Treasury	–	–	–	(3,394)	–	(3,394)
Net return	–	–	–	74,279	17,619	91,898
Dividends paid in the year	–	–	–	–	(16,002)	(16,002)
At 31st December 2019	**14,218**	**156,267**	**6,680**	**245,512**	**25,417**	**448,094**

[1] This reserve forms the distributable reserve of the Company and may be used to fund distributions to investors.

The notes on pages 56 to 71 form an integral part of these financial statements.

AT 31ST DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	487,784	381,377
Current assets	12		
Debtors		1,569	869
Cash and cash equivalents		19,429	20,436
		20,998	21,305
Current liabilities			
Creditors: amounts falling due within one year	13	(60,688)	(703)
Net current (liabilities)/assets		**(39,690)**	**20,602**
Total assets less current liabilities		**448,094**	**401,979**
Creditors: amounts falling due after more than one year	14	–	(29,946)
Net assets		**448,094**	**372,033**
Capital and reserves			
Called up share capital	15	14,218	14,192
Share premium	16	156,267	155,384
Capital redemption reserve	16	6,680	6,680
Capital reserves	16	245,512	171,977
Revenue reserve	16	25,417	23,800
Total shareholders' funds		**448,094**	**372,033**
Net asset value per share	17	**789.4p**	**655.4p**

The financial statements on pages 52 to 55 were approved and authorised for issue by the Directors on 18th March 2020 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 56 to 71 form an integral part of these financial statements.

Company registration number: 754577.

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Net cash outflow from operations before dividends and interest	18	(3,014)	(3,096)
Dividends received		19,567	18,928
Interest received		79	120
Overseas tax recovered		18	69
Interest paid		(2,547)	(2,649)
Net cash inflow from operating activities		**14,103**	**13,372**
Purchases of investments		(172,172)	(206,973)
Sales of investments		143,629	232,047
Settlement of futures contracts		(345)	–
Net cash (outflow)/inflow from investing activities		**(28,888)**	**25,074**
Dividends paid		(16,002)	(15,141)
Issuance of the Company's shares from Treasury		2,463	15,719
Repurchase of the Company's shares into Treasury		(3,394)	–
Issue of Ordinary shares		711	–
Repayment of bank loans		–	(45,000)
Drawdown of bank loans		30,000	10,000
Expenses related to listing of shares		–	(78)
Net cash inflow/(outflow) from financing activities		**13,778**	**(34,500)**
(Decrease)/increase in cash and cash equivalents		**(1,007)**	**3,946**
Cash and cash equivalents at start of year		20,436	16,489
Exchange movements		–	1
Cash and cash equivalents at end of year		19,429	20,436
(Decrease)/increase in cash and cash equivalents		**(1,007)**	**3,946**
Cash and cash equivalents consist of:			
Cash and short term deposits		614	359
Cash held in JPMorgan Sterling Liquidity Fund		18,815	20,077
Total		**19,429**	**20,436**

The notes on pages 56 to 71 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 31st December 2018 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2019 £'000
Cash and cash equivalents				
Cash	359	255	–	614
Cash equivalents	20,077	(1,262)	–	18,815
	20,436	(1,007)	–	19,429
Borrowings				
Debt due within one year	–	(30,000)	(29,973)	(59,973)
Debt due after one year	(29,946)	–	29,946	–
	(29,946)	(30,000)	(27)	(59,973)
Total	**(9,510)**	**(31,007)**	**(27)**	**(40,544)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under historical cost convention, modified to include fixed asset investments at fair value, and 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 with 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 October 2019.

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 37 of the Directors' Report form part of these financial statements.

The policies applied in these financial statements are consistent with those applied in the preceding year.

(b) Valuation of investments

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss.

They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

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

(c) Accounting for reserves

Gains and losses on sales of investments, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in Capital reserves within 'Gains and losses on sales of investments'.

