The Bankers Investment Trust PLC

Annual Report 2019

aic DIVIDEND HERO

MANAGED BY
Janus Henderson
INVESTORS

Strategic Report

The US's economic growth forecast to reach

2.3%

in 2019

The World's economy forecast to grow

3.0% in 2019

Change in the value of sterling (trade weighted)

2.1%

in 2019

Forecast increase in global earnings per share

1.6%

to 31 December 2019

Sources: Bloomberg, Bank of England

Investment objective

The Company aims over the long term to achieve capital growth in excess of the FTSE World Index and annual dividend growth greater than inflation, as defined by the UK Retail Prices Index ('RPI'), by investing in companies listed throughout the world.

A brief history

The Company was incorporated in 1888. Since seven of the nine original directors were bankers by profession, the name The Bankers' Investment Trust, Limited was considered appropriate. The Company has paid dividends on the ordinary shares every year since incorporation except in the years 1892 and 1893 and has increased dividends paid each year since 1966.

Strategic Report

Governance

Financial Statements

Other Shareholder Information

Performance Highlights

Net asset value per ordinary share

With debt at par

2019 **948.7p** 2018 **865.8p**

With debt at market value

2019 **945.7p** 2018 **862.8p**

Share price at year end[1]

2019 **927.5p** 2018 **835.0p**

Dividend

Per share for year[2]

2019 **20.90p** 2018 **19.72p**

Growth

2019 **6.0%** 2018 **6.0%**

Discount at year end[3]

2019 **2.2%** 2018 **3.6%**

Net (cash)/gearing at year end[4]

2019 **(3.0%)** 2018 **2.4%**

Ongoing charge for year[8]

2019 **0.52%** 2018 **0.50%**

Long term growth record to 31 October 2019

	1 year %	3 years %	5 years %	10 years %
Capital return[5]				
Net asset value	9.6	25.8	59.0	140.1
Share price	11.0	34.4	64.7	166.8
FTSE World Index[6]	8.9	21.6	30.7	77.2
Total return[7]				
Net asset value	12.1	34.6	78.7	208.7
Share price	13.6	43.9	85.7	248.3
FTSE World Index[6]	11.7	32.6	53.3	146.8
Dividend	6.0	22.9	41.2	81.7
Retail Price Index	2.1	9.7	12.7	34.4

1 Share price is the mid-market closing price
2 This represents the four ordinary dividends recommended or paid for the year (see page 61 for more details)
3 Based on the mid-market closing price
4 Net (cash)/gearing is calculated in accordance with the gearing definition in the alternative performance measures on page 74
5 Capital return excludes all dividends
6 For the 3, 5 and 10 years this is a composite of the FTSE World Index and the FTSE All-Share Index
7 Total return assumes dividends reinvested
8 A glossary of terms and alternative performance measures can be found on pages 73 to 75
Sources: Morningstar for the AIC, Janus Henderson, Datastream

Global: the investment case

Investment policy

The following investment ranges apply:

Equities:

80% to 100%

Debt securities and cash investments:

0% to 20%

Investments trusts, collective funds and derivatives:

0% to 15%

To achieve an appropriate spread of investment risk the portfolio is broadly diversified by geography, sector and company. The Manager has the flexibility to invest in any geographic region and any sector with no set limits on individual country or sector exposures and, therefore, the make-up and weighting of the portfolio may differ materially from the FTSE World Index.

The Manager primarily employs a bottom-up, value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends. The Board regularly monitors the Company's investments and the Manager's investment activity.

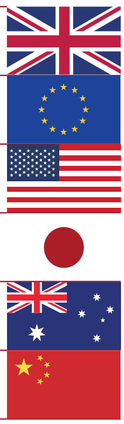
The Company can, but normally does not, invest up to 15% of its gross assets in any other investment companies (including listed investment trusts).

Gearing

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of the borrowing. The Company can borrow up to 20% of net assets at the time of draw down, (see fuller description on page 8 in the Business Model).

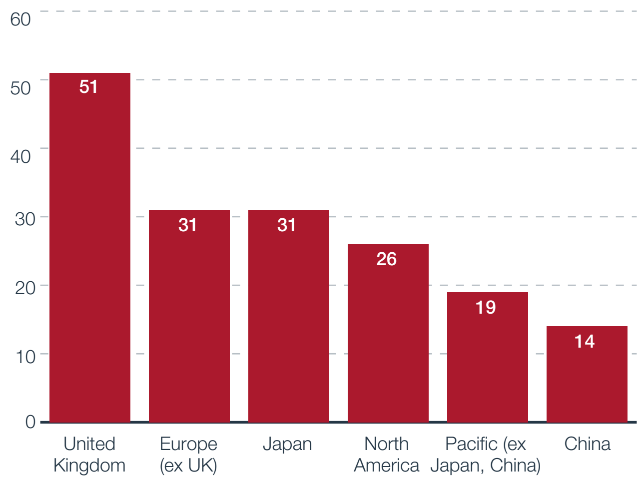
Experienced, high quality team; Focused portfolios

