JPMorgan Claverhouse Investment Trust plc

Annual Report & Financial Statements for the year ended 31st December 2021

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 (excluding the effect of any futures) 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 (including the effect of any futures).
- 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 2021, the Company's share capital comprised 59,435,653 (2020: 58,600,653) ordinary shares of 25p each, including nil shares held in Treasury (2020: 151,290).

The Company has £30 million fixed rate 25 year 3.22% unsecured loan notes. These notes replace the £30 million debenture, which carried a fixed interest rate of 7% per annum and which was repaid on 30th March 2020. The Company's £50 million floating rate loan facility with National Australia Bank was extended to £70 million in March 2021 and to £80 million in January 2022. This loan facility was renewed with National Australia Bank for one year, expiring on 28th April 2022. (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.

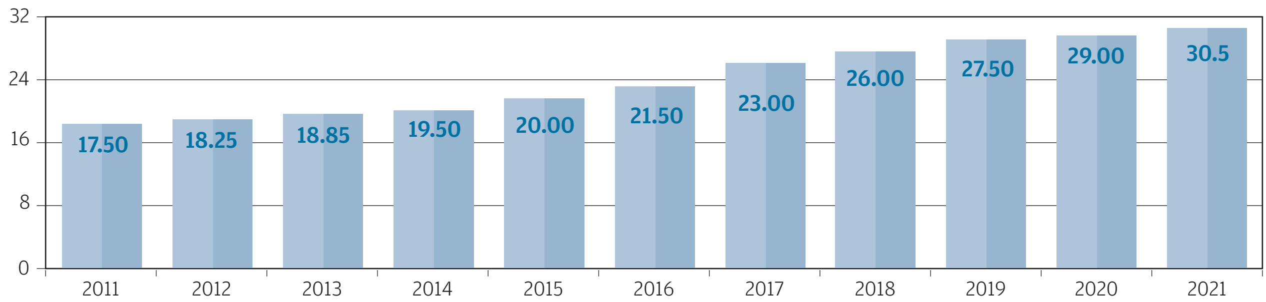
The Manager's Heritage and Team

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 49 consecutive years of dividend growth is the longest of any quoted investment trust invested solely in UK equities.

Dividend History



Portfolio Characteristics

49
Years of consecutive dividend growth

A focused portfolio of
60 to 80 stocks

163.6%
Total shareholder return since adoption of strategy (from 1st March 2012)

A consistent, transparent, robust investment process

CONTENTS

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED) TO 31ST DECEMBER

	2021	2020	3 Years Cumulative	5 Years Cumulative
Return to shareholders[1,A]	+24.3%	–12.2%	+32.6%	+52.6%
Return on net assets[2,A]	+21.5%	–10.8%	+35.8%	+36.5%
Benchmark return[3]	+18.3%	–9.8%	+27.0%	+29.9%
Net asset return performance compared to benchmark return[3]	+3.2%	–1.0%	+8.8%	+6.6%
Dividend	30.5p	29.5p		

[1] Source: Morningstar.

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

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

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

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 90 to 92.

SUMMARY OF RESULTS

	2021	2020	% change
Total returns for the year ended 31st December			
Return to shareholders[1,A]	+24.3%	–12.2%	
Return on net assets with debt at fair value[2,A]	+22.9%	–12.8%	
Return on net assets with debt at par value[2,A]	+21.5%	–10.8%	
Benchmark return[3]	+18.3%	–9.8%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	465,022	392,859	+18.4
Net asset value per share with debt at fair value[4,5,A]	770.7p	654.9p	+17.7
Net asset value per share with debt at par value[4,A]	782.4p	672.1p	+16.4
Share price	772.0p	649.0p	+19.0
Share price premium/(discount) to net asset value with debt at fair value[6,A]	0.2%	(0.9)%	
Share price premium/(discount) to net asset value with debt at par value[6,A]	(1.3)%	(3.4)%	
Shares in issue (excluding shares held in Treasury)	59,435,653	58,449,363	
Revenue for the year ended 31st December			
Net revenue return after taxation (£'000)	18,102	13,465	+34.4
Revenue return per share	30.77p	23.20p	+32.6
Total dividend per share	30.5p	29.5p	+3.4
Gearing (excluding effect of futures) at 31st December[A]	19.0%	13.8%	
Gearing (including effect of futures) at 31st December[A]	8.8%	13.8%	
Ongoing Charges[A]	0.66%	0.71%	

[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, but excluding dividends paid to date.

[5] The fair value of the £30 million private placement loan (2020: £30 million) 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.

[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 2021 continued to be dominated by the Covid-19 pandemic, with the emergence of the Delta and then the Omicron variants. The UK Government's Covid vaccine and booster programme has successfully fully vaccinated 49 million people against the virus and more recently several of the restrictions we had become accustomed to have been removed and life is gradually returning to a semblance of normality. UK GDP growth in 2021 increased by an estimated 7.3%, following a fall of 9.4% in 2020.

For the year to 31st December 2021 the Company's net asset total return (based on debt being valued at par) was +21.5%. This compares with a total return for the same period from the Company's benchmark, the FTSE All-Share Index, of +18.3%. The Investment Managers' report on pages 10 to 17 provides more detail on performance during 2021, as well as reviewing the market and the Company's portfolio.

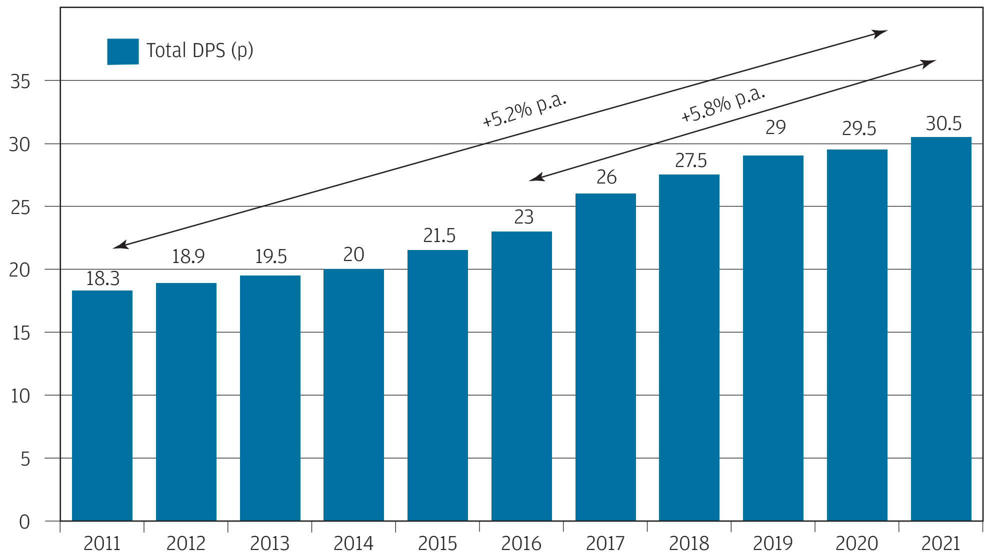
As at 10th March 2022 the Company's NAV per share (with debt at fair) was 680.0p and the share price was 679.0p.

The Company's net asset total return (based on debt being valued at par) was +21.5%, compared with a total return for the same period from the Company's benchmark, the FTSE All-Share Index, of +18.3%.

Revenue and Dividends

The Directors have declared a fourth quarterly interim dividend of 9.50p per share for the year ended 31st December 2021 which will bring the total dividend per share for the year to 30.5p (2020 total: 29.5p). This represents the 49th successive year in which the dividend has been raised and is an increase of 3.4% over the previous year. Revenue for the year to 31st December 2021 increased to 30.8p per share (2020: 23.2p).

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. As can be seen from the chart and table below, the Company has consistently paid dividends over the last 10 years above inflation (CPI) and above the dividend growth of the UK market as a whole (as measured by the constituents of the FTSE All-Share Index).



Source: Bloomberg

	CPI (% per annum)	JPMorgan Claverhouse IT DPS Growth (% per annum)	UK Market DPS Growth (% per annum)
3 Year	1.8%	3.5%	-13.1%
5 Year	2.1%	5.8%	-4.9%
10 year	1.8%	5.2%	1.4%

Source: Office of National Statistics

With UK inflation now at a 30 year high the Board will continue to monitor carefully the outlook for dividend income but, taking into account the Company's revenue reserves, currently expects future dividend increases to enable the dividend policy to be met. The Board intends to increase the first three quarterly interim dividends in 2022 from 7.00p per share to 7.50p per share.

Premium/Discount and Share Issuance/Repurchases

During the year the discount to net asset value ('NAV'), with debt at fair value, at which the shares traded ranged from a premium of 1.4% to a discount of 2.4%. As a result, in the year to 31st December 2021 the Company has re-sold 513,290 shares from Treasury and issued 835,000 new shares at a time when the shares were trading at a premium.

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. The Board agreed in 2021 that the net asset value 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 Investment Managers can use FTSE 100 index futures to effect reductions in the level of gearing by reducing portfolio exposure. The Company's gearing policy (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures).

Taking into account borrowings, net of cash balances held and including the effect of futures, the Company ended the year approximately 8.8% geared. During the year gearing varied between 8.8% and 13.4% (including the use of any futures) and the average gearing reached during the year was 11.3%. Currently the Company has a net cash position of 1.3%, (including the effect of any futures). The Company has a £30 million 3.22% private placement loan, maturing in March 2045. The Company also has a revolving credit facility of £80 million, of which £70 million was drawn down as at 31st December 2021. See note 13 on page 73.

Environmental, Social and Governance issues

ESG issues are fully integrated into the Manager's investment decisions and considered at every stage along the decision making process. The Board shares the Investment Managers' view of the importance of ESG factors both when making investments for the long term and the necessity of continued engagement with investee companies throughout the duration of the investment. This annual report includes a separate Environmental, Social and Governance Report from the Manager on page 18 which provides comprehensive information on these issues and how they have been developed and integrated into the Manager's investment process.

Investment Management Fees and Manager Evaluation

The investment management fee is 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.

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

This year's Annual General Meeting will take place in person at JPMorgan's offices at 60 Victoria Embankment on Friday 29th April at 12.00 noon.

that the Board agreed with the Committee's recommendation that the continued appointment of the Manager is in the interests of shareholders.

Annual General Meeting

We are planning to hold this year's Annual General Meeting in person and it will be held at JPMorgan's offices at 60 Victoria Embankment, London EC4Y 0JP, on Friday 29th April at 12.00 noon. William Meadon and Callum Abbot will give a presentation to shareholders, reviewing the past year and commenting on the outlook for the current year. The meeting will be followed by a sandwich lunch, thus providing shareholders with the opportunity to meet the Directors and representatives of the Manager. We look forward to seeing as many shareholders as possible at the AGM.

For shareholders wishing to follow the AGM proceedings but choosing not to attend, we will be able to welcome you through conferencing software. Details on how to register, together with access details, will be available shortly on the Company's website: www.jpmclaverhouse.co.uk, or by contacting the Company Secretary at invtrusts.cosec@jpmorgan.com.

As is normal practice, all voting on the resolutions will be conducted by a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy.

If you have any detailed or technical questions, it would be helpful if you could raise them in advance with the Company Secretary at 60 Victoria Embankment, London EC4Y 0JP or via the 'Ask a Question' link on the Company's website. Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

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 London Stock Exchange.

Board Succession

As indicated in my Half Year Chairman's statement, I have been a Director of the Company since 2013 and have served as Chairman since 2015; in line with corporate governance best practice I shall retire from the Board at the conclusion of the AGM on 29th April 2022.

The Board has agreed that David Fletcher will succeed me as Chairman. Jill May will replace David as the Senior Independent Director and Nicholas Melhuish will take over as Audit Committee Chair. Victoria Stewart will assume the position of Remuneration Committee Chair. The Board has engaged a recruitment consultant to search for a suitably qualified additional Director to join the Board in due course.

Outlook

While the worst of the Covid pandemic appears to have passed, at least in the UK, the effects of it on businesses and the economy will continue for some time. There are additional risks that we now face, including increasing inflation, interest rate rises and, most recently, the terrible conflict in Ukraine which could have material and mid to long-term implications for global businesses and economies.

There will be corporate winners and losers in the volatile markets that lie ahead and I am sure that the Investment Managers will be cautious in constructing and managing the portfolio, while working hard to seek out the winners and restrict exposure to the losers.

As this is my last Chairman's statement before retiring, I would like to conclude with some personal observations. Some years ago Claverhouse was one of the first investment trusts I invested in, paying a modest amount each month into the savings scheme then provided by the Manager. Regular investing is said to involve a pound-cost averaging investment strategy, whereby one buys into the market at different times and as a result averages out the cost. It is said that pound-cost averaging can smooth returns in investment markets that constantly move up and down.

While each investor must decide their own investment criteria and considerations, I believe that my long-term investment in the Company has been good, in that it has out-performed the benchmark over the relevant period, and has benefitted from the 'get rich slow' attribute that has sometimes been given to the Company's investment strategy. The increases in dividends paid by the Company over 49 years have also been of attraction to those investors seeking regular and growing income.

I would like to thank my fellow directors for their support and contribution during my time on the Board and, as someone who intends to remain a shareholder for the foreseeable future, I wish the Company's fortunes well.