Increases and decreases in the valuation of investments held at the year end are included in the Statement of Comprehensive Income and dealt with in Capital reserves within 'Investment holding gains and losses'.

(d) Income

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

Overseas dividends are included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as income or capital.

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

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

Deposit interest receivable is taken to revenue on an accruals basis.

(e) Expenses

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

- the management fee is allocated 35% to revenue and 65% to capital, in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 62.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method.

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

(g) Financial instruments

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

Bank loans and debentures are classified as financial liabilities at amortised cost. They are initially measured at the proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income. The amortisation of direct issue costs is accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

(h) Taxation

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

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

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

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

(i) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates.

The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

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

1. Accounting policies *continued*

(j) Foreign currency *continued*

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

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are paid.

(l) Repurchase of ordinary shares for cancellation or to be held in Treasury

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

Should shares held in Treasury be reissued, the sales proceeds up to the purchase price of the shares will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

2. Significant accounting judgements, estimates and assumptions

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

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

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

	2019 £'000	2018 £'000
Realised (losses)/gains on sales of investments	(351)	28,799
Realised losses on close out of futures	(345)	–
Net change in unrealised gains and losses on investments	78,219	(99,161)
Other capital charges	(5)	(7)
Total capital gains/(losses) on investments held at fair value through profit or loss	**77,518**	**(70,369)**

4. Income

	2019 £'000	2018 £'000
Income from investments		
Franked investment income	17,721	16,607
Overseas dividends	700	809
Property income distribution from UK REITS	258	37
Special dividends	1,233	1,586
	19,912	19,039
Interest receivable and similar income		
Interest from liquidity fund	78	113
Underwriting commission	–	6
Deposit interest	1	–
	79	119
Total income	19,991	19,158

5. Management fee

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	825	1,532	2,357	840	1,559	2,399

Details of the management fee are given in the Directors' Report on page 29.

6. Other administrative expenses

	2019 £'000	2018 £'000
Administration expenses	256	308
Directors' fees[1]	143	144
Savings scheme costs[2]	126	185
Depositary fees[3]	62	68
Auditors' remuneration for audit services[4]	31	32
Auditors' remuneration for other services[5]	–	2
	618	739

[1] Full disclosure is given in the Directors' Remuneration Report on page 41. Includes £3,000 (2018: £4,000) irrecoverable VAT.

[2] Paid to the Manager for the administration of saving scheme products. Includes £21,000 (2018: £31,000) irrecoverable VAT.

[3] Includes £10,000 (2018: £11,000) irrecoverable VAT.

[4] Includes £5,000 (2018: £6,000) irrecoverable VAT.

[5] The other services provided comprise a review of compliance with the debenture trust deed. Includes £nil (2018: £nil) irrecoverable VAT.

7. Finance costs

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Interest on bank loans and overdrafts	175	325	500	166	308	474
Debenture interest	745	1,382	2,127	745	1,383	2,128
	920	**1,707**	**2,627**	**911**	**1,691**	**2,602**

8. Taxation

(a) Analysis of tax charge for the year

	2019 £'000	2018 £'000
Overseas withholding tax	9	45
Total tax charge for the year	**9**	**45**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower (2018: higher) than the Company's applicable rate of corporation tax of 19% (2018: 19%). The factors affecting the total tax charge for the year are as follows:

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net return/(losses) before taxation	17,628	74,279	91,907	16,668	(73,588)	(56,920)
Net return/(losses) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2018: 19%)	3,349	14,113	17,462	3,167	(13,982)	(10,815)
Effects of:						
Non taxable capital (gains)/losses	–	(14,728)	(14,728)	–	13,364	13,364
Non taxable UK dividends	(3,601)	–	(3,601)	(3,456)	–	(3,456)
Non taxable overseas dividends	(133)	–	(133)	(154)	–	(154)
Excess capital expenses arising in the year	–	511	511	–	525	525
Unrelieved expenses	385	–	385	443	–	443
Disallowable interest	–	104	104	–	93	93
Overseas withholding tax	9	–	9	45	–	45
Total tax charge for the year	**9**	**–**	**9**	**45**	**–**	**45**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £20,670,000 (2018: £19,943,000) based on a prospective corporation tax rate of 17% (2018: 17%). The UK corporation tax rate is enacted to fall to 17% effective on 1st April 2020. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return/(loss) per share