Lead Manager	**Alex Crooke** (Appointed 2003, 30 years experience)
UK	**David Smith** (18 years experience)
Europe (ex UK)	**James Ross** (13 years experience)
North America	**Gordon Mackay** (24 years experience)
Japan	**Junichi Inoue** (25 years experience)
Pacific (ex Japan, China)	**Mike Kerley** (27 years experience)
China	**Charlie Awdry** (19 years experience)



Source: Janus Henderson Investors

Number of holdings by region as at 31 October 2019



Source: Janus Henderson Investors

Explanation of movement in net asset value (total return) per ordinary share

Over the year to 31 October, the net asset value (total return) rose by 12.1% compared to a rise in the index FTSE World of 11.7%.

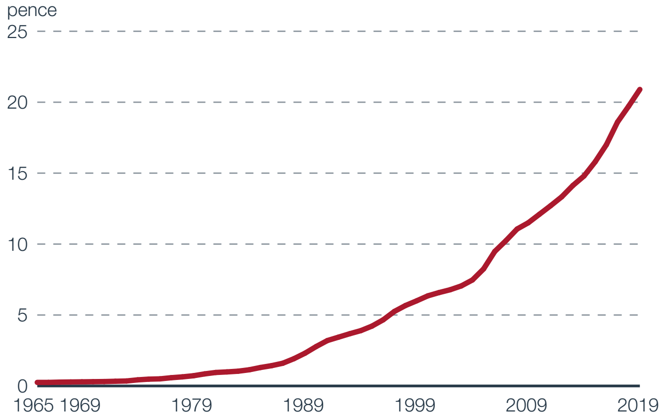
An estimate of the attribution of the portfolio's performance between asset allocation and stock selection is given below. The table below adds that result to the impact of other factors as listed to explain the movement of net asset value over the year.

Portfolio performance	**Performance of index**		11.7%
	Performance of portfolio against benchmark		
	Due to asset allocation	0.0%	
	Due to stock selection	1.3%	
			1.3%
Other factors	**Gross performance of portfolio**		13.0%
	Due to gearing	-0.2%	
	Ongoing charge	-0.5%	
	Timing residual	-0.2%	
			-0.9%
	Performance of net asset value (total return)		**12.1%**

Global: the dividend story

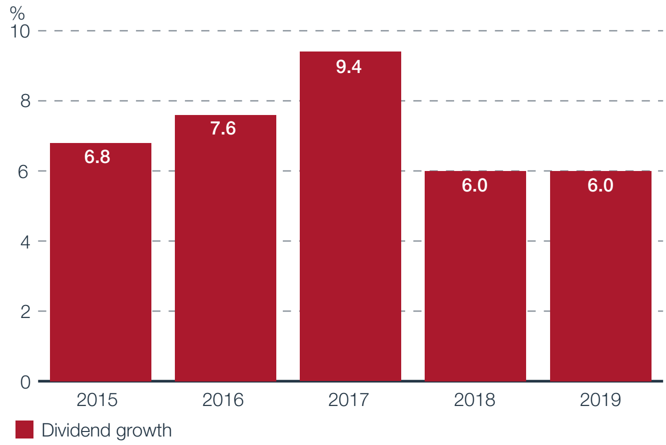
The investment process for Bankers has always focused on growing both capital and income for investors. The key focus is on companies that have a history of growing the amount of surplus cash they generate from their businesses. This is called free cash flow and is defined as the cash generated after paying staff, borrowing costs, taxes and maintaining equipment. Companies with growing levels of free cash flow have flexibility to reduce borrowings, invest for the future and hopefully grow their dividends over time. Being global we have a greater pool of opportunities to find these companies and also diversify across different regions and sectors. This investment strategy has helped Bankers not only pay dividends every year since 1894 but also to increase dividends every year since 1966, a 53 year track record.

Dividends over past 53 years



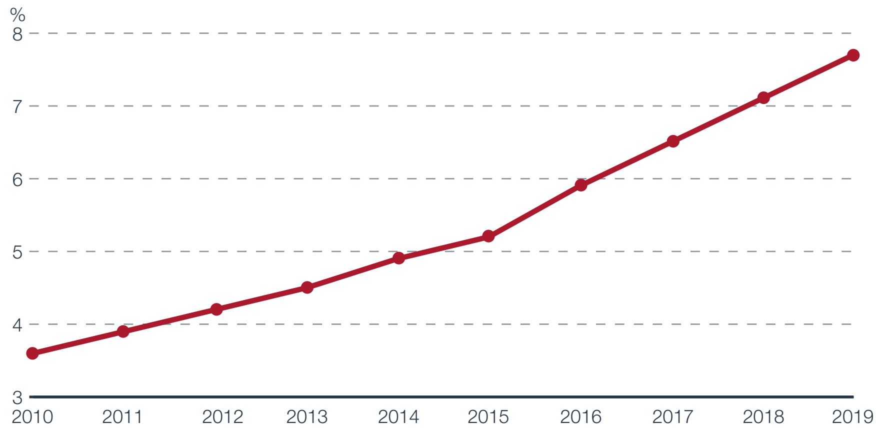
Source: Janus Henderson

Annual dividend growth over past 5 years



Source: Janus Henderson

Annual dividend yield each year based on £1,000 invested on 31 October 2009 and dividends reinvested