Andrew Sutch
Chairman

11th March 2022

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. As outlined on page 33, the risk controls during the year were amended to give us greater latitude in our stock selection.

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

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

Market Review

Equities globally were strong over the year and the UK was no exception. Investors continued to take heart from a confluence of good news: impressive vaccine roll-outs, the re-opening of economies and a continuing co-ordinated package of huge fiscal and monetary stimulus packages.

The UK and US both made significant strides in rolling out their vaccination programmes. Infection rates in both countries fell accordingly. Whilst Europe's roll out initially disappointed, by the end of the year it had improved considerably.

President Biden took office at the start of the year and made kick-starting the economy his top priority. This, together with the Federal Reserve chairman, Jay Powell making it clear that he was prepared to take some risk with inflation gave equities another fillip.

In the latter half of the year, England (unlike Scotland, Wales and many other countries) resisted locking down its economy again. As the potency of the Omicron variant faded, this proved a good decision and enabled its economy to continue its recovery trajectory. Overall, the UK economy performed much better than expected with real GDP growing by 7.3% over the course of the year.

However, many UK companies reported supply shortages, particularly of skilled labour, together with some degree of disruption at the ports - due largely to increased Brexit-related paperwork and continuing Covid-related complications. Inflationary pressures increased during the year, with the Consumer Price Index rising from 0.7% in January to 5.4% in December. Just before the year end, the Bank of England responded by raising its base rate to 0.25%; its first increase for three years.

The strength of the UK market was underpinned by a number of bids, as corporates and Private Equity groups took advantage of the UK's relatively low valuation.

Sectors geared into the global economic recovery (banks, oil and the mining sector) performed well. A return to dividend payments by many companies reflected the air of new-found confidence.

The total return on the FTSE All-Share index over the year was 18.3%.

The Company benefitted from both good stock selection during the year and being geared in a rising market.

Performance Review

The portfolio benefitted from both good stock selection during the year and by being geared into a rising market.

In the year to 31st December 2021, the Company delivered a total return to shareholders (capital plus dividends re-invested) of +21.5% compared to the benchmark FTSE All-Share Index return of +18.3%. With the Company's shares moving from a discount of 0.9% to a small premium of +0.2% (against NAV with debt at fair value) at the year end, the total annual return for shareholders was +24.3%. Further detail of Claverhouse's performance over the year is given in the accompanying table.

The Company's risk-controlled approach to sizing positions at both a stock and sector level has helped the portfolio navigate its way through these unprecedented times and also deliver a dividend increase for the 49th consecutive year.

PERFORMANCE ATTRIBUTION

YEAR ENDED 31ST DECEMBER 2021

	%	%
Contributions to total returns		
Benchmark return		18.3
Stock & Sector selection	2.0	
Gearing & cash	2.2	
Investment Managers' contribution	4.2	
Cost of debt	-0.3	
Portfolio return		22.2
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]		21.5
Change in the fair value of the long term debt		1.4
Return on net assets with debt at fair value[A]		22.9

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.

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

Top Five Contributors		Top Five Detractors	
Ashtead Group (OW)	+1.0%	Entain (OW)	-0.6%
Watches of Switzerland Group (OW)	+0.8%	Games Workshop Group (OW)	-0.6%
Unilever (not held)	+0.7%	Glencore (not held)	-0.6%
Impax Asset Management (OW)	+0.6%	JPMorgan UK Smaller Cos IT (OW)	-0.5%
Shell (OW)	+0.5%	BT Group (UW)	-0.4%

Source: JPMAM, as at 31st December 2021.
OW indicates an overweight position.
UW indicates an underweight position.

Ashtead was the top contributor to the Company's performance over 2021. Ashtead is a construction and specialty equipment rental company. Demand for their products in 2021 was helped by the large amounts of fiscal stimulus in the US, which accounts for over 90% of earnings. Longer term, the rental opportunity in the US is particularly exciting. Rental penetration in the US is just 55% versus 75% in the UK but the gap is closing. The US rental market is highly fragmented but the biggest operators, and particularly Ashtead, are winning a share. Their recent strategy day set out the considerable growth opportunity that is ahead of them and the strong macro environment should further support the business.

Watches of Switzerland is a retailer of luxury watches. The company has strong relationships with key brands such as Rolex, which are in high demand. The company's strategy to expand into the US and Europe means there is a long road of growth ahead and the market has had to consistently upgrade expectations due to exceptional execution from the company.

Unilever (not held), the global consumer goods company consolidated its dual listing into just the London listing during the year which led to Unilever becoming the largest stock in the FTSE All Share. Although we would usually focus on those companies which we own, given its size, not owning Unilever was a significant decision. Unilever underperformed during 2021 as concerns over its ability to maintain margins and generate meaningful organic revenue growth have returned.

Impax Asset Management is a boutique investment manager with 100% of their funds being focused on ESG. They have attracted huge inflows over the last year; net flows in 2021 were 53% of their starting AUM which has led to consistent earnings upgrades. We are hopeful that this momentum can continue as their long track record in ESG gives them a strong competitive advantage.

Oil stocks globally outperformed and **Shell** was no exception. The oil price rallied off the March 2020 lows as the economic recovery led to a demand surge. On the supply side, the oil and gas sector has been starved of new capital for several years as investors have sought out greener alternatives. This has led to supply constraints which have created favourable conditions for the remaining producers. Against this more favourable backdrop, we expect the oil majors to be able to return large amounts of excess free cash flow to shareholders.

Entain was a significant detractor during the year. Entain is a diversified gambling business which is a market leader in retail and online operations across the world. The jewel in Entain's crown is their BetMGM JV with MGM in the US. BetMGM gives them exposure to the rapidly expanding US gambling market where changes in legalisation are paving the way for a potentially very significant new market opportunity. Entain's cutting edge technology combined with MGM's brand power in the US has enabled them to become one of the market leaders in the US. However, along with other highly rated names, shares in Entain underperformed in the fourth quarter as growth globally sold off. **Games Workshop**, the miniature figurines retailer, was another highly rated name which was sold off after a period of strong outperformance in 2020.

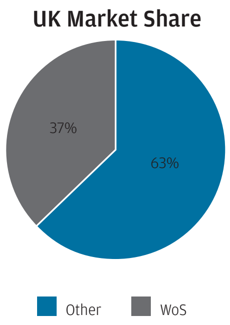
The new management team at **Glencore** is working hard to improve the company's ESG credentials but there is still a material overhang from outstanding legal cases against them, notably the US Department of Justice investigation is still outstanding. However, Glencore's exposure to metals needed for the electrification of economies globally is a key attraction of the stock. The global commodities rally throughout the year led to the stock outperforming, making our zero holding relatively costly.

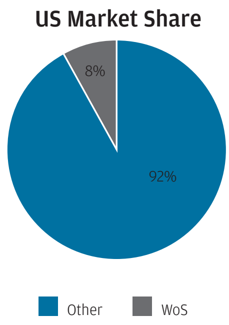
The JPM UK Smaller Companies Investment trust, run by our in-house small companies team, underperformed after a very strong performance in 2020. Over the years, this fund has not only contributed materially to the performance of the Company, but as stocks have grown out of the smaller companies index and into the FTSE 350, it has also provided a rich source of many new ideas for us to invest in directly. The home furnishings retailer, Dunelm is just one very rewarding example of this.

Highlighted Company: Watches of Switzerland Group

Watches of Switzerland (WoS), is a luxury watch retailer with shops in the UK, US and Europe. Luxury items have seen consistent growth for many years, as a growing cohort of wealthy consumers seek exclusive product that exhibits their wealth. Luxury watches are in high demand and manufacturers limit supply, giving them strong pricing power whilst maintaining exclusivity.

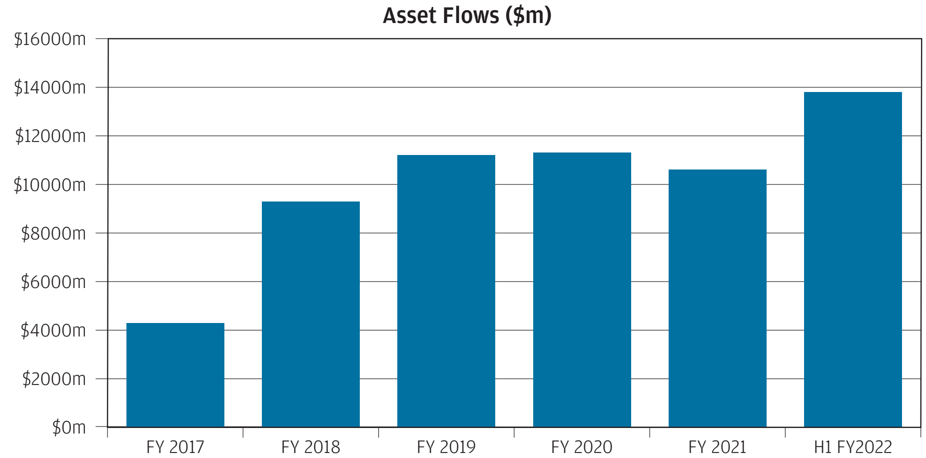
WoS is the dominant luxury watch retailer in the UK with 37% market share and joint market leader in the US, but with just 8% market share. An important factor in its success is its strong relationships with the key luxury watch brands, particularly Rolex. There is a virtuous circle of success, with the top brands distributing their product to a select group of retailers that are professionally run and respect the brand; this drives customers seeking exclusive product to these retailers, which facilitates growing sales and a stronger partnership between the brand and the retailer. We believe the underlying luxury watch market will continue to grow and WoS's partnerships will be the foundation for winning more market share across its markets, with the greatest opportunity in the US.





Highlighted Company: Intermediate Capital Group

Intermediate Capital Group is an alternative fund manager running closed ended private debt and mezzanine finance funds. Over the last ten years, the company has grown third party assets under management by five and a half times and increased the number of strategies offered to clients from 5 to 19. At the start of last year, they set a target to grow assets by $40 billion over the next four years. In the first half of the first year of this target they raised around $14 billion showing there continues to be extremely strong demand for their products. We believe the company is likely to continue to raise large sums of assets at attractive fees driving profits higher.



The portfolio held 75 stocks at the end of the year which is towards the upper end of our normal range and reflects the attractive opportunity set we currently see in the UK market.

Portfolio Review

The portfolio held 75 stocks at the end of the year which is towards the upper end of our normal range and reflects the attractive opportunity set we currently see in the UK market. The portfolio was geared throughout the year.

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

Your Company benefitted from both good stock selection during the year and being geared in a rising market. We have used FTSE 100 futures to manage gearing and, to a slightly greater extent than usual, to protect income.

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

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

Top Five Overweight Positions		Top Five Underweight Positions	
3i Group	+2.5%	Unilever	-4.5%
Intermediate Capital	+2.5%	HSBC	-4.1%
Shell	+2.2%	Glencore	-2.2%
Ashtead	+2.1%	Reckitt Benckiser	-1.8%
Dunelm	+1.9%	National Grid	-1.7%

Source: JPMAM, as at 31st December 2021.

Purchases

One area which has proved remarkably resilient during the pandemic is luxury watches and **Watches of Switzerland** has been perfectly placed to capture this. Exclusive contracts with brands such as Rolex have given them a strong market position which only looks to be improving as luxury watch brands look to reduce the number of outlets they sell through and focus on scale operators like Watches of Switzerland. They have an attractive growth opportunity as they look to expand internationally which should further cement their strong relationships with brands.

Entain is a betting company which has exposure to both online and retail segments. Entain's joint venture with MGM Grand in the US is growing fast and they are emerging as one of the leading players in the US as states continue to relax their laws around gambling. Outside of the US, Entain has market leading brands like BWIN, Coral and Ladbrokes with a strong presence across most major European markets.

The global communication services group, **WPP** has been on a multi-year rebuild since Martin Sorrell left the group in 2018. Having undergone significant restructuring, the company is now well placed to capture a cyclical upswing in marketing spend as economies recover. **Marks & Spencer** is another company undergoing significant change to reposition itself in the eyes of the consumer, the early results of which look promising.

Taylor Wimpey and Bellway are two of the cheapest listed housebuilders, with significant potential to grow volumes and improve margins

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. We expect their strong balance sheets and cash flow to put them in a position to return significant capital to shareholders over the coming years. **Taylor Wimpey** and **Bellway** are two of the cheapest listed housebuilders, with significant potential to grow volumes and improve margins.

The bakery chain, **Greggs'**, market position has been strengthened by the exit of many smaller, independent food to go operators on the UK high street. Although the crisis has been tough for them, agile management have adapted quickly to provide alternative sales channels which should increase their market share as the UK economy reopens.

Impax and **Liontrust Asset Management** are boutique investment managers with a focus on ESG. They both have attracted huge inflows over the last year and we expect this momentum to continue as their long track record in the ESG space gives them a strong competitive advantage. **Polar Capital** is another asset management group which operates a range of long only and long short investment products. Around 50% of AUM is tech focused and this area has delivered strong returns (largest fund is +68% ahead vs the benchmark over 5 years) and flows over recent years (AUM has gone from £2.2 billion in 2017 to £10.2 billion in 2021). Diversification efforts should provide growth from other franchises.

Experian is a global technology company and market leading in data and analytics. The company started by providing credit information and assessing lending risks – but has now expanded their proposition to include data collection and analysis, data driven decision making, fraud detection and prevention. Experian continues to grow organically and has a strong record of cash generation.

