JPMorgan Claverhouse Investment Trust plc

Annual Report & Financial Statements
for the year ended 31st December 2022

aic
DIVIDEND HERO

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

J.P.Morgan
ASSET MANAGEMENT

Key Features

Objective

The objective of JPMorgan Claverhouse Investment Trust Plc (the 'Company' or 'Claverhouse') is capital and income growth from UK investments.

Investment Policies

- 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 Manager has been granted discretion by the Board 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 30 and 31.

Benchmark

The FTSE All-Share Index (total return).

Capital Structure

At 31st December 2022, the Company's share capital comprised 60,145,653 (2021: 59,435,653) ordinary shares of 25p each. There were no shares held in Treasury (2021: nil).

The Company has £30 million fixed rate 25 year 3.22% unsecured loan notes. In addition, the Company has in place a £80 million two year floating rate loan facility with Mizuho Bank Limited due for renewal in May 2024. (Further information is set out on page 32, under Borrowings).

Management Company and Company Secretary

The Company engages 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') or the 'Investment Manager'). William Meadon and Callum Abbot (the 'Portfolio Managers') are the Company's designated portfolio managers on behalf of the Investment Manager.

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 it 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

The Company is a member of the Association of Investment Companies (the 'AIC').

AIC Dividend Heroes

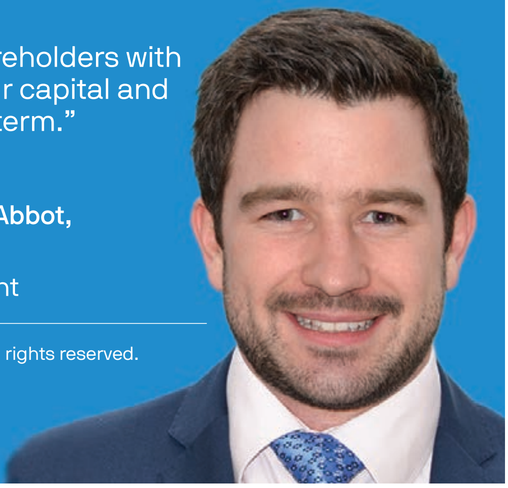
The AIC Dividend Hero emblem on the front cover indicates that the Company has increased its dividends each year for at least 20 years. In 2022, the Company raised its dividend for its 50th consecutive year.

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.

> We aim to reward our shareholders with steady growth in both their capital and income over the medium term."

William Meadon and Callum Abbot, Portfolio Managers,
JPMorgan Asset Management



Investment Approach

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

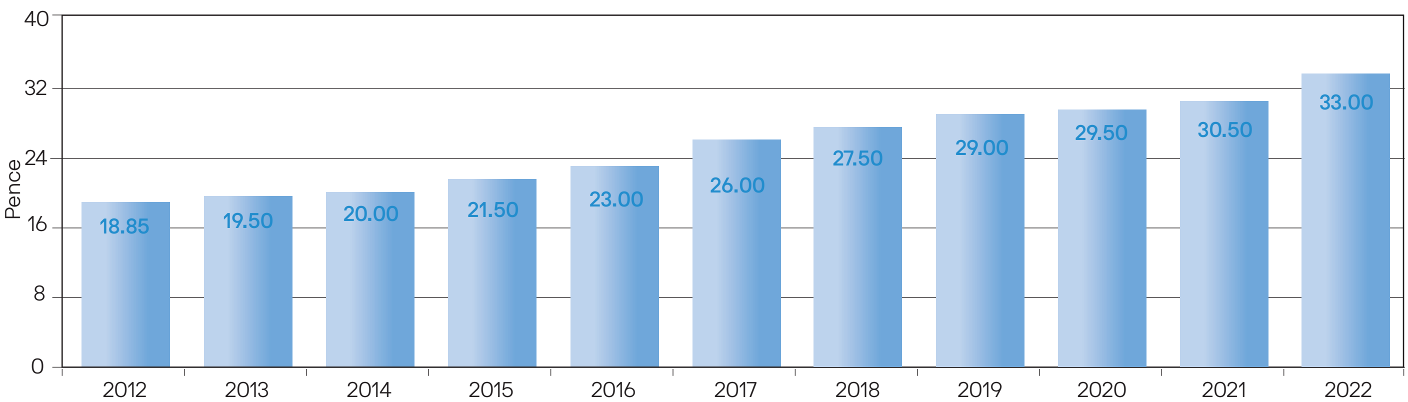
The Manager's Heritage and Team

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.

The Investment Manager'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 18 investment trust AIC 'dividend heroes' – trusts that have increased their dividend every year for at least the past 20 years. Claverhouse's record of 50 consecutive years of dividend growth is the longest of any quoted investment trust invested solely in UK equities.

Dividend History



Portfolio Characteristics

50
Years of consecutive dividend growth

A focused portfolio of
60-80 stocks

+150.2%
Total shareholder return since adoption of strategy (from 1st March 2012)

A consistent, transparent, robust investment process

Contents


DUGALD STEWART

Financial Highlights

Total returns (including dividends reinvested) to 31st December

	2022	2021	3 years Cumulative	5 years Cumulative	10 years Cumulative
Return to shareholders[1,A]	–5.1%	+24.3%	+3.6%	+18.9%	+139.1%
Return on net assets[2,A]	–7.5%	+21.5%	+0.2%	+8.7%	+103.4%
Benchmark return[3]	+0.3%	+18.3%	+6.9%	+15.3%	+87.8%
Net asset return relative to benchmark return[3,A]	–7.8%	+3.2%	–6.7%	–6.6%	+15.6%
Dividend[4]	33.0p	30.5p			

[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).
[4] Dividend declared in respect of the year, details are provided in note 10 (b) to the financial statements on page 78.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 96 to 98.

Financial Highlights

Summary of results

	2022	2021	% change
Total returns for the year ended 31st December			
Return to shareholders[1,A]	–5.1%	+24.3%	
Return on net assets – debt at fair value[2,A]	–4.6%	+22.9%	
– debt at par value[2,A]	–7.5%	+21.5%	
Benchmark return[3]	+0.3%	+18.3%	
Net asset value, share price and discount at 31st December			
Shareholders' funds (£'000)	415,800	465,022	–10.6%
Net asset value per share – debt at fair value[4,5,A]	702.2p	770.7p	–8.9%
– debt at par value[4,A]	691.3p	782.4p	–11.6%
Share price	700.0p	772.0p	–9.3%
Share price (discount)/premium to net asset value with debt at fair value[6,A]	(0.3)%	0.2%	
Share price premium/(discount) to net asset value with debt at par value[6,A]	1.3%	(1.3)%	
Shares in issue (excluding shares held in Treasury)	60,145,653	59,435,653	
Revenue for the year ended 31st December			
Net revenue return after taxation (£'000)	20,536	18,102	+13.5%
Revenue return per share	34.27p	30.77p	+11.4%
Total dividend per share	33.0p	30.5p	+8.2%
Gearing (excluding effect of futures) at 31st December[A]	**7.2%**	**19.0%**	
Gearing (including effect of futures) at 31st December[A]	**7.2%**	**8.8%**	
Ongoing Charges[A]	**0.70%**	**0.66%**	

1 Source: Morningstar.

2 Source: Morningstar/J.P. Morgan, using cum income net asset value per share.

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

4 Includes the current year revenue account balance after deducting dividends paid year to date.

5 The fair value of the £30 million private placement loan (2021: £30 million) has been calculated using discounted cash flow techniques using the yield on a similarly dated gilt plus a margin based on the five 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 96 to 98.

Chairman's Statement

David Fletcher
Chairman

Performance and Manager Review

2022 proved to be another very challenging year in general for investors. Just as it seemed that the worst of the pandemic was behind us, and the way was clear for economies to recover from the virus' severe economic impact, Russia's invasion of Ukraine in February 2022 dealt a fresh blow to the economic outlook and investor confidence. As well as escalating geopolitical tensions to post WWII highs, the war added to upward pressures on energy and commodity prices, driving already rising inflation even higher. Markets were shocked by central banks' aggressive policy response and fears that high and still rising rates would push the major economies, including the UK, into recession this year now seem more likely to be realised.

These developments weighed heavily on financial markets. The MSCI Word Index closed the year down 17.7%, and the FTSE All Share Index also dropped sharply during the first half of the year. UK domestic political instability was an additional source of uncertainty during this period, but the appointment of Rishi Sunak as Prime Minister in October calmed investors' jitters and the UK market experienced a steep recovery, outperforming other major markets, to close the year up slightly +0.3%. The Company underperformed its benchmark over the 12 months to end December 2022, declining by 4.6% on a net asset value ('NAV') basis (with debt at fair value), and 5.1% in share price terms over the period, compared to a positive return of 0.3% for the benchmark.

This is clearly a disappointing result; however, it is important to understand that this underperformance occurred in the first half of the year, during the worst of the financial turmoil. Portfolio performance improved in the second half of the year and the Company outperformed its benchmark in this six-month period, recouping some of its underperformance, as market conditions steadied, and the portfolio changes implemented by the Portfolio Managers to strengthen its resilience to the year's challenges began to pay off.

The year was also characterised by a small percentage of stocks outperforming the relevant index. For example, only 23% of stocks outperformed the FTSE All Share Index over the year. This made it particularly challenging for active managers operating for risk management reasons within agreed investment guidelines and restrictions. These are summarised in the Strategic Report below on page 31. During the year, the Board reviewed these guidelines with the Portfolio Managers, in particular the range of 60 to 80 stocks, and confirmed that they remained appropriate.

Shareholders should also bear in mind that the Portfolio Managers invest for the long-term, so they should be judged by their performance over a longer timeframe. Over the ten years to 31st December 2022, the Company achieved an average annual return of 7.9% on an NAV basis and 9.1% in share price terms, outperforming the benchmark return of 6.5% on the same basis.

The Investment Manager's report on pages 13 to 21 provides more detail on performance during 2022, and how the Portfolio Managers have adapted the Company's portfolio in light of the new lower growth, higher inflation environment. They also discuss the outlook for 2023.

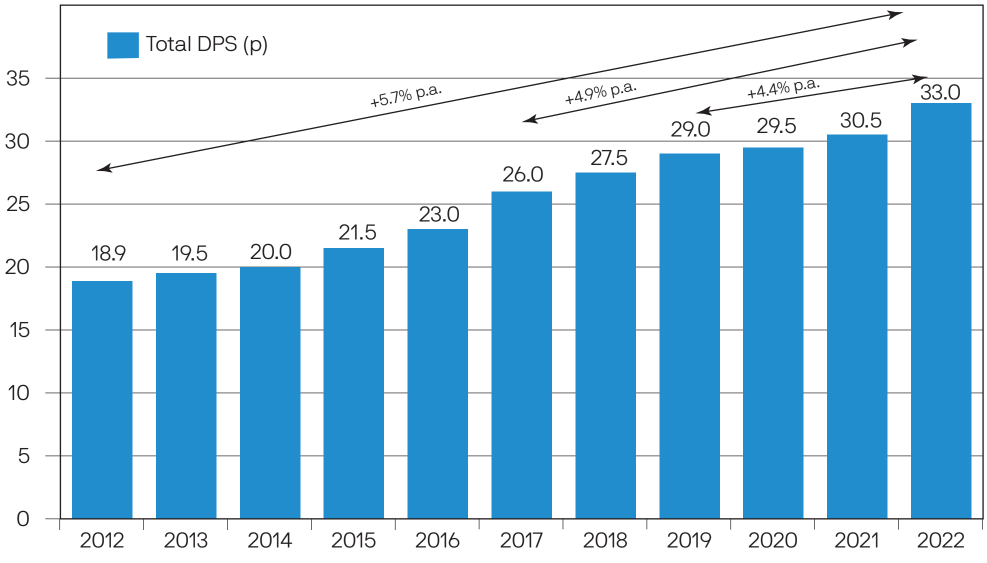
As at 10th March 2023, the Company's NAV per share (with debt at fair value) was 722.54p and the share price was 684.00p.

Revenue and Dividends

The Directors have declared a fourth quarterly interim dividend of 10.5p per share for the year ended 31st December 2022, to be paid on 17th March 2023, which brought the total dividend per share for the year to 33.0p (2021 total: 30.5p), an increase of 8.2% on the year. I am very pleased to say that this is the 50th successive year in which the dividend has been raised – a record which very few investment trusts have achieved. The dividend has grown each year from 0.48p per share in 1972 to 33.0p per share in 2022, a compound dividend growth of 8.8% per annum, comfortably exceeding inflation and UK dividend growth.

Chairman's Statement

At a time when rising inflation is making dramatic inroads into household budgets, I am sure shareholders will be equally appreciative of the fact that following payment of the fourth quarterly interim dividend, the Company will have continued to pay dividends in excess of inflation over each of the past 3, 5 and 10 year periods, and above the dividend growth of the UK market as a whole (as measured by the constituents of the FTSE All-Share Index) as illustrated in the chart and table below.



Source: Bloomberg.

	CPI (% per annum)	Claverhouse DPS Growth (% per annum)	UK Market Dividend Growth (% per annum)
3 Year	4.1%	4.4%	–7.1%
5 Year	3.3%	4.9%	–1.2%
10 year	2.4%	5.7%	2.5%

Source: Office of National Statistics.

The Board's dividend policy remains to seek to increase the dividend each year and, taking a run of years together, to increase dividends at a rate close to or above the rate of inflation. With UK inflation now at a 30 year high, the Board will continue to monitor carefully the outlook for dividend income. However, given the Company's revenue reserves, built up over a number of years, and its ability, as an investment trust, to utilise these reserves if necessary to support the dividend, the Board currently expects future dividend increases to enable the Company to continue to meet its dividend policy objectives. The Board intends to increase the first three quarterly interim dividends in 2023 to 8.0p per share from 7.5p per share in the previous financial year.

Premium/Discount and Share Issuance/Repurchases

During 2022, the discount to NAV at which the shares traded ranged from a premium of +3.7% to a discount of –3.6%. As a result, in the year to 31st December 2022, the Company issued 710,000 new shares at times when the shares were trading at a premium. The Company did not repurchase any of its shares during the year. The Board's objective is to use the repurchase and allotment authorities to manage imbalances between the supply and demand of the Company's shares, with the intention of reducing the volatility of the discount or premium, in normal market conditions.

Chairman's Statement

As at 31st December 2022, the Company's discount (to its cum-income, debt at fair value, NAV) was –0.3%, and at the time of writing it currently stands at –5.33%.

At this year's Annual General Meeting ('AGM'), to be held on 28th April 2023, the Company will be seeking renewed authority from shareholders to sell shares from Treasury at a small discount, to issue new shares and to repurchase its own shares.

Since the year end, the Company's discount at which its shares trade has widened, the Board has deemed it necessary to utilise the Company's buy back authority, buying in a total of 465,000 shares as at the date of this report.

The comparison between the debt at par and fair value NAV 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 Manager's contribution to NAV performance should be assessed without regard to the long-term debt interest rate, over which it has 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 it is the basis upon which the NAV is announced to the market.

Gearing/Long Term Borrowing

The Portfolio Managers can use FTSE 100 index futures to effect reductions in the level of gearing by reducing the portfolio's market 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 Manager has discretion from the Board to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures). The Board believes that over the long-term a moderate level of gearing is an efficient way to enhance shareholder returns.

In order that the Portfolio Managers could retain the flexibility to maintain gearing up to the maximum permitted level, in May 2022 the Company secured a new two-year revolving credit facility of £80 million with Mizuho Bank following the expiry of the Company's loan facility with the National Australia Bank.

Taking into account borrowings, net of cash balances held and the effect of futures, the Company ended 2022 approximately 7.2% geared. During the year gearing varied between 1.8% net cash and 9.7% geared. Gearing is currently 8.0%. The Company has a £30 million 3.22% private placement loan, maturing in March 2045. In addition, £10 million of the Mizuho revolving credit facility was drawn down as at 31st December 2022. See note 13 on page 80.

Environmental, Social and Governance ('ESG')

ESG considerations are integrated into the Investment Manager's investment process and within the broader decision making framework. This annual report includes a separate Environmental, Social and Governance Report from the Investment Manager on page 22. During the year, the Investment Manager became a new signatory to the UK Stewardship Code.

Investment Management Fees and Manager Evaluation

Since the year end, the Board has agreed with the Manager to amend the Company's investment management fees.

With effect from 1st July 2023, the investment management fee will be charged on a tiered basis at an annual rate of 0.45% of the Company's net assets on the first £400 million and at 0.40% of net assets above that amount. The fee will continue to be calculated and paid monthly.

During the year under review, the Management Engagement Committee undertook a formal review of the Manager and Investment Manager, covering the investment management, performance of the

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

Keeping in Touch

The Board would like to increase dialogue with the Company's existing shareholders. Investors holding their shares through online platforms will shortly receive a letter inviting them to sign up to receive email updates from the Company. These updates will deliver regular news and views, as well as the latest performance statistics. If shareholders wish to sign up to receive these communications, please visit https://web.gim.jpmorgan.com/emea_investment_trust_subscription/welcome?targetFund=JCH.