Source: Factset

Business Model

Our strategy

The Company's purpose is to invest in large and medium-sized, publicly-listed companies throughout the world that offer attractive capital and income growth opportunities. We fulfil this purpose by operating as an investment company enabling us to delegate operational matters to specialised third-party service providers. Their performance is monitored and challenged by a Board of Directors ('the Board') which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under section 1158/1159 of the Corporation Tax Act 2010 ('s.1158/9'). The closed-ended nature of the Company enables the Fund Manager to take a longer term view on investments and supports a fully invested portfolio, taking advantage of illiquidity in normal and volatile market conditions, as we have no redemptions to meet. A significant advantage over other investment fund structures is the ability to use leverage to increase returns for shareholders.

The Board is comprised entirely of non-executive directors accountable to the shareholders, who have the ability to remove a Director from office where they deem it to be in the interests of the Company.

The Company has the ability to terminate the contract with the Manager by giving six months notice.

The Company's status

The Company is an investment company as defined in section 833 of the Companies Act 2006 ('the Act') and operates as an investment trust in accordance with s.1158/9 as amended. The Directors are of the opinion that the Company has conducted its affairs in compliance with s.1158/9 since approval was granted and intends to continue to do so.

The Company's shares are listed on the Main Market of the London Stock Exchange and the Company is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ('FCA'). The Company is also listed on the Main Board of the New Zealand Stock Exchange and is subject to the NZX Listing Rules. The Company is a member of the Association of Investment Companies ('AIC').

The Company, and the Board, is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Investment objective

The Company aims over the long term to achieve capital growth in excess of the FTSE World Index and annual dividend growth greater than inflation, as defined by the UK Retail Prices Index ('RPI'), by investing in companies listed throughout the world.

Investment policy

The following investment ranges apply:

- Equities: 80% to 100%
- Debt securities and cash investments: 0% to 20%
- Investments trusts, collective funds and derivatives: 0% to 15%

To achieve an appropriate spread of investment risk the portfolio is broadly diversified by geography, sector and company. The Manager has the flexibility to invest in any geographic region and any sector with no set limits on individual country or sector exposures and, therefore, the make-up and weighting of the portfolio may differ materially from the FTSE World Index.

The Manager primarily employs a bottom-up, value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends. The Board regularly monitors the Company's investments and the Manager's investment activity.

The Company can, but normally does not, invest up to 15% of its gross assets in any other investment companies (including listed investment trusts).

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

The Company can borrow to make additional investments with the aim of achieving a return that is greater than the cost of the borrowing. The Company can borrow up to 20% of net assets at the time of draw down.

Position at year end

At 31 October 2019, the portfolio contained 172 (2018: 186) individual investments excluding those held at nil value, with the largest single investment accounting for 2.3% (2018: 1.9%) of total investments and the top 25 holdings totalling 34.3% (2018: 33.8%) of total investments. There were two holdings of an investment company in the portfolio (2018: one). There were no derivatives held in the portfolio (2018: nil). Net (cash)/gearing was (3.0%) (2018: 2.4%).

Liquidity and discount management

Our aim is for the Company's share price, as far as possible, to reflect closely its underlying net asset value, reduce volatility and have a liquid market in the shares. The ability to influence this meaningfully over the longer term is, of course, limited. However, the Board intends, subject always to the overall impact on the portfolio, the pricing of other investment companies and overall market conditions, to consider share issuance and buy backs. We believe that flexibility is important and that it is not in shareholders' interests to have specific share issuance and share buy-back policies.

Business Model (continued)

Promoting the Company's success

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests, as set out in section 172 of the Act. The Board regards a well governed business as essential for the successful delivery of its investment proposition.

To this end, the Board engages reputable third-party service providers with established track records to deliver day-to-day operations. The most important of these is the Manager, and in particular the Fund Manager, who is responsible for the management of the Company's assets in line with the investment objective and policy. The Board maintains a close working relationship with the Manager and holds it to account for the smooth running of the Company's day-to-day business. The Board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions for the portfolio and in respect of gearing and asset allocation, investment performance monitoring and setting marketing budgets.

The Fund Manager promotes the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company among retail investors in the UK.

To ensure the chosen service providers continue to deliver the expected level of service, the Board receives regular reports from them, evaluates the control environments in place at each service provider and formally assesses their appointment annually. By doing so the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that it demands of them. Details on how the Directors carry out the formal evaluation of third-party service providers is set out on page 35 under the section titled 'Management Engagement Committee'.

Culture

As explained above, the Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests. The Company's main stakeholders are the Company's shareholders, the Manager, our lenders and other service providers.