BT Group is at the start of a turnaround under new management, who have purchased a significant amount of shares with their own money. The nationwide build out of fibre broadband is an excellent opportunity to generate attractive returns on investment over a multi-year period. This coincides with an improved relationship with the regulator.

Cranswick is a food products company. It has grown adjusted profit before tax every year except one in its 31 year history as a listed company and despite the challenges of last year was able to grow significantly again. They are market leaders in quality of service and product and we think this positions them well to grow their market share in both the poultry and pork markets.

Sales

We sold our residual holding in **Unilever**. In the short term, we are concerned that many of their products lack pricing power which will lead to increasing margin pressure as cost inflation picks up. More structurally, the evolution of online competitors has significantly lowered the barriers to entry for consumer goods companies and decreased the benefits of scale that Unilever once had. This means that Unilever will have to spend more on advertising than they have done historically in order to kick-start sales growth which is another significant margin headwind.

We sold our shares in **Countryside Properties** as we became increasingly nervous about their premium rating given the short term trading headwinds the company faced. The company's disappointing third quarter trading update made us nervous and prompted the sale of our holding.

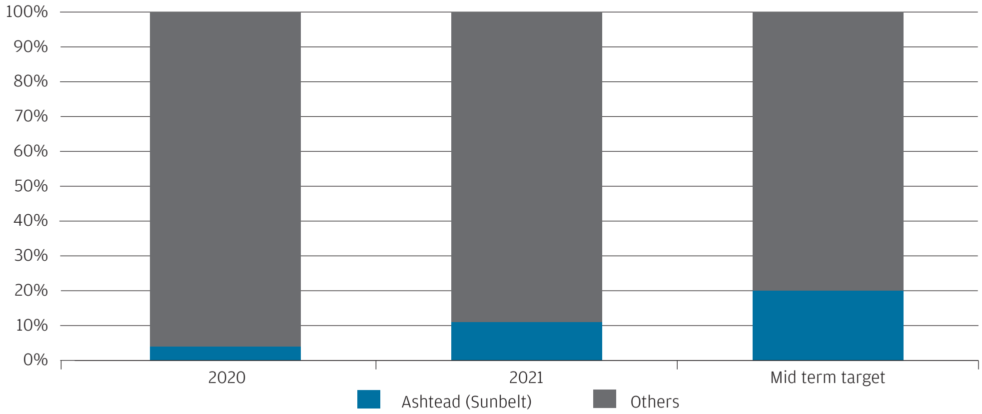
Although we remain positive on the long term prospects for the **London Stock Exchange Group (LSEG)**, we think that management may have underestimated the complexity of integrating the Refinitiv deal. Refinitiv has some excellent assets but it also appears to have suffered due to underinvestment by its previous owners. LSEG therefore needs to invest significantly which will negatively impact margins for years to come. Moreover, growth may not return as quickly as had been first anticipated.

We sold the shares in a number of companies which continued to suffer from ongoing depressed demand induced by the pandemic. These included the general industrial company **Melrose**, the food outsourcing company **Compass** and the airline **Easyjet**.

Highlighted Company: Ashtead Group

Ashtead is a rental company for industrial and construction end markets. Recently the company has benefitted from a rebound in construction activity driving strong demand for their equipment at attractive rates. The company has put sustainability at the heart of its strategy, working for example with suppliers on the next generation of equipment that will run on batteries rather than traditional fuels. Over the medium term we expect Ashtead to benefit from the structural trend of increased rental penetration and to win market share in what is a highly fragmented industry. Ashtead's scale and technology give it an advantage over small operators.

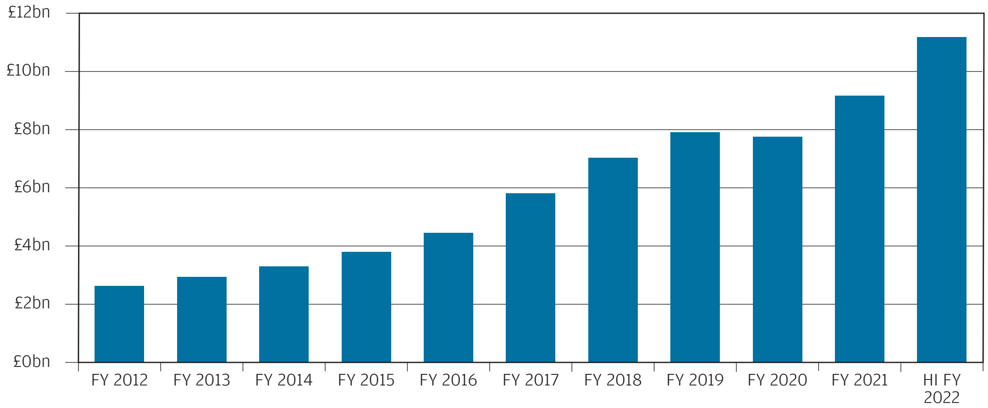
US Rental Market Share



Highlighted Company: 3i Group

3i is a private equity investor. It owns companies that operate in four core sectors: Business and Technology Services, Consumer, Healthcare and Industrial Technology. The company targets investments which it believes can double in size over their holding period and has an excellent track record of achieving this goal. Its largest portfolio company is Action, a discount retailer, which is rapidly rolling out its stores across Europe. Action has been phenomenally successful, yet its expansion is still in its early stages. While many private equity companies have been doing bigger and more expensive deals, 3i has focused on smaller transaction and bolt on deals for existing portfolio companies. This acute focus on valuation should enhance returns over the long run. Current CEO, Simon Borrows, took over in 2012 and has consistently grown the value of the portfolio.

Net Asset Value (£bn)



Environmental, Social and Governance Review

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 company management is open to engagement and willing to address those issues and the risk the issues pose to the company's fundamentals. This analysis helps inform our investment decisions of whether to hold 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 position to influence how they address these issues and to enforce accountability to targets that are set.

In last year's annual report we set out why we own mining companies despite some of the ESG issues that they face. Our view has not changed. However, with BHP leaving the index we may hold less in absolute terms in the mining sector going forward. We are pleased to see the mining companies build out further targets for emission reductions such as Anglo American targeting being net zero across their operations and reduce scope 3 emissions by 50% by 2040. We will engage with the companies to push them on near term delivery and be more ambitious over the long run.

We also discussed the energy sector. Our view that the market was under estimating the potential for demand rebound and had become overly myopic on energy transition is playing out. The cash generation at current oil prices facilitates significant capital returns to shareholders and funds investment in transition. Investment into traditional oil and gas projects has been significantly reduced over the last decade, which implies that supply will remain tight in the near term. Our engagements with the companies will focus on executing on their transition strategies and, ensuring they maintain discipline when allocating the significant capital they are accruing in the current commodity price environment.

As part of our investment process, our team meets companies to scrutinise their strategy and operational performance. In the UK we have several hundred company meetings each year. These meetings are also an opportunity to engage with companies on ESG issues.

We sent letters to the Chairs of Shell and BP noting that we voted in support of their transition strategy but outlining a number of steps we believe the companies should take to enhance their strategies and increase the credibility of their response to climate change.

One of the engagements we had this year was with Marshalls, the building materials company. They published their first carbon emission numbers in 2004. This reflects sustainability being embedded in the culture and strategy of the business and we believe it gives them an advantage over peers. Firstly, client tenders now ask how much carbon is emitted in production of products and are looking for low carbon products. Marshalls have the right product and data to help their clients with these requests. Secondly, they have a small but growing concrete brick business. Concrete bricks are currently just 4% of the market but compared to clay bricks emit 28% less carbon during production and 49% over their lifetime as they are fully recyclable. They are also cheaper to produce. As housebuilders look to reduce the carbon footprint of their products it seems likely they will switch to concrete bricks that are not only lower carbon but cheaper. A company that is producing a product which is better for the environment and for their customers' margins than the alternative is well placed for long term sustainable growth.

We sent letters to the Chairs of Shell and BP noting that we voted in support of their transition strategy but outlining a number of steps we believe the companies should take to enhance their strategies and increase the credibility of their response to climate change. For example, we suggested directly measuring and setting targets for methane emissions reductions. Our engagement with these energy companies on their climate strategies will be a persistent feature as the world transitions to net zero.

Market Outlook

Until very recently, we were observing some encouraging signs that many economies, such as the UK, were learning to live with the wretched pandemic and were at last beginning to enjoy the benefits of many Covid restrictions being lifted. Confidence was returning and economic activity was picking up.

However, the Russia-Ukraine conflict has challenged our optimism. Such a war in Europe is possibly the most important geo-political event in recent history and represents a very worrying and significant development. Currently, it is not clear how and when the conflict will end but an extended period of volatility across financial markets now appears likely.

We maintain a cautious stance on both economies and markets which is reflected in our prudently-constructed portfolio which now has a much lower level of gearing than usual.

As the price of oil and gas rockets, inflation (which was already becoming a concern) is likely to rise further still – possibly considerably so. Consumer spending and corporate profits have held up well thus far; however, rising inflation is likely to put a squeeze on both. Such an uncertain environment will no doubt create many stock picking opportunities since some companies will be better placed than others to deal with these new challenges. For the moment though, we maintain a cautious stance on both economies and markets which is reflected in our prudently-constructed portfolio which now has a much lower level of gearing than usual.

Amidst such uncertainty, we draw comfort from the historically low rating of the UK equity market, which looks very good value versus practically all other major equity markets. Indeed, UK stocks have held up better than most in the recent turmoil. We are pleased to report that your portfolio had minimal exposure to Russian-related stocks. The principal one was the steel producer, Evraz which thankfully we sold in its entirety before the invasion took place. The stock price has subsequently slumped.

Our consistent overweighting in the portfolio to both value and growth stocks should provide some buffer from both market volatility and style rotation but, as ever, individual stock selection in this very uncertain environment will be key to the portfolio's performance in what is clearly going to be a challenging year ahead.

At the time of writing, your fund has a net cash position of 1.3%, (including the effect of any futures).

William Meadon
Callum Abbot
Investment Managers

11th March 2022

Manager’s Approach to ESG and JPMorgan Claverhouse Investment Trust plc

Introduction

ESG is an acronym which stands for Environmental, Social and Governance. It describes 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 followed by companies in their own management.

Awareness of these issues has increased significantly in recent years within the asset management industry, including the investment managers responsible for the Company’s portfolio, among the Board members of your Company, among shareholders and potential shareholders in the Company and, indeed in society at large.

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.

Why do we integrate ESG into our investment processes?

Considerations of sustainability have long been intrinsic to our approach to managing the Company’s portfolio. When we invest the Company’s capital, we have to make judgements about future risks and rewards of any investment which have always included ESG factors, because all of them have the potential to affect the future value of a company and its shares. 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 lead to 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.

Of course, a more explicit integration of ESG factors brings with it other benefits. The market in which we invest is increasingly paying attention to these factors when assessing sectors and companies, discriminating 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 had to become a bigger and more important part of any investment judgement.

Finally, as investment managers we have responsibilities and obligations, not only to the Board and shareholders of the Company, but as a social actor in a broader sense. We have a duty not just to produce good investment outcomes for our clients, but to be responsible corporate citizens.

ESG Integration within the Company’s portfolio

For us, ESG integration does not simply involve paying external vendors for ESG information; it rests heavily on our own proprietary research, on both a fundamental and a quantitative basis. In addition, a quantitative-led ESG score uses third-party ESG data, to the extent it is available, weighted according to our own views on materiality.

While we do not explicitly exclude individual stocks on ESG criteria, ESG factors influence our level of conviction and thus impact a stock’s position size within the portfolio. We 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.

Engagement

Active engagement with companies has long been an integral part of our approach to investment and to ESG. We use it not only to understand how companies consider issues related to ESG but also to try to influence their behaviour and encourage best practice. We believe that companies which maintain high standards of ESG and which respond to shareholder engagement are likely over time to provide good returns to their shareholders.

Our scale and long history of active management and experience in good stewardship practices allow us to have direct access to the management teams of portfolio companies and so encourage best practice on ESG matters. Alongside this direct engagement, we endeavour to vote at all of the meetings called by companies in which your portfolio invests.

At the end of September 2021, we engaged with AstraZeneca representatives regarding an update on the company's past and present ESG initiatives. Within the healthcare industry, there has been an acceleration of cross-collaboration between companies and across regions through the pandemic. Many companies are sharing targets and strategic thinking on environmental impacts in order to help move the supply chain, but also to accelerate regional access to healthcare solutions (i.e. both prevention and treatment). AstraZeneca has a 2021 sustainability target, which plans to reach 50 million people through 'Access Programs', which is on top of individual in-country programs. For example, AstraZeneca leads 'Healthy Heart Africa', which is focused on developing nations and provides education for identifying various heart-health symptoms. In the US, AstraZeneca is supportive of out of pocket drug costs coming down and is involved in 'Patient access programs', which provide product donations to people with no, or limited, access to healthcare. However, in Africa there is a legal framework for drug pricing where legally they cannot price lower or give the product away.

From an environmental standpoint, AstraZeneca believes they are doing more to mitigate these impacts than many of their peers. For example, there are currently no regulations on how much active ingredient they should be discharging, but the company is following the principles from the FDA 'to do what is right, what is safe and what society expects'. AstraZeneca also plans to reach net zero carbon emissions by 2025 and also have a carbon negative value chain by 2030.

