JPMorgan Claverhouse Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2020

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 25 and 26.

Benchmark

The FTSE All-Share Index (total return).

Capital Structure

At 31st December 2020, the Company's share capital comprised 58,600,635 (2019: 56,870,653) ordinary shares of 25p each, including 151,290 shares held in Treasury (2019: 105,322).

In March 2020 the Company issued £30 million fixed rate 25 year 3.22% unsecured loan notes. These notes replaced a £30 million debenture, which carried a fixed interest rate of 7% per annum and was repaid on 30th March 2020. The Company also has a £50 million floating rate loan facility with National Australia Bank, which expires on 28th April 2021. (Further information is set out on page 27, 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.

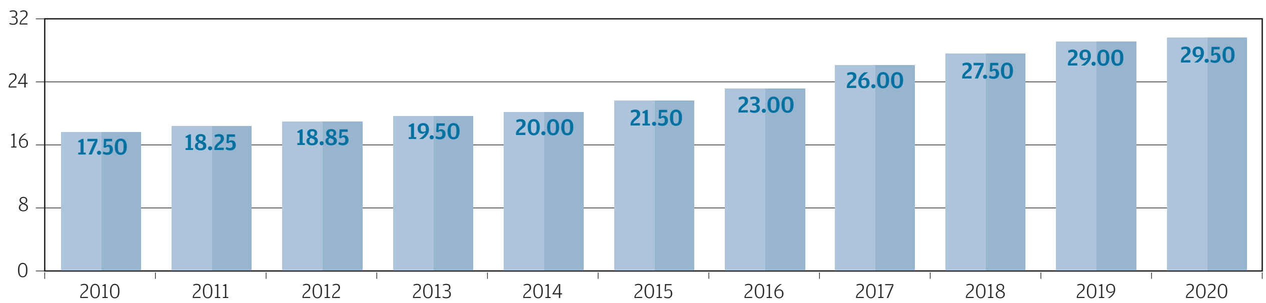
The Manager's Heritage and Team

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 19 investment trust 'dividend heroes' – trusts that have increased their dividend every year for at least the past 20 years. Claverhouse's record of 48 consecutive years of dividend growth is the longest of any quoted investment trust invested solely in UK equities.

Dividend History



Portfolio Characteristics

48
Years of consecutive dividend growth

A focused portfolio of
60 to 80 stocks

112%
Total shareholder return since adoption of strategy (from 1st March 2012)

A consistent, transparent, robust investment process

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Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 31ST DECEMBER

	2020	2019	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	-12.2%	+21.5%	+0.8%	+31.6%
Return on net assets[2,A]	-10.8%	+25.3%	-3.3%	+25.0%
Benchmark return[3]	-9.8%	+19.1%	-2.8%	+28.2%
Net asset return performance compared to benchmark return[3]	-1.0%	+6.2%	-0.5%	-3.2%
Dividend	29.5p	29.0p		

[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 90 to 92.

SUMMARY OF RESULTS

	2020	2019	% change
Total returns for the year ended 31st December			
Return to shareholders[1,A]	–12.2%	+21.5%	
Return on net assets with debt at par value[2,A]	–10.8%	+25.3%	
Return on net assets with debt at fair value[2,A]	–12.8%	+25.9%	
Benchmark return[3]	–9.8%	+19.1%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	392,859	448,094	–12.3
Net asset value per share with debt at par value[4,A]	672.1p	789.4p	–14.9
Net asset value per share with debt at fair value[4,5,A]	654.9p	787.9p	–16.9
Share price	649.0p	776.0p	–16.4
Share price discount to net asset value with debt at par value[6,A]	2.9%	0.1%	
Shares in issue (excluding shares held in Treasury)	58,449,363	56,765,331	
Revenue for the year ended 31st December			
Gross revenue return (£'000)	15,447	19,991	–22.7
Net revenue return after taxation (£'000)	13,465	17,619	–23.6
Revenue return per share	23.20p	31.10p	–25.4
Total dividend per share	29.5p	29.0p	+1.7
Gearing at 31st December[A]	13.8%	8.9%	
Ongoing Charges[A]	0.71%	0.72%	

[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 £30 million private placement loan (2019: £30 million debenture) has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the 5 year average yield for the AA Barclays Corporate Bond.

[6] Source: J.P.Morgan. The discount is calculated using the net asset value at 31st December 2020 of 668.6p (2019: 777.0p), 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 90 to 92.

Andrew Sutch
Chairman

Performance and Manager Review

The year to the end of December 2020 was dominated by the continued global Covid-19 pandemic. At the time of my interim Chairman's statement in August 2020, the UK was in the midst of a brief reprieve from the lockdown restrictions introduced by the UK Government in March 2020. The Chancellor, Rishi Sunak, had introduced the month long 'Eat Out to Help Out' scheme and non-essential retail was permitted to re-open together with the easing of some restrictions. However, many restrictions continued to impact our daily lives and the Bank of England predicted the UK economy would take longer than anticipated to recover from the economic effects of the virus.

Since the summer of 2020, the UK has re-introduced lockdown restrictions which have remained in place for much of the winter, although the Government has recently announced plans for the gradual relaxation of many of the restrictions. Covid-19 has had a significant impact both on global financial markets and economies, and 2021 will continue to remain challenging. The introduction of the vaccination programme offers considerable hope that significant protection will be afforded against the virus and that the UK economy will grow significantly in the second half of 2021.

For the year to 31st December 2020 the Company's net asset total return (based on debt being valued at par) was -10.8%. This compares with a total return for the same period from the Company's benchmark, the FTSE All-Share Index, of -9.8%. While the return for the full year was disappointing, caused principally by being geared at the time of the steep market fall in the early part of the year, the Investment Managers' stock selection contributed to much better performance in the second half of the year. The Investment Managers' report on pages 10 to 18 provides more detail on performance during 2020, as well as reviewing the market and the Company's portfolio.

As at 15th March 2021 the Company's NAV per share (with debt at par) was 705.28p and the share price was 674.00p.

Revenue and Dividends

The total dividend per share of 29.5p for the year represents an increase of 1.7% over the previous year and is the 48th successive year in which the dividend has been raised.

The Directors have declared a fourth quarterly interim dividend of 10.00p per share for the year ended 31st December 2020 which will bring the total dividend per share for the year to 29.5p (2019 total: 29.0p). This represents the 48th successive year in which the dividend has been raised and is an increase of 1.7% over the previous year. Given the cutting or suspension of dividends by many portfolio companies in 2020, revenue for the year to 31st December 2020 fell to 23.2p per share (2019: 31.10p). Accordingly, the Company utilised the benefit of its revenue reserves to cover the recent dividend.

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 revenue reserves, the Board currently expects future dividend increases to continue to exceed the rate of inflation. The Board will continue to carefully monitor the outlook for dividend income and intends to increase the first three quarterly interim dividends in 2021 from 6.50p per share to 7.00p per share.

Premium/Discount and Share Issuance/Repurchases

During the year the discount to net asset value ('NAV') at which the shares traded ranged from a premium of 1.6% to a discount of 9.3%. As a result, in the year to 31st December 2020 the Company has re-sold 105,322 shares from Treasury and issued 1,730,000 new shares at a time when the shares were trading at a premium. In the second half of the year 151,290 shares were repurchased into Treasury. 362,000 shares have been repurchased since the year end.

At this year's AGM in April the Company will be seeking renewed authority from shareholders to sell shares from Treasury at a discount, to issue new shares and to repurchase shares.

Historically the net asset value used to calculate the discount or premium, as appropriate, in determining whether to buy back shares, sell shares out of Treasury or issue new shares has been calculated on different bases. The net asset value used in calculating the discount to determine whether to repurchase shares was on a capital only net asset value basis, with debt at par. The net asset value used to determine whether the parameters had been met to sell shares out of Treasury was calculated using a cum income net asset value, with debt at par; and the net asset value used to calculate an issue price for new shares was cum income, debt at fair.

To ensure greater transparency the Board has agreed, going forward, that the net asset value to be used for all three corporate actions will be calculated on the same basis as that announced daily to the market, namely cum income NAV, with debt at fair value. All other parameters will remain the same.

The comparison between the debt at par and fair value net asset value reflects the difference between the interest paid on the Company's long-term debt (the 3.22% £30 million private placement loan) and current interest rates. The two calculations of NAV will therefore vary in accordance with prevailing interest rates and will change over the life of the long-term debt. At present the difference between the two methods of calculation is approximately 2%. The Investment Managers' contribution to net asset value performance should be looked at without regard to the long-term debt interest rate, over which they have no control; the cum income NAV with debt at par will therefore continue to be reported in the annual and interim reports. However, as mentioned above, the cum income NAV, with debt at fair value, will be used for the purposes of decisions on share buybacks and issues, as being the basis on which the NAV is announced to the market.

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 13.8% geared. During the year gearing varied between 3.9% cash and 16.3% geared. The gearing is currently 12.6%. The Company's £30 million 7% debenture was repaid in March 2020 and replaced by a £30 million 3.22% private placement loan, maturing in March 2045. The Company also has a revolving credit facility of £50 million, which was fully drawn down as at 31st December 2020. See Note 13 on page 71.

Environmental, Social and Governance issues

The Manager considers ESG issues in its investment decisions; these have been progressively integrated into its investment process over recent years, so that ESG issues are increasingly considered at every stage along the decision making process. The Board is aware of the ever increasing focus on sustainable investing by shareholders; therefore this annual report includes a separate Environmental, Social and Governance Report from the Manager on page 19 which provides comprehensive information on these issues and how they have been developed and integrated into the Manager's investment process. Reference to climate change is also included in that Report and also in the Board's review of Principal and Emerging Risks as detailed on page 29.

Investment Management Fees and Manager Evaluation

Following discussions with the Manager, a reduction in management fees was agreed in December 2019 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.

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.

Adoption of new Articles of Association

Resolution 16, which will be proposed as a special resolution at the Annual General Meeting in April, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted. The proposed amendments, if approved, include the possibility of the Company holding shareholder meetings whereby shareholders are not required to attend the meeting in person at a physical location. Shareholders should note that the Directors have no present intention of holding 'virtual-only' meetings. However, this amendment to the Existing Articles will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location.

Proposed amendments also include changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information.

The Board is also seeking approval from shareholders to permit the payment of dividends out of capital. The Board has no current intention to enhance dividend payments through the utilisation of capital reserves; however, it views it as prudent to provide the Company with the flexibility to do so. This will also bring the Company into line with many of its competitors.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 88 to 89 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

Annual General Meeting

The Company's AGM will be held on Thursday 22nd April 2021 at 12.00 noon, at 60 Victoria Embankment, London EC4Y 0JP.

Due to the ongoing situation surrounding the Covid-19 and Government advice, we have unfortunately had to revise the format of this year's AGM. The Government has, for the time being, again placed restrictions on public gatherings and therefore, apart from the quorum necessary to hold the AGM, shareholders will not be allowed to attend the AGM in person and will be refused entry.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and Directors and asking them questions at the AGM. Accordingly, at the time of the AGM a webinar will be organised, which will involve a presentation from the Chairman of the Board and the Investment Managers, followed by a live question and answer session, all of which may be viewed at the time by registered participants. Shareholders are invited to register as participants to join the webinar and address any questions they have either by submitting questions during the webinar or in advance of the AGM via the 'Ask a Question' link on the Company's website www.jpmclaverhouse.co.uk or via email to invtrusts.cosec@jpmorgan.com. Details on how to register as a participant for this event will be posted on the Company's website, or by requesting the details via the email address above.

As shareholders will not be able to attend the Annual General Meeting, the Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms. This will ensure that the votes are registered.

If there are any changes to the arrangements for the Annual General Meeting, the Company will update shareholders through the Company's website and, if appropriate, through an announcement on the

The Company is well positioned to benefit from the significant growth in the UK economy which is expected both this year and next.

London Stock Exchange. The Board would like to thank shareholders for their understanding and co-operation at this difficult time. We very much hope that you and your families remain safe and well and look forward to meeting you at a future Annual General Meeting.

Outlook

At the turn of the year many expressed the hope that 2021 will be a year of significant improvement after the damage caused by Covid-19 to lives and livelihoods during 2020. While there are indeed grounds for optimism, particularly with the successful implementation of the UK's vaccination programme, the ability for businesses to return to pre-pandemic levels of operation and profitability will depend on reduced infection rates and a greater opening-up of the economy, which will only happen gradually.

The UK equity market has been undervalued for some time compared to other major markets. There are expectations that the UK economy will grow significantly this year and next, albeit not yet back to pre-Covid levels, and a number of commentators have said that the UK market should outperform many other markets this year. The Company is well positioned to benefit from such growth and to participate in any such outperformance.

The Company has provided a regular, and over the last 48 years a rising, source of income for shareholders and the Company's revenue reserves remain 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

16th March 2021

William Meadon
Investment Manager

Callum Abbot
Investment Manager

Investment Approach

Claverhouse is a diversified portfolio of our best UK ideas, comprising both quality growth and value stocks.

For the patient investor, we believe that this approach will produce outperformance of the Benchmark in a steady, consistent manner, irrespective of market conditions.

We aim to maintain Claverhouse's multi-decade dividend growth record.

Market Review

2020 was a year like no other, with investors enduring a roller coaster ride, the likes of which few had experienced before.