	2019 £'000	2018 £'000
Revenue return	17,619	16,623
Capital return/(loss)	74,279	(73,588)
Total return/(loss)	**91,898**	**(56,965)**
Weighted average number of shares in issue during the year	56,649,063	55,249,240
Revenue return per share	31.10p	30.09p
Capital return/(loss) per share	131.12p	(133.20)p
Total return/(loss) per share	**162.22p**	**(103.11)p**

10. Dividends

(a) Dividends paid and declared

	2019 £'000	2018 £'000
Dividends paid		
Unclaimed dividends refunded to the Company[1]	(10)	(8)
2018 fourth quarterly dividend of 9.5p (2017: 9.5p) paid in March 2019	5,403	5,183
First quarterly dividend of 6.25p (2018: 6.0p) paid in May 2019	3,555	3,281
Second quarterly dividend of 6.25p (2018: 6.0p) paid in September 2019	3,530	3,303
Third quarterly dividend of 6.25p (2018: 6.0p) paid in December 2019	3,524	3,382
Total dividends paid in the year of 28.25p (2018: 27.50p)	**16,002**	**15,141**
Dividend declared		
Fourth quarterly dividend declared of 10.25p (2018: 9.5p) paid in March 2020	5,829	5,403

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

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

The fourth quarterly dividend has been declared and paid in respect of the year ended 31st December 2019. This dividend will be reflected in the financial statements for the year ending 31st December 2020.

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year, shown below.

The revenue available for distribution by way of dividend for the year is £17,619,000 (2018: £16,623,000). The minimum distribution required under Section 1158 is £14,632,000 (2018: £13,749,000). Brought forward revenue reserves amounting to £nil (2018: £nil) have been utilised in order to finance the dividend.

	2019 £'000	2018 £'000
First quarterly dividend of 6.25p (2018: 6.0p) paid in May 2019	3,555	3,281
Second quarterly dividend of 6.25p (2018: 6.0p) paid in September 2019	3,530	3,303
Third quarterly dividend of 6.25p (2018: 6.0p) paid in December 2019	3,524	3,382
Fourth quarterly dividend of 10.25p (2018: 9.5p) paid in March 2020	5,829	5,403
Total dividend declared in respect of the year of 29.0p (2018: 27.5p)	**16,438**	**15,369**

The revenue reserve after payment of the final dividend will amount to £19,588,000 (2018: £18,397,000).

11. Investments

	2019 £'000	2018 £'000
Opening book cost	351,193	347,474
Opening investment holding gains	30,184	129,345
Opening valuation	381,377	476,819
Movements in the year:		
Purchases at cost	172,172	206,973
Sales proceeds	(143,633)	(232,053)
Gains/(losses) on investments held at fair value through profit or loss	77,868	(70,362)
	487,784	381,377
Closing book cost	379,381	351,193
Closing investment holding gains	108,403	30,184
Total investments held at fair value through profit or loss	**487,784**	**381,377**

Transaction costs on purchases during the year amounted to £927,000 (2018: £1,080,000) and on sales during the year amounted to £117,000 (2018: £151,000). These costs comprise mainly brokerage commission and stamp duty.

12. Current assets

	2019 £'000	2018 £'000
Debtors		
Issue of Company's own shares awaiting settlement	385	–
Dividends and interest receivable	1,163	827
Overseas tax recoverable	–	18
Other debtors	21	24
	1,569	**869**

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value.