From a governance standpoint, management incentive compensation is focused on a shorter investment cycle (3 to 4 years) versus long-dated investment cycles (10 years). The company is also trying to address governance concerns by setting targets based on progress to milestones, such as regulatory approvals and launches, and having 10% of compensation specifically based on progress towards ESG. Lastly, AstraZeneca has also invested into manager coaching, with 60% of managers having had training in the last 12 months. More broadly, 89% of employees communicate that they have had good development conversations with managers.

Our International Equity Group investors also met with Barclays to discuss the role of banks in energy transition and other areas of focus for the company. As banks touch every part of the economy, it is important for these firms to not only focus on their own organization having net zero targets but to also consider how they can contribute to clients' transitions as well. From our conversation with Barclays, it is clear that they understand the significant role that banks can play in the transition towards renewable energy. In May 2020, Barclays was one of the first banks to commit to net zero targets. Since then, Barclays has adopted BlueTrack which is a methodology for measuring the corporation's financed emissions and tracking them at a portfolio level against the goals of the Paris Agreement. This methodology also helps them to incorporate climate impact in their financing decisions.

On the social front, Barclays has realised that the Pandemic has accelerated the prominence of certain issues such as inequality, human rights and diversity and inclusion. Although Barclays has always played a role in supporting communities around the world, they recognise the importance of staying ahead of change. To that note, they now have implemented social responsibility targets for senior employees in the organization and have certain diversity and inclusion targets for executive level employees. There is also increased measure to actively play a role in supporting society in the surrounding communities. Moving forward, Barclays is keen on discussing these issues regularly with shareholders, face-to-face and in groups, to be able to demonstrate progress in key areas of shareholder interest.

Our Investment Stewardship Team, together with investors in JPMAM's International Equity Group, also met with Electrocomponents, the UK based distributor of industrial and electrical products, to discuss a broad range of environmental issues. The focus of the meeting was on Scope 1-3 emissions and how the company is measuring them and seeking to reduce the impact through both carbon offsets and targeting an actual reduction. We also discussed their supply chain with a focus on their suppliers and how they ensure standards and practices are upheld across it. The company had a new head of ESG join in January who is targeting a number of these challenges and we will continue to engage and discuss these topics going forward.

Whilst we believe we have a robust and appropriate engagement model in place it is reviewed regularly to ensure that we improve and refine the process to meet the ever evolving ESG demands arising from all stakeholders across the wider industry.

Proxy Voting

J.P. Morgan Asset Management exercises the voting rights of shares held in client portfolios, where entrusted with this responsibility. We seek 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. We aim to vote at all meetings called by the companies in which we are invested, unless there are any market restrictions or conflicts of interests.

We believe that corporate governance is integral to our investment process. 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. For full details, please see the J.P. Morgan Asset Management Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

JPMorgan Claverhouse Investment Trust plc: Voting at shareholder meetings over the year to 31st December 2021

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Routine Business	357	0	2	2	359	0.56
Director Related	678	3	12	15	693	2.16
Capitalisation	313	0	7	7	320	2.19
Reorganisation and Mergers	9	0	0	0	9	0
Non-salary Compensation	126	6	1	7	133	5.26
Antitakeover Related	55	0	1	1	56	1.79
Miscellaneous	4	0	0	0	4	0
Shareholder Routine/Business	0	1	0	1	1	100
Shareholder Health/Environment	1	4	0	4	5	80
TOTAL	1543	14	23	37	1580	2.34

The Future

In investing your Company's assets we have always looked for companies with the ability to create value in a sustainable way. That scrutiny remains firmly embedded in our process and we know that the Directors of the Company, shareholders and potential investors, view attention to ESG factors as important in their assessment of us as Investment Managers. We expect ESG to remain a major theme in the Company's portfolio and whilst initiatives such as the Taskforce for Climate-related Financial Disclosures (TCFD) do not currently apply to investment trusts, the course being taken by regulators suggests that its importance will only increase in years to come. The research we do and the approach we take in investing the Company's assets will continue to reflect that and to evolve as necessary.

J.P.Morgan Asset Management

TEN LARGEST EQUITY INVESTMENTS

AT 31ST DECEMBER

Company	Sector	2021 Valuation £'000	2021 Valuation %[1]	2020 Valuation £'000	2020 Valuation %[1]
Royal Dutch Shell	Energy	33,501	6.1	26,006	5.8
AstraZeneca	Health Care	32,176	5.8	18,318	4.1
BP	Energy	20,801	3.8	13,602	3.0
JPMorgan UK Smaller Companies Investment Trust	Financials	20,352	3.7	26,818	6.0
GlaxoSmithKline	Health Care	18,701	3.4	17,238	3.9
Diageo[2]	Consumer Staples	17,708	3.2	4,289	1.0
Ashtead[2]	Industrials	15,117	2.7	7,818	1.7
3i[2]	Financials	14,534	2.6	7,893	1.8
British American Tobacco	Consumer Staples	13,355	2.4	15,727	3.5
BHP	Basic Materials	13,276	2.4	11,228	2.5
Total[3]		**199,521**	**36.1**		

[1] Based on total investments of £553.2m (2020: £447.1m).

[2] Not included in the ten largest investments at 31st December 2020.

[3] As at 31st December 2020, the value of the ten largest investments amounted to £172.5m representing 38.6% of total investments.

SECTOR ANALYSIS

	31st December 2021 Portfolio %[1]	31st December 2021 Benchmark %	31st December 2020 Portfolio %[1]	31st December 2020 Benchmark %
Financials[2]	23.6	22.5	26.3	23.0
Consumer Discretionary	21.4	11.9	16.5	12.1
Industrials	12.2	13.5	11.4	12.8
Health Care	9.8	9.8	8.9	9.0
Energy	9.8	7.9	8.9	7.2
Basic Materials	7.9	9.3	9.7	9.1
Consumer Staples	7.6	14.9	9.2	16.6
Technology	2.6	1.6	4.8	1.8
Real Estate	2.4	3.3	2.0	3.0
Utilities	2.1	3.3	1.5	3.1
Telecommunications	0.6	2.0	0.8	2.3
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £553.2m (2020: £447.1m).

[2] Includes the Company's investment in JPMorgan UK Smaller Companies Investment Trust plc: 3.7% (2020: 6.0%) of the portfolio.

LIST OF INVESTMENTS AT 31ST DECEMBER 2021

Company	Valuation £'000
FINANCIALS	
JPMorgan UK Smaller Companies Investment Trust	20,352
3i	14,534
Intermediate Capital	12,811
Lloyds Banking	12,307
Legal & General	11,872
Barclays	11,489
Prudential	9,232
Scottish Mortgage Investment Trust	7,592
NatWest	6,647
Impax Asset Management[1]	5,571
OSB	5,528
M&G	4,149
Phoenix	3,012
Liontrust Asset Management	2,683
Polar Capital[1]	2,489
	130,268
CONSUMER DISCRETIONARY	
Entain	10,816
Next	10,001
Dunelm	9,321
RELX	8,963
Watches of Switzerland	8,465
Games Workshop	8,016
Future	6,944
WPP	6,736
Flutter Entertainment	6,677
Barratt Developments	6,460
Persimmon	6,121
B&M European Value Retail	5,519
Team17[1]	3,527
Taylor Wimpey	3,450
Burberry	3,147
JD Sports Fashion	2,998
Bellway	2,864
Marks & Spencer	2,610
National Express	2,210
Wizz Air	1,979
888	1,529
	118,353

Company	Valuation £'000
INDUSTRIALS	
Ashtead	15,117
CRH	11,167
Ferguson	10,590
Experian	6,676
Smurfit Kappa	4,827
Morgan Sindall	4,803
Electrocomponents	2,993
Spirax-Sarco Engineering	2,737
Marshalls	2,427
Hays	2,352
Breedon[1]	2,083
Oxford Instruments	1,677
	67,449
HEALTH CARE	
AstraZeneca	32,176
GlaxoSmithKline	18,701
Hikma Pharmaceuticals	2,268
Ergomed[1]	1,233
	54,378
ENERGY	
Royal Dutch Shell	33,501
BP	20,801
	54,302
BASIC MATERIALS	
BHP	13,276
Rio Tinto	12,414
Anglo American	8,780
Polymetal International	3,769
Evraz	3,634
Synthomer	1,891
	43,764

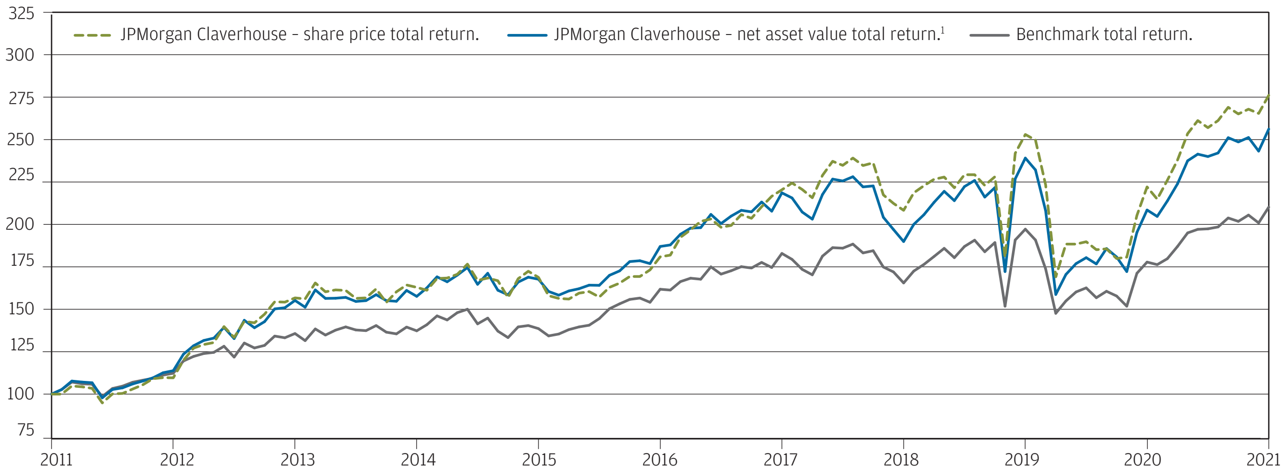
Company	Valuation £'000
CONSUMER STAPLES	
Diageo	17,708
British American Tobacco	13,355
Greggs	5,554
Cranswick	2,613
J Sainsbury	2,551
	41,781
TECHNOLOGY	
Softcat	7,663
AVEVA	3,747
Computacenter	2,966
	14,376
REAL ESTATE	
Segro	4,763
Rightmove	3,900
Safestore	2,489
UNITE	2,377
	13,529
UTILITIES	
SSE	7,634
Drax	3,768
	11,402
TELECOMMUNICATIONS	
BT	3,578
	3,578
TOTAL INVESTMENTS	**553,180**
FUTURES	
FTSE 100 Index 18/03/2022	(936)
	(936)
TOTAL INVESTMENTS INCLUDING DERIVATIVES	**552,244**

[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 2011

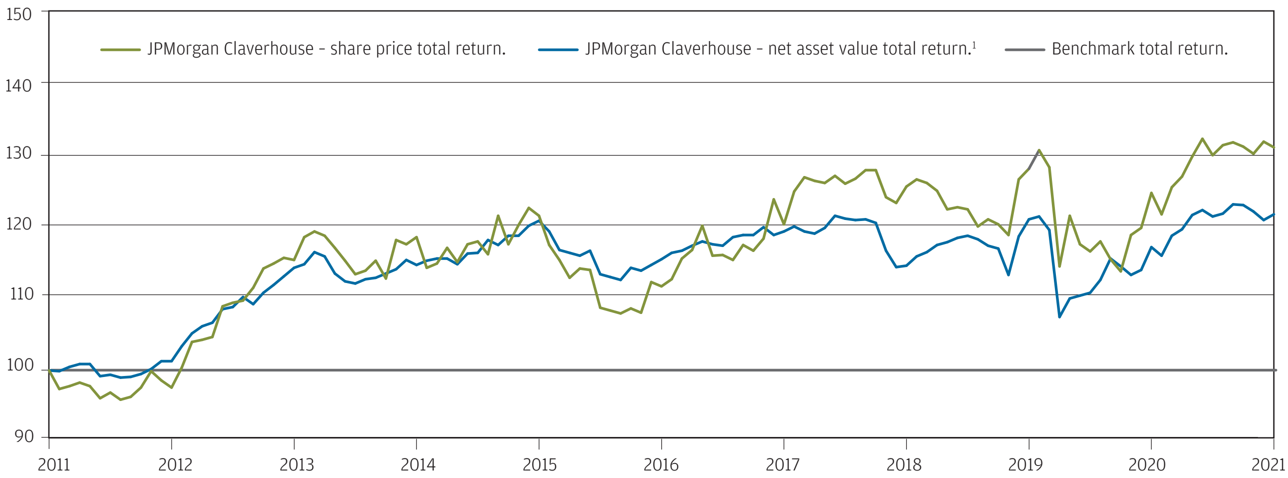


Source: J.P.Morgan/Morningstar.