The year started well with the market taking heart from a newly elected, majority government which had not only committed to a firm date for the UK to leave the European Union, but also promised large amounts of fiscal stimulus, especially in the north of the country. The economic prospects for the UK were looking up.

But the euphoria was short lived. In the second half of January, the mood soured as a hitherto unknown virus, Covid-19, began spreading from its origins in China. On 31st January (but hardly reported, probably because it was Brexit Day), the UK suffered its first reported case. The World Health Organization soon declared Covid-19 to be a global public health emergency although the UK government remained fairly relaxed, seemingly adopting a policy of herd immunity.

As governments around the world started to impose a range of restrictive measures to counter the spread of the virus, stock markets imploded with travel, leisure and retail stocks being the very worst hit. In just 21 trading days in March, the MSCI World index fell 34%, the fastest bear market in history.

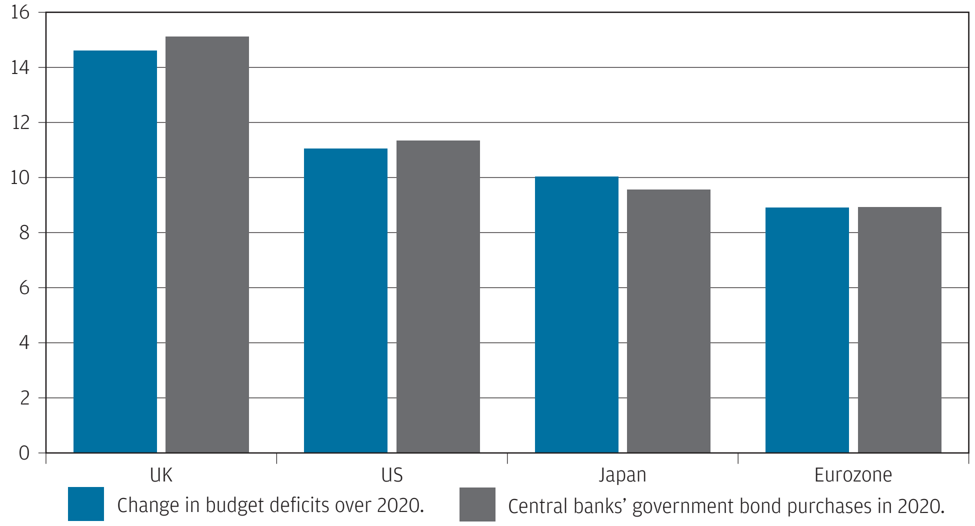
As economies globally were put into varying degrees of lockdown, the market maelstrom was intensified further by a 30% drop in the oil price. Fear swept across markets and companies soon started to postpone or cancel dividends to help conserve cash. Share prices swung wildly.

Thankfully, monetary authorities and governments around the world moved rapidly and significantly. Markets took heart from their bold co-ordinated actions, buoyed by plummeting interest rates, huge volumes of central bank asset purchasing and the promise of yet further amounts of government support (see the chart below).

The roll out of a number of Covid-19 vaccines and the long-awaited signing of the Brexit trade deal on Christmas Eve provided a further fillip for the market up to the year end. However, the rally was not strong enough to make up for the heavy losses incurred in the Spring. The FTSE All-Share Index (on a total return basis) finished the year down a disappointing -9.8% from the beginning of the year, with investors worried that the virus was still not under control and concerned by a global economy still suppressed by continuing lockdown. As companies rushed to conserve cash, UK dividends from the UK stock market fell more than 40% year on year.

GOVERNMENT BUDGET DEFICITS AND CENTRAL BANK PURCHASES

% of nominal GDP, 2020 estimate



Source: (Left) Bank of England, Bank of Japan, Bloomberg, European Central Bank, IMF, US Federal Reserve, J.P. Morgan Asset Management. Budget deficits as % of GDP are forecasts for 2020 from Bloomberg contributor composite. 2020 GDP estimate is from IMF World Economic Outlook.

PERFORMANCE ATTRIBUTION

YEAR ENDED 31ST DECEMBER 2020

	%	%
Contributions to total returns		
Benchmark return		–9.8
Stock & Sector selection	0.7	
Gearing & cash	–0.7	
Investment Managers' contribution	0.0	
Cost of debt	–0.3	
Portfolio return		–10.1
Management fee/other expenses	–0.7	
Share buyback/share issuance	0.0	
Sub total	–0.7	
Return on net assets with debt at par value[A]		–10.8
Change in the fair value of the long term debt		–2.0
Return on net assets with debt at fair value[A]		–12.8

Source: 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 90 to 92.

Our risk-controlled approach helped the portfolio navigate its way through a tumultuous year and helped to deliver a dividend increase for the 48th consecutive year.

Performance Review

The portfolio benefitted from stock selection during the year but this was out-weighed by the detrimental effect of being geared into a falling market as detailed in the Performance Attribution schedule above.

In the year to 31st December 2020, Claverhouse delivered a total return on net assets (capital plus dividends re-invested with debt at par) of -10.8% compared to the benchmark FTSE All-Share Index return of -9.8%. The total annual return for shareholders was -12.2%. A detailed breakdown of the performance is given in the accompanying table.

Claverhouse's risk-controlled approach to sizing positions at both a stock and sector level helped the portfolio navigate its way through these unprecedented times and also deliver a dividend increase for the 48th consecutive year.

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

Top Five Contributors		Top Five Detractors	
JP Morgan Smaller Companies IT	+1.4%	Rank Group	-0.6%
Games Workshop	+1.4%	Reckitt Benckiser	-0.5%
Scottish Mortgage IT	+0.9%	National Express	-0.5%
Intermediate Capital Group	+0.7%	Taylor Wimpey	-0.5%
Softcat	+0.6%	Mitchells & Butlers	-0.4%

Source: JPMAM, as at 31st December 2020

The JPM Smaller Companies Investment Trust, run by our in-house small companies' team, performed extremely well over the period, returning +50%.

The **JPM Smaller Companies Investment Trust**, run by our in-house small companies' team, performed extremely well over the period, returning +50%. 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. The designer and manufacturer of protective equipment **Avon Rubber** is a rewarding example of this.

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 its range, generating substantial performance fees and leading to considerable demand for new funds, which are charged at premium fees.

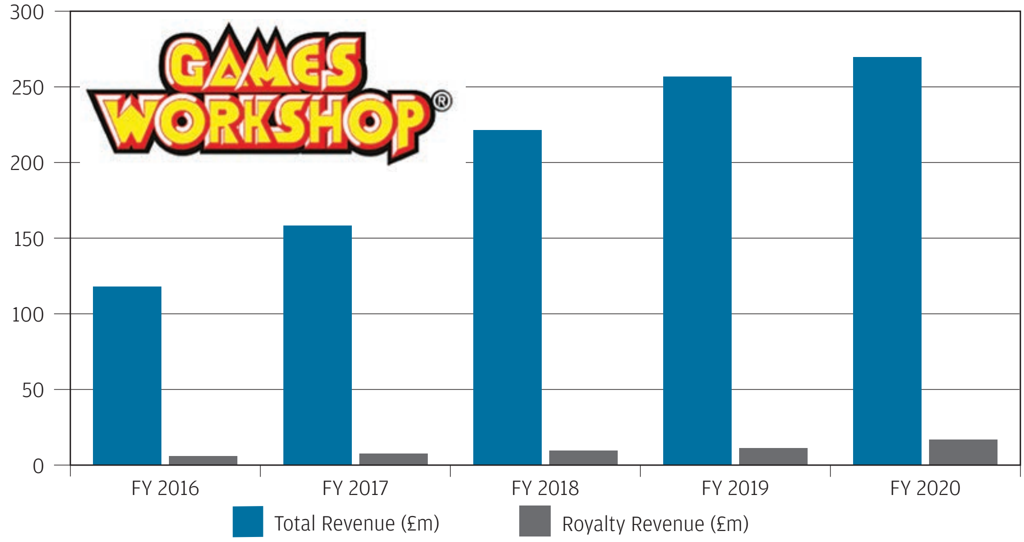
The fund's technology stocks performed well: **Scottish Mortgage Investment Trust**, a long standing holding, gives Claverhouse shareholders exposure to US technology stocks. Its shares had another very good year rising +117% over the year reflecting the very strong performance of companies such as Amazon and Tesla which are significant holdings in its portfolio. **Softcat**, the IT reseller, also performed well rising 31% over the year as the company continued to gain share in a fast growing market.

The largest detractors for the fund were all cyclical stocks which were losers from the Covid-19 lockdown. The pub company, **Mitchells and Butlers**, was hard hit by the government's decree to close all its outlets for much of the year. The casino operator, **Rank**, and coach operator, **National Express** were both similarly challenged by such restrictions on their operations. Soon after the breakout of the pandemic in the spring we sold all these shares as we thought the business models would remain challenged until the economy could be permanently re-opened up. The share prices of many of them had already fallen quite sharply but the companies did not meet our criteria for being able to withstand a prolonged period of social distancing and lockdown. The housebuilder, **Taylor Wimpey** was also severely challenged due to economic inactivity.

We featured **Games Workshop** last year, but as one of our largest active holdings, we wanted to discuss why we still find it such an attractive holding. It is the global leader for table top miniature gaming due to its hugely successful Warhammer franchise. The pandemic has been a double edged sword for the company. On the one hand consumers have had time to fill during lockdowns with hobbies like Warhammer, on the other hand, it has meant its shops, which function as meeting points for playing the game, have faced closures. Games Workshop generates over 75% of its revenue overseas and the opportunity for further growth in North America and China is significant. The company's key intellectual property is the rich universe that is the backdrop for the table top game. Not only is it growing the customer base in new markets but it is finding new revenue streams to monetise its intellectual property. Royalty streams from video games and TV/animated series are high margin and the pipeline has the potential to drive significant profit contribution. If successful, this content can act as advertising for the hobby, reaching new customers and driving further revenue opportunities.

Games Workshop generates over 75% of its revenue overseas and the opportunity for further growth in North America and China is significant.

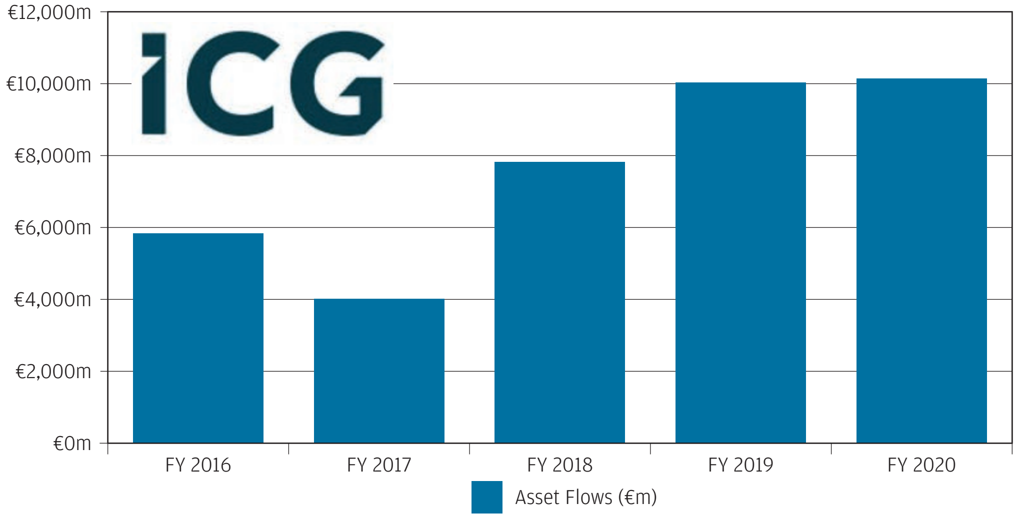
GAMES WORKSHOP –



Source: JPMorgan Asset Management.

Intermediate Capital Group, is an alternative fund manager running closed-ended, private debt and mezzanine finance funds. The company has successfully re-orientated its business away from using its own balance sheet and towards running third party assets. It stands out in fund management as being able to attract large flows whilst raising fees due to its dominant position in niche markets. The company has consistently beaten its €6 billion per annum asset raise target since announcing it in 2018. The company now has good visibility on future fees from existing assets and strong fund raising momentum continues to build a bigger base for the future.

INTERMEDIATE CAPITAL GROUP –



Source: JPMorgan Asset Management.

We run a stock-focused but sector-diversified portfolio.

Portfolio Review

The portfolio held 60 stocks at the year-end and was geared for most of the year. The devastating arrival of Covid-19 in the first quarter of the year led to a very volatile market and turnover in the portfolio being higher than usual. Our decisive switch in the first quarter from cyclical stocks into the shares of companies which were more able to cope with a global economy going into lockdown, mitigated the effect of the market fallout on the portfolio. Our switch back towards the end of the year into stocks benefitting from the potential opening up of the economy was also beneficial.

We are primarily bottom-up stock pickers; sector and macro views generally have less influence on the portfolio. However, the arrival of an unprecedented global pandemic at the start of the year meant that our thematic and strategic views had more of an influence than usual.

We run a stock-focused but sector-diversified portfolio.

Your fund benefited from good stock selection during the year but this was out-weighed by being geared in a falling market. To help dampen volatility, we used FTSE 100 futures at times to manage gearing.