13. Current liabilities

	2019 £'000	2018 £'000
Creditors: amounts falling due within one year		
Bank loan	30,000	–
£30,000,000 7% debenture 30th March 2020	29,973	–
Bank loan interest	88	35
Debenture Interest	525	525
Other creditors and accruals	102	143
	60,688	703

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

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

The Company has a £50 million unsecured loan facility with National Australia Bank, of which £30 million was drawn down at the current year end, maturing on 27th April 2020. Interest is payable at a margin over LIBOR as offered in the market for the loan period, plus the 'mandatory costs' rate, which is the lender's cost of complying with certain regulatory requirements. The facility is subject to covenants and restrictions which are customary for a facility of this nature, including that the total borrowings do not exceed 30% of the Company's adjusted net asset value at any time and that its adjusted net asset value does not fall below £200 million at any time, all of which have been met during the year.

On 2nd November 2017 the Company entered an agreement to authorise the issue and sale, by way of a private placement, of £30 million 3.22% fixed rate 25 year unsecured notes (the 'Notes'). The sale and purchase of the Notes will occur on 30th March 2020 and is subject to certain conditions.

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

	2019 £'000	2018 £'000
£30,000,000 7% debenture 30th March 2020	–	29,946
	–	29,946

15. Called up share capital

	2019 £'000	2018 £'000
Ordinary shares allotted and fully paid		
Opening balance of 56,765,653 (2018: 54,558,979) shares excluding shares held in Treasury	14,192	13,640
Issue of 105,000 new ordinary shares (2018: nil)	26	–
Issue of 375,000 (2018: 2,206,674) shares from Treasury	94	552
Repurchase of 480,322 shares into Treasury (2018: nil)	(120)	–
Subtotal of 56,765,331 (2018: 56,765,653) shares of 25p each excluding shares held in Treasury	14,192	14,192
105,322 (2018: nil) shares held in Treasury	26	–
Closing balance of 56,870,653 (2018: 56,765,653) shares of 25p each including shares held in Treasury	**14,218**	**14,192**

Further details of transactions in the Company's shares are on page 30.

16. Capital and reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	14,192	155,384	6,680	141,793	30,184	23,800	372,033
Realised gains on sale of investments	–	–	–	(351)	–	–	(351)
Net change in unrealised gains and losses on investments	–	–	–	–	78,219	–	78,219
Realised losses on close out of futures	–	–	–	(345)	–	–	(345)
Issue of new Ordinary shares	26	685	–	–	–	–	711
Repurchase of shares into Treasury	–	–	–	(3,394)	–	–	(3,394)
Re-issue of shares from Treasury	–	198	–	2,650	–	–	2,848
Management fee and finance costs charged to capital	–	–	–	(3,239)	–	–	(3,239)
Other capital charges	–	–	–	(5)	–	–	(5)
Dividends paid in the year	–	–	–	–	–	(16,002)	(16,002)
Retained revenue for the year	–	–	–	–	–	17,619	17,619
Closing balance	**14,218**	**156,267**	**6,680**	**137,109**	**108,403**	**25,417**	**448,094**

[1] This reserve forms the distributable reserve of the Company and may be used to fund distributions to investors.

17. Net asset value per share

	2019	2018
Net assets (£'000)	448,094	372,033
Number of shares in issue (excluding shares held in Treasury)	56,765,331	56,765,653
Net asset value per share	**789.4p**	**655.4p**

18. Reconciliation of net return/(loss) before finance costs and taxation to net cash outflow from operations before dividends and interest

	2019 £'000	2018 £'000
Net return/(loss) before finance costs and taxation	94,534	(54,318)
(Less capital return)/add capital loss before finance costs and taxation	(75,986)	71,897
Increase in accrued income and other debtors	(333)	(61)
(Decrease)/increase in accrued expenses	(42)	8
Management fee charged to capital	(1,532)	(1,559)
Overseas withholding tax	(9)	(45)
Dividends received	(19,567)	(18,928)
Interest received	(79)	(120)
Realised gains on foreign currency transactions	–	30
Net cash outflow from operations before dividends and interest	**(3,014)**	**(3,096)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no capital commitments (2018: same) and no contingent liabilities (2018: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 29. The management fee payable to the Manager for the year was £2,357,000 (2018: £2,399,000) of which £nil (2018: £nil) was outstanding at the year end.