Annual General Meeting

We are planning to hold this year's AGM in person at JPMorgan's offices at 60 Victoria Embankment, London EC4Y 0JP, on Friday, 28th April 2023 at 12 noon. The Company's Portfolio Managers; William Meadon and Callum Abbot will give a presentation to shareholders, review the past year and comment on the outlook for the current year. The meeting will be followed by a sandwich lunch and provide shareholders with the opportunity to meet the Directors and representatives of the Manager. We look forward to welcoming 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 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. 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 physically attend, 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 AGM, the Company will update shareholders through the Company's website and, if appropriate, through an announcement on the London Stock Exchange.

Board Succession

This is my first Annual Report since becoming Chairman following the retirement of Andrew Sutch at the conclusion of the AGM on 29th April 2022. Andrew had served as a Director of the Company since 2013, holding the position of Chairman from 2015. I would like to once again take this opportunity, on behalf of the entire Board, to thank him for all his hard work and his effective stewardship of the Board and the Company during his tenure.

At the time of Andrew's retirement, Jill May became the Senior Independent Director, Nicholas Melhuish took over as Audit Committee Chair and Victoria Stewart became Chair of the Remuneration Committee. Led by the Nomination Committee, following a search for a suitably qualified candidate to replenish the Board after Andrew's departure, I am delighted to welcome Joanne Fintzen as a Non-Executive Director of the Company with effect from 3rd October 2022. Joanne brings a wealth of experience to her new role, and my Board colleagues and I look forward to working with her. The Board therefore recommend that shareholders vote in favour of her appointment at the forthcoming AGM.

Chairman's Statement

Outlook

While it has been very challenging over recent months and years, I share the Portfolio Managers' cautious optimism regarding the outlook for UK equity markets. The likelihood of recession in 2023 is already well-discounted by investors at current market levels and should sentiment continue to improve substantially investors may be further tempted by the attractive valuations of many UK stocks relative to their foreign peers.

We are also positive about the Company's prospects. It is invested predominantly in large, high-quality, well-diversified FTSE 100 stocks, many of which are continuing to pay growing dividends. Attributable in part to the portfolio adjustments implemented by the Portfolio Managers, the portfolio's holdings began to recover in the second half of 2022 once equity market conditions stabilised, and in the new lower growth, higher inflation environment, stocks offering high, predictable and rising income should continue to do especially well, benefitting our shareholders over coming years.

We are pleased to have experienced Portfolio Managers who are working hard to preserve and grow shareholders' assets and their success in doing so is evident in their long-term record of outperformance.

David Fletcher
Chairman

13th March 2023

Investment Manager's Report

Investment Approach

Claverhouse is a diversified portfolio of JPMorgan's best UK ideas, comprising both quality growth and value stocks. A handful of very large stocks, which represent a significant part of the benchmark, are held for risk-control reasons.

We adopt a long-term, patient investment perspective and we believe that this approach will produce outperformance of the index in a steady, consistent manner, irrespective of market conditions. We also aim to maintain Claverhouse's multi-decade dividend growth record.

William Meadon
Portfolio Manager
William Meadon is a portfolio manager within J.P.Morgan Asset Management, based in London. An employee for 27 years, William obtained a BA (Hons) in Economics from the University of Nottingham and is a qualified Chartered Accountant.

Callum Abbot
Portfolio Manager
Callum Abbot is a portfolio manager within J.P.Morgan Asset Management, based in London. An employee for 11 years, Callum obtained a BA (Hons) in both Geography and Management at the University of Cambridge. Callum is a CFA charterholder.

Market Review

2022 was a significant and sobering year in many ways. Asset prices tumbled as a veritable witches' brew of unexpected global challenges were thrown at investors and policy makers alike.

Encouraged by the final lifting of Covid-19 restrictions, the new year started in good heart. Such optimism was, however, short lived, as Russia shocked the world by its invasion of Ukraine in February, and the economic consequences were immediate. Russian gas pipelines to Europe closed, sparking the Continent's biggest ever energy crisis. Inflation, which was already becoming a problem, soon rose to multi decade highs, fuelled by increases in both energy and commodity prices. This in turn precipitated the fastest interest rate rises for decades, as central banks scrambled to curb surging prices. The decade-long era of easy, cheap money came to an abrupt and painful end. Such events were toxic for most assets. Unusually, equities and bonds fell in tandem. For much of the year there were no safe investment havens in which to hide.

To add to UK investors' woes, as the cost of living crisis deepened, politicians struggled to maintain authority. In a surreal three-month period, the UK had three Prime Ministers and four Chancellors of the Exchequer! A badly judged mini-budget in September triggered turmoil - bond prices plummeted and sterling dropped to a historic low of $1.03 – forcing the Bank of England to intervene to stabilise markets.

Global equities experienced their worst year since 2008, with US tech stocks and emerging markets being particularly badly hit. Many crypto currencies collapsed. The UK equity market, however, did relatively well by comparison. Investors welcomed the appointment of Rishi Sunak as Prime Minister in October, and a strong rally in the final quarter saw the FTSE All-Share Index finish just ahead for the year (+0.3%), led by a handful of large oil and mining stocks which investors saw as being beneficiaries of surging commodity prices. China maintained harsh lockdowns for most of the year as it struggled to contain the spread of the Covid-19 virus. The end of the year, however, saw some loosening of restrictions, and an associated resumption of economic activity, which gave further impetus to equities' year-end market rally.

Performance Review

We are bottom-up stock pickers. Developments at the sector and macroeconomic levels generally have less influence on the portfolio than our assessment of the companies themselves. For much of 2022, geopolitical and macro issues were of much more concern to investors than usual and this explains, in part, our under-performance. The portfolio struggled in the first half of the year as markets nose-dived in the wake of the unexpected Russian invasion of Ukraine. It declined by 12.8% on an NAV basis, 8.2 percentage points below the benchmark decline of 4.6%. However, some significant portfolio changes (discussed below), intended to improve the Company's resilience to the year's many unexpected challenges, combined with our risk-controlled approach to sizing positions at both a stock and sector level, helped the portfolio navigate the storm. Performance improved in the second half and the portfolio clawed back some of its H1 underperformance. In sum, in the year to 31st December 2022 as a whole, Claverhouse delivered a total return on net assets (capital plus dividends re-invested) of –4.6%, 4.3 percentage points weaker than the benchmark return of +0.3%. With the Company's shares moving from a premium of +0.2% to a small discount of –0.3% at the year end, the total annual return for shareholders was –5.1%.

Investment Manager's Report

Further detail of Claverhouse's performance over the year is given in the accompanying table below.

Performance attribution

Year ended 31st December 2022

	%	%
Contributions to total returns		
Benchmark return		**0.3**
Stock & Sector selection	–7.1	
Gearing & cash	0.2	
Investment Manager contribution		**–6.9**
Cost of debt		–0.2
Portfolio total return		**–6.8**
Management fee/other expenses	–0.7	
Share buyback/share issuance	—	
Sub total		–0.7
Return on net assets with debt at par value[A]		**–7.5**
Change in the fair value of the long term debt		**2.9**
Return on net assets with debt at fair value[A]		**–4.6**

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 96 to 98.

The Company delivered a dividend increase for the 50th consecutive year, a notable milestone. Dividends in respect of the financial year ended 31st December 2022 (FY22) totalled 33.0p per share, an 8.2% rise on the previous year's dividend of 30.5p per share. The dividend yield in respect of the year is 4.7% (based on the share price as at 9th March 2023).

Across the market, the year's outperformers were very limited, mainly comprising commodity companies and traditionally defensive names investors thought could benefit from, or at least cope with, the challenging economic environment. By contrast, financials and consumer stocks were particularly hard hit, as were very small companies. Accordingly, the most significant positive contributors to the Company's performance over the year included several energy and commodity companies as illustrated in the table below.

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

Top Five Contributors

Shell	+1.5%
BP	+1.1%
AstraZeneca	+1.0%
Glencore	+0.5%
Prudential	+0.3%

Top Five Detractors

JPMorgan UK Smaller Cos IT	–1.5%
Intermediate Capital	–1.3%
Watches of Switzerland	–0.7%
Dunelm	–0.6%
Impax Asset Management	–0.6%

Source: JPMAM, as at 31st December 2022.

Oil stocks continued to outperform in all major markets, and **BP** and **Shell** were no exception, making them the largest contributors to returns over the year. The Russian invasion of Ukraine exposed the fragility of global energy markets and caused oil and gas prices to soar. Years of underinvestment has led to capacity constrained supply issues which were compounded by the closure of Russia's pipelines. The resultant supernormal cash flows generated by BP and Shell are being returned to shareholders. Additionally, management teams are investing in the energy transition and have recently increased capex guidance for upstream oil and gas projects. However, management teams are aware that investors want to see strong returns on investment and will not tolerate squandering of capital chasing volumes, as has been the case historically. Focusing on shareholder returns rather than growing volumes should provide a good outcome for shareholders over the medium term.

Pharmaceutical companies, including portfolio holding **AstraZeneca**, performed strongly as investors sought out companies with reliable earnings streams. AstraZeneca is finally reaping the reward of a decade long strategy shift towards improving R&D efficacy in high margin areas such as oncology. A number of the drugs developed as a result have proved extremely effective, and earnings growth should be boosted for many years ahead as these drugs come to market.

Glencore is a diversified mining company with substantial exposure to metals such as copper, zinc and nickel which are essential to the electrification of vehicles. Higher commodity prices have led to an improvement in Glencore's trading division, allowing the company to pay down debt and return excess capital to shareholders. In addition, a change in the management team has seen a substantial improvement in the company's ESG credentials, marking a new, greener era for this miner. Many outstanding legal cases against Glencore have been settled, including one involving the US Department of Justice.

It was a tale of two halves for the Asian insurance company, **Prudential**. For most of the year, China's harsh zero Covid-19 policies prevented Chinese nationals from travelling into Hong Kong to buy insurance products. However, towards the end of the year, when the Chinese government began to re-open the economy, we bought shares in Prudential at a very depressed valuation and they have since enjoyed a meaningful recovery.

The Company's position in **JPMorgan's Smaller Companies Investment Trust**, run by JPMAM's in-house small companies' team, was the largest detractor from returns during the year. It underperformed as investors sought the perceived safety of larger, more liquid stocks. However, over the years, this fund has not only contributed materially to the performance of Claverhouse, but as stocks have grown out of the smaller companies' index and into the FTSE 350, it has also provided a rich source of new direct investment ideas for us. We therefore intend to maintain our holding.

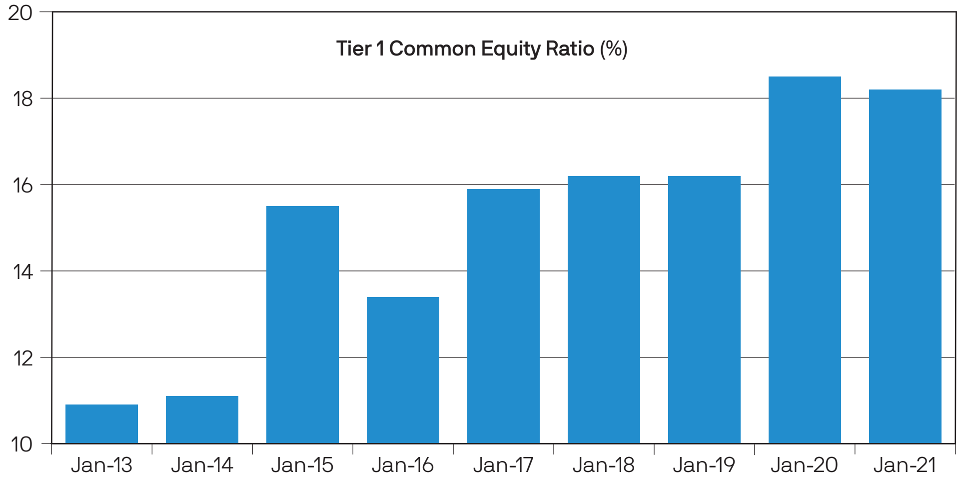
General market panic at the start of 2022, combined with rapidly rising interest rates, led to a substantial sell off in many financials such as private market specialist, **Intermediate Capital** and ESG-focused asset manager, **Impax**. Intermediate Capital remains in the portfolio as we continue to be happy with the company's operational performance. However, we sold our holding in Impax as we became concerned about the high level of the business's operating leverage and the potential for outflows.

The sharp pickup in inflation led to a severe sell off in consumer stocks, as the cost of living crisis limited discretionary spending and investors began to fear an imminent recession. While **Dunelm** and the retailer of luxury watches, **Watches of Switzerland** sold off on these fears, both companies are coping well with this challenging backdrop and remain holdings.

Investment Manager's Report

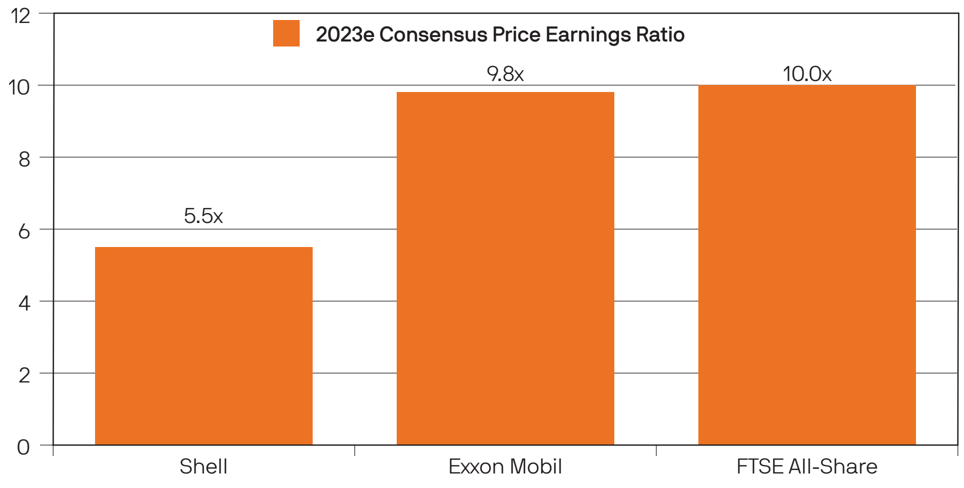
Highlighted Company: Natwest

Rising rates are beneficial for banks' net interest margins, which have been severely depressed throughout the past decade of low/zero interest rates. Higher rates should thus pave the way for Natwest to deliver double digit returns on equity after years of economic suppression. Accompanying this, stringent post GFC banking regulations have left NatWest's balance sheet very well capitalised and able to weather downturns in the macro environment.



Highlighted Company: Shell

This oil major is undergoing a significant restructuring to position itself as a diversified energy company. Part of the strategic shift involves returning surplus capital to shareholders, rather than growing volumes through low return projects, as it has done in previous cycles. This marks an important change to their capital discipline and signals an improvement in the quality of the business. In addition, the company has benefited from soaring energy prices as years of underinvestment by the sector has led to supply constraints which has been compounded by the closure of Russia's pipelines. Shell trades at a significant discount to Exxon Mobil, a US listed peer, and the broader UK market.



Portfolio Review

The portfolio held 63 stocks at the end of the year, towards the lower end of our normal range, as we focused on the very limited number of companies which could cope with the year's economic storm. Indeed, less than a quarter of shares in the FTSE All Share outperformed compared to a more normal year, where this number is generally closer to 50%. While we are stock-focused, we do run a sector-diversified portfolio, as the following discussion on the year's portfolio activity illustrates.

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

Top Five Overweight Positions		Top Five Underweight Positions	
Glencore	+2.2%	Unilever	–1.3%
SSE	+2.2%	Vodafone	–0.9%
NatWest	+2.1%	Flutter	–0.9%
AstraZeneca	+2.1%	Haleon	–0.7%
BP	+2.0%	HSBC	–0.7%

Source: JPMAM, as at 31st December 2022.

Purchases

Some significant portfolio changes were necessary to ensure it was best-placed to weather the year's many challenges.

For the past three years, the Asian life insurance company **Prudential** has been hamstrung by the covid-induced closure of China's borders. As discussed above, this prohibited Chinese nationals crossing into Hong Kong to take out insurance policies. This business provides a significant portion of the revenues of Prudential. Now the Chinese border has re-opened, there should be plenty of pent-up demand for Prudential's products.

JD Sports is an international retailer of sports and leisure wear. The company has exclusive relationships with big brands like Nike, adidas and Levi Jeans which give them security of supply and a strong competitive advantage versus peers. We sold out of the shares at beginning of 2022 as consumer spending pressures loomed, but after the sharp fall in the share price, we reopened the position.

Oil and gas companies were some of the few beneficiaries of events, due to the energy supply shock. We therefore added to our existing holdings in **BP** and **Shell**, and opened new holdings in other energy names such as **Drax**, **SSE**, **Centrica** and **Serica**, which we thought would also benefit from higher gas and oil prices. **Glencore**'s exposure to copper, nickel and zinc also means it is well positioned to benefit from the global transition to EVs and other clean energy users and we opened a position/added to our position.