At the year-end your fund was 13.8% geared.

ESG Considerations

The Company holds stocks based on their fundamentals. We do not have an exclusion list of stocks or sectors. Rather we consider what ESG issues a company faces, whether they can be engaged on and addressed by the company and the risk the issues pose to the company's fundamentals. This analysis helps determine whether we own a stock and the size of our position.

For sectors which face significant ESG issues, for example the mining and oil & gas producer sectors, we do not exclude them entirely; in fact, some of our largest positions are in these sectors. As owners of these companies we are in a strong position to influence how they address these issues and to enforce accountability to targets that are set.

The mining stocks we own are fundamentally attractive due to their significant cash generation, world class assets and the income they pay to shareholders. The commodities they produce have no scalable alternatives. These mining companies will continue to generate significant cashflows as their products are essential building materials of economic growth and some will play a key part in electrification of the global economy. We want to see companies set ambitious targets when addressing ESG issues, particularly carbon intensity. For example, in a recent meeting with Anglo American we discussed their goal of being carbon neutral across their operations before 2040 and their strategy for exiting thermal coal. We do not currently hold Glencore. It has set the most ambitious targets for carbon intensity reduction, however, we still have concerns about outstanding regulatory investigations for possible corrupt practices and so have avoided the company.

The oil companies we own, Royal Dutch Shell and BP, had an incredibly challenging 2020. They rebased their dividends, cut costs and capital expenditure, and fleshed out how they will address energy transition over the next thirty years. We acknowledge the challenges this sector faces, but do not think they pose an existential threat as both companies have announced credible strategies for achieving net zero by 2050. Their valuation implies the market does not believe in the transition and arguably underestimates the cash generation potential as oil prices recover from very subdued demand. We believe they are undervalued and have the potential to return significant cash to shareholders.

As part of our investment process, our team meets companies to scrutinise their strategy and operational performance. In the UK we conducted over 400 company meetings in 2020. These meetings are also an opportunity to engage with companies on ESG issues.

Often we discuss companies' policies and what they are doing to become more sustainable companies. For example our engagement with Unilever looked at the targets it had set, such as engaging with one billion people on health and wellbeing initiatives, and how sustainability targets will impact 25% of management's compensation.

Other times we engage on specific topics. The most significant engagement last year was with mining company Rio Tinto. We had been consistently speaking to the company over several years as we encouraged them to focus the portfolio away from coal. However, the catastrophic destruction of an indigenous site at the Juukan Gorge led to urgent engagement with the company to understand how such an event could have happened. Ultimately, driven by shareholder pressure, the CEO and other senior management left the company. Rio Tinto has hired additional management with increased accountability and we believe there is now a framework in place that means operations are more mindful of the impact it has on society. We continue to own Rio Tinto due to its attractive fundamentals and we believe it has made progress in addressing the failings brought to light by the Juukan Gorge catastrophe. We will continue to engage with the company on this and other issues, such as carbon intensity, in the future.

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

Top Five Overweight Positions		Top Five Underweight Positions	
JP Morgan Smaller Companies IT (vs FTSE Small Cap index weight)	+2.7%	HSBC	-3.7%
Intermediate Capital	+2.2%	Unilever	-2.7%
Games Workshop	+1.8%	Diageo	-2.2%
Natwest Group	+1.8%	Reckitt Benckiser	-2.0%
Softcat	+1.5%	Vodafone	-1.5%

Source: JPMAM, as at 31st December 2020

Major stock transactions

With a new majority government in place and a firm date agreed for the UK's departure of the EU, we were positive on the prospects for UK equities at the start of the year. The portfolio was quite cyclical in nature and our optimism about the prospects for the UK economy led us to purchase a number of cyclically oriented stocks such as **Breedon, Ferguson**, **Greggs**, **Rank and CRH**. This led to an uptick in gearing from 9% at the start of the year to a peak of 14% in mid-February.

However, by the end of February we had become very concerned about the rapid global spread of a new virus, Covid-19, and this led us to marked change in strategy for the fund. We quickly reduced gearing through the sale of a number of stocks which were not well placed to cope with reduced economic activity and social mobility. **Auto- Trader**, **Compass**, **National Express**, **Rank, Mitchells & Butlers**, **Savills** were all sold from the portfolio. In some cases this involved selling stocks that we had only recently purchased under our previous more optimistic strategy (**for example IWG and Ibstock**). **Greggs** has been a long-term, stellar performer for the portfolio. There is a compelling growth story which has seen the company taking market share from higher-priced peers and growing organically through store roll-outs. However, the ongoing limitations around travel and people returning to offices has drastically reduced the footfall through its sites. Short term trading is likely to remain challenging and so we sold the shares.

We increased the Company's exposure to companies which were likely to prove more resilient in the new extremely challenging environment.

We used the proceeds to significantly increase the fund's exposure to companies which were likely to prove more resilient in the new extremely challenging environment: **Tesco**, **Unilever**, **Shell**, **National Grid** and **United Utilities** all met our more demanding criteria for a place in the portfolio. Importantly, we also believed that these stocks were more likely to pay at least some level of dividend during the year.

Gold has historically performed relatively well at times of crisis and we thought that would be true in this crisis, too. As an efficient, low cost gold producer, **Polymetal** was bought to provide the portfolio with some attractive exposure to the rare metal.

The airline industry was always a likely loser from enforced restrictions on travel. Nevertheless, we thought that the strength of **Wizz Air's** balance sheet would enable it to emerge a relative winner by taking market share as weaker players scaled back operations. Wizz operates mainly in Eastern Europe which as a region has the potential to grow the number of flights per person per year. This should provide structural growth for Wizz in years to come.

Lockdown hit **the retail sector** very hard. Those companies with solely a high street presence suffered enormously and the year saw many well-known brands disappear. However, those operators with a strong online offering found themselves well placed to benefit from the pronounced shift to shopping from home. **Next**, **B&M** and **Dunelm** all prospered relatively while the online grocer, **Ocado** also flourished. Some traditional supermarkets find online grocery to be uneconomic as its picking process is extremely labour intensive. By contrast, Ocado's high-tech, automated picking process has given them a huge competitive advantage and the licensing of this intellectual property around the world is potentially very profitable.

Online card games such as poker have boomed during lockdown as sporting events have been side-lined. During the period **Flutter Entertainment** completed the acquisition of The Stars Group which gives them significant exposure to the United States and in particular online poker. This acquisition was particularly prescient as more liberal legislation regarding such activities has subsequently been introduced in many parts of the US. A similar pan-European online-only gaming company, **888**, stands to benefit from comparable trends across Europe.

The UK housebuilders continue to look attractive as structural growth combines with cheap valuations. We retained significant positions in many of them, believing that their strong balance sheets make them resilient enough to withstand the economic downturn. Indeed, we would expect their strong balance sheets and cash flow will put them in a position to return significant capital to shareholders over the coming years.

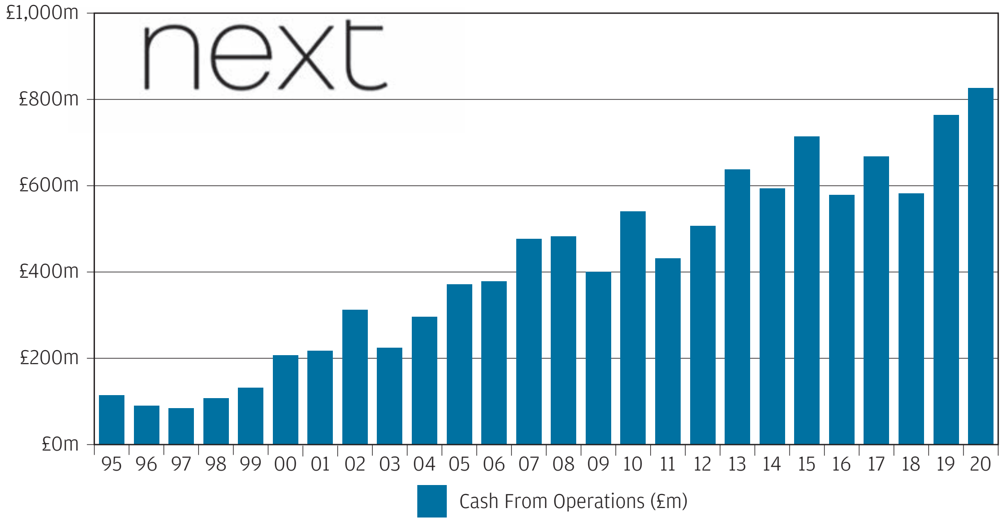
Towards the end of the year we increased our exposure to domestic banks. **Lloyds**, **Barclays** and **NatWest Group** are well capitalised (Tier 1 ratios of more than 15%) and trade at significant discounts to book value. In the past, we have argued that this is warranted but the prospect of some increase in economic activity following a rapid roll out of the vaccine, should improve their prospects. **One Savings Bank** is a specialist lender focused on underserved sub-sectors of the mortgage market and it has a strong retail savings franchise. It looks attractively valued given it is well capitalised and it is a potential beneficiary from increased housing transactions in the UK.

As confidence grew about economies opening up we increased our exposure to the oil sector through purchases of both **BP** and **Shell**. These purchases were funded by sales of many of our utility holdings which had performed well at the beginning of the Covid-19 outbreak but as valuations reached the upper ends of normal trading range we exited our holdings in **National Grid**, **Pennon**, **Severn Trent** and **United Utilities**.

In what has been an extraordinarily tough year for many traditional retailers, **Next** has once again proven its enduring quality. When Next stores and warehouses were forced to close in March 2020, management acted quickly to preserve cash and to pivot the business towards online sales. Next's cash preservation allowed them to reduce debt through the crisis and leaves them well placed to capitalise on growth opportunities coming out of this. As we noted last year, in addition to offering own label products, Next is also becoming a platform to retail other brands through its 'Label' offering. This process was accelerated in 2020 and its phenomenal online sales growth is testament to its excellent progress in this space.

Cash has always been king at Next and their ability to consistently grow cash through the cycle (despite consumer trends) is truly impressive. We added to our holding during the year.

NEXT



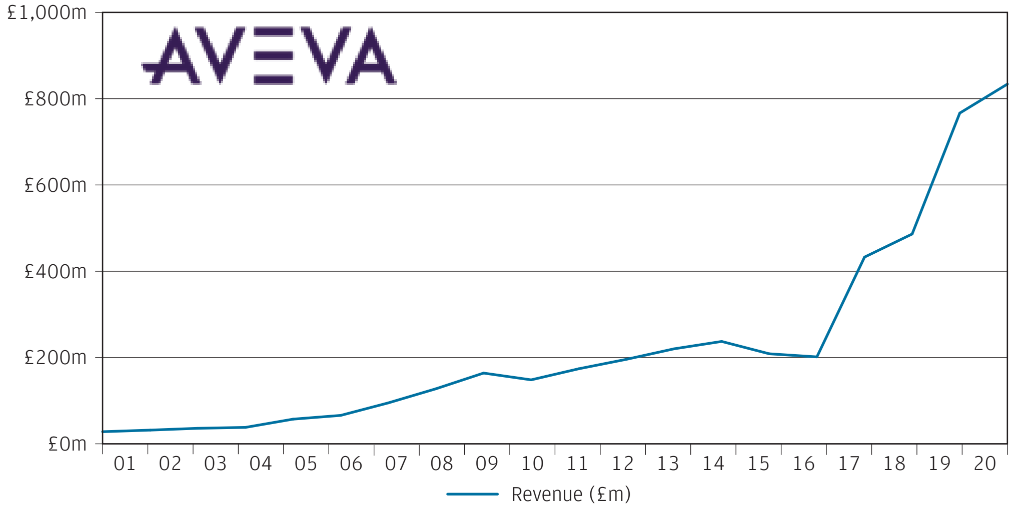
Source: JPMorgan Asset Management.

The digitalisation of the industrial world has a long way to go and we believe AVEVA is well positioned in this rapidly expanding market

AVEVA is a developer and distributor of software for industrial companies. Its offerings are a relatively small portion of their customers' cost base but are essential to their users. Their suite of products allow industrial companies to maximise efficiency of their assets and supply chains which can lead to significant cost savings. AVEVA's fundamentals are extremely attractive as the substantial operating leverage in the business should allow them to grow earnings well ahead of revenues and it has a strong track record in converting earnings into cash. Their recent acquisition of OSIsoft has allowed them to expand their total addressable market as well as creating significant opportunities for cross selling of products among their customer bases.

Growth at AVEVA has been impressive. However, the digitalisation of the industrial world has a long way to go yet and we believe AVEVA is well positioned in this fascinating and rapidly expanding market.

AVEVA



Source: JPMorgan Asset Management.

Market Outlook

More than a year after its outbreak, the Covid-19 virus continues to take a dreadful global toll on both lives and livelihoods. Economic activity has plummeted, government debts have ballooned, and interest rates are nil or, in many cases, negative. This a global challenge like no other.

There are, however, grounds for cautious optimism: a number of seemingly effective vaccines are being rolled out, health services are now coping and, at the time of writing, infection rates are generally falling across the world. Some companies have not survived but others have found themselves well placed for this new world. Encouragingly, we are starting to identify an increasing number of strong, agile companies which are not only surviving the current storm but are well placed to thrive in a post-Covid-19 world.