During the year £126,000 (2018: £185,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2018: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 59 are safe custody fees amounting to £7,000 (2018: £7,000) payable to JPMorgan Chase Bank N.A. of which £2,000 (2018: £1,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £nil (2018: £39,000) of which £nil (2018: £nil) was outstanding at the year end.

The Company holds an investment in JPMorgan Smaller Companies Investment Trust plc which is managed by JPMorgan. At the year end this was valued at £24.1 million (2018: £14.7 million) and represented 4.9% (2018: 3.8%) of the Company's investment portfolio.

During the year the Company made £nil (2018: £nil) purchases of this investment and sales with a total value of £nil (2018: £1,305,000).

Dividend income amounting to £420,000 (2018: £412,000) was receivable during the year of which £nil (2018: £nil) was outstanding at the year end.

The Company also holds cash in the JPMorgan Sterling Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £18.8 million (2018: £20.1 million). Interest amounting to £78,000 (2018: £113,000) was receivable during the year of which £nil (2018: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £5,000 (2018: £7,000) were payable to JPMorgan Chase Bank N.A. during the year of which £3,000 (2018: £2,000) was outstanding at the year end.

At the year end, total cash of £614,000 (2018: £359,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £1,000 (2018: £nil) was receivable by the Company during the year from JPMorgan Chase Bank N.A. of which £nil (2018: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 41 and in note 6 on page 59.

21. Disclosures regarding financial instruments measured at fair value

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

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

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

(2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly

(3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 56.

21. Disclosures regarding financial instruments measured at fair value *continued*

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

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	487,784	–	381,377	–
Total	**487,784**	**–**	**381,377**	**–**

There were no transfers between Level 1, 2 or 3 during the year (2018: nil).

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

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

These financial risks include market risk (comprising other price risk and interest rate risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company has no significant direct exposure to foreign exchange risk.

A proportion of the dividends received by the Company are paid in currencies other than sterling. Therefore a significant movement in exchange rates could impact the portfolio yield, however the Board considers this to be a relatively low risk. The Company Secretary, in close co-operation with the Board and the Manager, co-ordinates the Company's risk management The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

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

(a) Market risk

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

(i) Other price risk

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

Management of other price risk

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

Other price risk exposure

The Company's total exposure to changes in market prices at 31st December comprises its holdings in equity investments as follows:

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	487,784	381,377

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

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 17 and 18. This shows that all of the investments are listed in the UK. Accordingly there is a concentration of exposure to the UK. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2018: 10%) in the market values. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee but with all other variables held constant.

	2019		2018	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(90)	102	(80)	80
Capital return	48,612	(48,588)	37,989	(37,989)
Total return after taxation	48,522	(48,486)	37,909	(37,909)
Net assets	**48,522**	**(48,486)**	**37,909**	**(37,909)**

(ii) Interest rate risk

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

Management of interest rate risk

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

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

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

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Interest rate exposure

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

	2019 £'000	2018 £'000
Exposure to floating interest rates:		
Cash and short term deposits	614	359
JPMorgan Sterling Liquidity Fund	18,815	20,077
Bank loan	(30,000)	–
Total exposure	**(10,571)**	**20,436**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2018: same). The target interest rate earned on the JPMorgan Sterling Liquidity Fund is the 7 day sterling London Interbank Bid Rate.

Details of the bank loan are given in note 13 on page 63.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2018: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2019		2018	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	45	(45)	102	(102)
Capital return	(98)	98	–	–
Total return after taxation	(53)	53	102	(102)
Net assets	**(53)**	**53**	**102**	**(102)**

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

(b) Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities.

The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital requirements and to gear the Company as appropriate.

Details of the Company's loan facility are given in note 13 on page 60.