As the economy turned down, we added to several defensive businesses including **Tesco**, **Imperial Brands** and **Unilever**, which we expected to be relatively resilient.

Higher defence budgets following the Russian invasion of Ukraine will be beneficial for **BAE** and this prompted us to add a new holding.

We added a new position in the catering services company **Compass Group**, which struggled during the pandemic, however, its diverse client base (offices, hospitals and sports venues, to name a few) means revenues are relatively immune to normal economic slowdowns. The company has emerged from the pandemic stronger than ever, and recent results showed continued operational momentum.

We also added to several utilities names which have inflation-linked, regulated asset bases. These included **National Grid** and **Severn Trent**.

We also added a new position in **Bunzl**, a B2B distributor of non-food consumable products such as food packaging and cleaning and hygiene supplies, across a diverse range of end markets. Its contracts are typically on a cost plus basis.

Man Group, a new position, is an alternative asset manager which continues to deliver strong operational momentum, despite the challenging backdrop. Its recent good performance in key strategies has attracted new business, particularly in its higher fee absolute return strategies.

Investment Manager's Report

As a purely institutional manager, its asset base is likely to be relatively sticky and we expect the company to return significant amounts of excess cash to its shareholders if performance remains strong.

4imprint, a new position, produces promotional merchandise and is benefitting from the continuing shift away from physical catalogues towards online merchandising.

The UK insurer, **Aviva**, has been on a multi-year restructuring to sell off non-core assets and re-focus on markets where they have a strong (top 3) market position. The disposals are now complete, and the business is extremely well capitalised as a result, so we added a new position.

Telecom Plus is a multiservice utilities provider to residential and small business customers in the UK. The company can price at a discount to the government price cap due to its scale and long-term supply contracts with partners. The competitive environment has greatly improved, as many of their smaller, aggressive competitors have not survived the recent period of energy price volatility.

Sales

Even before the Russian invasion of Ukraine, we had, thankfully, sold our holdings in **Polymetal** and **EVRAZ** both of which have operations in Russia. EVRAZ shares have subsequently been suspended.

After the Russian invasion, we sold a number of cyclicals as we looked to position the portfolio more defensively. These companies were either directly exposed to the economic cycle or lack the pricing power to pass through cost inflation. They included software company **AVEVA**, **Breedon**, a supplier of building materials, fashion house **Burberry**, **B&M**, owner of variety stores, and retailer **Marks and Spencer**.

In addition, we also closed our exposure to bus company **National Express**, budget airline **WIZZ Air**, **Synthomer**, a producer of specialist chemicals, **Unite Group**, a diversified REIT, and asset managers **Scottish Mortgage Investment Trust**, **Polar Capital** and **Liontrust Asset Management**, which have exposure to highly rated growth names.

We sold several highly-rated companies where we grew concerned about their expensive rating in a rising rate environment. These included **Ergomed**, a biotech company, **Games Workshop**, which sells toys and games, and **Oxford Instruments**, a producer of semiconductor equipment and materials.

We also sold **Rightmove**, a provider of online information related to UK residential real estate, **Spirax-Sarco**, a specialist industrial machinery and **Team 17**, a video game designer.

Although global media platform **Future** and ad agency **WPP** are quite different businesses, they are both exposed to economic cycles, as expenditure on marketing is one of the first areas to be cut in a downturn. Commentary from several large US tech names suggests that media budgets are already being cut and we expect more to follow. As a result, we sold out of both.

We also closed positions in international gambling companies **Flutter** and **Entain**. We still think that the US gambling market is an attractive structural growth story. However, these are consumer-exposed companies and they both have significant European operations which may struggle in the current macroeconomic environment.

Asset management is a highly operationally geared business, and we grew increasingly concerned about the downside risk at **Impax**, as poor performance may lead to outflows. Although we think they are well-placed in the ESG space, we sold our position due to these near term headwinds.

Hilton Food Group processes, packs and distributes meat and fish products to international food retailers. We bought Hilton on the premise that is had many long-dated, cost-plus contracts, which should have given visibility of revenues and protection from inflation. Management commentary in meetings and in shareholder communications supported these beliefs. However, at the time of their H1 results, management announced that they had been unable to pass on rampant cost inflation in some of their contracts, and interest costs had ballooned. This led to a material profit warning and the shares sold off sharply. We sold the stock on the news, together with our exposure to the producer of chicken and pork products, **Cranswick**, which we expected to experience similar issues.

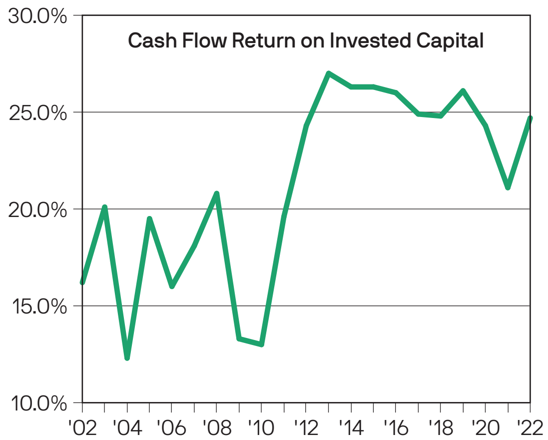
We sold out of our residual holdings in **Vodafone** and **BT**, as price competition in the telecoms industry intensified.

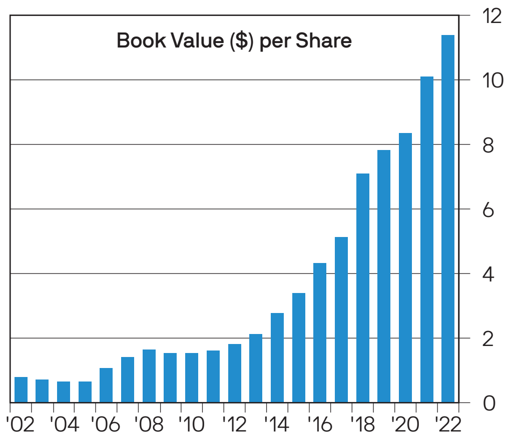
Reluctantly, we sold out of two good companies, **BHP** and **Ferguson**, both of which delisted from the main UK stockmarket.

Claverhouse's portfolio was geared throughout the year, but much less so than usual. We use FTSE 100 futures to manage gearing and, to a slightly greater extent than usual, to protect income. At the year-end the Company was 7.2% geared, compared to 8.8% at the end of the previous year, but by the time of writing, this had risen to 8.0%.

Highlighted Company: Ashtead Group

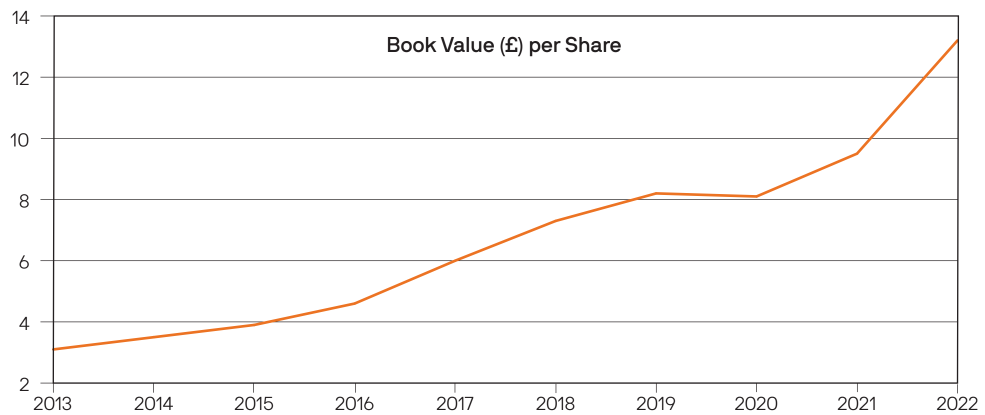
Ashtead is a rental company servicing industrial and construction end markets. We expect Ashtead to continue to benefit from the structural trend of increased rental penetration, and to win market share in what is a highly fragmented industry. Ashtead current market share is only just over 10% and management is hoping to double this over the medium term. The company's scale and technology give it a competitive advantage over small operators, as they have better equipment availability and utilisation rates are better. This has allowed Ashtead to generate returns well ahead of its cost of capital and it has a long runway for reinvestment of that capital - the perfect recipe for the business to keep creating value for shareholders.





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 it 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 transactions 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.



Investment Manager's Report

Environmental, Social, and Governance ('ESG') factors

Whilst Claverhouse holds stocks based primarily on companies' fundamentals, we also consider the potential impact of ESG factors on a company's ability to deliver shareholder value. We assess each company's strategy for dealing with these important matters and the consequent risks arising from them. Our analysis helps determine whether relevant ESG factors are financially material and, if so, whether they are reflected in the valuation of the company. Such analysis may influence not only our decision to own a stock but also, if we do, the size of that position in the portfolio.

For example, we own several stocks in the mining, energy and tobacco sectors, all of which face significant ESG challenges. Our analysis suggests that the risks posed by these ESG challenges are currently adequately reflected in most of those companies' valuations and do not outweigh the investment attractions of the shares. As owners of these companies, we strive to influence management in their efforts to address these important issues and we hold them accountable for their ESG targets.

We explained our case for holding mining companies in our 2020 annual report. Our view remains that many of the commodities that miners' produce are not only the building blocks of economic growth but are essential to facilitating electrification of the global economy. Hence, while the sector undoubtedly faces many ESG challenges, there are good reasons to believe it has a key role to play in developing a more sustainable future.

Accordingly, we added Glencore to the portfolio in early 2022. Whilst the company has had a chequered past, culminating in fines from several regulators relating to corruption and bribery, it has since undergone a significant transformation, including changes to senior management. We are now observing much improved ESG credentials. At a recent capital markets day, Glencore set itself ambitious climate targets, including reaching net zero emissions from its own activities (Scope 1 and 2 emissions) and emissions generated indirectly by its actions (Scope 3 emissions) by 2050. At the same event, the new CEO, Gary Nagle, committed to strengthening the company's Value and Code of Conduct and firmly embedding its principles in the business. In the years to come we will, of course, closely monitor management's progress in reaching these targets. With a much-improved approach to ESG considerations, the production of metals essential for electrification of the global economy and consequent exceptional cash generation, we now believe Glencore to be an attractive investment.

Company meetings continue to be an important opportunity to engage with our portfolio companies on ESG issues. As an example, we recently engaged with both Lloyds Banking Group and NatWest Group regarding their progress towards realising their climate goals. The meetings provided us with the chance to understand the challenges these two banks face in achieving their net zero targets. Both companies are significant providers of mortgages. Decarbonising the UK housing stock presents one of the greatest challenges for the UK in reducing the country's carbon emissions and will require commitment from multiple stakeholders. Understanding the role that mortgage lenders can play in addressing this challenge was insightful.

Market Outlook

We continue to observe a fragile world characterised by heightened risks. Global growth will be slower in 2023 and some economies, including the UK, may slip into recession. The end of the decade-long era of cheap money will require investors to factor in structurally higher inflation and interest rates than those they have enjoyed for so long. In addition, the UK economy faces several unique challenges (some of them self-inflicted!).

However, despite these negatives, a likely peaking of both inflation and interest rates this year, combined with the long-awaited re-opening of China, and the sheer depth of universal investor pessimism, makes us more optimistic on markets than we have been for some time. We are particularly attracted to large, blue chip FTSE 100 stocks, many of which are genuinely global in their operations, but whose shares continue to trade on significant discounts to their international peers. Indeed, the attractive valuations of many UK stocks could see the UK market continuing to be one of the better performing global markets over the coming year and beyond.

Figure 1: A 40% discount for MSCI UK vs MSCI World Index

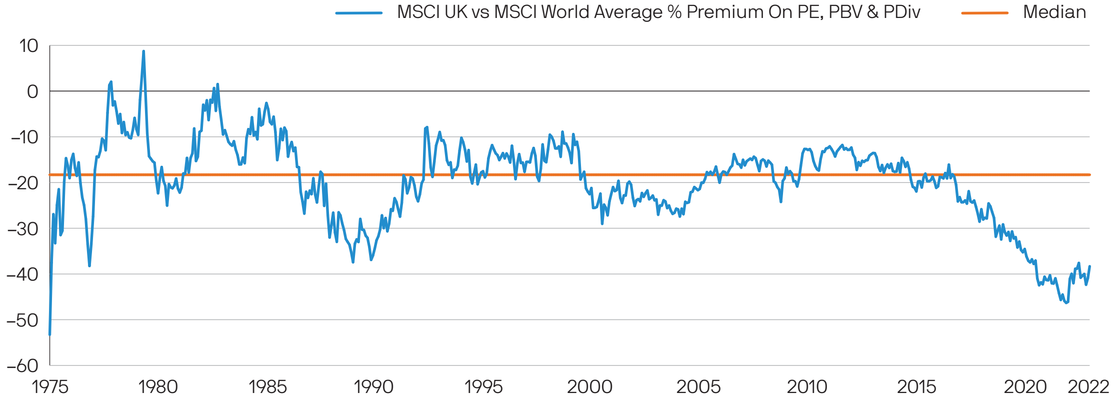
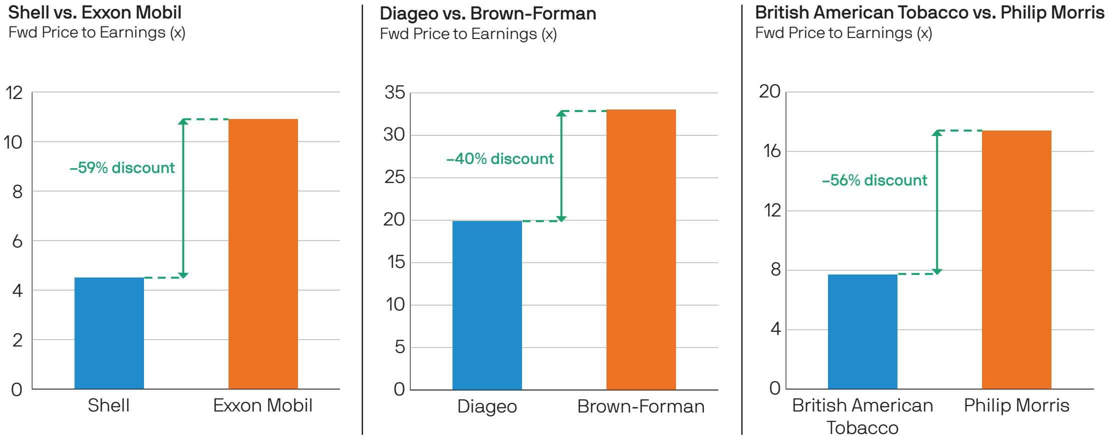


Figure 2: Cheap at a stock level: why pay more for the same type of global company?



In a lower growth environment, dividend income is likely to comprise a higher proportion of future total returns. Consequently, stocks offering high, predictable income should be re-rated – as, hopefully, will high income Investment Trusts like Claverhouse, which have a long track record of dividend growth. This trend is likely to be supported by investors' increased need for income given the current cost of living crisis.

The dangerous 'get rich quick' era of recent years, which placed crypto currencies, Nasdaq stocks and profitless technology names in the ascendancy, is well and truly over. In this new, more challenged world, investors will need to extend their time horizons and re-learn to appreciate traditional investment virtues such as slow, steady compounding and the certainty of access to their money.

Further tough economic times no doubt lie ahead. But the arrival of a new, more cautious era should play to Claverhouse's strengths – its long-term prudent approach of investing in good value, dividend-paying, quality UK companies – and we are confident that shareholders will be rewarded for their patience.

For and on behalf of the Investment Manager
William Meadon
Callum Abbot
Portfolio Managers

13th March 2023

Environmental, Social and Governance Report

Investment Manager's Approach to ESG

Introduction

ESG stands for Environmental, Social and Governance. Awareness of these issues has increased significantly in recent years within the asset management industry, including the Portfolio 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. Environmental issues are defined as issues related to the quality and function of the natural environment and natural systems. Some examples include greenhouse gas emissions, climate change resilience, pollution (air, water, noise, and light), biodiversity/habitat protection and waste management.

S is for Social. Social issues are defined as issues related to the rights, wellbeing and interests of people and communities. Some examples include workplace safety, cybersecurity and data privacy, human rights, local stakeholder relationships, and discrimination prevention.

G is for Governance. Governance issues are issues related to the way companies are managed and overseen. Some examples include independence of chair/board, fiduciary duty, board diversity, executive compensation and bribery and corruption.

Why do we integrate ESG into our investment process?

At JPMAM, we define ESG integration as the systematic inclusion of financially material ESG factors (including sustainability risks) as additional inputs into investment analysis and investment decision-making, where possible and appropriate. Essentially, we aim to determine whether, in our opinion, a company faces potential headwinds or tailwinds from ESG considerations which may ultimately have a significant impact on its share price.

ESG Integration within the Company's portfolio

ESG integration does not change a strategy's investment objective, exclude specific types of companies[1], or constrain a strategy's investable universe. However, our assessment of financially material ESG factors may influence our investment decision. Ultimately, it may impact your Portfolio Managers' decision to purchase a company or not, or impact the position size taken in a company due to the level of conviction.