The Brexit deal was a landmark for the UK. Although the transition is likely to be far from seamless for companies trading with Europe, the end of years of negotiation and uncertainty has led to both sterling and the UK equity market rising in recent months*. The US election result also cleared another geopolitical risk and although a Biden presidency will not be without its challenges for the UK, any de-escalation of the trade wars which characterised the previous administration should provide a much- needed fillip to corporate confidence.

After a disappointing 2020, UK equities now look very good value compared to both their own history and to most overseas markets. As the roll out of the UK vaccination programme continues apace and confidence about an opening of the economy builds, we believe that this value will soon be realised. Our optimism on the outlook for UK equities is reflected in a gearing level at the time of writing of 12.6%.

William Meadon
Callum Abbot
Investment Managers

16th March 2021

* The potential legislative impact of Brexit on the Company is discussed further under Structure and Objective of the Company on page 25.

ESG and J.P.Morgan Investment Trusts

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It has become a convenient label for describing the broad field of sustainability in the corporate sector and is widely used when assessing the environmental impact of businesses, when considering how companies acquit themselves in respect of their broad social responsibilities and when reviewing the practices and standards used in governing corporate organisations.

Awareness of these issues has increased significantly in recent years among investment practitioners and their clients, and indeed in society at large. In these pages we explain how our approach has developed and how it is applied for the benefit of shareholders across the J.P.Morgan range of investment trusts.

The basics: what is ESG?

E is for Environmental. This component considers a company's impact on the world we live in, relating to the quality and functioning of the natural environment and natural systems.

S is for Social. Social factors address the way that companies act within society; this includes the way that employee interests are managed, and the broader impact a company has on society.

G is for Governance. This component relates to how companies are managed. It considers the measures that protect shareholder interests as well as the way any company meets regulatory and other external obligations.

The table below provides illustrative examples of ESG issues in each of the **E**, **S** and **G** categories. On page 27 there are further details on policies relating to Environmental and Social factors and on page 40, Governance:

Environmental	Social	Governance
Carbon pollution and emissions	Human rights	Board structure: effectiveness, diversity, independence
Environmental regulations (and adherence)	Diversity	Executive pay and criteria
Climate change policies	Health and safety	Shareholder rights
Sustainable sourcing of materials	Product safety	Financial reporting and accounting standards
Recycling	Employee management	How a business is run
Renewable energy use	Employee well-being	
Water and waste management	Commitment to communities	

What is our approach at J.P.Morgan Asset Management?

We have worked hard over a number of years to demonstrate effective ESG integration in investment processes, not just in the equity funds we manage, but across all asset classes including Fixed Income, Real Assets, Alternatives and Multi-Asset Solutions, with approaches which have been vetted for effectiveness by a central Sustainability Investing Leadership team. At the time of writing, we can show 100% ESG integration across our actively managed products. For our equity product range, this integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research and on the team of 150 analysts who cover stocks around the world, from the USA to Japan. Our research teams complete a standard checklist of 40 questions on every company they follow, 12 on environmental issues, 12 on social factors and 16 relating to governance. Investors also work with a central Stewardship team which sets priorities for corporate engagement both in terms of issues and in terms of significant individual investments held in portfolios.

Why do we integrate ESG into our investment processes?

First, consideration of sustainability is intrinsic to a long term approach to investment. When we invest clients' assets for them, we have to make judgements about future risks and rewards of any investment. Those risks and rewards have always included the factors shown in the table above, and indeed all ESG factors, because all of them have the potential to affect the future value of a security. A business that produces huge amounts of carbon emissions or plastic waste, for example, is likely to find itself the subject of scrutiny from regulators and consumers and failure to anticipate this and to change will likely bring a loss of value for shareholders in the long run.

The same is true of businesses that neglect their social responsibilities, or fail in matters of governance. In all these instances, investors will eventually assign a higher discount rate to future cash flows, with consequences for the prices of that company's securities.

As public and official attention has grown in the field of ESG, however, the consequences for investment returns have become more and more important in the overall investment judgement. **Thirty years ago, as long as a company met existing regulations, its environmental impact would probably have been taken for granted by many**. Now, the significance of these issues seems critical in any assessment of an industry, and the capital markets have discriminated starkly between companies which are offering compelling narratives of transition to a low-carbon approach, and those which have yet to do so. So ESG has simply become a bigger and more important part of any investment judgement and our research processes have needed to evolve accordingly.

Second, **our clients require that we consider sustainability factors**. Both clients and regulators are paying far more attention to this field, and we as investors must meet their requirements for incorporating ESG in our investment processes, and be able to show how we do this. Demonstrating how ESG is addressed is now a basic requirements for any serious asset manager. As our clients' interest and requirement in the field of ESG have grown, we have enhanced our capability.

Finally, **the asset management industry itself has responsibilities and obligations**, not only to our clients, but to society in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be a responsible corporate citizen. This cannot be credibly done if the core practice of our industry, investment management, is not included in the effort. We must consider the broader consequences of the investment choices that we make for our clients. Given the evolution of public policy, client scrutiny, public attitudes, and trends in the corporate world, it is clear that consideration of ESG has become a key component of the way the industry approaches its fiduciary responsibilities.

Engagement and Voting

We seek to act as a responsible and engaged shareholder of businesses on behalf of our clients. We engage with all companies owned in your Company's portfolio on a regular basis, often several times in the course of a year. We do this not just to further our understanding of businesses, but to convey to management any concerns, suggestions or opinions that we have. Ongoing, meaningful dialogue with the management of companies owned by your Company is fundamental to our investment process. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the 12 months to 31st December 2020 is detailed below. On behalf of the Company, J.P.Morgan voted at all of the annual general meetings and extraordinary meetings held during the year by its portfolio companies.

JPMorgan Claverhouse Investment Trust plc: Voting at shareholder meetings over the year to 31st December 2020

	For	Against	Abstain	Against/ Abstain Total	Total Items
Routine Business	292	1	4	5	297
Director Related	631	5	0	5	636
Capitalisation	265	0	0	0	265
Reorganisation and Mergers	13	0	0	0	13
Non-salary Compensation	135	2	0	2	137
Anti-takeover Related	55	0	0	0	55
TOTAL	**1,391**	**8**	**4**	**12**	**1,403**

The future

In investing your Company's assets we have always looked for companies with the ability to create sustainable value. That scrutiny remains firmly embedded in our process and we know that our clients, including the Directors of your Company, view attention to ESG factors as critical in their assessment of us as Manager. We expect ESG to remain a dominant theme within the financial services industry and the course being taken by regulators suggests that its importance will only increase in years to come. Our research process and the investment judgements we make will continue to reflect that and to evolve as necessary.

J.P. Morgan Asset Management (UK) Limited

TEN LARGEST EQUITY INVESTMENTS

AT 31ST DECEMBER

Company	Sector	2020 Valuation £'000	2020 Valuation %[1]	2019 Valuation £'000	2019 Valuation %[1]
JPMorgan Smaller Companies Investment Trust	Financials	26,818	6.0	24,123	4.9
Royal Dutch Shell	Oil & Gas	26,006	5.8	37,335	7.7
Rio Tinto	Basic Materials	19,300	4.3	14,947	3.1
AstraZeneca	Health Care	18,318	4.1	21,838	4.5
GlaxoSmithKline	Health Care	17,238	3.9	24,709	5.1
British American Tobacco	Consumer Goods	15,727	3.5	14,482	3.0
BP	Oil & Gas	13,602	3.0	15,857	3.2
Prudential[2]	Financials	12,397	2.8	10,777	2.2
Unilever[2]	Consumer Goods	11,845	2.7	12,203	2.5
BHP[2]	Basic Materials	11,228	2.5	7,343	1.5
Total[3]		**172,479**	**38.6**		

[1] Based on total investments of £447.1m (2019: £487.8m).
[2] Not included in the ten largest investments at 31st December 2019.
[3] As at 31st December 2019, the value of the ten largest investments amounted to £200.9m representing 41.2% of total investments.

SECTOR ANALYSIS

	31st December 2020 Portfolio %[1]	31st December 2020 Benchmark %	31st December 2019 Portfolio %[1]	31st December 2019 Benchmark %
Financials[2]	28.3	26.1	29.6	27.1
Consumer Goods	13.4	17.1	16.4	14.1
Consumer Services	12.2	12.4	14.2	12.0
Industrials	11.4	12.9	6.2	11.6
Basic Materials	9.7	9.0	6.9	7.5
Health Care	8.9	9.0	9.5	9.3
Oil & Gas	8.9	7.2	10.9	11.8
Technology	5.7	1.1	4.2	1.1
Utilities	1.5	3.0	1.6	3.0
Telecommunications	–	2.2	0.5	2.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £447.1m (2019: £487.8m).
[2] Includes the Company's investment in JPMorgan Smaller Companies Investment Trust plc: 6.0% (2019: 4.9%) of the portfolio.

LIST OF INVESTMENTS AT 31ST DECEMBER 2020

Company	Valuation £'000
FINANCIALS	
JPMorgan Smaller Companies Investment Trust	26,818
Prudential	12,397
Barclays	10,910
Intermediate Capital	10,699
Natwest	9,842
Legal & General	8,235
3i	7,893
London Stock Exchange	7,535
Scottish Mortgage Investment Trust	6,886
M&G	5,960
Lloyds Banking	4,888
OSB	4,226
Segro	4,029
UNITE	2,224
Phoenix	1,480
Safestore	1,378
Rightmove	1,281
	126,681
CONSUMER GOODS	
British American Tobacco	15,727
Unilever	11,845
Games Workshop	9,009
Barratt Developments	6,078
Persimmon	4,884
Diageo	4,289
Countryside Properties	2,429
Berkeley	1,973
Team17[1]	1,962
Greencore	1,947
	60,143

Company	Valuation £'000
CONSUMER SERVICES	
Next	8,695
Flutter Entertainment	6,418
B&M European Value Retail	6,332
RELX	5,925
Wizz Air	5,545
Dunelm	4,777
JD Sports Fashion	3,830
Tesco	3,727
Ocado	3,540
Future	3,151
888	2,797
	54,737
INDUSTRIALS	
CRH	8,756
Ashtead	7,818
Smurfit Kappa	6,384
Melrose Industries	5,217
Ferguson	5,055
Breedon[1]	4,220
Morgan Sindall	3,440
Avon Rubber	2,827
Marshalls	2,620
Experian	2,053
Halma	1,675
Rentokil Initial	773
	50,838

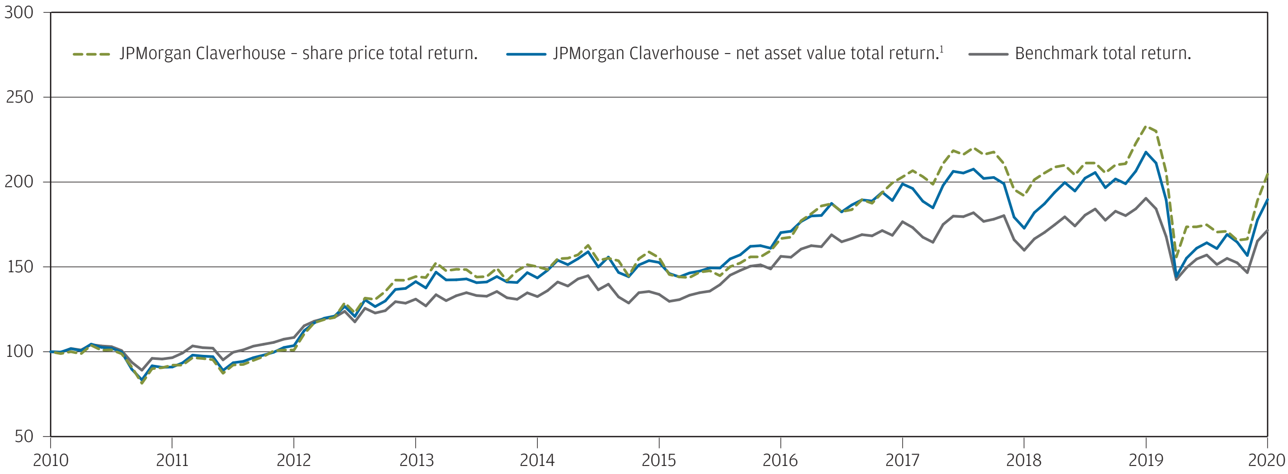
Company	Valuation £'000
BASIC MATERIALS	
Rio Tinto	19,300
BHP	11,228
Evraz	5,707
Anglo American	5,109
Polymetal International	1,945
	43,289
HEALTH CARE	
AstraZeneca	18,318
GlaxoSmithKline	17,238
Hikma Pharmaceuticals	2,583
Ergomed[1]	1,644
	39,783
OIL & GAS	
Royal Dutch Shell	26,006
BP	13,602
	39,608
TECHNOLOGY	
AVEVA	7,626
Softcat	7,268
Avast	4,268
Spirent Communications	3,699
Computacenter	2,487
	25,348
UTILITIES	
SSE	6,690
	6,690
TOTAL INVESTMENTS	**447,117**

[1] AIM Listed.