[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 2011



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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shareholders' funds (£'000)	248,418	271,871	350,366	346,663	355,726	382,307	428,498	372,033	448,094	392,859	465,022
Net asset value per share (p)[A]	453.9	496.8	640.2	633.5	650.0	698.9	785.4	655.4	789.4	672.1	782.4
Share price (p)	416.0	437.0	599.0	602.5	602.5	622.0	730.5	665.0	776.0	649.0	772.0
Share price (discount)/premium (%)[1,A]	(5.3)	(9.1)	–	(2.9)	(5.7)	(9.6)	(6.0)	2.1	(1.5)	(0.9)	0.2
Gearing (%)[A]	7.6	15.0	15.1	11.9	13.2	12.0	11.3	2.5	8.9	13.8[5]	19.0[5]

Year ended 31st December											
Revenue attributable to shareholders (£'000)	9,226	9,821	12,195	12,754	14,168	13,833	15,997	16,623	17,619	13,465	18,102
Revenue return per share (p)	16.73	17.95	22.28	23.31	25.89	25.28	29.32	30.09	31.10	23.20	30.77
Total dividend per share (p)	18.25	18.85	19.50	20.00	21.50	23.00	26.00	27.50	29.00	29.50	30.5
Ongoing charges (%)[A]	0.72	0.74	0.71	0.74	0.74	0.77	0.77	0.76	0.72	0.71	0.66

Rebased to 100 at 31st December 2011											
Total return to shareholders[2,A]	100.0	109.6	156.7	162.9	168.8	180.9	220.4	208.3	253.0	222.1	276.1
Total return on net assets[2,A]	100.0	113.8	155.2	157.6	167.7	187.0	218.6	189.9	239.1	208.5	256.2
Benchmark total return[3]	100.0	112.3	135.7	137.3	138.6	161.8	182.9	165.5	197.2	177.8	210.2
Consumer Price Index[4]	100.0	102.6	104.7	105.3	105.5	107.2	110.3	112.6	114.1	114.8	121.0

[1] The (discount)/premium is calculated using the cum-income net asset value with debt at fair value. In previous years, the (discount)/premium was calculated using the capital only net asset value with debt at par value. For consistency, the figures in this table for 2011-2020 have been restated to the (discount)/premium using cum-income net asset value with debt at fair value.

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

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

[4] Office for National Statistics.

[5] This excludes the use of futures. Including futures, the gearing level is 8.8% (2020: 13.8%).

[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 and emerging 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 37 to 46 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 (JPMAM), 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 17.

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 overweight exposure to an investment is +3% relative to its weight in the benchmark index. There is no requirement on the Investment Managers to have a maximum underweight exposure; however the risk implications of any large underweight position will always be considered within the context of the broader portfolio. The maximum exposure to a sector will normally range between +/-10% 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 Board permits the Investment Managers to use FTSE index futures to effect changes in the level of the Company's gearing. The Company's gearing policy (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures).

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 (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures). During the year gearing varied between 8.8% and 13.4% (including the use of any futures).
- 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.

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 2021, the Company produced a total return to shareholders of +24.3% and a total return on net assets (with debt at par value) of +21.5%. This compares with the total return on the Company's benchmark of +18.3%. At 31st December 2021, the value of the Company's investment portfolio was £553.2 million (2020: £447.1 million). The Investment Managers' Report on pages 10 to 17 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross return for the year amounted to £87,417,000 (2020: £43,036,000 loss) and net return after accounting for the management fee, other administrative expenses, finance costs and taxation amounted to £82,761,000 (2020: £47,387,000 loss). Distributable revenue for the year totalled £18,102,000 (2020: £13,465,000). The Directors declared a fourth quarterly interim dividend of 9.5 pence per share which was paid on 4th March 2022 to shareholders on the register at the close of business on 4th February 2022. This, when added to the three quarterly interim dividends paid during 2021, made a total dividend for the year of 30.5 pence (2020: 29.5 pence), costing £18.0 million (2020: £17.2 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £15.9 million (2020: £15.8 million), equivalent to approximately 30.3 pence (2020: 27.1 pence) per share.

Key Performance Indicators ('KPIs')

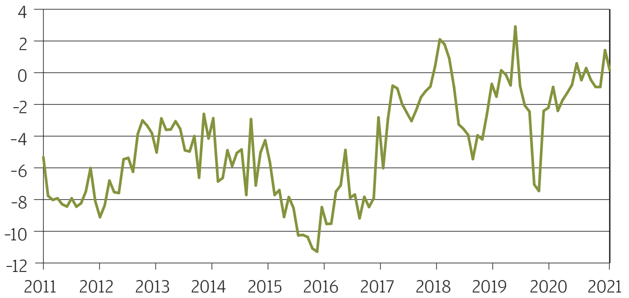
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The KPIs used are regarded as being most relevant to the Company and are recognised across the investment trust industry.

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 2021 are given in the Investment Managers' Report on page 10.
- **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 2021, the Company's shares traded between a discount of 2.4% and a premium of 1.4% (using

month end data, cum-income net asset value, with debt at fair value).

(Discount)/Premium



Source: Datastream (month end data).

JPMorgan Claverhouse - (Discount)/Premium cum-income net asset value, with debt at fair 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 2021 were 0.66% (2020: 0.71%). 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 2021 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 362,000 shares were repurchased (2020: 151,290) and 513,290 shares were subsequently resold from Treasury (2020: 105,322). At the year end there were no shares held in Treasury (2020: 151,290).

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 86 to 89.

During the year 835,000 new shares were issued (2020: 1,730,000).

Borrowings

The Company has 25 year 3.22% unsecured loan notes. The Company also has a revolving credit facility of £50 million with National Australia Bank which was extended to £70 million in March 2021 and was fully drawn down as at 31st December 2021. The facility was further extended to £80 million in January 2022. The facility matures on 28th April 2022 and the Board will look to replace the facility in due course.

Board Diversity

When recruiting a new Director, the Board is supportive of and takes into account the benefits of diversity during the appointment process. However, the Board remains committed to appointing the most appropriate individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board. At 31st December 2021, there were three male Directors and two female Directors on the Board. The Board's policy on diversity is set out on page 40.

Employees, Social, Community, Environmental and Human Rights Issues

An increasingly broad spectrum of investors now rightly focus on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. The Company is aware of the focus on these issues with the Managers and how they integrate them into their investment process.

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 18 and 20.

Greenhouse Gas Emissions

The Company has a management contract with JPMF. 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:

Principal Risk	Description	Mitigating Activities
Cybercrime	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 01/06 Standard.
External factors	Political (e.g. change in financial/tax legislation, onshore and offshore). Impact of Brexit on Company and portfolio.	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.

Principal Risk	Description	Mitigating Activities
Share price discount	Share price lags the NAV by a significant level, resulting 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	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 42 and 44. 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.
Climate change	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. This includes the approach investee companies take to recognising and mitigating climate change risks. The Board is also considering the threat posed by the direct impact on climate change on the operations of the Manager and other major service providers. As extreme weather events become more common, the resiliency, business continuity planning and the location strategies of our services providers will come under greater scrutiny.

Principal Risk	Description	Mitigating Activities
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 39 to 44.
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 76 to 80.
Emerging Risks		
ESG requirements from Investors	The Company's policy on ESG and climate change may be out of line with ESG practices which investors are looking for in companies in which they invest.	The Manager fully integrates ESG factors into the Company's investment process. Further details are set out in the ESG report on pages 18 to 20. The Board will keep under review the wider market requirements for ESG investing; however, as the Company seeks to increase the dividend each year there is currently a significant percentage of the portfolio in commodities/energy stocks.
Geopolitical	There is an increasing risk to market stability and investment opportunities from geo-political conflicts, such as between Russia and the Ukraine, South and North Korea, and China and Taiwan.	There is little direct control of risk possible. The Company addresses these global developments in regular questioning of the Manager and with external expertise and will continue to monitor these issues. The Board can with shareholder approval look to amend the investment policy and objectives of the Company to reduce exposure to or mitigate the risks arising from geopolitical concerns.
Inflation and interest rates	Government/Central Bank fiscal/monetary response to Covid-19 may result in significant levels of inflation affecting economic growth directly or valuation levels and a subsequent increase in interest rates.	Little control of risk possible. The Board can with shareholder approval look to amend the investment policy and objectives of the Company, if required, to enable investment in companies which are not impacted by inflation risks.

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, ESG factors 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 remains 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 73. 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 addition to the above, the Company carried out stress testing in connection with the Company's principal risks. The stress tests and scenarios considered the impact of severe market volatility on shareholders' funds. This included modelling substantial market falls, and significantly reduced market liquidity. The scenarios assumed that there would be no recovery in asset prices.

The results demonstrated the impact on the Company's NAV, its expenses and its ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to meet its liabilities as they fall due.

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, on the assumption that the principal risks identified above, including investment underperformance, are managed or mitigated effectively, that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

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

11th March 2022

Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, 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 is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all parties are treated fairly and with respect and the Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, front of mind in its key decision making. As an externally managed investment company, with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, investee companies, and other professional third party service providers (corporate brokers, registrar, auditors, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these core stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The table below sets out details of the Company's engagement with these stakeholders:

Stakeholder Engagement
Shareholders
Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on page 42.
Manager
The principal supplier is the Manager, in particular the investment management team who are responsible for managing the Company's assets in order to achieve its stated investment objective. The Board maintains a good working relationship with the Manager, who also provides administrative support and promotes the Company through its investment trust sales and marketing teams. The Manager's investment management function is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director which extend well beyond the formal business addressed at Board meetings ensuring the Board is rapidly informed of Manager and shareholder views and of the discount levels and the Manager is fully aware of the Board's views and their requirements.
Investee companies
The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on all resolutions proposed by the investee companies. On behalf of the Company, the Manager voted at all of the annual general meetings and extraordinary meetings held during the year by its portfolio companies (full details can be found on page 20). The Board monitors investments made and divested and questions the rationale for exposures taken and voting decisions made.
Other key service providers
The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board consider the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its Company Secretary, and receives regular reporting from them through the Board and Committee meetings. The Management Engagement Committee meets annually to appraise and review its key service providers.

Wider Society

Whilst strong long term investment performance is essential for an investment trust, 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. Hence environmental, social and governance considerations are integrated into 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. Key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

Key Decisions and Actions

Change to Risk Management Limits

As disclosed in previous annual reports, the Board has agreed certain guidelines with the Investment Managers to seek to manage risk relative to the Company's benchmark index by limiting the active portfolio exposure to individual sectors and stocks.

Over time, the current risk limits have increasingly impacted the Investment Managers' ability to invest in their best ideas. This became particularly acute following the changes in March 2021 to the industry classification benchmark. Stocks that were previously spread across a number of sectors moved into a new sector. As a result, whilst the portfolio positioning had not changed, the positions were close to breaching sector limits.

Following a review, the Board concluded that the Investment Managers' active approach is a key feature of the Company, and that risk can be managed effectively at a portfolio level. It was therefore agreed to amend certain of the risk limits, bringing the Company in-line with internal and external peers:

- Stock limits for overweight positions will remain unchanged. However, the Investment Managers will be permitted to operate a 'do not like do not hold' approach for underweight positions (previously limited to -3%). This is expected to affect only a small number of stocks. The significant majority of the c.600 stocks in the FTSE All Share Index have small index weights; therefore the Investment Managers' ability to have large underweight positions is limited to their small index weight. There are currently ten stocks with an index weight over 2% and seven stocks with an index weight over 3%. The risk implications of any large underweight will always be considered within the context of the broader portfolio; and
- Sector exposures will in future deviate from any index weighting by a maximum of 10% (previously limited to +/-5%). In the Investment Managers' view, risks such as macro or theme risk can be managed at the portfolio level and therefore whilst the current sector risk limits do not add to risk mitigation they do restrict the Investment Managers' ability to invest in their best ideas.

Board Evaluation

Following recommendation from the Nomination Committee, the Board undertook an externally facilitated Board evaluation with the assistance of Lintstock Ltd, a firm of independent consultants. The performance evaluation covered the Board, its Committees, the Chair 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, including gender, and how it works together. The evaluation also covered the services of the Manager. Questionnaires, drawn up by Lintstock, with the assistance of the Board and the Manager, were completed by each Director. The responses collated and then discussed by the Nomination Committee and the Management Engagement Committee. The evaluation of the Chairman was led by the Chairman of the audit committee.

Following the evaluation it was noted that each Director had devoted sufficient time and contributed satisfactorily to the work of the Board. The process also identified areas requiring additional focus by the Board, amongst other areas ensuring the Company and the Investment Manager's profile remained high on the radar of investors and potential investors.

Sales and Marketing

Marketing activity undertaken by the Manager and Investment Managers on behalf of the Company during the year has provided a high level of positive coverage across several mediums across the market. The Company continues to work closely with its corporate broker to raise the profile of the Company and the Investment Managers.

Gearing/Long Term Borrowing

The use of FTSE 100 index futures means the Investment Managers can effect reductions in the level of gearing by reducing portfolio exposure. The Company's gearing policy (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures).

The Company's £50 million floating rate loan facility with National Australia Bank was extended to £70 million in March 2021 and to £80 million in January 2022. This loan facility was renewed with National Australia Bank for one year, expiring on 28th April 2022. (Further information is set out on page 27, under Borrowings).