The Board applies various policies, practices and behaviour to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors promote mutual support combined with constructive challenge. Integrity, fairness and diligence are defining characteristics of the Board's culture.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest, Directors' dealings in the Company's shares, bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process (for more information see the performance evaluation section on page 34).

The Board seeks to appoint the best possible service providers and evaluates the service on a regular basis as described on page 35. The Board considers the culture of the Manager and other service providers through regular reporting and by receiving regular presentations from these stakeholders. The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's shareholders.

The Directors are also required to consider the impact on the community and environment. The Board describes the Company's and Manager's approach to environmental, social and governance matters on pages 8 and 9.

Managing our risks

The Board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks and uncertainties facing the Company that would threaten its business model, future performance, solvency and liquidity. This included consideration of the market uncertainty arising from the United Kingdom's negotiations and now expected conclusion to leave the European Union ('Brexit').

We regularly consider the principal risks facing the Company and have drawn up a matrix of risks facing the Company. The Board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The Board monitors the Manager, its other service providers and the internal and external environments in which the Company operates to identify new and emerging risks.

It is the Board's view that the changing nature of the retail shareholder base, demographical changes (needing to make sure there is demand from the younger generation), technological changes (primarily artificial intelligence) and environmental sustainability (shareholder expectations and regulation affecting portfolio companies/stock selection and the Company's performance and demand for its shares) are emerging risks.

The Board pro-actively monitors all of these factors and has a strong focus on continuing to educate itself about any relevant issues. Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance Statement on pages 35 and 36. Further details of the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and how they are managed are contained in note 16 on pages 63 to 69.

Business Model (continued)

The Board's policy on risk management has not materially changed during the course of the reporting period and up to the date of this report. The principal risks which have been identified and the steps taken by the Board to mitigate these are as follows:

Principal risks	Mitigating measure
Investment Activity and Performance Risks An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.	The Board monitors investment performance at each Board meeting and regularly reviews the extent of the Company's borrowings.
Portfolio and Market Risks Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. Macro matters (such as trade wars, the conclusion of the UK's negotiations to leave the European Union and the global economic outlook) are expected to lead to continued volatility in the markets. This is likely to impact share prices of investments in the portfolio, to the extent not already factored into current prices. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.	The Fund Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, investment activity and performance.
Tax, Legal and Regulatory Risks A breach of s.1158/9 could lead to the loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the FCA's Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings. All breaches could result in financial or reputational damage. The Company must also ensure compliance with the Listing Rules of the New Zealand Stock Exchange.	Janus Henderson has been contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm tax, legal and regulatory compliance both in the UK and New Zealand.
Financial Risks By its nature as an investment trust, the Company's business activities are exposed to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk.	The Company has a diversified portfolio which comprises mainly investments in large and medium-sized companies and mitigates the Company's exposure to liquidity risk. The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by Janus Henderson. Further information on the mitigation of financial risks is included in note 16 on pages 63 to 69.
Operational and Cyber Risks Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and cyber risks that one or more of its service providers may not provide the required level of service.	The Board monitors the services provided by Janus Henderson, the Depositary and its other service providers and receives reports on the key elements in place to provide effective internal control.

Business Model (continued)

The Company's viability

The UK Corporate Governance Code requires the Board to assess the future prospects for the Company, and report on the assessment within the Annual Report.

The Board considered that certain characteristics of the Company's business model and strategy were relevant to this assessment:

- The Board looks to ensure the Company seeks to only deliver positive long term performance.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested normally only in readily realisable, listed securities and that the level of borrowings is restricted.
- The Company is a closed-ended investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

Also relevant were a number of aspects of the Company's operational arrangements:

- The Company retains title to all assets held by the Custodian under the terms of formal agreements with the Custodian and Depositary.
- Long term borrowing is in place, being the £15 million 8% debenture stock 2023 and £50 million 3.68% loan notes 2035 which are also subject to formal agreements, including financial covenants with which the Company complied in full during the year. The value of long term borrowing is relatively small in comparison to the value of net assets being 5.6%.
- Short term borrowing of £20 milliion with Sumitomo Mitsui Banking Corporation Europe Ltd. The facility was not drawn down at the year end and expires in February 2021.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board meeting.
- Cash is held with approved banks.

In addition, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency. These risks, their mitigations and processes for monitoring them are set out on pages 63 to 69.

The principal risks identified as relevant to the viability assessment were those relating to investment portfolio performance and its effect on the net asset value, share price and dividends, and threats to security over the Company's assets. The Board took into account the liquidity of the Company's portfolio, the existence of the long term fixed rate borrowings, the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings, growing dividend payments, the desire to retain investors and the potential need for share buy backs. The Directors assess viability over three year rolling periods, taking account of foreseeable severe but plausible scenarios. The Directors believe that a rolling three year period best balances the Company's long term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to October 2022.

Measuring our performance

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager the Directors take into account the following Key Performance Indicators ('KPIs'):

Performance measured against various indices

The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and various indices.