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 2010

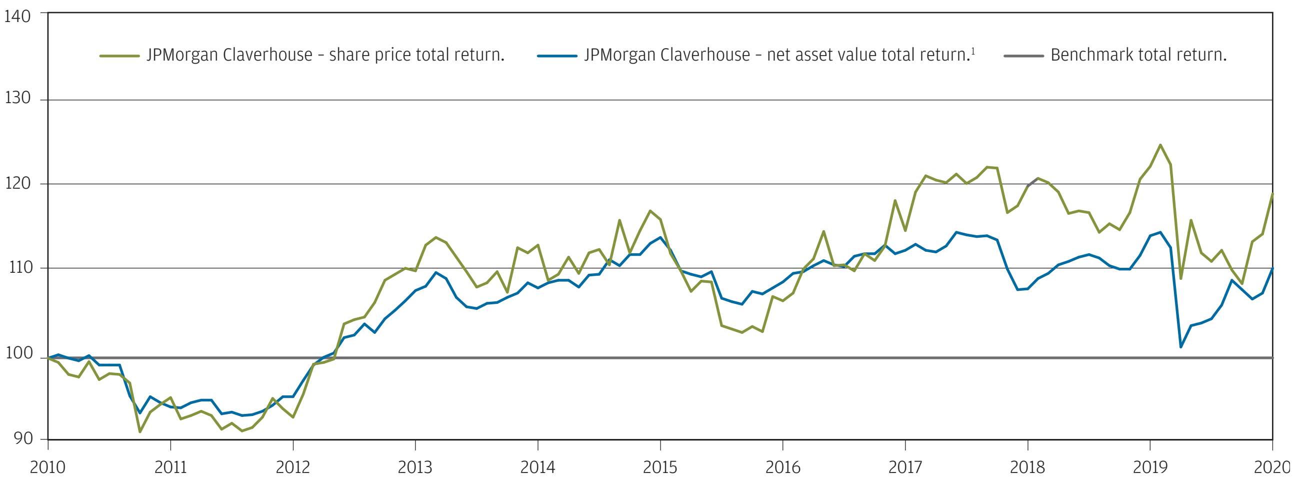


Source: J.P.Morgan/Morningstar.

[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 2010



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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shareholders' funds (£'000)	281,172	248,418	271,871	350,366	346,663	355,726	382,307	428,498	372,033	448,094	392,859
Net asset value per share (p)[A]	507.8	453.9	496.8	640.2	633.5	650.0	698.9	785.4	655.4	789.4	672.1
Share price (p)	470.0	416.0	437.0	599.0	602.5	602.5	622.0	730.5	665.0	776.0	649.0
Share price (discount)/premium (%)[1,A]	(7.0)	(7.1)	(10.7)	(5.4)	(3.4)	(5.9)	(9.7)	(5.4)	3.3	(0.1)	(2.9)
Gearing (%)[A]	8.6	7.6	15.0	15.1	11.9	13.2	12.0	11.3	2.5	8.9	13.8
Year ended 31st December											
Revenue attributable to shareholders (£'000)	7,611	9,226	9,821	12,195	12,754	14,168	13,833	15,997	16,623	17,619	13,465
Revenue return per share (p)	13.63	16.73	17.95	22.28	23.31	25.89	25.28	29.32	30.09	31.10	23.20
Total dividend per share (p)	17.50	18.25	18.85	19.50	20.00	21.50	23.00	26.00	27.50	29.00	29.50
Ongoing charges (%)[A]	0.72	0.72	0.74	0.71	0.74	0.74	0.77	0.77	0.76	0.72	0.71
Rebased to 100 at 31st December 2010											
Total return to shareholders[2,A]	100.0	92.1	101.0	144.3	150.1	155.4	166.7	203.0	191.9	233.0	204.6
Total return on net assets[2,A]	100.0	91.0	103.6	141.3	143.5	152.6	170.2	198.9	172.8	217.6	189.7
Benchmark total return[3]	100.0	96.5	108.4	131.0	132.5	133.8	156.2	176.6	159.8	190.4	171.6
Consumer Price Index[4]	100.0	104.3	107.0	109.2	109.8	110.0	111.7	115.0	117.4	119.0	119.7

[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 90 to 92.

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;
- Long Term Viability; and
- Duty to promote the Success of the Company (Section 172 statement).

The Directors' Report on pages 33 to 43 includes information on Board Diversity, Employees, Social, Environmental, Community and Human Rights Issues and Greenhouse Gases.

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, taking account of wider issues including environmental, social and governance. 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. 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 that both supports and challenges the investment management company and its other third party suppliers.

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 JPMorgan Funds Limited ('JPMF' or the 'Manager') 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 legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, taxation law and the Company's own Articles of Association. Since 31st December 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. The potential impact of the UK's withdrawal from the EU is uncertain. However, those EU regulations that were relevant to the Company have been incorporated by UK regulations and therefore there has been no change in practice from last year. The Company has assessed the impact of this to be minimal.

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 9, and in the Investment Managers' Report on pages 10 to 18.

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, who are members of a 150+ team of investment professionals globally with expertise in both quantitative and qualitative analysis.

The Company's portfolio consists of between 60 and 80 investments in which the Investment Managers have 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 Investment Managers 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 2020, the Company produced a total return to shareholders of -12.2% and a total return on net assets (with debt at par value) of -10.8%. This compares with the total return on the Company's benchmark of -9.8%. At 31st December 2020, the value of the Company's investment portfolio was £447.1 million (2019: £487.8 million). The Investment Managers' Report on pages 10 to 18 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 loss for the year amounted to £43,036,000 (2019: £97,509,000 return) and net loss after accounting for the management fee, other administrative expenses, finance costs and taxation amounted to £47,387,000 (2019: £91,898,000 return). Distributable revenue for the year totalled £13,465,000 (2019: £17,619,000). The Directors declared a fourth quarterly interim dividend of 10.0 pence per share which was paid on 5th March 2021 to shareholders on the register at the close of business on 29th January 2021. This, when added to the three quarterly interim dividends paid during 2020, made a total dividend for the year of 29.5 pence (2019: 29.0 pence), costing £17.2 million (2019: £16.4 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £15.8 million (2019: £19.6 million), equivalent to approximately 27.1 pence (2019: 34.4 pence) per share.

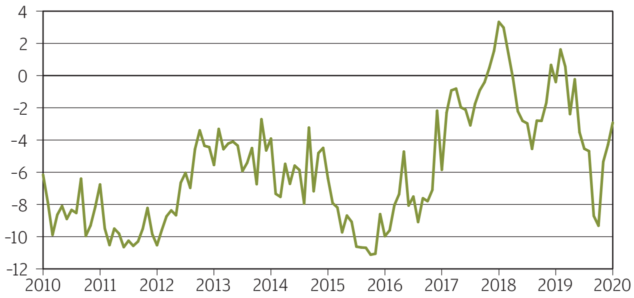
Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The KPIs used are regarded as being most relevant to the Company and are recognised across the investment trust industry.

Details of some of the terms referred to below can be located in the Glossary of Terms and Alternative Performance Measures on page 90. 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 23 and 24.
- **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 2020 are given in the Investment Managers' Report on page 11.
- **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 2020, the Company's shares traded between a discount of 9.3% and a premium of 1.6% (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 2020 were 0.71% (2019: 0.72%). 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 2020 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 NAV with debt at par). In addition the Directors were authorised to issue new shares at a premium to net asset value (cum income debt at fair), after the costs of issue. During the year 151,290 shares were repurchased (2019: 480,322) and 105,322 shares were subsequently resold from Treasury (2019: 375,000). At the year end there were 151,290 shares held in Treasury (2019: 105,332).

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 at a discount to NAV, subject to a maximum discount of 2%. In addition, new shares are available for issue at a premium to NAV, after costs of issue.

The NAV to be used for share buybacks, sales of shares out of Treasury and 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.

Resolutions to renew the authorities to repurchase shares, sell shares out of Treasury at a discount to NAV and issue new shares will be put to shareholders at the forthcoming Annual General Meeting. The required resolutions are set out in the Notice of Annual General Meeting on pages 84 and 85.

During the year 1,730,000 new shares were issued (2019: 105,000).

Borrowings

The Company's £30 million 7% debenture was repaid in March 2020 and replaced by 25 year 3.22% unsecured loan notes. The Company also has a revolving credit facility of £50 million with National Australia Bank which was fully drawn down as at 31st December 2020. The facility matures on 28th April 2021 and is expected to be replaced by a new £70 million revolving credit facility with National Australia Bank.

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 2020, there were three male Directors and two female Directors on the Board. The Board's policy on diversity is set out on page 38.

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. We believe environmental, social and governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues. Although our priority at all times is the best economic interests of our clients, we recognise that ESG issues have the potential to impact the share price, as well as the reputation of companies.

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.

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. Further details of JPMAM's approach to ESG are set out in the ESG Report on pages 19 and 20.

Greenhouse Gas Emissions

The Company is managed by JPMF with portfolio management delegated to JPMAM. It has no employees and all of its Directors are Non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. JPMAM is also a signatory to the Carbon Disclosure Project. 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 and Emerging 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 and remain unchanged from the previous year:

- **Cybercrime**
  The threat of cyber attack, in all its guises including threats from the work from home processes during the Covid-19 pandemic, 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.

- **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 trade negotiations completed in December 2020, 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 Covid-19.

- **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.

- **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 39 and 41.

  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 25. 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 36 to 41.

- **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 74 to 78.

- **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. Climate change has become one of the most critical issues confronting companies and their investors. Climate change can have a significant impact on the business models, sustainability and even viability of individual companies, whole sectors and even asset classes. The Board receives ESG reports from the Manager on the portfolio and the way ESG considerations are integrated into the investment decision-making, so as to mitigate risk at the level of stock selection and portfolio construction.

Long Term Viability

The Company is an investment trust with an objective of achieving capital and income growth from UK investments. The Board has taken account of the Company's current position, the principal and emerging risks that it faces, including the Covid-19 pandemic and their potential impact on its future development and prospects, and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience. Equity markets initially fell significantly due primarily to concerns around the scale of the pandemic's impact on the global economy. Although the total cost of Covid-19 is currently hard to predict with any certainty, the Board does not believe that it calls into question the long term viability of the Company, particularly as the Company has no loan covenants or liabilities that cannot be readily met. See Note 13 on page 71. 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 and emerging 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.

Duty to promote 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 the Manager, and other 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, which also provides administrative support and promotes the Company through its investment trust sales and marketing teams. Whilst good 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 renewal of the Company's loan facility which is utilised in line with the Company's gearing policy, the decision to use accumulated revenue reserves for the payment of dividends, the recommendation that shareholders vote in favour of the resolutions to renew the allotment and buy back authorities at the Annual General Meeting and the continued appointment of the Manager as explained in the Chairman's statement on page 7.

The Board regularly monitors its shareholder profile of the Company. The Board's relationships with shareholders and other key stakeholders including the Broker and Investment Manager are set out on page 39.

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited
Secretary

16th March 2021

Directors' Report

Andrew Sutch*‡† (Chairman of the Board)
A Director since 2013. Appointed Chairman in 2015.
Last reappointed to the Board: 2020.
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: 8,510.

Nicholas Melhuish*‡†
A Director since 1st February 2020.
Last reappointed to the Board: 2020.
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: 6,807.

Victoria Stewart*‡†
A Director since 1st February 2020.
Last reappointed to the Board: 2020.
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 and Aberforth Smaller Companies Trust 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.

Jill May*‡† (Chairman of the Nomination Committee and Management Engagement Committee)
A Director since 2017.
Last reappointed to the Board: 2020.
External Member of the Prudential Regulation Committee of The Bank of England. She is a non-executive director of Ruffer Investment Company Limited, Alpha Financial Markets Consulting plc 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: 7,004.

David Fletcher*‡† (Chairman of the Audit Committee, Remuneration Committee and Senior Independent Director)
A Director since 2015.
Last reappointed to the Board: 2020.
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 and Ecofin U.S. Renewables Infrastructure Trust PLC. He is a Chartered Accountant.
Shared directorships with other Directors: None.
Shareholding in Company: 2,770.

*** 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 2020.

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 2021. 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 81 and 82.

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 page 32, held office throughout the year to 31st December 2020, except that Victoria Stewart and Nicholas Melhuish were appointed to the Board in February 2020. Details of Directors' beneficial shareholdings can be found in the Directors' Remuneration Report on page 45. No Director reported an interest in the Company's debenture or loan notes during the year.

In accordance with corporate governance best practice, all Directors will retire at the Company's forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment by shareholders. The Nomination and Remuneration Committee, having considered the Directors' qualifications, performance and contribution to the Board and its Committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that those standing for reappointment be reappointed. Statements supporting the Directors' reappointments can be found on page 37.

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

PricewaterhouseCoopers LLP were appointed Auditors of the Company with effect from the 2020 Annual General Meeting. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Auditors and resolutions to reappoint PricewaterhouseCoopers LLP and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the Annual General Meeting.

Capital Structure and Voting Rights

Capital Structure
At 31st December 2020, the Company's share capital comprised 58,600,653 ordinary shares of 25p each including Treasury shares. 151,290 shares were repurchased during the year and held in Treasury. During the year the Company issued 105,322 shares from Treasury and as at 31st December 2020 151,290 shares were held in Treasury. The Company issued 1,730,000 new shares during the year. Since the year end 362,000 shares were repurchased into treasury, nil shares were issued from Treasury and nil 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 17 to the Notice of Annual General Meeting on page 87.