Engagement

We recognise and embrace our wider stewardship responsibilities to clients as a major asset owner. We use it not only to understand how companies and issuers consider issues related to ESG but also to try to influence their behaviour and encourage best practices, for the purpose of enhancing returns for our clients. Active ownership in the context of ESG integration allows us to manage ESG risks and to systematically incorporate insights gained from engagement into our investment decisions. For further details on our engagement processes, please see our Annual Investment Stewardship Report (https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/investment-stewardship-report.pdf).

[1] 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.

Examples of our recent activity with regard to engagement with stocks in the Company's portfolio at the end of the year are provided below:

We met with **Barratt Developments**, one of the largest residential property development companies in the United Kingdom, to discuss progress on fire safety standards. The company stated that safety of buildings, and the people that live in them, is their first priority. After extensive discussions with the Government, and in recognition of their recent announcements on proportionality, the company signed the industry pledge in April 2022. This means that Barratt Developments will take responsibility for any necessary remediation of buildings above 11 metres that it has built over the last 30 years where work is required as a result of the original design and/or construction, whether or not the company is the 'responsible person' or has any legal liability. Barratt Developments has consistently demonstrated its commitment to leading the industry in addressing the issue of building safety. The company has a dedicated Building Safety Unit and will continue to work with managing agents to support leaseholders, identify solutions and fund or carry out any necessary remediation on these historic developments as quickly as possible. Overall, the discussion was positive, and it was evident that remediation is well under way.

As part of a collaborative engagement, we wrote a letter to **Bellway**, the UK housebuilder, on behalf of the 30% Club UK Investor Group. The Group encourages best practice on diversity, specifically aligning with the Parker Review requirements to have ethnic minority representation at Board level by 2024. We believe boards that embrace diversity, as manifested through appropriate gender and racial representation and a broad spectrum of skills and experience, are more likely to achieve better outcomes for our clients. The letter, written by J.P. Morgan Asset Management as lead engager, was addressed to the Nomination Chair at Bellway, outlining best practice on diversity at board and company level. Following our engagement and the subsequent December 2022 AGM, there is now 33% female representation at Board level. We will continue to engage the company on diversity, targeting the appointment of an ethnic minority representative to the Board by 2024.

We met with **Dunelm**, the UK based home furnishing retailer. We addressed a broad range of ESG topics, including employee wellbeing and engagement, sustainability, diversity, labour, and environmentally friendly sourcing of materials. Our discussion with the CEO, CFO, and Investor Relations confirmed that the company has begun training its managers on supporting employees physical, mental, and financial wellbeing. We noted strong detailing and reporting regarding employee engagement, which was a positive sign. The company's efforts on diversity are also constructive – notably, that the majority of executives are women. Areas of improvement include better transparency of labelling and sustainable product use – reportedly, the company have wanted to pursue this for several years but have only now got around to it. Additionally, we asked the company to disclose staff turnover to check their claim that employee retention was strong versus industry peers. Lastly, we wanted to make sure that ethical sourcing had been rolled out further down their supply list, in that all Tier 1 suppliers also disclosed ethical sourcing with their respective Tier 2 suppliers. We will follow up with management to keep the company accountable regarding sourcing and labelling and ensure, with the help of an external auditor, that there are no ongoing child labour practices in any of their supplier partner networks.

Proxy voting

JPMAM 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 JPMAM Corporate Governance Policy & Voting Guidelines, copies of which are available on request, or to download from our website.

Environmental, Social and Governance Report

Voting at shareholder meetings over the year to 31st December 2022

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against/ Abstain
Audit Related	121	0	0	0	121	0.0%
Capitalisation	262	2	0	2	264	0.8%
Company Articles	10	1	1	2	12	16.7%
Compensation	105	5	0	5	110	4.5%
Director Election	604	0	0	0	604	0.0%
Director Related	0	1	0	1	1	100.0%
Environmental	11	2	0	2	13	15.4%
Non-Routine Business	2	0	0	0	2	0.0%
Routine Business	115	2	0	2	117	1.7%
Social	35	0	0	0	35	0.0%
Strategic Transactions	7	3	0	3	10	30.0%
Takeover Related	53	0	0	0	53	0.0%
Miscellaneous	2	0	0	0	2	0.0%
Total	**1,327**	**16**	**1**	**17**	**1,344**	**1.3%**

An example of our proxy voting activity over the last year is provided below.

At this year's annual shareholder meeting for **GlaxoSmithKline**, the company proposed an updated remuneration policy. As part of the updated policy, the company was proposing an increase in annual bonus opportunity from two times base salary to three times base salary. This sits above an already generous compensation package including a long-term incentive maximum of six times salary. The material increase would position the company's pay at, or very near the top, of the FTSE. The proposed change also comes at a time when the company is going through a demerger, which will decrease the company's size and complexity. As a result of our concerns around the uplift in compensation, we voted against the approval of the remuneration policy at the AGM.

The Future

In investing your Company's assets, your Portfolio Managers have always looked for companies with the ability to create value over the long term. 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. We expect ESG to remain an important consideration for the Company's portfolio and 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.

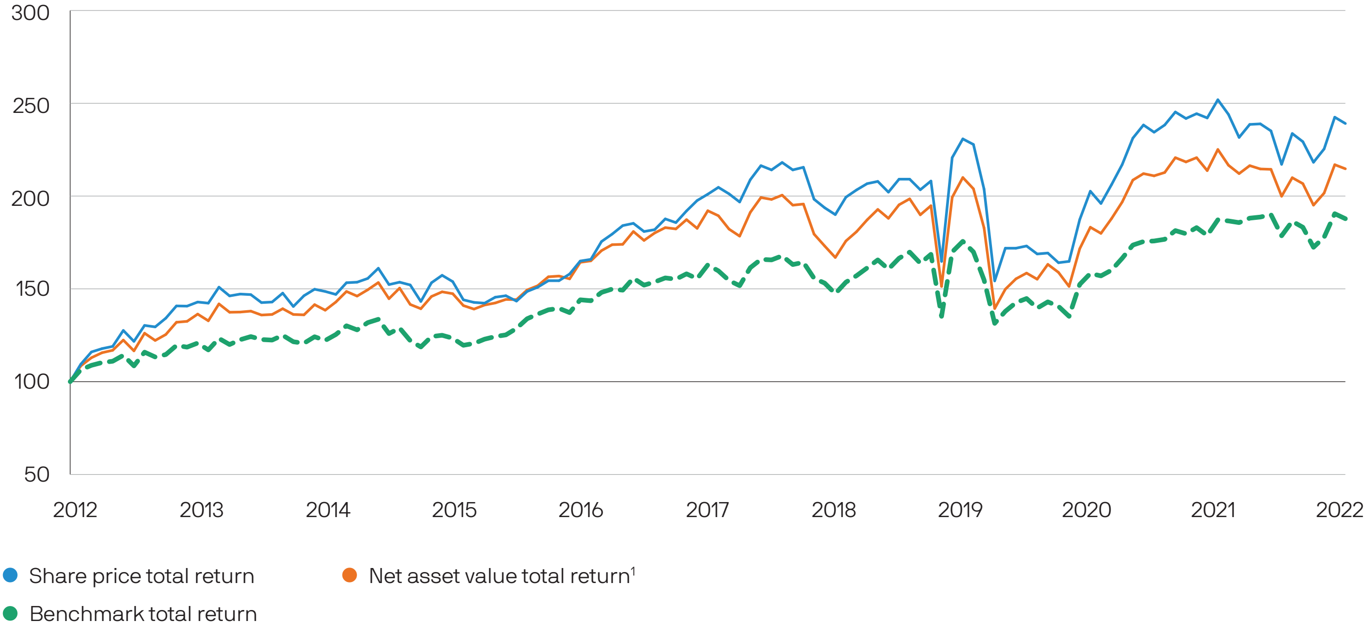
On 7th September 2022, JPMAM successfully became a signatory to the UK Stewardship Code. This reflects our commitment to our stewardship responsibilities to drive positive corporate change and industry developments that benefit our clients and the communities we serve.

J.P. Morgan Asset Management

Ten Year Record

Ten Year Performance

Figures have been rebased to 100 at 31st December 2012

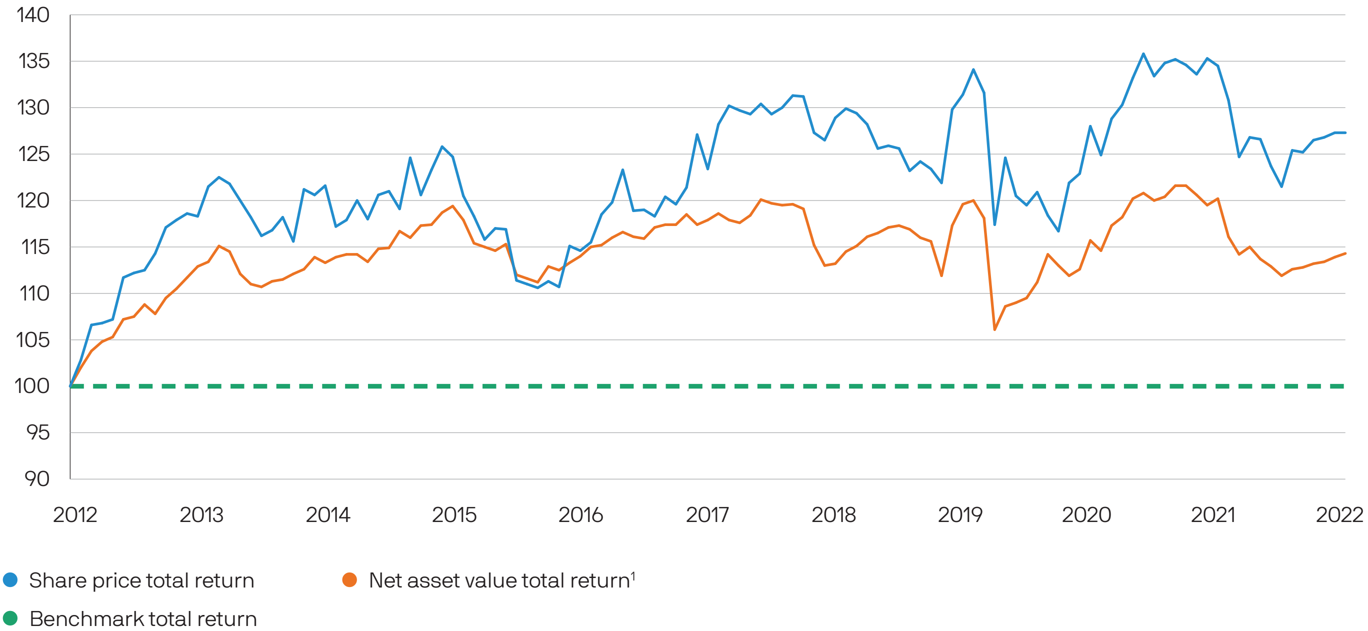


Source: Morningstar/J.P. Morgan.

[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 2012



Source: Morningstar/J.P. Morgan.

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

Ten Year Record

At 31st December	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shareholders' funds (£'000)	271,871	350,366	346,663	355,726	382,307	428,498	372,033	448,094	392,859	465,022	415,800
Net asset value per share (p)[A]	480.7	629.9	620.3	638.6	687.6	777.3	651.0	787.9	654.9	770.7	702.2
Share price (p)	437.0	599.0	602.5	602.5	622.0	730.5	665.0	776.0	649.0	772.0	700.0
Share price (discount)/ premium (%)[1,A]	(9.1)	—	(2.9)	(5.7)	(9.6)	(6.0)	2.1	(1.5)	(0.9)	0.2	(0.3)
Gearing (%)[A]	15.0	15.1	11.9	13.2	12.0	11.3	2.5	8.9	13.8	19.0[5]	7.2[5]

Year ended 31st December	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue attributable to shareholders (£'000)	9,821	12,195	12,754	14,168	13,833	15,997	16,623	17,619	13,465	18,102	20,536
Revenue return per share (p)	17.95	22.28	23.31	25.89	25.28	29.32	30.09	31.10	23.20	30.77	34.27
Total dividend per share (p)	18.85	19.50	20.00	21.50	23.00	26.00	27.50	29.00	29.50	30.50	33.0
Ongoing charges (%)[A]	0.74	0.71	0.74	0.74	0.77	0.77	0.76	0.72	0.71	0.66	0.70

Rebased to 100 at 31st December 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total return to shareholders[2,A]	100.0	142.9	148.6	153.9	165.0	201.0	190.0	230.8	202.6	251.9	239.1
Total return on net assets[2,A]	100.0	136.4	138.5	147.4	164.3	192.1	166.9	210.0	183.2	225.1	214.7
Benchmark total return[3]	100.0	120.8	122.2	123.4	144.1	162.9	147.4	175.6	158.3	187.2	187.8
Consumer Price Index[4]	100.0	102.0	102.6	102.8	104.4	107.5	109.7	111.2	111.9	117.9	130.3

1 The (discount)/premium is calculated using the 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 Source: Office for National Statistics.

5 Gearing is excluding the use of futures. As at 31st December 2022, no futures were held and the gearing level was 7.2% (2021: gearing level, including futures, was 8.8%).

A Alternative Performance Measure ('APM').

A list of APMs, with explanations and calculations, and a glossary of terms are provided on pages 96 to 98.

Portfolio Information

Ten largest equity investments

At 31st December

		2022 Valuation		2021 Valuation	
Company	Sector	£'000	%[1]	£'000	%[1]
AstraZeneca	Health Care	38,588	8.7	32,176	5.8
Shell[2]	Energy	37,787	8.5	33,501	6.1
BP	Energy	23,793	5.3	20,801	3.8
Glencore[3]	Basic Materials	22,157	5.0	–	–
British American Tobacco	Consumer Staples	16,927	3.8	13,355	2.4
Diageo	Consumer Staples	16,014	3.6	17,708	3.2
HSBC[3]	Financials	15,967	3.6	–	–
Unilever[3]	Consumer Staples	13,699	3.1	–	–
GSK[4]	Health Care	13,387	3.0	18,701	3.4
JPMorgan UK Smaller Companies Investment Trust	Financials	13,340	3.0	20,352	3.7
Total[5]		**211,659**	**47.6**		

[1] Based on total investments of £445.6m (2021: £553.2m).
[2] 2021: Royal Dutch Shell
[3] Not included in the total investments at 31st December 2021
[4] 2021: GlaxoSmithKline
[5] As at 31st December 2021, the value of the ten largest investments amounted to £199.5m representing 36.1% of total investments.

Sector analysis

	31st December 2022		31st December 2021	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Financials[2]	23.1	22.4	23.6	22.5
Energy	14.3	11.2	9.8	7.9
Consumer Staples	13.8	16.0	7.6	14.9
Health Care	11.7	11.5	9.8	9.8
Industrials	10.5	10.8	12.2	13.5
Basic Materials	9.1	8.9	7.9	9.3
Consumer Discretionary	8.3	10.4	21.4	11.9
Utilities	5.9	3.5	2.1	3.3
Real Estate	1.5	2.5	2.4	3.3
Technology	0.9	1.3	2.6	1.6
Telecommunications	0.9	1.5	0.6	2.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £445.6m (2021: £553.2m).
[2] Includes the Company's investment in JPMorgan Smaller Companies Investment Trust plc: 3.0% (2021: 3.7%) of the portfolio.

Portfolio Information

List of investments

At 31st December 2022

Company	Valuation £'000
Financials	
HSBC	15,967
JPMorgan UK Smaller Companies Investment Trust	13,340
Prudential	11,332
NatWest	11,315
3i	9,827
Legal & General	7,329
Lloyds Banking	7,094
Phoenix	4,847
Barclays	4,699
London Stock Exchange	4,360
Man	4,345
Intermediate Capital	4,338
Aviva	2,226
OSB	1,051
M&G	976
	103,046
Energy	
Shell	37,787
BP	23,793
Serica Energy[1]	2,246
	63,826
Consumer Staples	
British American Tobacco	16,927
Diageo	16,014
Unilever	13,699
Imperial Brands	7,434
Reckitt Benckiser	4,705
Tesco	2,468
	61,247
Health Care	
AstraZeneca	38,588
GSK	13,387
	51,975

Company	Valuation £'000
Industrials	
BAE Systems	11,873
Ashtead	10,193
Experian	5,171
RS	3,942
Page	3,644
Smurfit Kappa	3,446
CRH	2,417
Hays	1,863
Balfour Beatty	1,181
Serco	986
Bunzl	958
Morgan Sindall	870
	46,544
Basic Materials	
Glencore	22,157
Rio Tinto	9,667
Anglo American	8,871
	40,695
Consumer Discretionary	
RELX	8,552
Compass	6,622
JD Sports Fashion	4,074
4imprint	3,988
Watches of Switzerland	3,293
Dunelm	2,543
Taylor Wimpey	1,884
Bellway	1,634
Barratt Developments	1,107
Next	1,055
Berkeley	990
Redrow	706
Crest Nicholson	696
	37,144
Utilities	
SSE	12,368
National Grid	5,021
Drax	4,107
Centrica	3,876
Severn Trent	1,122
	26,494

Portfolio Information

Company	Valuation £'000
Real Estate	
Segro	3,890
Safestore	2,588
	6,478
Technology	
Softcat	4,074
	4,074
Telecommunications	
Telecom Plus	4,029
	4,029
Total Investments including derivatives	**445,552**

[1] AIM listed.