Performance against the Company's peer group

In addition to comparison against the various indices, the Board considers the performance of its AIC global sector peer group at each Board meeting and its open-ended equivalent, the IMA Global Sector, on a regular basis.

Discount/premium to net asset value ('NAV')

The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC's formula. At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV and reviews the average discount/premium for the Company's relevant AIC sector.

The Board considers the use of share buy-backs and share issues to enhance shareholder value. During the financial year the Company did not buy-back any shares (2018: no shares bought back) and did not issue any shares (2018: no shares issued). Between 1 November 2019 and 10 January 2020, being the latest practicable date prior to publication of this Annual Report, the Company sold 1,338,509 shares out of treasury and issued 1,011,491 new shares.

Future developments

While the future performance of the Company is mainly dependent on the performance of global financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and policy explained on page 4. The Chairman's Statement and Fund Managers' Reports provide commentary on the outlook for the Company.

Business Model (continued)

Arrangements with the Manager

The Company qualifies as an Alternative Investment Fund ('AIF') in accordance with the Alternative Investment Fund Manager Directive ('AIFMD'). The Company has appointed Henderson Investment Funds Limited ('HIFL') to act as its Alternative Investment Fund Manager ('AIFM') in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice. HIFL delegates investment management services to Henderson Global Investors Limited, which acts as Manager. Both entities are authorised and regulated by the FCA. References to Janus Henderson and the Manager within this report refer to the services provided by both entities.

The Company has engaged third-party service providers to undertake its day-to-day operations. In particular, a management agreement between the Company and Janus Henderson sets out the matters over which the Manager has authority, including management of the Company's assets and the provision of accounting, company secretarial, administration and sales and marketing services.

The fund management team is led by Alex Crooke, who has been in place since 2003. He is assisted by David Smith, James Ross, Gordon Mackay, Junichi Inoue, Mike Kerley, and Charlie Awdry.

Some of the administration and accounting services to be provided by Janus Henderson are carried out on its behalf by BNP Paribas Securities Services. Wendy King FCG acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

For the period 1 November 2018 to 31 October 2019 the management fee was charged at a rate of 0.45% per annum of the first £750 million and 0.40% per annum on the excess over £750 million of the value of the net assets on the last day of the quarter immediately preceding the quarter in respect of which the calculation is made.

Arrangements with Depositary, Custodian and Registrar

The Company has appointed a depositary (as explained on page 73), who, in turn, has appointed the custodian who is responsible for the safe custody of the Company's assets. The Company has also appointed a registrar to maintain its register of members and assist shareholders with queries in respect of their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. Fees paid to service providers are disclosed in note 6 on page 59.

Borrowings

The Company has an 8% £15 million 2023 debenture and £50 million of private placement fixed rate 2035 loan notes at an annualised coupon rate of 3.68%. The Company has a £20 million loan facility with Mitsui Sumitomo Banking Corporation Europe Limited which expires in 2021 and was undrawn at the year end. Actual net cash at 31 October 2019 was 3.0% (2018: net gearing 2.4%) of net asset value.

Our approach to environmental, social and governance matters

Responsible ownership and the Stewardship Code

Responsible Investment is the term used to cover the Manager's work on environmental, social and corporate governance ('ESG') issues in the Company's investee companies. Janus Henderson supports the UK Stewardship Code, and seeks to protect and enhance value for our shareholders through active management and integration of ESG factors into investment decision making, voting and company engagement.

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have chosen to delegate responsibility to the Manager for voting the rights attached to the shares held in the Company's portfolio as the Manager actively votes at shareholder meetings and engages with companies as part of the voting process.

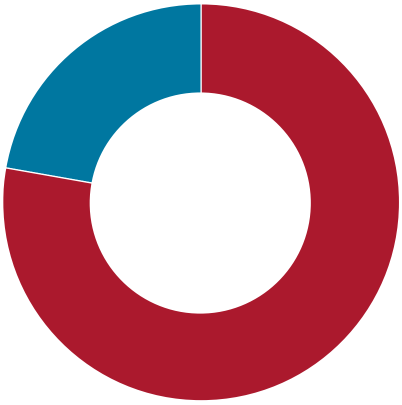
Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment Policy ('RI Policy'), which is made publically available so investee companies have the ability to make themselves aware of our Manager's expectations in this respect. In order to retain oversight of the process, we regularly receive reports on how the Manager has voted the shares held in the Company's portfolio and review, at least annually, the RI Policy, which sets out the Manager's approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code. The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

In the period under review, investee companies held 196 general meetings. The shares held in the Company's portfolio were voted at 186 of these meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice which meant support in favour of most of the resolutions proposed by management was warranted. However, in respect of 44 meetings, support was not warranted for all of the resolutions proposed and, following discussion

Business Model (continued)

between the Fund Manager and Janus Henderson's governance team, the shares were voted against the passing of at least one resolution.

Voting record



In terms of the resolutions not supported, these covered three predominant themes relating to the undue dilution of shareholders' interests in the investee company, director re-election and executive remuneration.