Liquidity risk exposure

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

	2019			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors:				
Other creditors and accruals	102	–	–	102
Bank loan, including interest	235	30,045	–	30,280
Debenture, including interest	30,525	–	–	30,525
	30,862	**30,045**	**–**	**60,907**

	2018			
	Three months or less £'000	More than three months but less than one year £'000	One year or more £'000	Total £'000
Creditors:				
Other creditors and accruals	143	–	–	143
Bank loan, including interest	71	109	47	227
Debenture, including interest	1,050	1,050	30,525	32,625
	1,264	**1,159**	**30,572**	**32,995**

The liabilities shown above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

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

(c) Credit risk *continued*

Cash and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group. The Board regularly reviews the counterparties used by the Manager.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading.

The Depositary, Bank of New York Mellon (International) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

(d) Fair values of financial assets and financial liabilities

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

	Accounts value		Fair value	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
£30 million 7% debenture March 2020	29,973	29,946	30,827	32,407

23. Capital management policies and procedures

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

	2019 £'000	2018 £'000
Debt:		
£50 million Loan facility	30,000	–
£30 million 7% debenture March 2020	29,973	29,946
	59,973	29,946
Equity:		
Called up share capital	14,218	14,192
Reserves	433,876	357,841
	448,094	372,033
Total debt and equity	**508,067**	**401,979**

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

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

	2019 £'000	2018 £'000
Investments held at fair value through profit or loss	487,784	381,377
Net assets	448,094	372,033
Gearing	**8.9%**	**2.5%**

The Company does not have any external capital requirements.

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

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

24. Subsequent events

Since the year end, the Company issued 105,322 shares from Treasury and 175,000 new shares.

The Directors have evaluated the period since the year end and have noted the significant change in stockmarket levels, arising from the COVID-19 pandemic, and which is commented on earlier in this document. Apart from that they have not noted any other subsequent events.

Regulatory Disclosures

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)

Leverage

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

The Company's maximum and actual leverage levels at 31st December 2019 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	113%	113%

JPMorgan Funds Limited (the '**Management Company**') is the authorised manager of JPMorgan Claverhouse Investment Trust plc (the '**Company**') and is part of the J.P. Morgan Chase & Co. group of companies. In this section, the terms 'J.P. Morgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive (the 'AIFMD'), the European Commission Delegated Regulation supplementing the AIFMD, and the 'Guidelines on sound remuneration policies' issued by the European Securities and Markets Authority under the AIFMD. The information in this section is in respect of the most recent complete remuneration period **('Performance Year')** as at the reporting date.

This section has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5).

Remuneration Policy

A summary of the Remuneration Policy currently applying to the Management Company (the 'Remuneration Policy Statement') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy. This Remuneration Policy Statement includes details of how remuneration and benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development Committee, and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company.

The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the Alternative Investment Funds it manages ('AIFMD Identified Staff'). The AIFMD Identified Staff include members of the Board of the Management Company (the 'Board'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

The Board reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of AIFMD Identified Staff. The Board last reviewed and adopted the Remuneration Policy that applied for the 2019 Performance Year in June 2019 with no material changes and was satisfied with its implementation.

Quantitative Disclosures

The table below provides an overview of the aggregate total remuneration paid to staff of the Management Company in respect of the 2019 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JP Morgan Asset Management (UK) Ltd (the relevant employing entity) and the number of beneficiaries, both apportioned to the Management Company on an Assets Under Management ('AUM') weighted basis.

Due to the Firm's operational structure, the information needed to provide a further breakdown of remuneration attributable to the Company is not readily available and would not be relevant or reliable. However, for context, the Management Company manages 30 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 38 sub-funds) as at 31st December 2019, with a combined AUM as at that date of £13.8 billion and £17.1 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD$'000s)	15,972	9,139	25,111	119

The aggregate 2019 total remuneration paid to AIFMD Identified Staff was USD $57,448,000, of which USD $4,425,000 relates to Senior Management and USD $53,024,000 relates to other Identified Staff.[1]

[1] Since 2017, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

SECURITIES FINANCING TRANSACTIONS REGULATION ('SFTR') DISCLOSURES (UNAUDITED)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-selling back transactions or sell-buy back transactions and margin lending transactions) or Total Return Swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st January 2020.