Manager Engagement

Over the course of the financial year the Board continued to engage with the Manager on numerous issues with the objective of ensuring that it maintained an effective overview of the Company's investment risks. Good progress was made on portfolio risk reporting as the Manager has created an effective dashboard giving the Board additional insight into portfolio risk metrics.

The Board also discussed in some detail JPMAM's approach to stewardship and in particular it noted that JPMAM is not yet a signatory of the UK Stewardship Code. The Board is hopeful that JPMAM will become a signatory in the near future as it considers being a signatory to the Code a vital part of the Manager's stewardship activities.

In addition, the Directors have kept under review the competitiveness of the management fee and the Company's other operating costs; continued to hold the Manager to account on investment performance; undertaken a robust review of the principal and emerging risks faced by the Company; and continued to encourage the Manager and the Broker to enhance their sales, marketing and PR efforts, having initiated a series of new promotional strategies to raise the Company's awareness.

Furthermore, throughout the course of the Covid-19 pandemic the Board has been in contact with the Manager, receiving updates on the operational effectiveness of the Manager and key service providers and on areas such as portfolio activity, portfolio liquidity, gearing and the discount to NAV at which the Company's shares trade.

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

11th March 2022

Directors' Report

Andrew Sutch‡† (Chairman of the Board)
A Director since 2013. Appointed Chairman in 2015.
Last reappointed to the Board: 2021.
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: 9,573.

Nicholas Melhuish*‡†
A Director since 1st February 2020.
Last reappointed to the Board: 2021.
Fellow & Bursar of Corpus Christi College, Oxford. He is also a non-executive director of Murray International Trust PLC, 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: 2021.
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: 2021.
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, Standard Life Investments Property Income Trust Limited and the Council of the Duchy of Lancaster. 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: 2021.
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: 5,150.

*** 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 2021.

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 2022. 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 83 and 84.

Management Fee

The management fee is 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. 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 36, held office throughout the year to 31st December 2021 and up to the date of signing the financial statements. Details of Directors' beneficial shareholdings can be found in the Directors' Remuneration Report on page 48. 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 (AGM) and, being eligible, will offer themselves for reappointment by shareholders, with the exception of Andrew Sutch who will retire from the Board at the AGM. The Nomination 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 40.

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 financial year and as at the date of approval of the financial statements.

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 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 2021, the Company's share capital comprised 59,435,653 ordinary shares of 25p each including Treasury shares. 362,000 shares were repurchased during the year and held in Treasury. During the year the Company issued 513,290 shares from Treasury and as at 31st December 2021 nil shares were held in Treasury. The Company issued 1,230,000 new shares during the year. Since the year end nil shares were repurchased into treasury, nil shares were issued from Treasury and 445,000 new shares issued.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting on page 86.

Notifiable Interests in the Company's Voting Rights

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

Shareholders	% of voting rights
JPMorgan Elect plc	6.48%

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

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

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

Listing Rule 9.8.4R

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

Annual General Meeting

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

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

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

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash of up to 5,988,065 ordinary shares (representing 10% of the Company's issued ordinary capital, excluding Treasury shares, as at the latest practicable date before the publication of this document). The authority conferred by Resolution 10 will expire at the conclusion of the Annual General Meeting to be held in 2023 unless renewed at a prior general meeting.

Resolution 11 will enable the allotment of new ordinary shares pursuant to Resolution 10 or the sale of Treasury shares otherwise than by way of a pro-rata issue or sale to existing shareholders. This authority will also expire at the conclusion of the Annual General Meeting to be held in 2023 unless renewed at a prior general meeting.

The full text of resolutions 10 and 11 is set out in the Notice of Meeting on page 86.

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 13 at the Annual General Meeting. In addition, the Company may also issue new ordinary shares at a premium to NAV (cum income debt at fair), after the costs of issue.

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2021 Annual General Meeting, will expire on 29th October 2022 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 12 will give the Company authority to buy-back its own issued ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of ordinary shares that could be purchased to a maximum of 8,976,109 shares or, if less, that number of ordinary shares which is equal to 14.99% of the Company's issued ordinary shares as the date of passing Resolution 12 (excluding Treasury shares). The authority also sets the minimum and maximum prices which will be paid on any buy-back of shares.

The full text of resolution 12 is set out in the Notice of Meeting on page 86.

If resolution 12 is passed at the Annual General Meeting, the Company intends in normal market conditions to repurchase shares offered on the market at prices representing discounts to NAV (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 13 described below.

(iii) Sale of Treasury shares (resolution 13)

Subject to the passing of Resolution 13 which will be proposed as an Ordinary Resolution, the Directors will be authorised to sell out of Treasury any ordinary shares which have been repurchased by the Company pursuant to the authority conferred by Resolution 12, or currently held in Treasury, at a discount to the prevailing net asset value per ordinary share. This authority will expire at the conclusion of the Company's Annual General Meeting to be held in 2022, unless renewed at a prior general meeting.

The full text of resolution 13 is set out in the Notice of Meeting on page 87.

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

(iv) Approval of dividend policy (resolution 14)

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

Recommendation

The Board considers that resolutions 10 to 14 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 28,534 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 52, 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

Corporate Governance Statement continued

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 36. There have been no changes to the Chairman's other significant commitments during the year under review.

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 36. 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.

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

Tenure

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

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

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

Induction and Training

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

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Details of membership of Committees are shown with the Directors' profiles on page 36. 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 and one Remuneration Committee meeting.

Meetings Attended

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended	Remuneration Committee Attended
David Fletcher	5	2	1	1
Jill May	5	2	1	1
Andrew Sutch	5	2	1	1
Nicholas Melhuish	5	2	1	1
Victoria Stewart	5	2	1	1

Audit Committee

The report of the Audit Committee is set out on pages 45 and 46.

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 36.

During the year the Committee undertook an externally facilitated Board evaluation, appointing Lintstock Ltd, a firm of independent consultants who have no other connection with the Company or individual Directors. The performance evaluation covered the Board, its Committees, individual Directors and the Chairman 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, including gender, and how it works together.

Questionnaires, drawn up by Lintstock, with the assistance of the Board and the Manager, were completed by each Director.

The responses are collated and then discussed by the Committee. The evaluation of the Chairman is led by the Senior Independent Director. The responses are collated and then discussed by the Committee.

Following the evaluation it was noted that each Director had devoted sufficient time and contributed satisfactorily to the work of the Board.

Remuneration Committee

The Remuneration Committee, established in 2019 for the purpose of reviewing Directors' fees, makes recommendations to the Board as and when appropriate, in relation to remuneration policy and implementation.

All Directors are members of the Remuneration Committee which is chaired by David Fletcher. Victoria Stewart will assume the position of Remuneration Committee Chair when Mr Fletcher takes on the role of Chairman.

Corporate Governance Statement continued

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 and the Company's level of gearing.

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

During the year the Company's brokers, the Investment Managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 94. David Fletcher, as Senior Independent Director, may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman. Jill May will take on the role of Senior Independant Director when Mr Fletcher takes over as Chairman of the Board.

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 94.

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 to 30). 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.

- **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 2021 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.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, 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.

Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Board is cognisant of the increase in the net current liabilities position shown on page 64 compared to the previous financial year. The Board has considered a range of stress scenarios which have shown the Company to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to meet its liabilities as they fall due in the event that the loan facility that matures on 28th April 2022 is not renewed.

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.

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.

Corporate Governance Statement continued

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 believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAMs approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAMs investee companies through investment-led stewardship has been a vital component of JPMAMs active management heritage. JPMAM continues to exercise active ownership through regular and ad hoc meetings, and through its voting responsibilities. JPMAM's formal stewardship structure is designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time:

- *governance;*
- *strategy alignment with the long term;*
- *human capital management;*
- *stakeholder engagement; and*
- *climate risk.*

Within each priority area, JPMAM identified related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

JPMAM is also committed to reporting more widely on our activities, including working to meet the practices laid out by the Financial Reporting Council ('FRC') in the UK Stewardship Code, and on embodying the spirit of those principles across the firm. While JPMAM is not yet a signatory to the recently revised 2020 UK Stewardship Code, its current focus is on ensuring its reporting to the FRC reflects the most robust standards.

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/

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

11th March 2022

Audit Committee Report

I am pleased to present my report to shareholders as Chairman of the Audit Committee, for the year ended 31st December 2021.

Composition

The membership of the Audit Committee (the 'Committee') is set out on page 36, and the Committee meets on at least two occasions each year. The Chairman of the Board, Andrew Sutch, attends the Audit Committee by invitation only, he is not a member of the Audit Committee. 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, audit and integrity of the Company's 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 2021, 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 66. 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 66. 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.
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.

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.

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 69. In 2020, the Board agreed to appoint PricewaterhouseCoopers LLP. This was confirmed by shareholders at the AGM held in April 2020 and reconfirmed for 2021 at the AGM held in April 2021. Consequently this is the second 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 2021, 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 52.

David Fletcher
Audit Committee Chairman

11th March 2022

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31st December 2021, 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 54 to 60.

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.

In the year under review Directors were paid at the following rates and reflect the additional responsibilities of any particular role: Chairman £40,250; Chairman of the Audit Committee £33,125; and other Directors £27,000.

The Board has reviewed fees paid to the Directors and decided to increase the fees paid. With effect from 1st January 2022 Directors fees will be paid at the following rates: Chairman £41,500; Chairman of the Audit Committee £34,250; and other Directors, £28,000.

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 40.

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 2020 and no changes are proposed for the year ending 31st December 2022.

At the Annual General Meeting held on 22nd April 2021, 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 0.6% 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 2022 Annual General Meeting will be given in the annual report for the year ending 31st December 2022.

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]

	2021			2020		
	Fees	Taxable expenses[2]	Total	Fees	Taxable expenses[2]	Total
Directors' Name	**£**	**£**	**£**	**£**	**£**	**£**
Andrew Sutch	40,250	–	40,250	37,525	–	37,525
Humphrey van der Klugt[3]	–	–	–	7,965	612	8,577
David Fletcher	33,125	–	33,125	30,875	–	30,875
Jane Tufnell[3]	–	–	–	7,965	–	7,965
Jill May	27,000	–	27,000	25,175	–	25,175
Nicholas Melhuish[4]	27,000	–	27,000	22,967	–	22,967
Victoria Stewart[4]	27,000	–	27,000	22,967	–	22,967
Total	154,375	–	154,375	155,439	612	156,051

[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:

Directors' Name	Percentage change for the year to 31st December 2021	Percentage change for the year to 31st December 2020
Andrew Sutch	7.3%	1.4%
David Fletcher	7.3%	4.7%
Jill May	7.2%	2.8%
Nicholas Melhuish[1]	17.6%	n/a
Victoria Stewart[1]	17.6%	n/a

[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 2021 is below:

Remuneration for the Chairman over the five years ended 31st December 2021

Year ended 31st December	Fees
2021	£40,250
2020	£37,525
2019	£37,000
2018	£37,000
2017	£37,000

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 2021	31st December 2020
Andrew Sutch	9,442	8,387
David Fletcher	5,084	2,731
Humphrey van der Klugt[2]	–	5,000
Jill May	7,004	3,755
Jane Tufnell[2]	–	1,000
Nicholas Melhuish[3]	6,807	5,300
Victoria Stewart[3]	–	–
Total	28,337	26,173

[1] Audited information.

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

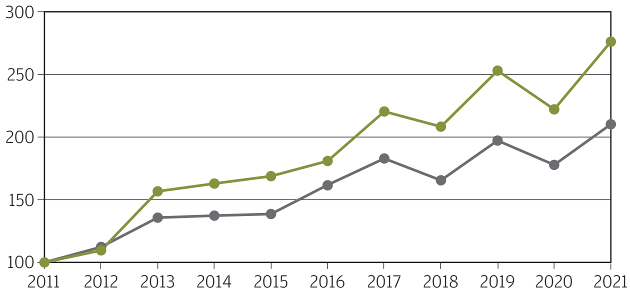
[3] Appointed to the Board on 1st February 2020.

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

Subsequent to the year end Andrew Sutch acquired 131 new shares and David Fletcher acquired 66 new shares 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 2021



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 2021	2020
Remuneration paid to all Directors	£154,375	£156,051
Distribution to shareholders		
– by way of dividends paid	£18,209,000	£17,215,000
– by way of share repurchases	£2,329,000	£921,000

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

11th March 2022

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 prepared the financial statements 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).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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 Directors are also responsible for keeping adequate 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 enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 36, confirm that to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- the Strategic Report and Directors' Report includes 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 it faces.

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

11th March 2022

Independent Auditors' Report

To the Members of JPMorgan Claverhouse Investment Trust plc

Report on the audit of the financial statements

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 2021 and of its return 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 2021; the Statement of Comprehensive Income, the Statement of Cash Flows and 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.

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 Income from investments.

Materiality

- Overall materiality: £4,650,000 (2020: £3,928,590) based on 1% of net assets.
- Performance materiality: £3,487,500 (2020: £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.

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.

Considerations of the impact of Covid-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of Covid-19 in the current year as markets and economies continue to recover. Otherwise, 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 66 (Accounting Policies) and page 66 (Notes to the Financial Statements). The investment portfolio at year-end consisted of listed equity investments valued at £553.2 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 assessed the accounting policy for the valuation of investments for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with this stated accounting policy. We tested the valuation of the listed equity 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.