The environment
As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Business ethics
As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its service providers that they comply with the provisions of the **UK Modern Slavery Act 2015** and maintain adequate safeguards in keeping with the provisions of the **Bribery Act 2010** and **Criminal Finances Act 2017**.

Communicating with our shareholders

The Board is committed to maintaining open channels of communication with shareholders in a manner which they find most meaningful. Unlike trading companies, we appreciate that this often takes the form of meeting with the Fund Manager rather than members of the Board. Shareholders are able to meet with the Fund Manager throughout the year and the Manager provides information on the Company and videos of the Fund Manager on the Company's website, via various social medial channels and through its HGI platform. Feedback from all meetings between the Fund Manager and shareholders is shared with the Board. The Chairman and Senior Independent Director, or other members of the Board, are available to meet with shareholders where they wish to do so. During the year, the Chairman met with some of the Company's largest shareholders and the discussions with those shareholders was discussed at a subsequent Board meeting.

The annual report and half-year results are circulated to shareholders wishing to receive them and made available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The Fund Manager provides presentations to shareholders and analysts following the publication of the annual financial results.

The Fund Manager attends the annual general meeting and provides a presentation on the Company's performance and the future outlook. We encourage shareholders to attend and participate in the annual general meeting, which is available to watch live by visiting **www.janushenderson.com/en-gb/investor-investment-trusts-live**. Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Manager and all other Directors.

In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman at the registered office. The Senior Independent Director is also available to shareholders if they have concerns that have not been addressed through the normal channels.

Board diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. The Nominations Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. Our prime responsibility, however, is the strength of the Board and our overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

Currently the Board comprises four Directors, two female and two male. The Company has no employees and, therefore, there is nothing further to report in respect of gender representation within the Company.

For and on behalf of the Board

Sue Inglis
Chairman
15 January 2020

Chairman's Statement

Sue Inglis
Chairman

- Net asset value total return increase of **12.1%**.
- Share price total return increase of **13.6%**.
- Average discount to net asset value of **1.5%**.
- Dividend increase of **6%** to **20.9p** per share.
- Forecast increase in 2020 dividend of **3%**.

Performance

I am pleased to report, for the year ended 31 October 2019, strong absolute returns for shareholders. The Company's net asset value ('NAV') per share increased by 9.6% in capital terms over the year. With dividends reinvested, the NAV total return per share was 12.1%, marginally outperforming the FTSE World Index total return of 11.7% (in sterling terms). Our share price total return was higher, at 13.6%, due to the narrowing of the discount to NAV at which our shares traded. At 31 October 2019, the discount stood at 2.2% (2018: 3.6%), having averaged 1.5% over the year.

It was a challenging year for investment with a variety of macro factors and geopolitical tensions resulting in significant volatility in global equity markets. Early in the financial year, the US Federal Reserve's hawkish policy, which suggested further interest rates rises were likely in 2019, led to a sharp sell-off, although this was quickly reversed when the US Federal Reserve back-tracked in late December. More dovish central bank policy followed in 2019, including three US Federal Reserve interest rate cuts and indications of the willingness of major central banks to resume or continue supplying liquidity, which provided further support for real asset prices. The US-China trade dispute oscillated between positive indications that an agreement would be reached and further escalation of the dispute. There were signs of slowing global economic growth, with weakened global activity, mainly in the manufacturing sector of the advanced economies, leading to gross domestic product growth forecasts for the calendar year being downgraded on several occasions. The Eurozone and UK were particularly affected and only narrowly avoided technical recessions. When the yield on long-term US Treasury bonds fell below that for short-term ones concerns grew that a US recession was on its way. However, these concerns began to subside later in the year as investors questioned whether, with accommodative central bank policy, yield inversion was still a reliable indicator of a forthcoming recession. Over the financial year, the US equity market was the strongest performing market, whilst the UK market was one of the weakest, as the ongoing uncertainty regarding the UK's exit from the European Union continued to weigh on business prospects and investor sentiment.

Given the relatively high valuations of most equity markets, our Manager took the opportunity to realise some profits. In addition, as explained in the Interim Report, we concluded that our direct Emerging Markets (excluding emerging Asia) portfolio had not contributed meaningfully to the Company's returns and should be sold down. This was completed before the financial year end, raising cash ultimately for reallocation to other regions. Since the financial year end, our Manager has begun reinvesting our cash when suitable opportunities have arisen.

All of our continuing regional portfolios delivered strong absolute returns and outperformed their respective local benchmarks over the financial year. Notwithstanding this, our allocations, relative to the FTSE World Index, of being overweight UK (with its higher dividend yield) and underweight the US, held back the Company's relative performance in the final quarter of our financial year, giving up much of our relative outperformance earlier in the year.

Further details of the performance of the Company and its regional portfolios during the year are included in the Fund Managers' reports on pages 13 to 19.