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

Company Purpose, Investment Objectives and Policies

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 44 to 53 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. To achieve this, the Board of Directors is responsible for engaging 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

The Company 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 engages the Manager which, in turn, delegates portfolio management to the Investment Manager, to actively manage the Company's assets. On behalf of the Investment Manager, the Portfolio Managers manage the Company's investment portfolio. 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 FCA Listing, Prospectus, Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation, 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. 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 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). As a result, the Company is not liable for taxation on capital gains. The Directors have no reason to believe that the Company will not continue to retain its investment trust status. 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 8 to 12, and in the Investment Manager's Report on pages 13 to 21. The Company's Investment Policy is described on the inside front cover.

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 for the Investment Manager 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 Manager is permitted to invest in pooled funds. The Company's assets are managed by two Portfolio Managers within JPMAM based in London, who are members

Investment Restrictions, Guidelines and Key Performance Indicators

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 Portfolio Managers have high conviction. The Board permits the Investment Manager 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 Manager has been delegated discretion from the Board 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 Manager has discretion from the Board 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 Portfolio 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 2022, the Company produced a total loss to shareholders of 5.1% and a total loss on net assets (with debt at par value) of 7.5%. This compares with the total return on the Company's benchmark of 0.3%. At 31st December 2022, the value of the Company's investment portfolio was £445.6 million (2021: £553.2 million). The Investment Manager's Report on pages 13 to 21 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross loss for the year amounted to £30,431,000 (2021: £87,417,000 profit) and net loss after accounting for the management fee, other administrative expenses, finance costs and taxation amounted to £35,246,000 (2021: £82,761,000 profit). Distributable revenue for the year totalled £20,536,000 (2021: £18,102,000). The Directors declared a fourth quarterly interim dividend of 10.5 pence per share which will be paid on 17th March 2023 to shareholders on the register at the close of business on 10th February 2023. This, when added to the three quarterly interim dividends paid during 2022, made a total dividend for the year of 33.0 pence (2021: 30.5 pence), costing £19.8 million (2021: £18.0 million). Following payment of the fourth quarterly interim dividend, the revenue reserve will amount to £16.6 million (2021: £15.9 million), equivalent to approximately 27.6 pence (2021: 26.8 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 pages 96 to 98. The principal KPIs are:

- **Performance against the benchmark index**

Charts of the Company's performance relative to its benchmark index over 1, 3, 5 and 10 years are shown on pages 25 and 26.

- **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 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 of returns such as stock selection. Details of the attribution analysis for the year ended 31st December 2022 are given in the Investment Manager's Report on page 14.

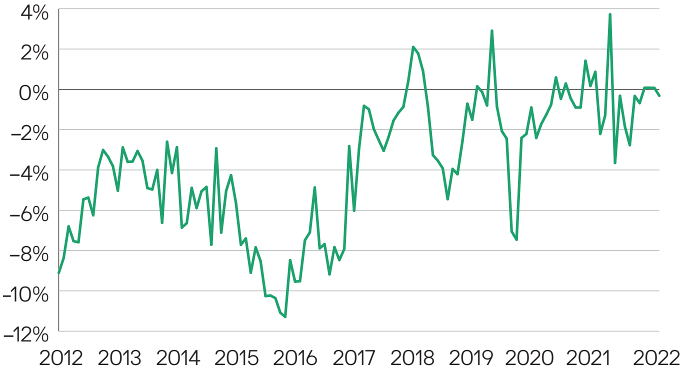
- **Share price discount to NAV per share**

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. Over the ten year period the discount has narrowed materially, as shown in the chart overleaf. The range over the

Business Review

full year to 31st December 2022 was between a premium of +3.7% and a discount of –3.6%. The average discount over the year was –0.6% and demonstrates, despite market volatility, the discount on average was relatively tight.

(Discount)/Premium



● (Discount)/Premium cum-income net asset value, with debt at fair value.

Source: Datastream (month end data).

- **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 2022 were 0.70% (2021: 0.66%). 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 NAV at which the Company's shares trade. At the AGM in 2022 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 NAV (cum income debt at fair), after the costs of issue. During the year no shares were repurchased (2021: 362,000) and no shares were subsequently resold from Treasury (2021: 513,290). At the year end there were no shares held in Treasury (2021: nil). Subsequent to the year end, the Company has bought back 465,000 shares to 10th March 2023.

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 AGM. The required resolutions are set out in the Notice of Annual General Meeting on pages 92 and 93.

During the year, 710,000 new shares were issued (2021: 835,000).

Borrowings

The Company has 25 year 3.22% unsecured loan notes. The Company also has a revolving two-year credit facility of £80 million with Mizuho Bank that it obtained in May 2022.

Board Diversity

When recruiting a new Director, the Board is supportive of and takes into account the benefits of diversity during the appointment process. At 31st December 2022, there were two male Directors and three female Directors on the Board, representing 60% of women on the Board. This exceeds the 40% voluntary target for female representation on boards set by the UK Government-backed, FTSE Women Leaders Review, which was built on the Davies and Hampton-Alexander Reviews. 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. The Board's policy on diversity is set out on page 48.

Employees, Social, Community, Environmental and Human Rights Issues

The Board supports the Investment Manager's approach to ESG considerations which are embedded into the investment process and receives regular reports. A detailed explanation of the Investment Manager's overall approach to ESG is on pages 22 to 24.

The Company has a management contract with JPMF which in turn delegates the management of the Company's portfolio to JPMAM. 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 further notes JPMAM's global policy statements in respect of Environmental, Social and Governance 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 22 to 24.

Greenhouse Gas Emissions

The Company is managed by JPMF with portfolio management delegated to JPMAM. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees.

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. JPMAM is also a signatory to the Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-fy21-modern-slavery-group-statement.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. As the Company has no employees, the Board's focus is to ensure that the risk of the Company's service providers facilitating tax evasion is also low. To this end it seeks assurance from its service providers that effective policies and procedures are in place.

Principal and Emerging Risks

The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing the Company, together with a review of any new and emerging risks that may have arisen during the year to 31st December 2022, including those that would threaten its business model, future performance, solvency or liquidity.

With the assistance of the Investment Manager, the Audit Committee 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 Audit Committee every six months or more regularly as appropriate. At each meeting, the Board considers emerging risks which it defines as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of occurrence probability and possible effects on the Company. As the impact of emerging risks is understood, they may be entered on the Company's risk matrix and mitigating actions considered as necessary. 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 and emerging risks are listed below, in alphabetical order:

Principal risk	Description	Mitigating activities
Climate change	Climate change can have a significant impact on the business models, sustainability and viability of individual companies, whole sectors and even asset classes.	The Board receives ESG reports from the Investment Manager on the portfolio and how ESG considerations are integrated into investment decision making so as to mitigate risk at the level of stock selection and portfolio construction. The analysis conducted by the Investment Manager 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, Investment Manager and other major service providers. As extreme weather events become more common, the resilience, business continuity planning and the location strategies of the Company's services providers will come under greater scrutiny. The Investment Manager is reviewing the core disclosure elements of the Task Force on Climate-related Financial Disclosures ('TCFD') reporting framework. As an investment trust, the Company is not required to provide information in compliance with TCFD.
Cybersecurity	Threat of cyber-attack, in all its guises including threats from the work from home processes is regarded as at least as important as more traditional physical threats to business continuity and security. In addition to threatening the Company's operations, such an attack is likely to raise reputational issues which may damage the Company's share price and reduce demand for its shares.	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 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 auditors and reported on every six months against the AAF 01/06 Standard.

Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Geopolitical and macro-economic	There is an increasing risk to market stability and investment environment from geopolitical conflicts (for example, the Russian invasion of the Ukraine as well as growing tensions in Southeast Asia), which may impact both investment performance and/or the operating environment for the Company, Manager, Investment Manager or the Company's other third party suppliers.	The Investment Manager continuously monitors geopolitical developments and societal issues relevant to its business. These are also considered as part of portfolio construction. The Company is a closed-end vehicle and, unlike open-ended funds, does not have to sell investments at low valuations in volatile markets.
Investment and strategy	Inappropriate investment strategy. For example, poorly calibrated asset allocation or inappropriate levels of gearing, may lead to poor long-term investment performance (significantly below agreed benchmark or market/industry average) resulting in the Company's shares trading at a wider discount to NAV per share.	The Board reviews investment strategy at each board meeting. The Board manages these risks by ensuring a diversification of investments. The Investment Manager operates in accordance with investment limits and restrictions determined by the Board. The Board reviews its investment limits and restrictions regularly and the Manager confirms its compliance with them each month. The Investment Manager also provides the directors with regular management information, including risk and performance reports as well as competitor and shareholder analysis. The Board monitors the implementation and results of the investment process with the Portfolio Managers, who attend all board meetings. The performance of the Company relative to its benchmark and its peers and the discount/premium to NAV per share are key performance indicators measured by the Board on a regular basis and are reported on pages 31 and 32.
Legal and Regulatory/ Corporate Governance	As an investment trust, the Company's operations are subject to wide ranging regulations. The financial services sector continues to experience significant regulatory change at national and international levels. Failure to act in accordance with these regulations could cause fines, censure or other losses including taxation or reputational loss. Breach of Company Law or UK Listing Rules resulting in suspension.	The Company has procedures to monitor the status of its compliance with the relevant requirements to maintain its Investment Trust status, including receiving and reviewing information and reporting from the Manager and Investment Manager. The Depositary (The Bank of New York Mellon (International) Limited) reports regularly on third party suppliers and their compliance with expected standards of performance and these reports are reviewed by the Audit Committee.
Loss of Investment Team	Loss of key staff by the Investment Manager, such as the Portfolio Managers, could affect the performance of the Company.	The Board keeps the services of the Manager, Investment Manager and third-party suppliers under continual review. The Board obtains assurances from the Investment Manager that the team is suitably resourced, and appropriately remunerated and incentivised in its role. The Board also considers the succession plan for the portfolio management team on an annual basis.

Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Market factors such as interest rates, inflation and equity market performance	Market factors such as interest rates, inflation and equity market performance may impact the value of investments and the performance of the Company. Government/Central Bank fiscal/monetary response to the high levels of inflation in the UK affecting economic growth directly or valuation levels and a subsequent increase in interest rates.	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 Investment Manager. The Board monitors the implementation and results of the investment process and regularly discusses portfolio positioning with the portfolio management team. The Board monitors the changing risk landscape and potential threats to the Company with the support of regular reports and ad hoc reports as required, the directors' own experience and external insights gained from industry and shareholder events.
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 52 and 53. 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, the Investment Manager's and other service providers' internal controls, as well as regular reporting 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.
Share price volatility	The shares of the Company are traded freely and are therefore subject to the influences of supply and demand and investors' perception to the markets the Company invests in. The share price is therefore subject to fluctuations and like all investment trusts may trade at a discount to the NAV.	The Board seeks to narrow the discount by undertaking measured buybacks of the Company's shares taking account of market conditions and having established explicit guidelines. The Company and Manager work with the Corporate Broker to understand demand for the Company's shares.

Principal and Emerging Risks

Principal risk	Description	Mitigating activities
Strategy and Performance	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 setting its objectives carefully and through diversification of Investments. The Company operates various investment restrictions and guidelines designed to ensure that the mandate given to the Investment Manager is properly executed and these guidelines 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 Portfolio Managers, who attend all Board meetings, and reviews data which show statistical measures of the Company's risk profile. The Investment Manager has been delegated powers from the Board to determine appropriate levels of gearing within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year and also spends time considering potential emerging risks which might impact the Company in the future.

Long Term Viability

The Company is an investment trust with an objective of achieving capital and income growth from UK investments. The Company enjoys the benefit of the closed ended structure and is therefore better able to withstand market movements since it is not subject to forced liquidation of investments due to sudden or large redemptions by shareholders.

The Board notes by way of context that the Company has invested through many difficult economic and market cycles since its incorporation in 1963. The Board is cognisant of the unusually high levels of political, economic and market uncertainty being experienced at the current time and its potential impact on the prospects of many of the Company's portfolio holdings. Notwithstanding this crisis, given the factors stated below, the Board expects the Company to continue for the foreseeable future and has conducted its assessment for a period of five years.

In conducting its assessment of the long term viability of the Company, the Board has taken account of the Company's current financial position, its debt level and debt covenants, the liquidity of its holdings as well as the principal and emerging risks that it faces (see pages 34 to 37), the investment capabilities of the Investment Manager, its historic longer term investment performance and the current outlook for the UK economy and its equity markets.

The Board has further considered the mitigation measures which key service providers, including the Manager and Investment Manager, have in place to maintain operational resilience.

In addition to the above, the Company has carried out stress testing in connection with the Company's stated principal risks including a number of scenarios where the Company might be put under significant stress due to market volatility or other exogenous shocks. This included modelling the impact of substantial market falls, and testing portfolio liquidity under stress. The scenarios assumed that there would be no recovery in asset prices.

The results demonstrated the impact on the Company's NAV, its expenses, its debt levels and the covenants attached to that debt as well as the Company's 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. See note 13 on page 80.

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 and emerging risks identified above, including investment underperformance, are managed or mitigated effectively, and based on the outcomes of the stress testing procedures described above that the Company will be able to continue to operate and meet its liabilities as they fall due over the five year period of assessment.

For and on behalf of the Board
David Fletcher
Chairman

13th March 2023

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 and Investment 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, Investment 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

Ongoing 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 open channels of communication with shareholders in a meaningful manner to gain an understanding of their views in order to incorporate them into the Board's strategic thinking and objectives. To ensure continuing engagement with shareholders, the Investment Manager conducts meetings with shareholders each year and provides the Board with ongoing feedback. Feedback from all meetings between the Investment Manager and shareholders is shared with the Board. While it can be relatively straightforward for the Board to engage with and be appraised of institutional shareholder views (details of this engagement can be found on page 49), the Board are keen to increase dialogue with the Company's existing retail shareholders. Investors holding their shares through online platforms will shortly receive a letter inviting them to sign up to receive email updates from the Company. These updates will deliver regular news and views, as well as the latest performance statistics. If shareholders wish to sign up to receive these communications, please visit website **https://web.gim.jpmorgan.com/emea_investment_trust_subscription/welcome** Shareholders are encouraged to attend the Company's AGM. The Portfolio Managers attend the AGM and give a presentation on the Company's performance and the future outlook. The Company values any feedback and questions that it may receive from shareholders ahead of and during the AGM and will take action or make changes, as and when appropriate.

Manager and Investment Manager

The performance of both the Manager and Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Board maintains a constructive and good working relationship with both the Manager and Investment Manager, in particular the Portfolio Managers. The Manager provides administrative support and promotes the Company through its investment trust sales and marketing teams.The Investment Manager, through the Portfolio Managers, manages the Company's portfolio. 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 and the Investment Manager via its dedicated Portfolio Managers, which in both channels, extend well beyond the formal business addressed at Board meetings ensuring. This encourages open discussion and sharing of views.

Investee companies

Day-to-day engagement is undertaken by the Investment Manager and the Board receives updates at each scheduled Board meeting from the Portfolio Managers on specific investments. The Investment Manager has also discretionary powers to exercise voting rights on all resolutions proposed by the investee companies. On behalf of the Company, the Investment Manager votes at the annual general meetings and extraordinary meetings of investee companies (full details can be found on page 24). The Board monitors investments made and divested and questions the rationale for exposures taken and voting decisions made.

Duty to Promote the Success of the Company

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 dedicated Company Secretary at the Investment Manager, 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.

Stakeholder Engagement

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 Investment Manager must have regard to ethical and environmental issues that impact society. The Portfolio Managers will consider the impact of any relevant ESG factors, whether positive or negative, on an investee company's ability to deliver attractive returns as part of the broader investment process. Further details of the Investment Manager's approach to ESG can be found on pages 22 to 24.

During the year, the Investment Manager become a signatory to the UK Stewardship Code. This reflects its commitment to stewardship responsibilities and to drive positive corporate change and industry developments to benefit not only the Company but also the environment and wider society over the long-term.

Key Decisions and Actions

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:

Succession Planning

The Board, through the Nomination Committee, has progressed its succession plans this year resulting in the Board decision to appoint Joanne Fintzen as an independent Non-Executive Director of the Company with effect from 3rd October 2022.

Your Directors believe that shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide both continuity and refreshment whilst ensuring diversity of both background, thought and experience.

Issue of Equity

During periods throughout the year under review when the Company's shares traded at a premium to NAV, the Board approved the issuance of shares to meet the demand for the Company's shares. In making its decisions to issue the Company's shares, the Board considered the benefits to existing shareholders in improving the liquidity of the Company's shares, demand for the Company's shares and managing capital.