Key audit matter	How our audit addressed the key audit matter
Accuracy, occurrence and completeness of Income from investments.	
Refer to page 66 (Accounting Policies) and page 66 (Notes to the Financial Statements). For the Company we consider that 'income' refers to both revenue and capital (including gains and losses on investments). We focused on the accuracy, occurrence and completeness of investment 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. The gains/losses on investments held at fair value through profit or loss comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. 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.

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.

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	£4,650,000 (2020: £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% (2020: 75%) of overall materiality, amounting to £3,487,500 (2020: £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 £232,500 (2020: £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 to the Company;
- evaluating the Directors' assessment of potential operational impacts to the Company of relevant risks, 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 potential significant reductions in NAV as a result of market movements 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 12 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 directors' 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 2021 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' Remuneration 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 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 12 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 Company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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 30 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 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. 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.

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' Remuneration 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. The period of total uninterrupted engagement is 2 years, covering the years ended 31st December 2020 to 31st December 2021.

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

11th March 2022

Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments and derivatives held at fair value through profit or loss	3	–	67,191	67,191	–	(58,442)	(58,442)
Net foreign currency losses		–	(4)	(4)	–	(41)	(41)
Income from investments	4	20,224	–	20,224	15,391	–	15,391
Interest receivable and similar income	4	6	–	6	56	–	56
Gross return/(loss)		**20,230**	**67,187**	**87,417**	**15,447**	**(58,483)**	**(43,036)**
Management fee	5	(772)	(1,434)	(2,206)	(657)	(1,221)	(1,878)
Other administrative expenses	6	(668)	–	(668)	(711)	–	(711)
Net return/(loss) before finance costs and taxation		**18,790**	**65,753**	**84,543**	**14,079**	**(59,704)**	**(45,625)**
Finance costs	7	(589)	(1,094)	(1,683)	(617)	(1,148)	(1,765)
Net return/(loss) before taxation		**18,201**	**64,659**	**82,860**	**13,462**	**(60,852)**	**(47,390)**
Taxation (charge)/write back	8	(99)	–	(99)	3	–	3
Net return/(loss) after taxation		**18,102**	**64,659**	**82,761**	**13,465**	**(60,852)**	**(47,387)**
Return/(loss) per share	9	**30.77p**	**109.92p**	**140.69p**	**23.20p**	**(104.85)p**	**(81.65)p**
Dividends declared and payable in respect of the year	10	**30.50p**			**29.50p**		
Dividends paid during the year	10	**31.00p**			**29.75p**		

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 return/(loss) for the year and also Total Comprehensive Income/(Expense).

The notes on pages 66 to 81 form part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total shareholders' funds £'000
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 the 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**
Issuance of the Company's shares from Treasury	–	412	–	3,247	–	3,659
Issue of ordinary shares	208	6,073	–	–	–	6,281
Repurchase of the shares into Treasury	–	–	–	(2,329)	–	(2,329)
Net return	–	–	–	64,659	18,102	82,761
Dividends paid in the year	–	–	–	–	(18,209)	(18,209)
At 31st December 2021	**14,859**	**171,863**	**6,680**	**250,060**	**21,560**	**465,022**

[1] This reserve is distributable. The amount that is distributable is not necessarily the full amount as disclosed in these financial statements of £21,560,000 as at 31st December 2021. This reserve may be used to fund distributions to shareholders.

The notes on pages 66 to 81 form an integral part of these financial statements.

AT 31ST DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	553,180	447,117
Current assets	12		
Debtors		1,403	847
Cash held at broker		4,969	–
Cash and cash equivalents		6,886	25,283
		13,258	26,130
Current liabilities			
Creditors: amounts falling due within one year	13	(70,480)	(50,388)
Derivative financial liabilities		(936)	–
Net current liabilities		**(58,158)**	**(24,258)**
Total assets less current liabilities		**495,022**	**422,859**
Creditors: amounts falling due after more than one year	14	(30,000)	(30,000)
Net assets		**465,022**	**392,859**
Capital and reserves			
Called up share capital	15	14,859	14,651
Share premium account	16	171,863	165,378
Capital redemption reserve	16	6,680	6,680
Capital reserves	16	250,060	184,483
Revenue reserve	16	21,560	21,667
Total shareholders' funds		**465,022**	**392,859**
Net asset value per share	17	**782.4p**	**672.1p**

The financial statements on pages 62 to 81 were approved and authorised for issue by the Directors on 11th March 2022 and were signed on their behalf by:

Andrew Sutch
Director

The notes on pages 66 to 81 form an integral part of these financial statements.

Company registration number: 754577.

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	18	(2,888)	(2,619)
Dividends received		19,322	15,666
Interest received		6	56
Overseas tax recovered		–	64
Interest paid		(1,587)	(2,081)
Net cash inflow from operating activities		**14,853**	**11,086**
Purchases of investments		(191,662)	(297,664)
Sales of investments		156,615	279,858
Settlement of forward currency contracts		(1)	(3)
Settlement of futures contracts		(2,635)	29
Transfer of company cash to be held at the broker		(4,969)	–
Net cash outflow from investing activities		**(42,652)**	**(17,780)**
Dividends paid		(18,209)	(17,215)
Issuance of the Company's shares from Treasury		3,659	1,188
Repurchase of the Company's shares into Treasury		(2,329)	(921)
Issue of Ordinary shares		6,281	9,485
Repayment of bank loans and debenture		(25,000)	(69,986)
Drawdown of Private Placement loan and bank loan		45,000	90,000
Net cash inflow from financing activities		**9,402**	**12,551**
(Decrease)/increase in cash and cash equivalents		**(18,397)**	**5,857**
Cash and cash equivalents at start of year		25,283	19,429
Exchange movements		–	(3)
Cash and cash equivalents at end of year		6,886	25,283
(Decrease)/increase in cash and cash equivalents		**(18,397)**	**5,857**
Cash and cash equivalents consist of:			
Cash and short term deposits		2,188	250
Cash held in JPMorgan Sterling Liquidity Fund		4,698	25,033
Total		**6,886**	**25,283**

The notes on pages 66 to 81 form an integral part of these financial statements.

RECONCILIATION OF NET DEBT

	As at 31st December 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2021 £'000
Cash and cash equivalents				
Cash	250	1,938	–	2,188
Cash equivalents	25,033	(20,335)	–	4,698
	25,283	(18,397)	–	6,886
Borrowings				
Debt due within one year	(50,000)	(20,000)	–	(70,000)
Debt due after one year	(30,000)	–	–	(30,000)
	(80,000)	(20,000)	–	(100,000)
Total	**(54,717)**	**(38,397)**	**–**	**(93,114)**

FOR THE YEAR ENDED 31ST DECEMBER 2021

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under historical cost convention, modified to include fixed asset investments and derivatives 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 April 2021.

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

The financial statements have been prepared on a going concern basis. 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. The disclosures on going concern on page 43 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 72.

(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.

Cash held at Broker consists of securities held on deposit as guarantee for margin settlements. These are classified as receivables and initially recognised at fair value and subsequently recognised at amortised cost.

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.

Futures contracts are included in the Statement of Financial Position as derivative financial instruments and are carried at fair value, which is the cost of closing out those contracts. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as capital.

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

	2021 £'000	2020 £'000
Realised gains/(losses) on sales of investments	24,971	(34,205)
Realised (losses)/gains on close out of futures	(2,635)	29
Net change in unrealised gains and losses on investments	45,797	(24,260)
Unrealised losses on futures contracts	(936)	–
Other capital charges	(6)	(6)
Total capital gains/(losses) on investments and derivatives held at fair value through profit or loss	**67,191**	**(58,442)**

4. Income

	2021 £'000	2020 £'000
Income from investments		
Franked investment income	16,294	13,493
Special dividends	2,302	874
Overseas dividends	1,248	907
Scrip dividends	253	–
Property income distribution from UK REITS	127	117
	20,224	**15,391**
Interest receivable and similar income		
Interest from liquidity fund	6	32
Deposit interest	–	24
	6	**56**
Total income	**20,230**	**15,447**

5. Management fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Management fee	772	1,434	2,206	657	1,221	1,878

Details of the management fee are given in the Directors' Report on page 37.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administration expenses	398	451
Directors' fees[1]	154	156
Depositary fees[2]	73	59
Auditors' remuneration for audit services[3]	43	45
	668	**711**

[1] Full disclosure is given in the Directors' Remuneration Report on page 48.

[2] Includes £12,000 (2020: £10,000) irrecoverable VAT.

[3] Includes £7,000 (2020: £7,500) irrecoverable VAT.

7. Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans and overdrafts	250	465	715	158	295	453
Loan arrangement cost	–	–	–	16	31	47
Private placement/debenture interest	339	629	968	443	822	1,265
	589	**1,094**	**1,683**	**617**	**1,148**	**1,765**

8. Taxation

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

	2021 £'000	2020 £'000
Overseas withholding tax	99	(3)
Total tax charge/(write back) for the year	**99**	**(3)**

(b) Factors affecting total tax charge/(write back) for the year

The tax charge/(write back) for the year is lower (2020: lower) than the Company's applicable rate of corporation tax of 19% (2020:19%). The factors affecting the total tax charge/(write back) for the year are as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net return/(losses) before taxation	18,201	64,659	82,860	13,462	(60,852)	(47,390)
Net return/(losses) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2020: 19%)	3,458	12,285	15,743	2,558	(11,562)	(9,004)
Effects of:						
Non taxable capital (gains)/losses	–	(12,765)	(12,765)	–	11,112	11,112
Non taxable scrip dividends	(48)	–	(48)	–	–	–
Non taxable UK dividends	(3,436)	–	(3,436)	(2,730)	–	(2,730)
Non taxable overseas dividends	(334)	–	(334)	(172)	–	(172)
Excess capital expenses arising in the year	–	480	480	–	450	450
Unrelieved expenses	360	–	360	344	–	344
Overseas withholding tax	99	–	99	(3)	–	(3)
Total tax charge/(write back) for the year	**99**	**–**	**99**	**(3)**	**–**	**(3)**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £32,548,000 (2020: £23,896,000) based on a prospective corporation tax rate of 25% (2020: 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. The deferred tax asset has arisen due to £130,191,000 (2020: £125,767,000) cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

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

9. Return/(loss) per share

	2021 £'000	2020 £'000
Revenue return	18,102	13,465
Capital return/(loss)	64,659	(60,852)
Total return/(loss)	**82,761**	**(47,387)**
Weighted average number of shares in issue during the year	58,822,971	58,034,746
Revenue return per share	30.77p	23.20p
Capital return/(loss) per share	109.92p	(104.85)p
Total return/(loss) per share	**140.69p**	**(81.65)p**

10. Dividends

(a) Dividends paid and declared

	2021 £'000	2020 £'000
Dividends paid		
2020 fourth quarterly dividend of 10.00p (2019: 10.25p) paid in March 2021	5,826	5,829
First quarterly dividend of 7.00p (2020: 6.50p) paid in June 2021	4,083	3,768
Second quarterly dividend of 7.00p (2020: 6.50p) paid in September 2021	4,150	3,809
Third quarterly dividend of 7.00p (2020: 6.50p) paid in December 2021	4,150	3,809
Total dividends paid in the year of 31.00p (2020: 29.75p)	**18,209**	**17,215**
Dividend declared		
Fourth quarterly dividend declared of 9.50p (2020: 10.00p) paid in March 2022	5,646	5,845

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 2021. This dividend will be reflected in the financial statements for the year ending 31st December 2022.

(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 £18,102,000 (2020: £13,465,000). Brought forward revenue reserves amounting to £nil (2020: £3,750,000) have been utilised in order to finance the dividend.

	2021 £'000	2020 £'000
First quarterly dividend of 7.00p (2020: 6.50p) paid in June 2021	4,083	3,768
Second quarterly dividend of 7.00p (2020: 6.50p) paid in September 2021	4,150	3,809
Third quarterly dividend of 7.00p (2020: 6.50p) paid in December 2021	4,150	3,809
Fourth quarterly dividend of 9.50p (2020: 10.00p) paid in March 2022	5,646	5,845
Total dividend declared in respect of the year of 30.5p (2020: 29.5p)	**18,029**	**17,231**

The revenue reserve after payment of the final dividend will amount to £15,914,000 (2020: £15,822,000).

11. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	362,974	379,381
Opening investment holding gains	84,143	108,403
Opening valuation	447,117	487,784
Movements in the year:		
Purchases at cost	191,915	297,664
Sales proceeds	(156,620)	(279,866)
Gains/(losses) on investments held at fair value through profit or loss	70,768	(58,465)
	553,180	447,117
Closing book cost	423,240	362,974
Closing investment holding gains	129,940	84,143
Total investments held at fair value through profit or loss	**553,180**	**447,117**

The Company received £156,620,000 (2020: £279,866,000) from investments sold in the year. The book cost of these investments when they were purchased was £131,649,000 (2020: £314,071,000). 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 £838,000 (2020: £1,560,000) and on sales during the year amounted to £113,000 (2020: £169,000). These costs comprise mainly brokerage commission and stamp duty.