Revenue and dividends

It was another solid year for our revenue account. Earnings per share increased by 4.0% to 21.61p (2018: 20.78p), driven principally by continuing dividend growth and further special dividends from the Company's investments. This performance has enabled the Board to recommend a final quarterly dividend of 5.35p per share, to be paid on 28 February 2020 to shareholders on the register of members at close of business on 24 January 2020. If approved by shareholders at the forthcoming AGM, this will result in a total dividend payment for the year of 20.90p (2018: 19.72p), an increase of 6.0%, which is in line with our forecast for the year, compares very favourably with the 2.1% rise in the Retail Price Index and extends our long record of dividend growth in real terms.

After taking into account the recommended final 2019 dividend payment, if approved, approximately £0.7 million will be transferred to our revenue reserve, which, at the year-end, after payment of the third interim and final dividends, represented 1.2 times the cost of the 2019 annual dividend. The revenue reserve enables the Company to hold back some income in years of strong corporate dividend growth to pay it out in leaner ones when corporate profits are under pressure (and, hence, dividend payments from our investments may be lower).

The Company has grown its annual dividend for each of the last 53 financial years, making it one of the leading AIC 'dividend heroes'. The Board recognises the importance of

Chairman's Statement (continued)

delivering a reliable and growing income to shareholders. The Board intends to use the revenue reserve when required to continue to achieve this, as it has done from time to time over the past 53 years. This will allow, in leaner years, our Manager to continue to invest the Company's portfolio with the objective of achieving the best NAV total return for shareholders.

Lower corporate earnings growth and any significant increase in the value of sterling are headwinds that may result in the Company's earnings per share in the current financial year being less than last year. The revenue reserve gives the Board confidence, despite these headwinds, to forecast dividend growth of approximately 3% for the current financial year.

Borrowings

As stated in the Interim Report, the Company refinanced its short-term borrowings by agreeing a new two year £20 million borrowing facility with Sumitomo Mitsui Banking Corporation Europe Ltd in February 2019. The Company continually reviews opportunities to deploy gearing and the short-term facility gives our Manager additional flexibility to invest and create returns for shareholders. The facility remained undrawn throughout the year, and currently remains undrawn.

Share issues and buy-backs

The Company did not issue or buy back any shares during the financial year. Since the year end, the shares reverted to trading at a premium and we have sold all of the shares held in treasury and issued new shares to meet market demand (see pages 30 and 31 for details).

The Company will only issue shares (or sell shares out of treasury) at a premium (after costs) to net asset value. The Company remains prepared to buy back shares, taking account of prevailing market conditions (which are not under the Board's control), the level of the discount (both absolute and relative to the Company's closest peers) and the impact on the net asset value per share.

Board changes

As mentioned in the Interim Report, Richard Killingbeck retired as Chairman and stepped down from the Board at the conclusion of the Annual General Meeting in February 2019 following 15 years as a Director. The Board is in the final stages of an extensive process, carried out in conjunction with an experienced independent external search consultancy, to recruit a new non-executive Director to provide additional investment knowledge and expects to announce an appointment shortly.

Annual General Meeting ('AGM')

This year's AGM will again be held at Trinity House, London, EC3N 4DH on 26 February 2020 at 12 noon. Full details of the business to be conducted at the meeting are set out in the Notice of Meeting which has been sent to shareholders with the Annual Report. Directions and a map showing the location of the AGM can also be found in the Notice of Meeting.

In addition to the formal part of the meeting, Alex Crooke will present his investment views and how these are reflected in the portfolio and there will be an opportunity for shareholders to ask questions. Light refreshments will be served following the conclusion of the meeting. The Board looks forward to seeing many of you at the AGM.

Outlook

Since the end of our last financial year, and particularly in December, global equity markets have rallied strongly and achieved record highs. This further upward momentum has been driven primarily by the announcement of the first phase of a trade deal between the US and China lifting prospects for the global economy, in conjunction with the expectation that major central banks will continue to pursue loose monetary policy. In addition, the Conservative Party's convincing win in the December general election provided some relief for investors in UK equities. However, some of the key geopolitical tensions and macro factors that influenced global equity markets during the last financial year remain unresolved.

A final resolution of the US-China trade dispute still seems some way off, despite their interim trade deal announced in December 2019. Until a final resolution has been reached, the dispute is likely to continue to be a significant driver of investor sentiment. President Trump is unpredictable and up for re-election this year, so further escalations of trade tensions cannot be ruled out.

The UK is now set to leave the European Union at the end of this month, but the nature of any trading arrangement between the UK and the European Union has still to be agreed and a 'hard Brexit' when the transitional period expires on 31 December 2020 remains a real possibility. Accordingly, Brexit is likely to remain a major concern for UK markets and a driving factor for sterling.

Global economic growth remains positive, but appears to be slowing. Corporate earnings growth stalled in 2019, but is currently expected to regain some momentum in 2020. Central banks have adopted a more accommodative stance to counter rising risks to growth and elusive inflationary pressures, but they cannot remain accommodative indefinitely and the long term consequences of their policies are unknown. The risk of an imminent recession now seems low, but cannot be completely discounted.