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 11 and 12)

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash of up to 5,808,736 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 11 will expire at the conclusion of the Annual General Meeting to be held in 2022 unless renewed at a prior general meeting.

Resolution 12 will enable the allotment of new ordinary shares, pursuant to Resolution 11 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 2022 unless renewed at a prior general meeting.

The full text of resolutions 11 and 12 is set out in the Notice of Meeting on page 84.

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 maximum 2% discount to NAV (cum income debt at fair), subject to shareholders approving Resolution 14 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 13)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2020 Annual General Meeting, will expire on 22nd October 2021 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 13 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 8,707,296 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 13 (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 13 is set out in the Notice of Meeting on page 84.

If resolution 13 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 (cum income debt at fair value) of 5% or more and to hold in Treasury any shares it may repurchase pursuant to this authority for possible resale in accordance with the Company's discount and premium management policy, subject to the passing of Resolution 14 described below.

(iii) Sale of Treasury shares (resolution 14)

Subject to the passing of Resolution 14 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 2022, unless renewed at a prior general meeting.

The full text of resolution 14 is set out in the Notice of Meeting on page 85.

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 narrower 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 fair).

The authorities conferred by Resolutions 11, 12, 13 and 14 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 15)

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) Adoption of New Articles of Association (resolution 16)

Resolution 16, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include: i) provisions enabling the Company to hold virtual shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings); ii) removal of the provisions in the Existing Articles which expressly prohibit the distribution of capital profits such that the Company will have the ability to pay dividends from the Company's capital profits going forward where the Board considers it is in the best interests of shareholders to do so; iii) amendments in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU); and iv) changes in response to the introduction of international tax regimes (notably to take into account the broader obligations under the Common Reporting Standard) requiring the exchange of information.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 88 to 89 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

The proposed amendments being introduced in the New Articles will enable the Company to hold shareholder meetings using electronic means, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The amendments are being sought in response to challenges posed by government restrictions on social interactions as a result of the Covid-19 pandemic, which have made it impossible for shareholders to attend physical general meetings. The Board is cognisant of the importance to shareholders of the ability to meet the members of the Board and representatives of the Manager face to face, and is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting where law and regulation permits. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited.

The other proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted. See also appendix to AGM Notice on page 88 for details.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.jpmclaverhouse.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Recommendation

The Board considers that resolutions 11 to 16 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 25,091 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 49, 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 as they apply to the Company's business, throughout the year under review.

As all of the Company's day-today management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce

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 five non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 32. There have been no changes to the Chairman's other significant commitments during the year under review.

Nicholas Melhuish and Victoria Stewart joined the Board as Directors on 1st February 2020 following a recruitment process facilitated by independent consultant, Nurole.

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 page 32. 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 reappointment of 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 reappointment of 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

Corporate Governance Statement continued

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 page 30. 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[1]	3	1	1
Jill May	5	2	1
Andrew Sutch	5	2	1
Jane Tufnell[1]	3	1	1
Nicholas Melhuish[2]	4	2	0
Victoria Stewart[2]	4	2	0

[1] Retired from the Board in April 2020.
[2] Appointed to the Board in February 2020.

Audit Committee
The report of the Audit Committee is set out on pages 42 and 43.

Nomination Committee
The Nomination Committee, chaired by Jill May, 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 is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including but not limited to gender diversity. The policy is always to appoint individuals on merit and there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of investment performance for shareholders over the long term. The current Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and governance of the Company. Brief biographical details of the members of the Board are shown on page 30.

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.

Remuneration Committee
The Board established a Remuneration Committee in 2019 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.

Due to the ongoing situation surrounding the Covid-19 and Government advice, the format of this year's AGM has been revised. The Government has, for the time being, again placed restrictions on public gatherings and therefore, apart from the quorum necessary to hold the AGM, shareholders will not be permitted to attend the AGM in person and will be refused entry.

The Board is aware that many shareholders look forward to hearing the views of the Investment Managers and Directors and asking them questions at the AGM. Accordingly, at the time of the AGM a webinar will be organised, which will involve a presentation from the Chairman of the Board and the Investment Managers, followed by a live question and answer session, all of which may be viewed at the time by registered participants. Shareholders are invited to register as participants to join the webinar and address any questions they have either by submitting questions during the webinar or in advance of the AGM via the 'Ask a Question' link on the Company's website www.jpmclaverhouse.co.uk or via email to invtrusts.cosec@jpmorgan.com. Details on how to register as a participant for this event will be posted on the Company's website, or by requesting the details via the email address above.

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 95. David Fletcher, 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 95.

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 and Emerging Risks on pages 28 and 29). This process 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.

Corporate Governance Statement continued

- **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 2020 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 27.

Corporate Governance

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

Proxy Voting

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

Stewardship/Engagement

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

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

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

The Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: https://am.jpmorgan.com/gb/en/asset-management/per/about-us/investment-stewardship/ 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
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Secretary

16th March 2021

Audit Committee Report

I am pleased to present my report to shareholders as Chairman of the Audit Committee, for the year ended 31st December 2020.

Composition

The membership of the Audit Committee (the 'Committee') is set out on page 32, 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 2020, 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 64. 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 64. 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.
Compliance with Sections 1158 and 1159 Corporation Tax Act 2010 ('Sections 1158 and 1159')	Approval for the Company as an investment trust under Sections 1158 and 1159 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
The risk that the global economic disruption caused by Covid-19 will affect the Company's ability to continue in operation due to the impact on the share price of portfolio companies or the ability of key service providers (including the Manager, the Depositary, the Custodian, the Fund Accountant, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels	The Audit Committee has reviewed the impact of recent market volatility related to the Covid-19 pandemic on the Company's portfolio and has received regular updates on portfolio performance from the Manager. The Audit Committee has also reviewed stress test scenarios provided by the Manager. The Company's assets exceeded its liabilities significantly under all test scenarios, taking into account stresses on liquidity, revenue and expense forecasts. The Audit Committee therefore considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due.

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

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board and reviews of the impact of market factors, structural and financial factors and operating factors. These factors are also referenced in the Company's Long Term Viability Statement on page 29.

Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and confirm they have been able to maintain service levels through the pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal risks and other matters, including the impact of the coronavirus pandemic, that the Company will continue in operational existence for a period of at least 12 months. The Company's longer-term viability is considered in the Viability Statement on page 29 .

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.

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 Board reviews and approves non-audit services provided by the independent auditors and assesses the impact of any non audit work on the ability of the auditors to remain independent. Details of the auditors fees are disclosed in note 6 on page 67. In 2020, the Board agreed to appoint PricewaterhouseCoopers LLP. This was confirmed by shareholders at the AGM held in April 2020. Consequently this is the first year for the current audit partner.

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 2020, 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 49.

David Fletcher
Audit Committee Chairman

16th March 2021

Directors’ Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st December 2020, 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 51 to 58.

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 to the Company's business.

Directors' fees were last increased in January 2020, but due to the negative impact of Covid-19 on the portfolio the Directors decided to forgo the increase until there was greater clarity on the economic situation faced by the Company. The increase therefore took effect from July 2020.

In the year under review the Board reviewed fees paid to the Directors and decided to increase the fees paid and with effect from 1st January 2021 Directors fees will be paid at the following rates: Chairman £40,250; Chairman of the Audit Committee £33,125; and other Directors, £27,000.

The Company's Articles of Association, amended in 2020, stipulate that aggregate fees must not exceed £200,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval.

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 37.

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 2021.

At the Annual General Meeting held on 23rd April 2020, of votes cast, 99% 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 0.4% 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 2021 Annual General Meeting will be given in the annual report for the year ending 31st December 2021.

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]

	2020			2019		
		Taxable			Taxable	
	Fees	expenses[2]	Total	Fees	expenses[2]	Total
Directors' Name	**£**	**£**	**£**	**£**	**£**	**£**
Andrew Sutch	37,525	–	37,525	37,000	–	37,000
Humphrey van der Klugt[3]	7,965	612	8,577	24,500	549	25,049
David Fletcher	30,875	–	30,875	29,500	–	29,500
Jane Tufnell[3]	7,965	–	7,965	24,500	–	24,500
Jill May	25,175	–	25,175	24,500	–	24,500
Nicholas Melhuish[4]	22,967	–	22,967	–	–	–
Victoria Stewart[4]	22,967	–	22,967	–	–	–
Total	155,439	612	156,051	140,000	549	140,549

[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] Retired from the Board on 23rd April 2020.

[4] Appointed to the Board on 1st February 2020.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31st December 2020:

Directors' Name	Percentage change on prior year
Andrew Sutch	1.4%
David Fletcher	4.7%
Jill May	2.8%
Nicholas Melhuish[1]	-
Victoria Stewart[1]	-

[1] Appointed to the Board on 1st February 2020.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2020 is below:

Remuneration for the Chairman over the five years ended 31st December 2020

Year ended 31st December	Fees
2020	£37,525
2019	£37,000
2018	£37,000
2017	£37,000
2016	£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 2020	31st December 2019
Andrew Sutch	8,387	7,999
David Fletcher	2,731	2,632
Humphrey van der Klugt[2]	5,000	5,000
Jill May	3,755	3,755
Jane Tufnell[2]	1,000	1,000
Nicholas Melhuish[3]	5,300	–
Victoria Stewart[3]	–	–
Total	26,173	20,386

[1] Audited information

[2] Retired from the Board on 23rd April 2020

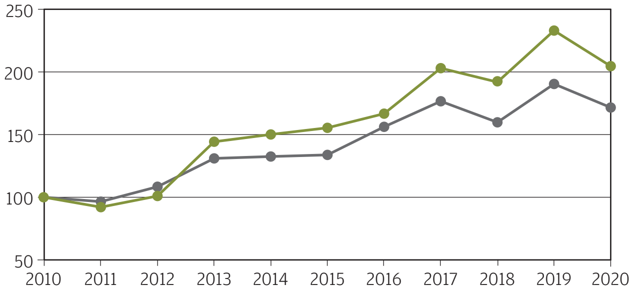
[3] Appointed to the Board on 1st February 2020

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

Subsequent to the year end Jill May purchased 3,249 ordinary shares, Nicholas Melhuish purchased 1,507 ordinary shares and Andrew Sutch and David Fletcher each acquired 123 and 39 new shares respectively, via a dividend reinvestment plan.

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 2020



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	
	2020	**2019**
Remuneration paid to all Directors	£156,051	£140,549
Distribution to shareholders		
– by way of dividends paid	£17,215,000	£16,002,000
– by way of share repurchases	£921,000	£3,394,000

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

16th March 2021

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 page 32, 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

16th March 2021

Independent Auditor’s Report

To the Members of JPMorgan Claverhouse Investment Trust Plc

Opinion

In our opinion, JPMorgan Claverhouse Investment Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2020 and of its Net loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 31st December 2020; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

JPMorgan Claverhouse Investment Trust Plc is an Investment Trust Company listed on the London Stock Exchange and invests primarily in equities quoted on the UK stock markets. The operations of the Company are located in the UK. We focus our audit work primarily on the valuation and existence of investments and income from investments.

Overview

Audit scope

- The Company is a standalone Investment Trust Company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements using information from JPMorgan Chase Bank N.A., (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the administrator.

Key audit matters

- Valuation and existence of investments.
- Accuracy, occurrence and completeness of dividend income.
- Consideration of the impacts of Covid-19.

Materiality

- Overall materiality: £3,928,590 based on 1% of net assets.
- Performance materiality: £2,946,443.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 25 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- review of financial statement disclosures to underlying supporting documentation;
- Identifying and testing manual journal entries posted by the Administrator during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments. Refer to page 64 (Accounting Policies) and page 70 (Notes to the Financial Statements). The investment portfolio at year-end consisted of listed equity investments valued at £447.1 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of the investments by agreeing the prices used in the valuation to independent third-party sources for all investments. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material issues were identified.
Accuracy, occurrence and completeness of dividend income. Refer to page 64 (Accounting Policies) and page 67 (Notes to the Financial Statements). We focused on the accuracy, occurrence and completeness of dividend income as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.	We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data. To test for occurrence, we confirmed that all dividends recorded had occurred in the market to independent third-party data, and traced a sample of cash payments to bank statements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent third-party data of dividends declared for all listed investments during the year. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by confirming reasons behind dividends. No material issues were identified.