Sales and Marketing

The Board has enhanced the Company's marketing initiatives through the use of additional marketing and public relations in support of the Investment Manager and made enhancements to the Company's website. These initiatives are intended to generate further interest in the Company's shares and the reach of the Company to potential new shareholders and also to support an improvement in communications with existing shareholders. This should improve the liquidity of the Company's shares. The Company continues to work closely with its corporate broker to raise the profile of the Company and the Portfolio Managers.

Duty to Promote the Success of the Company

Key Decisions and Actions
Gearing/Long Term Borrowing
The use of FTSE 100 index futures means the Portfolio 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 Manager has been granted discretion by the Board to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures). The Company's £80 million floating rate loan facility with National Australia Bank expired in May 2022. Having considered quotes received from a number of banks, the Company secured a competitive two year £80 million revolving credit facility with new lender Mizuho Bank, of which £10 million has been drawn at 31st December 2023. Shareholders' interests are best served by ensuring that gearing is operated effectively and competitively and within strictly controlled risk tolerances. (Further information is set out on page 32, under Borrowings.
Manager Engagement
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 Investment 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 awareness of the Company.

By order of the Board
Emma Lamb, for and on behalf of JPMorgan Funds Limited
Secretary

13th March 2023

Board of Directors

David Fletcher‡† (Chairman of the Board)

A Director since 2015

Last appointed to the Board: 2022.

Finance Director of Stonehage Fleming Family & Partners Limited ('FF&P'), a multi family office until September 2019. David 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 abrdn Smaller Companies Income Trust plc, Aquila Energy Efficiency Trust plc and Ecofin U.S. Renewables Infrastructure Trust PLC. He is a Chartered Accountant.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 5,313.

Jill May*‡† (Chair of the Nomination Committee and Management Engagement Committee)

A Director since 2017.

Last reappointed to the Board: 2022.

External Member of the Prudential Regulation Committee of The Bank of England. Jill is a non-executive director of Alpha Financial Markets Consulting plc, abrdn 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. Jill was appointed as Senior Independent Director on 29th April 2022.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 7,004.

Nicholas Melhuish*‡† (Chairman of the Audit Committee)

A Director since February 2020.

Last reappointed to the Board: 2022.

Fellow & Bursar of Corpus Christi, College Oxford. Nicholas is also a non-executive Director of Murray International Trust PLC and a Trustee of Trusthouse Charitable Foundation. He has 27 years of investment experience most recently as CIO Equities in London for the European asset manager, Amundi SA. He teaches the Asset Management Masterclass at the Said Business School, University of Oxford.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,807.

Victoria Stewart*‡† (Chair of the Remuneration Committee)

A Director since February 2020.

Last appointed to the Board: 2022.

A non-executive director of Secure Trust Bank PLC where she is Chairman of the Remuneration Committee. Victoria 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. She is also a non-executive director of Artemis Alpha Fund plc and Aberforth Smaller Companies Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: None.

Joanne Fintzen*‡†

A Director since October 2022.

A non-executive director of the TwentyFour Income Fund, where she is the Senior Independent Director. Joanne has extensive experience of the finance sector and the investment industry. She trained as a Solicitor with Clifford Chance and worked in the Banking, Fixed Income and Securitisation areas. She joined Citigroup in 1999 providing legal coverage to an asset management division. She was subsequently appointed as European General Counsel for Citigroup Alternative Investments where she was responsible for the provision of legal and structuring support for vehicles which invested $100 billion in Asset Backed Securities as well as hedge funds investing in various different strategies in addition to private equity and venture capital funds. Joanne was appointed to the Board on 3rd October 2022.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: None.

* Member of the Audit Committee.

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

† Considered independent by the Board.

Directors' Report

The Directors present their review and the audited financial statements for the year ended 31st December 2022.

Management of the Company

The Manager and Company Secretary is JPMF, a company authorised and regulated by the FCA. The active management of the Company's assets is delegated by JPMF to an affiliate, JPMAM. William Meadon and Callum Abbott are the designated Portfolio Managers responsible for the management of the Company's portfolio. 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 engaged 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 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 and the Invetsment Manager in the course of the year. The review covered the consideration of the investment strategy and processes of the Investment Manager, resources and risk controls, performance against the benchmark over the multiple periods and the quality of support that the Company received, including marketing support. The latest evaluation of the Manager, Investment Manager and the Portfolio Managers was carried out in early 2023. 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 page 90.

Management Fee

During the year under review, the management fee was 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. Please refer to the Chairman's Statement for details on the new management fee agreed between the Board and the Manager.

Directors

All Directors of the Company, detailed on page 43, held office throughout the year to 31st December 2022 and up to the date of signing the financial statements, with the exception of Joanne Fintzen who joined the Board on 3rd October 2022. Details of Directors' beneficial shareholdings can be found in the Directors' Remuneration Report on page 57. 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 AGM and, being eligible, will offer themselves for reappointment by shareholders, with the exception of Joanne Fintzen who will seek appointment at the AGM with this being her first AGM since her appointment in October 2022. 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/appointment can be found on page 47.

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

Directors' Report

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 AGM. PricewaterhouseCoopers LLP has 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 AGM.

Capital Structure and Voting Rights

Capital Structure

At 31st December 2022, the Company's share capital comprised 60,145,653 ordinary shares of 25p each. No shares were repurchased during the year. During the year, the Company did not issue any shares from Treasury and as at 31st December 2022 there were no shares held in Treasury. The Company issued 710,000 new shares during the year. Since the year end, 465,000 shares were repurchased into Treasury.

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 95.

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	Number of voting rights	%
JPMorgan Global Growth & Income plc	3,202,841	5.33%

Since the year end, the Company has been notified that this holding has fallen below the minimum threshold for reporting purposes.

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 AGM:

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 11 and 12)

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash of up to 5,968,065 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 11 will expire at the conclusion of the Annual General Meeting to be held in 2024 unless renewed at a prior general meeting.

Resolution 12 will enable the allotment of new ordinary shares pursuant to Resolution 11 or the sale of Treasury shares otherwise than by way of a pro-rata issue or sale to existing shareholders. This authority will also expire at the conclusion of the Annual General Meeting to be held in 2024 unless renewed at a prior general meeting.

The full text of resolutions 11 and 12 is set out in the Notice of Meeting on page 92.

It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the

Directors' Report

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

In accordance with the Company's discount and premium management policy the Company is willing to sell any shares held in Treasury at a maximum 2% discount to NAV (cum income debt at fair), subject to shareholders approving Resolution 14 at the Annual General Meeting. In addition, the Company may also issue new ordinary shares at a premium to NAV (cum income debt at fair), after the costs of issue.

(ii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2022 Annual General Meeting, will expire on 29th October 2023 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares.

Resolution 13 will give the Company authority to buy-back its own issued ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of ordinary shares that could be purchased to a maximum of 8,946,130 shares or, if less, that number of ordinary shares which is equal to 14.99% of the Company's issued ordinary shares as the date of passing Resolution 13 (excluding Treasury shares). The authority also sets the minimum and maximum prices which will be paid on any buy-back of shares.

The full text of resolution 13 is set out in the Notice of Meeting on pages 92 and 93.

If resolution 13 is passed at the Annual General Meeting, the Company intends in normal market conditions to repurchase shares offered on the market at prices representing discounts to NAV (cum income debt at fair value) of 5% or more and to hold in Treasury any shares it may repurchase pursuant to this authority for possible resale in accordance with the Company's discount and premium management policy, subject to the passing of Resolution 14 described below.

(iii) Sale of Treasury shares (resolution 14)

Subject to the passing of Resolution 14 which will be proposed as an Ordinary Resolution, the Directors will be authorised to sell out of Treasury any ordinary shares which have been repurchased by the Company pursuant to the authority conferred by Resolution 13, 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 2024, unless renewed at a prior general meeting.

The full text of resolution 14 is set out in the Notice of Meeting on page 93.

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 15)

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

(v) Approval of notice period for general meeting (resolution 16)

Resolution 16 will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2024, at which it is intended that renewal will be sought. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of Shareholders to do so and the relevant matter is required to be dealt with expediently.

Recommendation

The Board considers that resolutions 10 to 16 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 19,124 shares, representing approximately 0.032% 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 59, indicates how the Company has applied the principles of good governance. The Board has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the 'AIC Code'), which addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code'), as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review.

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

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

Role of the Board

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

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

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

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

Board Composition

The Board, chaired by David Fletcher, 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 43. 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.

Appointment/Reappointment of Directors

The Directors of the Company standing for reappointment/appointment and their brief biographical details are set out on page 43. 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 27 years of investment management experience to the Board. He also has a strong financial accounting background.

Resolution 7 relates to the reappointment of Victoria Stewart. She has in-depth knowledge and experience in UK equity investment management.

Resolution 8 relates to the appointment of Joanne Fintzen. She has extensive experience of the finance sector and the investment industry.

The Committee conducted a formal, rigorous and transparent process to identify new appointees during the year under review. This process involved the engagement of an independent external search consultant to assist in providing a thorough and objective assessment of a comprehensive range of candidates. Prior to initiating this search, the consultant was provided with a comprehensive briefing as to the skills, knowledge and experience required and, from this, a list of potential candidates was identified. Following a series of interviews, a shortlist of candidates from various backgrounds and industries was presented to the Nomination Committee and a final recommendation made by

Corporate Governance Statement

it to the Board for approval. The Committee recommended the appointment of Joanne Fintzen to the Board.

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 AGM 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 AGM, 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 AIC 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 43. 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, two meetings of the Nomination Committee, one meeting of the Management Engagement Committee and one Remuneration Committee meeting.

Meetings Attended

Director	Board Meetings Attended	Audit Committee Meetings Attended
David Fletcher[1]	5/5	2/2
Jill May	5/5	2/2
Andrew Sutch[2]	2/2	1/1
Nicholas Melhuish	5/5	2/2
Victoria Stewart	5/5	2/2
Joanne Fintzen[3]	1/1	0/0

[1] Attends the Audit Committee by invitation only, he is not a member of the Audit Committee.

[2] Andrew Sutch retired on 29th April 2022.

[3] Appointed on 3rd October 2022.

Director	Nomination Committee Meeting Attended	Management Engagement Committee Meeting Attended	Remuneration Committee Meeting Attended
David Fletcher	2/2	1/1	1/1
Jill May	2/2	1/1	1/1
Andrew Sutch[1]	2/2	1/1	1/1
Nicholas Melhuish	2/2	1/1	1/1
Victoria Stewart	2/2	1/1	1/1
Joanne Fintzen[2]	0/0	0/0	0/0

[1] Resigned from the Board on 29th April 2022

[2] Appointed on 3rd October 2022.

Audit Committee

The report of the Audit Committee is set out on pages 52 and 53.

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 43.

During the year, the Committee undertook an internal evaluation conducted by the Company Secretary through the use of questionnaires. 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 the Company Secretary, 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, with the responses collated and 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 has been established 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 Victoria Stewart and meets at least annually.

Management Engagement Committee

The Board established a Management Engagement Committee for the purposes of reviewing the performance of the Manager the Company's third-party services providers, 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 AGM.

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 Report and annually by the Annual Report. 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 AGM at which the Directors and representatives of the Investment Manager are available to meet shareholders and answer their questions. In addition, a presentation is given by the Portfolio Managers who review the Company's performance.

During the year the Company's brokers, the Portfolio 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 100. Jill May, as Senior Independent Director, may be contacted by shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days' notice of the AGM. 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 100.

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

Corporate Governance Statement

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 34 to 37). 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 Investment Manager; and
  - reviews bi-annual 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 2022 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 Russian invasion of Ukraine and the inflationary environment, however, it 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. The Board also reviews 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 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.

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, which delegates it to the Investment Manager. The following is a summary of the Investment 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 24.

Corporate Governance

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

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, JPMAM 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 JPMAM's 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 JPMAM's investee companies through investment-led stewardship has been a vital component of JPMAM's 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, to which JPMAM is a signatory.

JPMAM's 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/assetmanagement/institutional/about-us/investment-stewardship/***

By order of the Board
Emma Lamb, for and on behalf of
JPMorgan Funds Limited,
Secretary

13th March 2023

Audit Committee Report

I am pleased to present my report to shareholders as Chairman of the Audit Committee, for the year ended 31st December 2022.

Composition

The membership of the Audit Committee (the 'Committee') is set out on page 48, and the Committee meets on at least two occasions each year. The Chairman of the Board, David Fletcher, 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. I have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector.

Role and Responsibility

The Committee is responsible for monitoring and reviewing the principles, policies and practices adopted in the preparation and integrity of the Company's financial statements and the annual audit of its accounts. The Committee is also responsible for monitoring the effectiveness of the Company's internal controls and its risk management framework as well as preparing the Company's risk matrix and identifying the Company's principal and emerging risks. The Committee also 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 AIC Code. Finally, the Committee is responsible for reviewing third party suppliers, scrutinising the control reports that they provide and ensuring that all third parties comply with required contractual standards of performance and reporting.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 31st December 2022, 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 73. The audit includes the determination of the existence and ownership of the investments. The Company has appointed The 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. Controls are in place to ensure that valuations are appropriate and existence is verified through Depositary and Custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the to the accounts on page 73. Income recording is conducted by the Manager and the methodology is reported 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 from whom it receives regular reports.

Risk Management and Internal Control

The Committee examines evidence of 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 identifies the key risks the Company faces, the likelihood of their occurrence, the impact on the Company if they were to occur, the monitoring of these risks, the mitigating controls in place both at the Manager, Investment Manager, supplier and Company level and the effectiveness of the controls in place to mitigate them. The Board has ultimate responsibility for the management of risk and the Company's systems of internal control. The Board, through the Audit Committee, has established an ongoing process for identifying, evaluating and managing these risks.

The Committee has also examined the potential risks posed by climate change to the Company's operations. As a company with no employees or physical offices, the direct risk is negligible. However, there is embedded risk in the Company's investment holdings. The Committee believes that since these investments are listed and liquid and the portfolio is diversified between sectors and countries that this risk is also manageable.

As a listed Investment Trust, the Company is exempt from The Task Force on Climate-Related Financial Disclosures ('TCFD') disclosures; however, in accordance with the requirements of the TCFD, JPMAM will provide product level reports for the investment trusts it manages in late June 2023 and annually, going forward. The report will be made available on the Company's website.

Key elements of the report will include Scope 1 and 2 greenhouse gas ('GHG') emissions for the portfolio, total carbon footprint, weighted average carbon intensity (WACI) and, from June 2024, scope 3 GHG emissions. The report will also include a scenario analysis of how climate change is likely to impact the Company's assets under orderly, disorderly and hothouse world scenarios, and a discussion of the most significant drivers of performance. Please refer to page 33 for details on the Company's reporting on Greenhouse gases.

Going Concern and Viability

The Committee reviews and assesses the Annual Report and makes recommendations to the Board, in particular to confirm that it 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 reports these findings to the Board.

This report included an assessment and recommendation to the Board on whether or not it was appropriate to prepare the Company's financial statements on a going concern basis. This review also included challenging the assumptions on the longer term viability of the Company and reviewing stress tests designed to evidence its ability to remain viable in a number of extreme financial environments. The Board's conclusions in this respect are set out on pages 38 and 50.

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 attend the Committee meeting at which the draft Annual Report and Financial Statements is 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. No non-audit fees were paid to the external Auditors in the year. Details of the Auditors fees are disclosed in note 6 on page 76.

Regulations currently in force require the Company to conduct a tender at least every ten years and rotate auditors after at least 20 years. PricewaterhouseCoopers LLP was appointed as Auditors in 2020 following a competitive audit tender. The current audit partner has served for a tenure of three years and will step down as audit partner after serving for five years. The Committee acknowledges that rotating the audit partner provides a fresh perspective on the audit responsibilities for the Company.

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 2022, 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 59.

Nicholas Melhuish
Audit Committee Chairman

13th March 2023

Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31st December 2022, 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 disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 61 to 67.

All of the Directors are non-executive. We have not, therefore, reported on those aspects of remuneration that relate to executive directors. 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.

Companies are required to ask shareholders to approve the annual remuneration report, which includes the annual remuneration paid to Directors, each year and formally to approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy requires shareholder approval. 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 AGM. The policy subject to the vote, is set out in full below and is currently in force.

Directors' Remuneration Policy

The Board's policy for this, and subsequent years, is that Directors' fees should properly reflect the responsibilities and 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 responsibilities and time commitment involved in fulfilling those roles.

The Remuneration Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board. 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.

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 £41,500; Chairman of the Audit Committee £34,250; and other Directors £28,000.

The Board has reviewed fees paid to the Directors and decided to increase the fees paid. With effect from 1st January 2023 Directors fees will be paid at the following rates: Chairman £43,500; Chairman of the Audit Committee £36,000; and other Directors, £29,500.

Fees for any new Director appointed will be made on the above basis. The Company's Articles of Association, amended in 2021, 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 no Chief Executive Officer and no employees and therefore there was no consultation of employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

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 if appropriate.