Shareholder Information

Notice is hereby given that the fifty seventh Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 23rd April 2020 at 12.00 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2019.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2019.
4. To reappoint David Fletcher as a Director.
5. To reappoint Jill May as a Director.
6. To reappoint Nicholas Melhuish as a Director.
7. To reappoint Victoria Stewart as a Director.
8. To reappoint Andrew Sutch as a Director.
9. To consider the following resolution as an ordinary resolution:

   THAT PricewaterhouseCoopers LLP be appointed as Auditor of the Company in place of the retiring Auditor, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,421,766, representing approximately 10% of the Company's issued Ordinary share capital (excluding Treasury shares) as at the date of the notice convening the meeting at which this resolution is proposed, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

11. THAT, subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,421,766, representing approximately 10% of the issued share capital (excluding Treasury shares) as at the date of the notice convening the meeting at which this resolution is proposed and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and so that the Directors of the Company may allot or sell equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares of 25 pence each in the capital of the Company ('shares') on such terms and in such manner as the Directors may from time to time determine:

    PROVIDED ALWAYS THAT

    (i) the maximum number of shares hereby authorised to be purchased shall be 8,524,910, or if less, that number of shares which is equal to 14.99% of the issued ordinary share capital (excluding Treasury shares) as at the date of the passing of this Resolution;

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

(iii) the maximum price which may be paid for a share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for a share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

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

(v) the authority hereby conferred shall expire on 23rd October 2021 unless the authority is renewed at the Company's Annual General Meeting in 2021 or at any other general meeting prior to such time; and

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

Authority to sell shares from Treasury at a discount to net asset value – Ordinary Resolution

13. That, subject to the passing of Resolution 11 set out above, the Directors of the Company be authorised for the purposes of paragraph 15.4.11 of the Listing Rules of the Financial Conduct Authority to sell or transfer ordinary shares of 25 pence each in the capital of the Company ('shares') out of Treasury for cash at a price below the net asset value per share of the existing shares in issue (excluding shares held in Treasury), provided always that:

(a) where any shares held in Treasury are sold pursuant to this power at a discount to the then prevailing net asset value per share such discount must:

(i) be lower than the average discount to the net asset value per share at which the Company acquired the shares it then holds in Treasury; and

(ii) not be more than a 2% discount to the prevailing net asset value per share (cum income debt at par); and

(b) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, make an offer or agreement which would or might otherwise require Treasury shares to be sold after such expiry and the Directors may sell Treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Approval of dividend policy – Ordinary Resolution

14. THAT the Company's policy to pay four quarterly interim dividends on the Company's ordinary shares be approved.

Amendment of the maximum aggregate Directors' fees payable – Ordinary Resolution

15. THAT, in accordance with Article 96 of the Company's Articles of Association, the maximum aggregate Directors' fees payable be increased from £175,000 to £200,000 per annum with immediate effect.

By order of the Board
Faith Pengelly, for and on behalf of
JPMorgan Funds Limited,
Secretary

24th March 2020

Notes

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

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form no later than 12 noon two business days prior to the Meeting (i.e. excluding weekends and bank holidays).
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.30 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between

him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

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

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

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

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

16. As at 18th March 2020 (being the latest business day prior to the publication of this Report and Accounts), the Company's issued share capital consists of 57,045,653 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 57,045,653.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

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, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	Page	Year ended 31st December 2019	Year ended 31st December 2018	
Opening share price (p)	5	665.0	730.5	(a)
Closing share price (p)	5	776.0	665.0	(b)
Total dividend adjustment factor[1]		1.040774	1.038368	(c)
Adjusted closing share price (d = b x c)		807.6	690.5	(d)
Total return to shareholders (e = d / a – 1)		**+21.5%**	**–5.5%**	**(e)**