12. Current assets

	2021 £'000	2020 £'000
Debtors		
Dividends and interest receivable	1,333	827
Overseas tax recoverable	44	–
Other debtors	26	20
	1,403	847

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

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Bank loan	70,000	50,000
Bank loan interest	147	53
Debenture Interest	242	242
Other creditors and accruals	91	93
	70,480	50,388

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

On 30th March 2020, 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 maturing in March 2045. The Company's £50 million floating rate loan facility with National Australia Bank was extended to £70 million in March 2021 and to £80 million in January 2022. As at 31st December 2021 £70 million was drawn down. This loan facility expired on 28th April 2021 and was renewed with National Australia Bank for one year, expiring on 28th April 2022. (Further information is set out on page 34, under Borrowings). Interest is payable at a margin over SONIA 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% 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.

	2021 £'000	2020 £'000
Derivative financial liabilities		
Futures contracts[1]	936	–

[1] Short FTSE 100 Index futures at a contract cost of £46,011,000 and a market value of £46,947,000 giving an unrealised liability of £936,000. The settlement dates for these contracts was 18th March 2022.

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

	2021 £'000	2020 £'000
£30,000,000 3.22% private placement loan (see above)	30,000	30,000
	30,000	30,000

15. Called up share capital

	2021 £'000	2020 £'000
Ordinary shares allotted and fully paid		
Opening balance of 58,449,363 (2020: 56,765,331) shares excluding shares held in Treasury	14,613	14,192
Issue of 835,000 new Ordinary shares (2020: 1,730,000)	208	433
Issue of 513,290 (2020: 105,322) shares from Treasury	129	26
Repurchase of 362,000 shares into treasury (2020: 151,290)	(91)	(38)
Subtotal of 59,435,653 (2020: 58,449,363) shares of 25p each excluding shares held in Treasury	14,859	14,613
Nil (2020: 151,290) shares held in Treasury	–	38
Closing balance of 59,435,653 (2020: 58,600,653) shares of 25p each including shares held in Treasury	**14,859**	**14,651**

Further details of transactions in the Company's shares are on page 38.

16. Capital and reserves

2021

	Called up share capital £'000	Share premium account £'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	14,651	165,378	6,680	100,338	84,145	21,667	392,859
Net foreign currency losses	–	–	–	(6)	–	–	(6)
Realised gains on sale of investments	–	–	–	24,971	–	–	24,971
Net change in unrealised gains and losses on investments	–	–	–	–	45,797	–	45,797
Realised losses on close out of futures	–	–	–	(2,635)	–	–	(2,635)
Unrealised losses on futures contracts	–	–	–	–	(936)	–	(936)
Issue of new Ordinary shares	208	6,073	–	–	–	–	6,281
Repurchase of shares into Treasury	–	–	–	(2,329)	–	–	(2,329)
Re-issue of shares from Treasury	–	412	–	3,247	–	–	3,659
Unrealised gains on loans	–	–	–	–	2	–	2
Management fee and finance costs charged to capital	–	–	–	(2,528)	–	–	(2,528)
Other capital charges	–	–	–	(6)	–	–	(6)
Dividends paid in the year	–	–	–	–	–	(18,209)	(18,209)
Retained revenue for the year	–	–	–	–	–	18,102	18,102
Closing balance	**14,859**	**171,863**	**6,680**	**121,052**	**129,008**	**21,560**	**465,022**

[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 £21,560,000 as at 31st December 2021. This reserve may be used to fund distributions to shareholders.

2020

	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

	2021	2020
Net assets (£'000)	465,022	392,859
Number of shares in issue (excluding shares held in Treasury)	59,435,653	58,449,363
Net asset value per share	782.4p	672.1p

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

	2021 £'000	2020 £'000
Net return/(loss) before finance costs and taxation	84,543	(45,625)
(Less capital return)/add capital loss before finance costs and taxation	(65,753)	59,704
Scrip dividends received as income	(253)	–
(Increase)/decrease in accrued income and other debtors	(512)	337
Decrease in accrued expenses	(3)	(7)
Management fee charged to capital	(1,434)	(1,221)
Overseas withholding tax	(143)	(61)
Dividends received	(19,322)	(15,666)
Interest received	(6)	(56)
Realised losses on foreign currency transactions	(5)	(24)
Net cash outflow from operations before dividends and interest	(2,888)	(2,619)

19. Contingent liabilities and capital commitments

At the balance sheet date there were no capital commitments (2020: same) and no contingent liabilities (2020: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 37. The management fee payable to the Manager for the year was £2,206,000 (2020: £1,878,000) of which £nil (2020: £nil) was outstanding at the year end.

During the year £nil (2020: £95,000), including VAT, was payable to the Manager for the administration of savings scheme products, of which £nil (2020: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 69 are safe custody fees amounting to £11,000 (2020: £6,000) payable to JPMorgan Chase Bank N.A. of which £3,000 (2020: £1,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £19,000 (2020: £2,000) of which £nil (2020: £nil) was outstanding at the year end.

The Company holds an investment in JPMorgan UK Smaller Companies Investment Trust plc which is managed by JPMorgan. At the year end this was valued at £20.4 million (2020: £26.8 million) and represented 3.7% (2020: 6.0%) of the Company's investment portfolio. During the year the Company made £nil (2020: £nil) purchases of this investment and sales with a total value of £8,940,000 (2020: £517,000). Dividend income amounting to £292,000 (2020: £410,000) was receivable during the year of which £nil (2020: £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 £4.7 million (2020: £25.0 million). Interest amounting to £6,000 (2020: £32,000) was receivable during the year of which £nil (2020: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £6,000 (2020: £6,000) were payable to JPMorgan Chase Bank N.A. during the year of which £2,000 (2020: £1,000) was outstanding at the year end.

20. Transactions with the Manager and related parties *continued*

At the year end, total cash of £2,188,000 (2020: £250,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £nil (2020: £24,000) was receivable by the Company during the year from JPMorgan Chase Bank N.A. of which £nil (2020: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 49 and in note 6 on page 69.

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 66.

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

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1[1]	553,180	(936)	447,117	–
Total	**553,180**	**(936)**	**447,117**	**–**

[1] Includes future currency contracts.

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 return 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) to (iii) 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:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	553,180	447,117
Derivative instruments - futures contracts	(936)	–
	552,244	**447,117**

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/(loss) after taxation for the year and net assets to an increase or decrease of 10% (2020: 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.

	2021		2020	
	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/(loss) after taxation				
Revenue return/(loss)	(71)	77	(94)	94
Capital return/(loss)	50,492	(55,081)	44,537	(44,537)
Total return/(loss) after taxation	50,421	(55,004)	44,443	(44,443)
Net assets	**50,421**	**(55,004)**	**44,443**	**(44,443)**

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 (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures). 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. 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.

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and short term deposits	2,188	250
Cash held at broker	4,969	–
JPMorgan Sterling Liquidity Fund	4,698	25,033
Bank loan	(70,000)	(50,000)
Total exposure	**(58,145)**	**(24,717)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2020: 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 73.

Interest rate sensitivity

The following table illustrates the sensitivity of the return/(loss) after taxation for the year and net assets to a 0.5% (2020: 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.

	2021		2020	
	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/(loss) after taxation				
Revenue return/(loss)	(63)	63	39	(39)
Capital return/(loss)	(228)	228	(163)	163
Total return/(loss) after taxation	(291)	291	(124)	124
Net assets	**(291)**	**291**	**(124)**	**124**

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 73.

Liquidity risk exposure

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

	2021			
	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	91	–	–	91
Derivative financial instruments	936	–	–	936
Bank loan, including interest	354	70,064	–	70,418
Private placement, including interest	483	483	51,503	52,469
	1,864	70,547	51,503	123,914

	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

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
£30 million 3.22% private placement loan March 2045	30,000	30,000	36,967	40,047

23. Capital management policies and procedures

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

	2021 £'000	2020 £'000
Debt:		
£70 million loan facility	70,000	50,000
£30 million 3.22% private placement loan March 2045	30,000	30,000
	100,000	80,000
Equity:		
Called up share capital	14,859	14,651
Reserves	450,163	378,208
	465,022	392,859
Total debt and equity	**565,022**	**472,859**

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 Company's gearing policy (excluding the effect of any futures) is to operate within a range of 5% net cash and 20% geared in normal market conditions. The Investment Managers have discretion to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures).

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	553,180	447,117
Net assets	465,022	392,859
Gearing	**19.0%**	**13.8%**

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

The Company's £50 million floating rate loan facility with National Australia Bank was extended to £80 million in January 2022. (Further information is set out on page 27, under Borrowings).

Since 31st December 2021, the Balance Sheet date, there has been significant market volatility relating mainly to recent geopolitical events that have taken place after the Balance Sheet date and uncertainty remains as to their longer term implications. These events have the potential to adversely affect the fair value of assets and income of the Company. Subsequent to the Company's year end, the net asset value per share of the Company on a cum income with debt at fair value basis has decreased by 11.8% from 770.8p to 680.12p and the Company's share price has also decreased by 12.1% from 772.0p to 679.0p as at 10th March 2022.

Since the year end, the Company bought back nil shares into Treasury and issued 445,000 new shares.

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 2021 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	130%	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 2021 Performance Year in May 2021 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 2021 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 32 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 42 sub-funds) as at 31st December 2021, with a combined AUM as at that date of £23.4 billion and £24.8 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	23,244	16,065	39,309	153

The aggregate 2021 total remuneration paid to AIFMD Identified Staff was USD $84,714,000, of which USD $6,570,000 relates to Senior Management and USD $78,144,000 relates to other Identified Staff[1].

[1] For 2021, the AIFMD identified staff disclosures includes employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

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

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell 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 2021.

Shareholder Information

Notice is hereby given that the fifty ninth Annual General Meeting of JPMorgan Claverhouse Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on 29th April 2022 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 2021.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2021.
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 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.
9. To authorise the Directors to determine the auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,497,016, 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 2023 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

11. THAT, subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,497,016, representing approximately 10% of the issued share capital (excluding Treasury shares) as at the date of the notice convening the meeting at which this resolution is proposed and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and so that the Directors of the Company may allot or sell equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of shares hereby authorised to be purchased shall be 8,976,109, 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 29th October 2023 unless the authority is renewed at the Company's Annual General Meeting in 2023 or at any other general meeting prior to such time; and

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

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

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

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

(i) be 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 2023 unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, make an offer or agreement which would or might otherwise require Treasury shares to be sold after such expiry and the Directors may sell Treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Approval of dividend policy – Ordinary Resolution

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

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

11th March 2022

Notes

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

1. If law or Government guidance so requires at the time of the Meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the Meeting. In addition, the Company may still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the Meeting.
2. 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. 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.
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. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

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

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

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

13. The register of interests of the Directors and connected persons in the called-up 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 AGM. No Director has any contract of service with the Company.

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

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

16. As at 10th March 2022 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 59,880,653 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 59,880,653.

Electronic appointment – CREST members

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

Return to Shareholders (APM)

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

Total return calculation	Page	Year ended 31st December 2021	Year ended 31st December 2020	
Opening share price (p)	5	649.0	776.0	(a)
Closing share price (p)	5	772.0	649.0	(b)
Total dividend adjustment factor[1]		1.045038	1.049454	(c)
Adjusted closing share price (p) (d = b x c)		806.8	681.1	(d)
Total return to shareholders (e = d / a – 1)		**24.3%**	**–12.2%**	**(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 2021	Year ended 31st December 2020	
Opening cum-income NAV per share (p)	5	672.1	789.4	(a)
Closing cum-income NAV per share (p)	5	782.4	672.1	(b)
Total dividend adjustment factor[1]		1.043336	1.047963	(c)
Adjusted closing cum-income NAV per share (p) (d = b x c)		816.3	704.3	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**21.5%**	**–10.8%**	**(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 64) 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 2021, the cum-income NAV with debt at fair value was £458,055,000 (31st December 2020: £382,785,000) or 770.7p per share (31st December 2020: 654.9p).

Total return calculation	Page	Year ended 31st December 2021	Year ended 31st December 2020	
Opening cum-income NAV per share (p)	5	654.9	787.9	(a)
Closing cum-income NAV per share (p)	5	770.7	654.9	(b)
Total dividend adjustment factor[1]		1.044211	1.049129	(c)
Adjusted closing cum-income NAV per share (p) (d = b x c)		804.77	687.07	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**22.9%**	**–12.8%**	**(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 75 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 2021 £'000	Year ended 31st December 2020 £'000	
Investments held at fair value through profit or loss	72	553,180	447,117	(a)
Net assets	5	465,022	392,859	(b)
Gearing (c = a / b – 1)		**19.0%**	**13.8%**	**(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 2021 £'000	Year ended 31st December 2020 £'000	
Management Fee	67	2,206	1,878	
Other administrative expenses	67	668	711	
Total management fee and other administrative expenses		2,874	2,589	(a)
Average daily cum-income net assets		437,258	364,019	(b)
Ongoing charges (c = a / b)		**0.66%**	**0.71%**	**(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
Barclays Smart Investor
Charles Stanley Direct
Fidelity Personal Investing
Halifax Share Dealing
Hargreaves Lansdown
Interactive Investor

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

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

2. Through a professional adviser

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

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit fca.org.uk

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

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

History

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

Company Numbers

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

Market Information

The Company's net asset value ('NAV') per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times 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
45 Gresham St,
London EC2V 7BF

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The Association of Investment Companies

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CONTACT

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J.P.Morgan
Asset Management