The Directors do not have service contracts with the Company. 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 48.

Directors' Remuneration Report

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM. There have been no changes to the remuneration policy compared with the year ended 31st December 2021 and no changes are proposed for the year ending 31st December 2023.

At the AGM held on 29th April 2022, of votes cast, 99.17% 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 99.28% voted against.

Details of voting on both the Remuneration Policy and the Directors' Remuneration Report at the 2023 AGM will be given in the Annual Report for the year ending 31st December 2023.

Directors' Remuneration Report

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. There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single Total Figure Table (Audited)[1]

		2022			2021	
Directors' Name	Fees £	Taxable expenses[2] £	Total £	Fees £	Taxable expenses[2] £	Total £
Andrew Sutch[3]	13,681	—	13,681	40,250	—	40,250
Joanne Fintzen[4]	7,000	—	7,000	—	—	—
David Fletcher[5]	39,083	—	39,083	33,125	—	33,125
Jill May	28,000	—	28,000	27,000	—	27,000
Nicholas Melhuish[6]	32,168	831	32,999	27,000	—	27,000
Victoria Stewart	28,000	559	28,559	27,000	—	27,000
Total	**147,932**	**1,390**	**149,322**	**154,375**	**—**	**154,375**

[1] 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] Resigned from the Board on 29th April 2022.
[4] Appointed to the Board on 3rd October 2022.
[5] Appointed as Chairman of the Board on 29th April 2022.
[6] Appointed as Audit Chairman on 29th April 2022.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees over the last three years:

Directors' name	% change for the year to 31st December 2022	% change for the year to 31st December 2021	% change for the year ended 31st December 2020
Andrew Sutch[1]	n/a	7.3%	1.4%
David Fletcher[2]	18.0%	7.3%	4.7%
Jill May	3.7%	7.2%	2.8%
Nicholas Melhuish[3]	22.2%	17.6%	n/a
Victoria Stewart	5.8%	17.6%	n/a
Joanne Fintzen[4]	n/a	n/a	n/a

[1] Retired from the Board on 29th April 2022.
[2] Mr Fletcher was appointed as Chairman on 29th April 2022. His fee was subsequently increased during the year.
[3] Mr Melhuish was appointed Audit Chairman on 29th April 2022. His fee was subsequently increased during the year.
[4] Appointed to the Board on 3rd October 2022.

The requirements to disclose this information came into force for companies with financial years starting on or after 10th June 2019 and, as such, this is the third year the Company has disclosed this information. The comparison will be expanded in future annual reports until such time it covers a five year period.

A table showing the total remuneration for the Chairman over the five years ended 31st December 2022 is below:

Remuneration for the Chairman over the five years ended 31st December 2022

Year ended 30th June	Fees
2022	£41,500
2021	£40,250
2020	£37,525
2019	£37,000
2018	£37,000

Directors' Remuneration Report

Directors' Shareholdings[1]

There are no requirements pursuant to the Company's Articles of Association or the terms of their appointment 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.

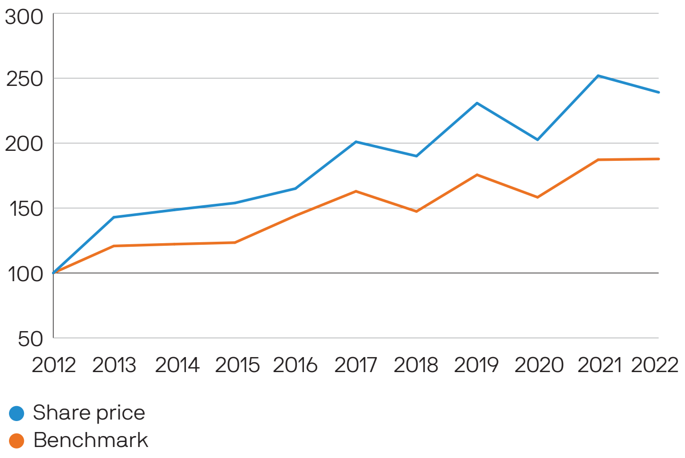
Directors' name	31st December 2022	31st December 2021
Andrew Sutch[2]	9,573	9,442
David Fletcher	5,313	5,084
Jill May	7,004	7,004
Nicholas Melhuish	6,807	6,807
Victoria Stewart	—	—
Joanne Fintzen	—	—

[1] Audited information.
[2] Resigned from the Board on 29th April 2022.

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

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

Ten Year Share Price and Benchmark Total Return Performance to 31st December 2022



Source: Morningstar.

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 2022	2021
Remuneration paid to all Directors	£148,642	£154,375
Distribution to shareholders		
— by way of dividend	£19,156,000	£18,209,000
— by way of share repurchases	£nil	£2,329,000

For and on behalf of the Board
David Fletcher
Chairman

13th March 2023

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 43, 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 return 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 Financial Statements 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
David Fletcher
Chairman

13th March 2023

Independent Auditors' Report

To the Members of JPMorgan Claverhouse Investment Trust plc (the 'company')

Report on the audit of the financial statements

Opinion

In our opinion, the company's financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2022 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, including 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 2022; 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

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

Independent Auditors' Report

Key audit matters

- Valuation and existence of investments.
- Accuracy, occurrence and completeness of income from investments.

Materiality

- Overall materiality: £4.15m (2021: £4.65m) based on 1% of net assets.
- Performance materiality: £3.11m (2021: £3.49m).

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.

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 Accounting Policies and Notes to the Financial Statements. The investment portfolio at year-end consisted of listed equity investments valued at £446m. 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.

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Accuracy, occurrence and completeness of income from investments Refer to Accounting Policies and 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. 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 receipts 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. We also sample tested journal entries made to income accounts (both revenue and capital). 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.

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

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors to understand the extent of the potential impact of climate change risk on the company's financial statements.

The Directors concluded that the impact on the measurement and disclosures within the financial statements is not material because the company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the company's investment activities.

We also considered the consistency of the Climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

Independent Auditors' Report

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	£4.15m (2021: £4.65m).
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% (2021: 75%) of overall materiality, amounting to £3.11m (2021: £3.49m) 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 £207,500 (2021: £232,500) 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' assessment of potential operational impacts to the company of relevant risks identified, 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 twelve months from when the financial statements are authorised for issue.

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

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

In relation to the 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.

Independent Auditors' 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 2022 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 twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditors' Report

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 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;

Independent Auditors' Report

- 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 members 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 three years, covering the years ended 31st December 2020 to 31st December 2022.

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

13th March 2023


ALL WELCOME

Statement of Comprehensive Income

For the year ended 31st December 2022

	Notes	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Losses)/gains on investments and derivatives held at fair value through profit or loss	3	—	(53,403)	(53,403)	—	67,191	67,191
Net foreign currency gains/(losses)		—	285	285	—	(4)	(4)
Income from investments	4	22,346	—	22,346	20,224	—	20,224
Interest receivable and similar income	4	339	—	339	6	—	6
Gross return/(loss)		**22,685**	**(53,118)**	**(30,433)**	**20,230**	**67,187**	**87,417**
Management fee	5	(778)	(1,444)	(2,222)	(772)	(1,434)	(2,206)
Other administrative expenses	6	(716)	—	(716)	(668)	—	(668)
Net return/(loss) before finance costs and taxation		**21,191**	**(54,562)**	**(33,371)**	**18,790**	**65,753**	**84,543**
Finance costs	7	(658)	(1,222)	(1,880)	(589)	(1,094)	(1,683)
Net return/(loss) before taxation		**20,533**	**(55,784)**	**(35,251)**	**18,201**	**64,659**	**82,860**
Taxation credit/(charge)	8	3	—	3	(99)	—	(99)
Net return/(loss) after taxation		**20,536**	**(55,784)**	**(35,248)**	**18,102**	**64,659**	**82,761**
Return/(loss) per share	9	**34.27p**	**(93.10)p**	**(58.83)p**	**30.77p**	**109.92p**	**140.69p**

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 page 73 to 88 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31st December 2022

	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 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 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**
Issue of ordinary shares	178	5,004	—	—	—	5,182
Net (loss)/return	—	—	—	(55,784)	20,536	(35,248)
Dividends paid in the year	—	—	—	—	(19,156)	(19,156)
At 31st December 2022	**15,037**	**176,867**	**6,680**	**194,276**	**22,940**	**415,800**

[1] This reserve is distributable. The amount that is distributable is not necessarily the full amount as disclosed in these financial statements of £22,940,000 as at 31st December 2022. This reserve may be used to fund distributions to shareholders.

The notes on pages 73 to 88 form an integral part of these financial statements.

Statement of Financial Position

At 31st December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	445,552	553,180
Current assets	12		
Debtors		1,098	1,403
Cash held at broker		—	4,969
Cash and cash equivalents		9,556	6,886
		10,654	13,258
Current liabilities	13		
Creditors: amounts falling due within one year		(10,406)	(70,480)
Derivative financial liabilities		—	(936)
Net current assets/(liabilities)		248	(58,158)
Total assets less current liabilities		**445,800**	**495,022**
Creditors: amounts falling due after more than one year	14	(30,000)	(30,000)
Net assets		**415,800**	**465,022**
Capital and reserves			
Called up share capital	15	15,037	14,859
Share premium account	16	176,867	171,863
Capital redemption reserve	16	6,680	6,680
Capital reserves	16	194,276	250,060
Revenue reserve	16	22,940	21,560
Total shareholders' funds		**415,800**	**465,022**
Net asset value per share	17	**691.3p**	**782.4p**

The financial statements on pages 69 to 72 were approved and authorised for issue by the Directors on 13th March 2023 and were signed on their behalf by:

David Fletcher
Director

The notes on pages 73 to 88 form an integral part of these financial statements.

Company registration number: 754577.

Statement of Cash Flows

For the year ended 31st December 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operations before dividends and interest	18	(2,609)	(2,888)
Dividends received		22,677	19,322
Interest received		316	6
Overseas tax recovered		1	—
Interest paid		(1,971)	(1,587)
Net cash inflow from operating activities		**18,414**	**14,853**
Purchases of investments		(226,611)	(191,662)
Sales of investments		280,403	156,615
Settlement of forward currency contracts		—	(1)
Settlement of futures contracts		(504)	(2,635)
Transfer of Company cash to be held at the broker		4,969	(4,969)
Net cash inflow/(outflow) from investing activities		**58,257**	**(42,652)**
Dividends paid		(19,156)	(18,209)
Issuance of the Company's shares from Treasury		—	3,659
Repurchase of the Company's shares into Treasury		—	(2,329)
Issue of Ordinary shares		5,182	6,281
Repayment of bank loan		(100,000)	(25,000)
Drawdown of bank loan		40,000	45,000
Net cash (outflow)/inflow from financing activities		**(73,974)**	**9,402**
Increase/(decrease) in cash and cash equivalents		**2,697**	**(18,397)**
Cash and cash equivalents at start of year		6,886	25,283
Exchange movements		(27)	—
Cash and cash equivalents at end of year		**9,556**	**6,886**
Cash and cash equivalents consist of:			
Cash and short term deposits		157	2,188
Cash held in JPMorgan Sterling Liquidity Fund		9,399	4,698
Total		**9,556**	**6,886**

The notes on pages 73 to 88 form an integral part of these financial statements.

Reconciliation of net debt

	As at 31st December 2021 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st December 2022 £'000
Cash and cash equivalents				
Cash	2,188	(2,004)	(27)	157
Cash equivalents	4,698	4,701	—	9,399
	6,886	2,697	(27)	9,556
Borrowings				
Debt due within one year	(70,000)	60,000	—	(10,000)
Debt due after one year				
£30m 3.22% Private Placement loan	(30,000)	—	—	(30,000)
	(100,000)	60,000	—	(40,000)
Total	**(93,114)**	**62,697**	**(27)**	**(30,444)**

Notes to the Financial Statements

For the year ended 31st December 2022

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in July 2022.

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, the liquidly of the investment portfolio and considered the impact of stressed conditions on the portfolio liquidity and income. In addition, the Directors have also considered the measures in place with key service providers, including the Manager, to maintain operational resilience. The disclosures on going concern on page 50 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, net of expenses incidental to purchase which are recognised as transaction costs and expensed 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 the sales of investments, the 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 reviewed on an individual basis 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.

Notes to the Financial Statements

1. Accounting policies (continued)

(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 79.

(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 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.

(j) Functional currency

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

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

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

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

(k) Dividends payable

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

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

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

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

2. Significant accounting judgements, estimates and assumptions

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

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

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

	2022 £'000	2021 £'000
Realised gains on sales of investments	6,689	24,971
Realised losses on close out of futures	(504)	(2,635)
Net change in unrealised gains and losses on investments	(60,516)	45,797
Unrealised gains/(losses) on futures contracts	936	(936)
Other capital charges	(8)	(6)
Total (losses)/gains on investments and derivatives held at fair value through profit or loss	**(53,403)**	**67,191**

Notes to the Financial Statements

4. Income

	2022 £'000	2021 £'000
Income from investments		
UK dividends	18,492	16,294
Special dividends	3,158	2,302
Overseas dividends	589	1,248
Property income distribution from UK REITS	107	127
Scrip dividends	—	253
	22,346	**20,224**
Interest receivable and similar income		
Interest from JPMorgan Sterling Liquidity Fund	325	6
Deposit interest	14	—
	339	6
Total income	**22,685**	**20,230**

5. Management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	778	1,444	2,222	772	1,434	2,206

Details of the management fee are given in the Directors' Report on page 44.

6. Other administrative expenses

	2022 £'000	2021 £'000
Administration expenses	323	294
Directors' fees[1]	148	154
Marketing fees[2]	126	104
Depositary fees[3]	70	73
Auditors' remuneration for audit services[4]	49	43
	716	**668**

[1] Full disclosure is given in the Directors' Remuneration Report on page 56.
[2] Includes £21,000 (2021: £17,000) irrecoverable VAT.
[3] Includes £12,000 (2021: £12,000) irrecoverable VAT.
[4] Includes £8,000 (2021: £7,000) irrecoverable VAT.

7. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	320	594	914	250	465	715
Private Placement interest	338	628	966	339	629	968
	658	**1,222**	**1,880**	**589**	**1,094**	**1,683**

8. Taxation

(a) Analysis of tax (credit) charge for the year

	2022 £'000	2021 £'000
Overseas withholding tax	(3)	99
Total tax (credit)/charge for the year	**(3)**	**99**

(b) Factors affecting total tax charge for the year

The tax (write back)/charge for the year is lower (2021: lower) than the Company's applicable rate of corporation tax of 19% (2021: 19%). The factors affecting the total tax (credit)/charge for the year are as follows:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(losses) before taxation	20,533	(55,784)	(35,251)	18,201	64,659	82,860
Net return/(losses) before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2021: 19%)	3,901	(10,599)	(6,698)	3,458	12,285	15,743
Effects of:						
Non taxable capital losses/(gains)	—	10,092	10,092	—	(12,765)	(12,765)
Non taxable scrip dividends	—	—	—	(48)	—	(48)
Non taxable UK dividends	(3,842)	—	(3,842)	(3,436)	—	(3,436)
Non taxable overseas dividends	(383)	—	(383)	(334)	—	(334)
Excess capital expenses arising in the year	—	507	507	—	480	480
Unrelieved expenses	324	—	324	360	—	360
Overseas withholding tax	(3)	—	(3)	99	—	99
Total tax (credit)/charge for the year	**(3)**	**—**	**(3)**	**99**	**—**	**99**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £33,641,000 (2021: £32,548,000) based on a prospective corporation tax rate of 25% (2021: 25%). 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 2022 and became effective from 2nd June 2022. The deferred tax asset has arisen due to £134,563,000 (2021: £130,191,000) 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.

Notes to the Financial Statements

9. Return/(loss) per share

	2022 £'000	2021 £'000
Revenue return	20,536	18,102
Capital (loss)/return	(55,784)	64,659
Total (loss)/return	**(35,248)**	**82,761**
Weighted average number of shares in issue during the year	59,917,311	58,822,971
Revenue return per share	34.27p	30.77p
Capital (loss)/return per share	(93.10)p	109.92p
Total (loss)/return per share	**(58.83)p**	**140.69p**

10. Dividends

(a) Dividends paid and declared

	2022 £'000	2021 £'000
Dividends paid		
2021 fourth quarterly dividend of 9.50p (2020: 10.00p) paid in March 2022	5,665	5,826
First quarterly dividend of 7.50p (2021: 7.00p) paid in June 2022	4,497	4,083
Second quarterly dividend of 7.50p (2021: 7.00p) paid in September 2022	4,497	4,150
Third quarterly dividend of 7.50p (2021: 7.00p) paid in December 2022	4,497	4,150
Total dividends paid in the year of 32.00p (2021: 31.00p)	**19,156**	**18,209**
Dividend declared		
Fourth quarterly dividend declared of 10.50p (2021: 9.50p) paid in March 2023	6,315	5,646

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

The dividend proposed in respect of the year ended 31st December 2021 amounted to £5,646,000. However, the amount paid amounted to £5,665,000 due to new shares issued after the balance sheet date but prior to the record date.