Key audit matter	How our audit addressed the key audit matter
Consideration of the impacts of Covid-19. Refer to the Chairman's Statement (page 6), Principal and Emerging Risks (pages 28 to 29), Going Concern (page 42), Viability Statement (page 29) and the Investment Managers' Report (pages 10 to 18), which disclose the impact of the Covid-19 coronavirus pandemic. From a small number of cases of an unknown virus in 2019, the Covid-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first half of 2020 and to date. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.	We evaluated the Directors' assessment of the impact of the Covid 19 pandemic on the Company by: • Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by Covid-19. • Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. • We obtained evidence to support the key assumptions and forecasts' driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers. We assessed the disclosures presented in the Annual Report in relation to Covid-19 by: • Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£3,928,590.
How we determined it	1% of net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,946,443 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £196,400 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats presented by Covid-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31st December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report & Financial Statements that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether 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 period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 23rd April 2020 to audit the financial statements for the year ended 31st December 2020 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors Edinburgh

16th March 2021

Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	–	(58,442)	(58,442)	–	77,518	77,518
Net foreign currency losses		–	(41)	(41)	–	–	–
Income from investments	4	15,391	–	15,391	19,912	–	19,912
Interest receivable and similar income	4	56	–	56	79	–	79
Gross return/(loss)		**15,447**	**(58,483)**	**(43,036)**	**19,991**	**77,518**	**97,509**
Management fee	5	(657)	(1,221)	(1,878)	(825)	(1,532)	(2,357)
Other administrative expenses	6	(711)	–	(711)	(618)	–	(618)
Net return/(loss) before finance costs and taxation		**14,079**	**(59,704)**	**(45,625)**	**18,548**	**75,986**	**94,534**
Finance costs	7	(617)	(1,148)	(1,765)	(920)	(1,707)	(2,627)
Net return/(loss) before taxation		**13,462**	**(60,852)**	**(47,390)**	**17,628**	**74,279**	**91,907**
Taxation write back/(charge)	8	3	–	3	(9)	–	(9)
Net return/(loss) after taxation		**13,465**	**(60,852)**	**(47,387)**	**17,619**	**74,279**	**91,898**
Return/(loss) per share	9	**23.20p**	**(104.85)p**	**(81.65)p**	**31.10p**	**131.12p**	**162.22p**
Dividends declared and payable in respect of the year	10	**29.50p**			**29.00p**		
Dividends paid during the year	10	**29.75p**			**28.25p**		

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 pages 64 to 79 form part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
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**
Issuance of the Company's shares from Treasury	–	59	–	744	–	803
Issue of ordinary shares	433	9,052	–	–	–	9,485
Repurchase of shares into Treasury	–	–	–	(921)	–	(921)
Net loss/return	–	–	–	(60,852)	13,465	(47,387)
Dividends paid in the year	–	–	–	–	(17,215)	(17,215)
At 31st December 2020	**14,651**	**165,378**	**6,680**	**184,483**	**21,667**	**392,859**

[1] This reserve is distributable. The amount that is distributable is not necessarily the full amount as disclosed in these financial statements of £21,667,000 as at 31st December 2020. This reserve may be used to fund distributions to shareholders.

The notes on pages 64 to 79 form an integral part of these financial statements.

AT 31ST DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	447,117	487,784
Current assets	12		
Debtors		847	1,569
Cash and cash equivalents		25,283	19,429
		26,130	20,998
Current liabilities			
Creditors: amounts falling due within one year	13	(50,388)	(60,688)
Net current liabilities		**(24,258)**	**(39,690)**
Total assets less current liabilities		**422,859**	**448,094**
Creditors: amounts falling due after more than one year	14	(30,000)	–
Net assets		**392,859**	**448,094**
Capital and reserves			
Called up share capital	15	14,651	14,218
Share premium	16	165,378	156,267
Capital redemption reserve	16	6,680	6,680
Capital reserves	16	184,483	245,512
Revenue reserve	16	21,667	25,417
Total shareholders' funds		**392,859**	**448,094**
Net asset value per share	17	**672.1p**	**789.4p**

The financial statements on pages 60 to 63 were approved and authorised for issue by the Directors on 16th March 2021 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 64 to 79 form an integral part of these financial statements.

Company registration number: 754577.

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Net cash outflow from operations before dividends and interest	18	(2,619)	(3,014)
Dividends received		13,613	19,567
Interest received		56	79
Overseas tax recovered		64	18
Interest paid		(2,754)	(2,547)
Net cash inflow from operating activities		**11,086**	**14,103**
Purchases of investments		(297,664)	(172,172)
Sales of investments		279,858	143,629
Settlement of forward currency contracts		(3)	–
Settlement of futures contracts		29	(345)
Net cash outflow from investing activities		**(17,780)**	**(28,888)**
Dividends paid		(17,215)	(16,002)
Issuance of the Company's shares from Treasury		1,188	2,463
Repurchase of the Company's shares into Treasury		(921)	(3,394)
Issue of Ordinary shares		9,485	711
Repayment of bank loans and debenture		(69,986)	–
Drawdown of Private Placement loan and bank loan		90,000	30,000
Net cash inflow from financing activities		**12,551**	**13,778**
Increase/(decrease) in cash and cash equivalents		**5,857**	**(1,007)**
Cash and cash equivalents at start of year		19,429	20,436
Exchange movements		(3)	–
Cash and cash equivalents at end of year		25,283	19,429
Increase/(decrease) in cash and cash equivalents		**5,857**	**(1,007)**
Cash and cash equivalents consist of:			
Cash and short term deposits		250	614
Cash held in JPMorgan Sterling Liquidity Fund		25,033	18,815
Total		**25,283**	**19,429**

The notes on pages 64 to 79 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 31st December 2019 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2020 £'000
Cash and cash equivalents				
Cash	614	(361)	(3)	250
Cash equivalents	18,815	6,218	–	25,033
	19,429	5,857	(3)	25,283
Borrowings				
Debt due within one year	(59,973)	9,986	(13)	(50,000)
Debt due after one year	–	(30,000)	–	(30,000)
	(59,973)	(20,014)	(13)	(80,000)
Total	**(40,544)**	**(14,157)**	**(16)**	**(54,717)**

FOR THE YEAR ENDED 31ST DECEMBER 2020

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. In forming this opinion, the Directors have considered any potential impact of the Covid-19 pandemic on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience particularly in light of Covid-19. The disclosures on long term viability and going concern on pages 29 and 42 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 70.

(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.

1. Accounting policies *continued*

(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.

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. (Losses)/gains on investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Realised losses on sales of investments	(34,205)	(351)
Realised gains/(losses) on close out of futures	29	(345)
Net change in unrealised gains and losses on investments	(24,260)	78,219
Other capital charges	(6)	(5)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(58,442)**	**77,518**

4. Income

	2020 £'000	2019 £'000
Income from investments		
Franked investment income	13,493	17,721
Overseas dividends	907	700
Property income distribution from UK REITS	117	258
Special dividends	874	1,233
	15,391	19,912
Interest receivable and similar income		
Interest from liquidity fund	32	78
Deposit interest	24	1
	56	79
Total income	15,447	19,991

5. Management fee

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	657	1,221	1,878	825	1,532	2,357

Details of the management fee are given in the Directors' Report on page 33.

6. Other administrative expenses

	2020 £'000	2019 £'000
Administration expenses	451	256
Directors' fees[1]	156	143
Savings scheme costs[2]	–	126
Depositary fees[3]	59	62
Auditors' remuneration for audit services[4]	45	31
	711	618

[1] Full disclosure is given in the Directors' Remuneration Report on page 45. Includes £nil (2019: £3,000) irrecoverable VAT.

[2] Paid to the Manager for the administration of saving scheme products. Includes £16,000 (2019: £21,000) irrecoverable VAT.

[3] Includes £10,000 (2019: £10,000) irrecoverable VAT.

[4] Includes £7,500 (2019: £5,000) irrecoverable VAT.

7. Finance costs

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Interest on bank loans and overdrafts	158	295	453	175	325	500
Loan arrangement cost	16	31	47	–	–	–
Private placement/debenture interest	443	822	1,265	745	1,382	2,127
	617	**1,148**	**1,765**	**920**	**1,707**	**2,627**

8. Taxation

(a) Analysis of tax (write back)/charge for the year

	2020 £'000	2019 £'000
Overseas withholding tax	(3)	9
Total tax (write back)/charge for the year	**(3)**	**9**

(b) Factors affecting total tax charge for the year

The tax (write back)/charge for the year is higher (2019: lower) than the Company's applicable rate of corporation tax of 19% (2019: 19%). The factors affecting the total tax (write back)/charge for the year are as follows:

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net return/(losses) before taxation	13,462	(60,852)	(47,390)	17,628	74,279	91,907
Net return/(losses) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2019: 19%)	2,558	(11,562)	(9,004)	3,349	14,113	17,462
Effects of:						
Non taxable capital losses/(gains)	–	11,112	11,112	–	(14,728)	(14,728)
Non taxable UK dividends	(2,730)	–	(2,730)	(3,601)	–	(3,601)
Non taxable overseas dividends	(172)	–	(172)	(133)	–	(133)
Excess capital expenses arising in the year	–	450	450	–	511	511
Unrelieved expenses	344	–	344	385	–	385
Disallowable interest	–	–	–	–	104	104
Overseas withholding tax	(3)	–	(3)	9	–	9
Total tax (write back)/charge for the year	**(3)**	**–**	**(3)**	**9**	**–**	**9**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £23,896,000 (2019: £20,670,000) based on a prospective corporation tax rate of 19% (2019: 19%). 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. (Loss)/return per share

	2020 £'000	2019 £'000
Revenue return	13,465	17,619
Capital (loss)/return	(60,852)	74,279
Total (loss)/ return	**(47,387)**	**91,898**
Weighted average number of shares in issue during the year	58,034,746	56,649,063
Revenue return per share	23.20p	31.10p
Capital (loss)/return per share	(104.85)p	131.12p
Total (loss)/return per share	**(81.65)p**	**162.22p**

10. Dividends

(a) Dividends paid and declared

	2020 £'000	2019 £'000
Dividends paid		
Unclaimed dividends refunded to the Company[1]	–	(10)
2019 fourth quarterly dividend of 10.25p (2018: 9.50p) paid in March 2020	5,829	5,403
First quarterly dividend of 6.50p (2019: 6.25p) paid in June 2020	3,768	3,555
Second quarterly dividend of 6.50p (2019: 6.25p) paid in September 2020	3,809	3,530
Third quarterly dividend of 6.50p (2019: 6.25p) paid in December 2020	3,809	3,524
Total dividends paid in the year of 29.75p (2019: 28.25p)	**17,215**	**16,002**
Dividend declared		
Fourth quarterly dividend declared of 10.00p (2019: 10.25p) paid in March 2021	5,845	5,829

[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 2020. This dividend will be reflected in the financial statements for the year ending 31st December 2021.

(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 £13,465,000 (2019: £17,619,000). Brought forward revenue reserves amounting to £3,750,000 (2019: £nil) have been utilised in order to finance the dividend.

	2020 £'000	2019 £'000
First quarterly dividend of 6.50p (2019: 6.25p) paid in June 2020	3,768	3,555
Second quarterly dividend of 6.50p (2019: 6.25p) paid in September 2020	3,809	3,530
Third quarterly dividend of 6.50p (2019: 6.25p) paid in December 2020	3,809	3,524
Fourth quarterly dividend of 10.00p (2019: 10.25p) paid in March 2021	5,845	5,829
Total dividend declared in respect of the year of 29.5p (2019: 29.0p)	**17,231**	**16,438**

The revenue reserve after payment of the final dividend will amount to £15,822,000 (2019: £19,588,000).

11. Investments

	2020 £'000	2019 £'000
Opening book cost	379,381	351,193
Opening investment holding gains	108,403	30,184
Opening valuation	487,784	381,377
Movements in the year:		
Purchases at cost	297,664	172,172
Sales proceeds	(279,866)	(143,633)
(Losses)/gains on investments held at fair value through profit or loss	(58,465)	77,868
	447,117	487,784
Closing book cost	362,974	379,381
Closing investment holding gains	84,143	108,403
Total investments held at fair value through profit or loss	**447,117**	**487,784**

The Company received £279,866,000 (2019: £143,633,000) from investments sold in the year. The book cost of these investments when they were purchased was £314,071,000 (2019: £143,984,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £1,560,000 (2019: £927,000) and on sales during the year amounted to £169,000 (2019: £117,000). These costs comprise mainly brokerage commission and stamp duty.

12. Current assets

	2020 £'000	2019 £'000
Debtors		
Issue of Company's own shares awaiting settlement	–	385
Dividends and interest receivable	827	1,163
Other debtors	20	21
	847	1,569

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. Please refer to the Statement of Cash Flows for further details.

13. Current liabilities

	2020 £'000	2019 £'000
Creditors: amounts falling due within one year		
Bank loan	50,000	30,000
£30,000,000 7% debenture 30th March 2020	–	29,973
Bank loan interest	53	88
Debenture Interest	242	525
Other creditors and accruals	93	102
	50,388	60,688

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 issued £30 million fixed rate 25 year unsecured notes at an annualised coupon of 3.22% by way of a private placement loan from BAE Systems plc pension funds. These notes replaced a £30 million debenture, which carried a fixed interest rate of 7% per annum and was repaid on 30th March 2020. The Company also has a £50 million floating rate loan facility with National Australia Bank, of which £50 million was drawn down at the current year end, maturing on 28th April 2021. 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 33% (increased from 30% with effect from 27th November 2020) 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.

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

	2020 £'000	2019 £'000
£30,000,000 3.22% private placement loan (see above)	30,000	–
	30,000	–

15. Called up share capital

	2020 £'000	2019 £'000
Ordinary shares allotted and fully paid		
Opening balance of 56,765,331 (2019: 56,765,653) shares excluding shares held in Treasury	14,192	14,192
Issue of 1,730,000 new Ordinary shares (2019: 105,000)	433	26
Issue of 105,322 (2019: 375,000) shares from Treasury	26	94
Repurchase of 151,290 shares into treasury (2019: 480,322)	(38)	(120)
Subtotal of 58,449,363 (2019: 56,765,331) shares of 25p each excluding shares held in Treasury	14,613	14,192
151,290 (2019: 105,322) shares held in Treasury	38	26
Closing balance of 58,600,653 (2019: 56,870,653) shares of 25p each including shares held in Treasury	**14,651**	**14,218**

Further details of transactions in the Company's shares are on page 34.