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on Net Assets with Debt at Par Value (APM)

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

Total return calculation	Page	Year ended 31st December 2019	Year ended 31st December 2018	
Opening cum-income NAV per share (p)	5	655.4	785.4	(a)
Closing cum-income NAV per share (p)	5	789.4	655.4	(b)
Total dividend adjustment factor[2]		1.040074	1.036910	(c)
Adjusted closing cum-income NAV per share (d = b x c)		821.0	679.6	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**+25.3%**	**–13.5%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Return on Net Assets with Debt at Fair Value (APM)

The Company's debt (debenture) is valued in the Statement of Financial Position (on page 63) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'.

The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value.

The fair value of the £30,000,000 debenture issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated gilt plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

As at 31st December 2019, the cum-income NAV with debt at fair value was £447,240,000 (31st December 2018: £369,572,000) or 787.9p per share (31st December 2018: 651.0p).

Total return calculation	Page	Year ended 31st December 2019	Year ended 31st December 2018	
Opening cum-income NAV per share (p)	5	651.0	777.3	(a)
Closing cum-income NAV per share (p)	5	787.9	651.0	(b)
Total dividend adjustment factor[2]		1.040252	1.037221	(c)
Adjusted closing cum-income NAV per share (d = b x c)		819.6	675.2	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**+25.9%**	**–13.1%**	**(e)**

[2] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

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

Net asset value per share (APM)
The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 15 on page 63 for detailed calculations.

Benchmark total return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, 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) (APM)
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.

Gearing calculation	Page	Year ended 31st December 2019 £'000	Year ended 31st December 2018 £'000	
Investments held at fair value through profit or loss	63	487,784	381,377	(a)
Net assets	5	448,094	372,033	(b)
Gearing (c = a / b – 1)		**8.9%**	**2.5%**	**(c)**

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

Ongoing charges calculation	Page	Year ended 31st December 2019 £'000	Year ended 31st December 2018 £'000	
Management Fee	59	2,357	2,399	
Other administrative expenses	59	618	739	
Total management fee and other administrative expenses		2,975	3,138	(a)
Average daily cum-income net assets		412,446	415,208	(b)
Ongoing charges (c = a / b)		**0.72%**	**0.76%**	**(c)**

Share Price Premium/(Discount) to Net Asset Value (‘NAV’) per Share (APM)
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share.

The opposite of a discount is a premium. (page 5).

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

Performance Attribution Definitions:

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

Gearing/(net cash)
Measures the impact on returns of borrowings or cash balances on the Company’s relative performance.

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

JPMorgan investment trusts are eligible investments within a stocks & shares individual savings account (ISA) and Junior ISA. For the 2019/2020 tax year from 6th April 2019 and ending 5th April 2020, the annual ISA allowance is £20,000 and the Junior ISA allowance is £4,368.

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

1. Via a third party provider

Third party providers include:

AJ Bell
Barclays Smart Investor
Charles Stanley Direct
Fidelity FundsNetwork
Halifax
Hargreaves Lansdown
Interactive Investor
Selftrade
The Share Centre

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites 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.

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' ('AIC') website at www.theaic.co.uk/aic/shareholder-voting-consumer-platforms for information on which platforms support these services and how to utilise them.

2. 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

FCA
FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

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

History

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

Company Numbers

Company registration number: 754577
London Stock Exchange code: 0342218
ISIN: GB0003422184
Bloomberg Code: JCH LN
LEI: 549300NFZYYFSCD52W53

Market Information

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

Website

www.jpmclaverhouse.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Faith Pengelly at the above address.

Depositary

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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

Registrars

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1079. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

Ernst & Young LLP
Statutory Auditor
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London E14 5EY

Brokers

Numis Securities Limited
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