The fourth quarterly dividend has been declared and paid in respect of the year ended 31st December 2022. This dividend will be reflected in the financial statements for the year ending 31st December 2023.

(b) Dividends 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 £20,536,000 (2021: £18,102,000). Brought forward revenue reserves amounting to £nil (2021: £nil) have been utilised in order to finance the dividend in respect of the year.

	2022 £'000	2021 £'000
First quarterly dividend of 7.50p (2021: 7.00p) paid in June 2022	4,497	4,083
Second quarterly dividend of 7.50p (2021: 7.00p) paid in September 2022	4,497	4,150
Third quarterly dividend of 7.50p (2021: 7.00p) paid in December 2022	4,497	4,150
Fourth quarterly dividend of 10.50p (2021: 9.50p) paid in March 2023	6,315	5,646
Total dividend declared in respect of the year of 33.00p (2021: 30.50p)	**19,806**	**18,029**

The revenue reserve after payment of the fourth dividend will amount to £16,625,000 (2021: £15,914,000).

Notes to the Financial Statements

11. Investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Opening book cost	423,240	362,974
Opening investment holding gains	129,940	84,143
Opening valuation	553,180	447,117
Movements in the year:		
Purchases at cost	226,611	191,915
Sales proceeds	(280,412)	(156,620)
(Losses)/gains on investments held at fair value through profit or loss	(53,827)	70,768
	445,552	553,180
Closing book cost	376,128	423,240
Closing investment holding gains	69,424	129,940
Total investments held at fair value through profit or loss	**445,552**	**553,180**

The Company received £280,412,000 (2021: £156,620,000) from investments sold in the year. The book cost of these investments when they were purchased was £273,723,000 (2021: £131,649,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs on purchases during the year amounted to £1,157,000 (2021: £838,000) and on sales during the year amounted to £171,000 (2021: £113,000). These costs comprise mainly brokerage commission and stamp duty.

12. Current assets

	2022 £'000	2021 £'000
Debtors		
Dividends and interest receivable	1,025	1,333
Overseas tax recoverable	46	44
Other debtors	27	26
	1,098	**1,403**

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.

Notes to the Financial Statements

13. Current liabilities

	2022 £'000	2021 £'000
Creditors: amounts falling due within one year		
Bank loan – National Australia Bank	—	70,000
Bank loan – Mizuho Bank	10,000	—
Bank loan interest	57	147
Debenture Interest	241	242
Other creditors and accruals	108	91
	10,406	**70,480**

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

The Company's £80 million floating rate loan facility with National Australia Bank expired in May 2022. On 24th May 2022, the Company entered into an £80 million two year revolving loan facility with Mizuho Bank Limited with an interest rate of margin plus SONIA. As at 31st December 2022, £10 million was drawn down with Mizuho Bank Limited (2021: £70 million with National Australia Bank). The facility is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been met during the year.

	2022 £'000	2021 £'000
Derivative financial liabilities		
Futures contracts[1]	—	936

[1] 2021: 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

	2022 £'000	2021 £'000
£30,000,000 3.22% private placement loan	30,000	30,000
	30,000	**30,000**

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.

15. Called up share capital

	2022		2021	
	Number of shares	£'000	Number of shares	£'000
Ordinary shares allotted and fully paid:				
Opening balance excluding shares held in Treasury	59,435,653	14,859	58,449,636	14,613
Issue of new Ordinary shares	710,000	178	835,000	208
Issue of shares from Treasury	—	—	513,290	129
Repurchase of shares into Treasury	—	—	(362,000)	(91)
Subtotal of Ordinary shares of 25p each excluding shares held in Treasury	60,145,653	15,037	59,435,653	14,859
Shares held in Treasury	—	—	—	—
Closing balance of shares of 25p each including shares held in Treasury	**60,145,653**	**15,037**	**59,435,653**	**14,859**

Further details of transactions in the Company's shares are on page 45.

16. Capital and reserves

2022	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves: Realised gains and losses £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	14,859	171,863	6,680	121,052	129,008	21,560	465,022
Net foreign currency gains	—	—	—	285	—	—	285
Realised gains on sale of investments	—	—	—	6,689	—	—	6,689
Net change in unrealised losses and gains on investments	—	—	—	—	(60,516)	—	(60,516)
Realised gains on close out of futures	—	—	—	432	—	—	432
Unrealised losses on futures contracts from prior period now realised	—	—	—	(936)	936	—	—
Issue of new Ordinary shares	178	5,004	—	—	—	—	5,182
Management fee and finance costs charged to capital	—	—	—	(2,666)	—	—	(2,666)
Other capital charges	—	—	—	(8)	—	—	(8)
Dividends paid in the year	—	—	—	—	—	(19,156)	(19,156)
Retained revenue for the year	—	—	—	—	—	20,536	20,536
Closing balance	**15,037**	**176,867**	**6,680**	**124,848**	**69,428**	**22,940**	**415,800**

[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 £22,940,000 as at 31st December 2022. This reserve may be used to fund distributions to shareholders.

2021	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves: Realised gains and losses £'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.

Notes to the Financial Statements

17. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 60,145,653 (2021: 59,435,653) Ordinary shares in issue at the year end (excluding Treasury shares).

	2022 Net asset value attributable		2021 Net asset value attributable	
	£'000	pence	£'000	pence
Net asset value - debt at par	**415,800**	**691.3**	**465,022**	**782.4**
Add: amortised cost of £30 million 3.22% private placement loan March 2045	30,000	49.9	30,000	50.5
Less: fair value of £30 million 3.22% private placement loan March 2045	(23,466)	(39.0)	(36,967)	(62.2)
Net asset value - debt at fair value	**422,334**	**702.2**	**458,055**	**770.7**

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

	2022 £'000	2021 £'000
Net (loss)/return before finance costs and taxation	(33,371)	84,543
Add capital loss/(less capital return) before finance costs and taxation	54,562	(65,753)
Scrip dividends received as income	—	(253)
Decrease/(increase) in accrued income and other debtors	307	(512)
Increase/(decrease) in accrued expenses	18	(3)
Management fee charged to capital	(1,444)	(1,434)
Overseas withholding tax	—	(143)
Dividends received	(22,677)	(19,322)
Interest received	(316)	(6)
Realised gains/(losses) on foreign currency transactions	312	(5)
Net cash outflow from operations before dividends and interest	**(2,609)**	**(2,888)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no capital commitments (2021: same) and no contingent liabilities (2021: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 44. The management fee payable to the Manager for the year was £2,222,000 (2021: £2,206,000) of which £nil (2021: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 76 are safe custody fees amounting to £8,000 (2021: £11,000) payable to JPMorgan Chase Bank N.A. of which £2,000 (2021: £3,000) 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 £31,000 (2021: £19,000) of which £nil (2021: £nil) was outstanding at the year end.

The Company holds an investment in JPMorgan Smaller Companies Investment Trust plc which is also managed by JPMAM. At the year end this was valued at £13.3 million (2021: £20.4 million) and represented 3.0% (2021: 3.7%) of the Company's investment portfolio. During the year, the Company made £nil (2021: £nil) purchases of this investment and sales with a total value of £811,000 (2021: £8,940,000). Dividend income amounting to £334,000 (2021: £292,000) was receivable during the year, of which £nil (2021: £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 £9.4 million (2021: £4.7 million). Interest amounting to £325,000 (2021: £6,000) was receivable during the year, of which £nil (2021: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £8,000 (2021: £6,000) were payable to JPMorgan Chase Bank N.A. during the year of which £1,000 (2021: £2,000) was outstanding at the year end.

At the year end, total cash of £157,000 (2021: £2,188,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £14,000 (2021: £nil) was receivable by the Company during the year from JPMorgan Chase Bank N.A. of which £nil (2021: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on pages 56 to 57 and in note 6 on page 76.

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 73.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1[1]	445,552	—	553,180	(936)
Total	**445,552**	**—**	**553,180**	**(936)**

[1] 2021: 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 'Key Features' page. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

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

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

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

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

Notes to the Financial Statements

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

(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 Manager 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:

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	445,552	553,180
Derivative instruments - futures contracts	—	(936)
	445,552	**552,244**

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 27 to 29. This shows that all of the investments are listed in the UK. Accordingly there is a concentration of exposure to the UK. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2021: 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.

	2022		2021	
	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)	(62)	62	(71)	77
Capital return/(loss)	44,439	(44,439)	50,492	(55,081)
Total return/(loss) after taxation	44,377	(44,377)	50,421	(55,004)
Net assets	**44,377**	**(44,377)**	**50,421**	**(55,004)**

(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 Portfolio 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.

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash and short term deposits	157	2,188
Cash held at broker	—	4,969
JPMorgan Sterling Liquidity Fund	9,399	4,698
Bank loan	(10,000)	(70,000)
Total exposure	**(444)**	**(58,145)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2021: 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 80.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 4.0% (2021: 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 and in light of interest rate increases during the year. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2022		2021	
	4.0% increase in rate £'000	4.0% 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)	242	(242)	(63)	63
Capital return/(loss)	(260)	260	(228)	228
Total return/(loss) after taxation	(18)	18	(291)	291
Net assets	**(18)**	**18**	**(291)**	**291**

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.

Notes to the Financial Statements

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

(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 80.

Liquidity risk exposure

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

	2022			
	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	108	—	—	108
Bank loan, including interest	10,155	—	—	10,155
Private placement, including interest	479	728	50,537	51,744
	10,742	**728**	**50,537**	**62,007**

	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**

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

(c) Credit risk

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

Management of credit risk

Portfolio dealing

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

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 five year average yield for the AA Barclays Sterling Corporate Bond.

	Accounts value		Fair value	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
£30 million 3.22% private placement loan March 2045	30,000	30,000	23,466	36,967

23. Capital management policies and procedures

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

	2022 £'000	2021 £'000
Debt:		
£80 million loan facility with National Australia Bank	—	70,000
£80 million loan facility with Mizuho Bank	10,000	—
£30 million 3.22% private placement loan March 2045	30,000	30,000
	40,000	**100,000**
Equity:		
Called up share capital	15,037	14,859
Reserves	400,763	450,163
	415,800	465,022
Total debt and equity	**455,800**	**565,022**

Notes to the Financial Statements

23. Capital management policies and procedures (continued)

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 Portfolio Managers have discretion from the Board to vary the gearing level between 5% net cash and 17.5% geared (including the effect of any futures).

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	445,552	553,180
Net assets	415,800	465,022
Gearing	**7.2%**	**19.0%**

The Company does not have any external capital requirements.

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

24. Subsequent events

Since the year end, the Company has bought back 465,000 shares into Treasury.

Regulatory Disclosures

Alternative Investment Fund Managers Directive 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 2022 are shown below:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	109%	110%

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 2022 Performance Year in July 2022 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 2022 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 25 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 44 sub-funds) as at 31st December 2022, with a combined AUM as at that date of £21,559 million and £21,268 million respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US$'000s)	21,662	14,069	35,731	146

The aggregate 2022 total remuneration paid to AIFMD Identified Staff was USD $114,556,000 of which USD $1,232,000 relates to Senior Management and USD $113,324,000 relates to other Identified Staff[1].

[1] For 2022, 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 Disclosure (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 2022.

Notice of Annual General Meeting

Notice is hereby given that the sixtieth Annual General Meeting of JPMorgan Claverhouse Investment Trust plc (the 'Company') will be held at 60 Victoria Embankment, London EC4Y 0JP on Friday, 28th April 2023 at 12 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31st December 2022.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31st December 2022.
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 appoint Joanne Fintzen as a Director.
9. To reappoint PricewaterhouseCoopers LLP as independent Auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

11. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') 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 £1,492,016, 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 2024 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

12. THAT, subject to the passing of Resolution 11 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,492,016, 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 11 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and so that the Directors of the Company may allot or sell equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

13. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of 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 8,946,130, 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 2024 unless the authority is renewed at the Company's Annual General Meeting in 2024 or at any other general meeting prior to such time; and

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

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

14. That, subject to the passing of Resolution 12 set out above, the Directors of the Company be authorised for the purposes of paragraph 15.4.11 of the Listing Rules of the Financial Conduct Authority to sell or transfer ordinary shares of 25 pence each in the capital of the Company ('shares') out of Treasury for cash at a price below the net asset value per share of the existing shares in issue (excluding shares held in Treasury), provided always that:

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

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

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

    (b) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, make an offer or agreement which would or might otherwise require Treasury shares to be sold after such expiry and the Directors may sell Treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Approval of dividend policy – Ordinary Resolution

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

Authority to hold general meetings – Special Resolution

16. THAT, a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Emma Lamb, for and on behalf of JPMorgan Funds Limited, Secretary

13th March 2023

Notice of Annual General Meeting

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 2023 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 59,680,653 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 59,680,653.

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.

Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

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 2022	Year ended 31st December 2021	
Opening share price (p)	7	772.0	649.0	(a)
Closing share price (p)	7	700.0	772.0	(b)
Total dividend adjustment factor[1]		1.046841	1.045038	(c)
Adjusted closing share price (p) (d = b x c)		732.8	806.8	(d)
Total return to shareholders (e = (d / a) – 1)		**–5.1%**	**24.3%**	(e)

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the 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 2022	Year ended 31st December 2021	
Opening cum-income NAV per share (p)	7	782.4	672.1	(a)
Closing cum-income NAV per share (p)	7	691.3	782.4	(b)
Total dividend adjustment factor[1]		1.046624	1.043336	(c)
Adjusted closing cum-income NAV per share (d = b x c)		723.5	816.3	(d)
Total return on net assets (e = d / a – 1)		**–7.5%**	**21.5%**	(e)

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the 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 71) 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, as shown in note 17 (on page 82).

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 2022, the cum-income NAV with debt at fair value was £422,334,000 (31st December 2021: £458,055,000) or 702.2p per share (31st December 2021: 770.7p).

Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

Total return calculation	Page	Year ended 31st December 2022	Year ended 31st December 2021	
Opening cum-income NAV per share (p)	7	770.7	654.9	(a)
Closing cum-income NAV per share (p)	7	702.2	770.7	(b)
Total dividend adjustment factor[1]		1.046625	1.044211	(c)
Adjusted closing cum-income NAV per share (d = b x c)		734.94	804.77	(d)
Total return on net assets (e = d / a – 1)		**–4.6%**	**22.9%**	(e)

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

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

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 17 on page 82 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 2022 £'000	Year ended 31st December 2021 £'000	
Investments held at fair value through profit or loss	79	445,552	553,180	(a)
Net assets	82	415,800	465,022	(b)
Gearing/(net cash) (c = (a / b) – 1)		**7.2%**	**19.0%**	(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 2022 £'000	Year ended 31st December 2021 £'000	
Management fee	76	2,222	2,206	
Other administrative expenses	76	716	668	
Total management fee and other administrative expenses		2,938	2,874	(a)
Average daily cum-income net assets		419,278	437,258	(b)
Ongoing charges (c = a / b)		**0.70%**	**0.66%**	(c)

Glossary of Terms and Alternative Performance Measures ('APMS') (Unaudited)

Share Price Premium/(Discount) to 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.

Performance attribution

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

Performance Attribution Definitions:

Stock/Sector selection

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

Gearing/Net Cash

Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Management fee/Other expenses

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

JPMorgan Funds Limited ('JPMF' or the 'Manager')

The Company's Alternative Investment Fund Manager and Company Secretary.

JPMorgan Asset Management (UK) Limited ('JPMAM or the 'Investment Manager')

JPMF delegates the management of the Company's portfolio to JPMAM.

Portfolio Managers

William Meadon and Callum Abbot, the Company's designed portfolio managers on behalf of the Investment Manager.

Where to Buy J.P. Morgan Investment Trusts

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
Bestinvest
Charles Stanley Direct
Close brothers A.M. Self
Directed Service
Fidelity Personal Investing
Freetrade
Halifax Share Dealing
Hargreaves Lansdown
iDealing
IG
Interactive investor
IWeb
ShareDeal active
Willis Owen
X-O.co.uk

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' website at https://www.theaic.co.uk/how-to-vote-your-shares 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 to 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 adviser charging and commission rules, visit fca.org.uk.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA FINANCIAL CONDUCT AUTHORITY

Information About the Company

FINANCIAL CALENDAR

Financial year end	**31st December**
Half year results announced	**July/August**
Final results announced	**March**
Quarterly interim dividends on ordinary shares paid	**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 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

Investment Manager

JPMorgan Asset Management (UK) Limited

The Association of Investment Companies

A member of the AIC

Company's Registered Office

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

Please contact Emma Lamb for company secretarial and administrative matters.

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

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 individual holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

PricewaterhouseCoopers LLP
Altria One
144 Morrison Street
Edinburgh EH3 8EX

Brokers

Numis Securities Limited
45 Gresham St,
London EC2V 7BF

CONTACT

60 Victoria Embankment
London
EC4Y 0JP
Tel +44 (0) 20 7742 4000
Website www.jpmclaverhouse.co.uk

GB A105 | 03/23

J.P.Morgan
ASSET MANAGEMENT