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	14,218	156,267	6,680	137,109	108,403	25,417	448,094
Net foreign currency losses	–	–	–	(30)	–	–	(30)
Realised losses on sale of investments	–	–	–	(34,205)	–	–	(34,205)
Net change in unrealised gains and losses on investments	–	–	–	–	(24,260)	–	(24,260)
Realised gains on close out of futures	–	–	–	29	–	–	29
Issue of new Ordinary shares	433	9,052	–	–	–	–	9,485
Repurchase of shares into Treasury	–	–	–	(921)	–	–	(921)
Re-issue of shares from Treasury	–	59	–	744	–	–	803
Realised gains on repayment of loans	–	–	–	(13)	–	–	(13)
Unrealised gains on loans	–	–	–	–	2	–	2
Management fee and finance costs charged to capital	–	–	–	(2,369)	–	–	(2,369)
Other capital charges	–	–	–	(6)	–	–	(6)
Dividends paid in the year	–	–	–	–	–	(17,215)	(17,215)
Retained revenue for the year	–	–	–	–	–	13,465	13,465
Closing balance	**14,651**	**165,378**	**6,680**	**100,338**	**84,145**	**21,667**	**392,859**

[1] The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed in these financial statements of £21,667,000 as at 31st December 2020. This reserve may be used to fund distributions to shareholders.

17. Net asset value per share

	2020	2019
Net assets (£'000)	392,859	448,094
Number of shares in issue (excluding shares held in Treasury)	58,449,363	56,765,331
Net asset value per share	**672.1p**	**789.4p**

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

	2020 £'000	2019 £'000
Net (loss)/return before finance costs and taxation	(45,625)	94,534
Add capital loss/(less capital return) before finance costs and taxation	59,704	(75,986)
Decrease/(increase) in accrued income and other debtors	337	(333)
Decrease in accrued expenses	(7)	(42)
Management fee charged to capital	(1,221)	(1,532)
Overseas withholding tax	(61)	(9)
Dividends received	(15,666)	(19,567)
Interest received	(56)	(79)
Realised losses on foreign currency transactions	(24)	–
Net cash outflow from operations before dividends and interest	**(2,619)**	**(3,014)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no capital commitments (2019: same) and no contingent liabilities (2019: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 33. The management fee payable to the Manager for the year was £1,878,000 (2019: £2,357,000) of which £nil (2019: £nil) was outstanding at the year end.

During the year £95,000 (2019: £126,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2019: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 67 are safe custody fees amounting to £6,000 (2019: £7,000) payable to JPMorgan Chase Bank N.A. of which £1,000 (2019: £2,000) 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 £2,000 (2019: £nil) of which £nil (2019: £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 £26.8 million (2019: £24.1 million) and represented 6.0% (2019: 4.9%) of the Company's investment portfolio. During the year the Company made £nil (2019: £nil) purchases of this investment and sales with a total value of £517,000 (2019: £nil). Dividend income amounting to £410,000 (2019: £420,000) was receivable during the year of which £nil (2019: £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 £25.0 million (2019: £18.8 million). Interest amounting to £32,000 (2019: £78,000) was receivable during the year of which £nil (2019: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £6,000 (2019: £5,000) were payable to JPMorgan Chase Bank N.A. during the year of which £1,000 (2019: £3,000) was outstanding at the year end.

At the year end, total cash of £250,000 (2019: £614,000) was held with JPMorgan Chase Bank N.A.. A net amount of interest of £24,000 (2019: £1,000) was receivable by the Company during the year from JPMorgan Chase Bank N.A. of which £nil (2019: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 46 and in note 6 on page 67.

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 64.

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

	2020		2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	447,117	–	487,784	–
Total	**447,117**	**–**	**487,784**	**–**

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 private placement unsecured loan, 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:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	447,117	487,784

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 21 and 22. 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% (2019: 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.

	2020		2019	
	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	(94)	94	(90)	102
Capital return	44,537	(44,537)	48,612	(48,588)
Total return after taxation	44,443	(44,443)	48,522	(48,486)
Net assets	**44,443**	**(44,443)**	**48,522**	**(48,486)**

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

(a) Market risk *continued*

(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.

Interest rate exposure

The Company has a £30 million 3.22% 25 years private placement unsecured loan which replaced a £30 million debenture which carried a fixed interest rate of 7% per annum and was repaid 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.

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash and short term deposits	250	614
JPMorgan Sterling Liquidity Fund	25,033	18,815
Bank loan	(50,000)	(30,000)
Total exposure	**(24,717)**	**(10,571)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2019: 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 71.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2019: 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.

	2020		2019	
	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	39	(39)	45	(45)
Capital return	(163)	163	(98)	98
Total return after taxation	(124)	124	(53)	53
Net assets	**(124)**	**124**	**(53)**	**53**

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 71.

Liquidity risk exposure

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

	2020			
	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	93	–	–	93
Bank loan, including interest	207	50,048	–	50,255
Private placement, including interest	483	483	52,469	53,435
	783	**50,531**	**52,469**	**103,783**

	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**

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

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

(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.

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 private placement loan. The fair value of this private placement loan 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
£30 million 7% debenture March 2020	–	29,973	–	30,827
£30 million 3.22% private placement loan March 2045	30,000	–	40,047	–

23. Capital management policies and procedures

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

	2020 £'000	2019 £'000
Debt:		
£50 million Loan facility	50,000	30,000
£30 million 7% debenture March 2020	–	29,973
£30 million 3.22% private placement loan March 2045	30,000	–
	80,000	59,973
Equity:		
Called up share capital	14,651	14,218
Reserves	378,208	433,876
	392,859	448,094
Total debt and equity	**472,859**	**508,067**

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.

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	447,117	487,784
Net assets	392,859	448,094
Gearing	**13.8%**	**8.9%**

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 bought back 362,000 shares into Treasury.

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 2020 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	121%	121%

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 applying to the Management Company (the '**Remuneration Policy**') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/per/legal/emea-remuneration-policy (the '**Remuneration Policy Statement**'). 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 2020 Performance Year in June 2020 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 2020 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 5 sub-funds) and 2 UCITS (with 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £21.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD $'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff was USD $63,330,000, of which USD $5,620,000 relates to Senior Management and USD $57,710,000 relates to other Identified Staff[1].

[1] For 2020, the Identified Staff disclosures includes employees of 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 December 2020.

Shareholder Information

Notice is hereby given that the fifty eighth Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Thursday, 22nd April 2021 at 12.00 p.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2020.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2020.
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 reappoint PricewaterhouseCoopers LLP as independent Auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the auditors remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. 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 £1,452,184, 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 2022 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

12. THAT, subject to the passing of Resolution 11 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 11 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 £1,452,184, 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 11 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

13. 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 8,707,296, 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 22nd October 2022 unless the authority is renewed at the Company's Annual General Meeting in 2022 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

14. That, subject to the passing of Resolution 12 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 narrower 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 fair); and

(b) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 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

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

Adoption of New Articles of Association – Special Resolution

16. THAT the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Secretary

16th March 2021

Notes

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

1. At the date of this Notice the format of the Company's 2021 AGM has had to be changed so that it complies with both the existing Companies Act and the recently introduced legislation which the UK Government introduced to limit the impact of the Covid-19 pandemic, restricting travel and limiting gatherings to no more than two persons. Shareholders are asked to comply with the government's latest Covid-19 pandemic legislation restricting travel and public gatherings and not to attend the AGM. Arrangements will be made by the Company to ensure that the minimum number of two shareholders required to form a quorum for the AGM will attend the meeting in order that the meeting may proceed and the business be concluded. To ensure compliance with Covid-19 pandemic legislation restricting public gatherings, no shareholders (other than the two previously notified shareholders making up the quorum for the AGM) will be permitted to attend the meeting and entry to the building will not be allowed.
2. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1 above, 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.
3. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1. above, 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.
4. 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).
5. 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.
6. 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.
7. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
8. Subject to compliance with Covid-19 pandemic legislation as detailed in note 1 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.
9. 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.
10. 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.
11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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). 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.

17. As at 15th March 2021 (being the latest business day prior to the publication of this Report and Accounts), the Company's issued share capital consists of 58,087,363 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 58,087,363.

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.

Appendix to the AGM Notice describing the principal amendments to the Articles

Appendix

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 16 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.jpmclaverhouse.co.uk, and at the offices of J.P. Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

Payment of dividends from capital

The proposed New Articles allow for the payment of dividends from the Company's realised capital profits.

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In compliance with the previous statutory regime, the Company currently has provisions in its Existing Articles which expressly prohibit the distribution of capital profits.

In the light of the amended statutory rules and in order to provide the Board with increased flexibility in relation to the payment of dividends in the future, the Board no longer considers it appropriate to have such a prohibition in the Company's articles and therefore proposes that it is removed. The proposed New Articles therefore reflect this change and remove all references to the prohibition of the distribution of capital profits.

The Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital. However, the Board may seek to use this power in the future where it considers it is in the best interests of shareholders to do so.

The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the 'AIFM Regulations')

The Board is proposing to take this opportunity to make amendments to the Existing Articles in response to the AIFMD and all applicable rules and regulations implementing that Directive. The proposed new provisions are as follows:

(i) The Existing Articles will be amended to provide that the net asset value per share of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

(ii) The AIFM Regulations require that prior to any new or existing investor making an investment in the Company, certain prescribed information is to be made available to them. Therefore, the New Articles will include language with the effect that such information shall be made available to prospective and existing shareholders in such manner as may be determined by the Board from time to time (including, in certain cases, on the Company's website or by electronic notice).

(iii) The New Articles stipulate that the valuation of the Company's assets will be performed in accordance with prevailing accounting standards, in line with guidance from the Financial Conduct Authority. This reflects best practice and has no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

(iv) The Existing Articles will be amended to provide that the Company's annual report and accounts may be prepared either in accordance with generally accepted accounting principles of the United Kingdom or such other international accounting standards as may be permitted under English law. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**')).

The Existing Articles are being amended to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The Existing Articles will also be amended to ensure that: (i) the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole; and (ii) the Company has the ability to require shareholders to co-operate and provide further information in respect of the broader obligations under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard').

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) providing the Directors with the ability to require additional security measures to be put in place at general meetings of the Company; (ii) providing the Directors with the ability to postpone general meetings; (iii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iv) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (v)simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and clarifying that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; and (vi) allowing the Company to pay dividends through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

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 2020	Year ended 31st December 2019	
Opening share price (p)	5	776.0	665.0	(a)
Closing share price (p)	5	649.0	776.0	(b)
Total dividend adjustment factor[1]		1.049454	1.040774	(c)
Adjusted closing share price (d = b x c)		681.1	807.6	(d)
Total return to shareholders (e = d / a – 1)		**–12.2%**	**21.5%**	**(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 2020	Year ended 31st December 2019	
Opening cum-income NAV per share (p)	5	789.4	655.4	(a)
Closing cum-income NAV per share (p)	5	672.1	789.4	(b)
Total dividend adjustment factor[1]		1.047963	1.040074	(c)
Adjusted closing cum-income NAV per share (d = b x c)		704.3	821.0	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**–10.8%**	**25.3%**	**(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 cum-income NAV at the ex-dividend date.

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

The Company's debt (private placement) is valued in the Statement of Financial Position (on page 62) 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 private placement 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 2020, the cum-income NAV with debt at fair value was £382,785,000 (31st December 2019: £447,240,000) or 654.9p per share (31st December 2019: 787.9p).

Total return calculation	Page	Year ended 31st December 2020	Year ended 31st December 2019	
Opening cum-income NAV per share (p)	5	787.9	651.0	(a)
Closing cum-income NAV per share (p)	5	654.9	787.9	(b)
Total dividend adjustment factor[1]		1.049129	1.040252	(c)
Adjusted closing cum-income NAV per share (d = b x c)		687.07	819.6	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**–12.8%**	**25.9%**	**(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 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 17 on page 72 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 2020 £'000	Year ended 31st December 2019 £'000	
Investments held at fair value through profit or loss	70	447,117	487,784	(a)
Net assets	5	392,859	448,094	(b)
Gearing (c = a / b – 1)		**13.8%**	**8.9%**	**(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 2020 £'000	Year ended 31st December 2019 £'000	
Management Fee	67	1,878	2,357	
Other administrative expenses	67	711	618	
Total management fee and other administrative expenses		2,589	2,975	(a)
Average daily cum-income net assets		36,4019	412,446	(b)
Ongoing charges (c = a / b)		**0.71%**	**0.72%**	**(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.

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 You Invest	Halifax Share Dealing
Barclays Smart Investor	Hargreaves Lansdown
Charles Stanley Direct	Interactive Investor
EQi	The Share Centre
Fidelity Personal Investing	

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

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 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 Nira Mistry 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

PricewaterhouseCoopers LLP
Atria One,
144 Morrison Street,
Edinburgh, EH3 8EX

Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
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J.P.Morgan
Asset Management