Sue Inglis
Chairman
15 January 2020

Fund Managers' Report

Alex Crooke
Fund Manager

Fund Managers' Reports

Performance

The year has turned out well with positive returns from all major equity markets despite predictions from many that share prices were expensive. At the start of our financial year in November 2018 stock markets were weak and fell sharply before turning more positive in late December. The stimulus for the market's positive momentum came initially from the US Federal Reserve's ('Fed') statement in December 2018 signalling that risks were now balanced within the US economy and that they were prepared to react to any economic weakness ahead. Ultimately the Fed cut interest rates three times in 2019 and the resulting injection of liquidity into bond markets was followed by the European Central Bank resuming bond purchases which forced long term interest rates lower lending support to real asset prices around the world.

My own forecast was for a year of two halves with many of the uncertainties that were troubling investors getting resolved from the summer onwards. My optimism proved premature, while there were plenty of tweets from the US President about the state of trade discussions between the US and China, there were no formal agreements by our year end. Similarly Brexit negotiations within the UK parliament could find no consensus between politicians and the UK stock market's relatively lacklustre performance reflected investors frustrations. The lack of progress on both fronts clearly had a real economic impact during the year, as evidenced by stagnation in Chinese industrial orders and companies in Europe and the UK citing the uncertainty for delaying investment decisions.

Ironically the two best performing regions of the portfolio, being the US and China, were the two embroiled in establishing their future trading relationship. Our stock selection in these two markets has been a significant contributor to performance both last year and in recent years; however the US performance could have been better but for under performance in September and October following an apparent shift in sentiment from growth investing to value. Our view is that this was not a shift to value but an indication that investors were questioning the growth at any price strategy, typified by the office space letting company WeWork. Although we experienced some relative underperformance in our US investments, we have limited exposure to such companies in the portfolio and prefer companies with a solid path to profitability. Overall we had another good year for stock picking with all our regional portfolios beating their benchmarks. The NAV total return for the year was also ahead of the FTSE World benchmark despite giving up some relative performance in the last quarter.

Asset allocation

The sharp increase in share prices over the year was not matched by higher corporate profits meaning that share price valuations were stretched higher. Our managers are sensitive to the value of investments and as price targets are exceeded it is natural to see them to be selling holdings. As indicated in the Interim Report we also began divesting the holdings in the Latin American and African regions and all had been sold by the year end, however we continue to retain significant investments in emerging Asia, including China. It has been taking a little longer this year to find new investments to replace these holdings and therefore we have ended the year with a net cash position within the Company of 3%.

In terms of the investment team, James Ross has settled in well and has had a successful year outperforming his European benchmark by 4.1%. Additionally, I am pleased to welcome Gordon Mackay who has taken over the US portfolio from Ian Warmerdam following his retirement from the industry. Gordon has over 20 years of investment experience and worked alongside Ian for the last three years. There will be no change to the investment process that we have been employing to select US stocks.

Outlook

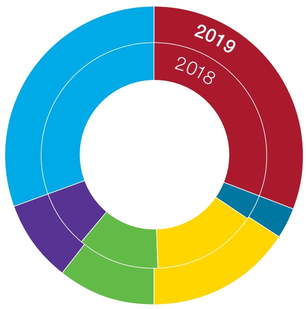
Markets have a habit of discounting both good and bad news well before events unfold. So while the outlook for the year ahead has improved in recent months much of this is priced into shares given market movements since our year end. We expect corporate earnings to resume growth on the back of a resolution of US trade discussions and greater certainty around the United Kingdom's status outside Europe. With little prospect of interest rates rising and further support from central banks, it seems likely that corporates will continue using cheap borrowings to buy ever more of their stock for cancellation. The supply of new equity remains low by historical standards and the wall of money that is committed by private equity investors must surely start to be deployed taking listed companies private. It is therefore not difficult to paint a positive story of increasing demand over supply for listed equities.

Dividend growth from our investments has slowed in the past year reflecting lower corporate earnings and we may experience a further headwind if sterling returns to its pre referendum levels. We have built revenue reserves in recent years to cope with the fluctuations of currencies or the need to prioritise asset allocation decisions towards lower yielding markets.

Overall we see the supportive background for equities, both from a liquidity point of view and increased earnings, being countered by the elevated level of valuations relative to history. There is certainly potential for the cash we currently hold to be positively deployed and we will continue to focus our efforts on not overpaying for investments while seeking out companies with genuine prospects for profit growth.

Alex Crooke
15 January 2020

Corporate Revenue Exposure at 31 October 2019



	2019 %	2018 %
Emerging Asia and Other	**30.9**	31.0
Developed Asia Pacific	**3.5**	3.6
Europe (ex UK)	**15.6**	14.9
UK	**10.8**	11.7
Japan	**8.8**	8.3
North America	**30.4**	30.5

Source: Factset

Fund Managers' Reports (continued)

UK Portfolio

As at 31 October 2019

Fund Manager:	**David Smith**
Assets:	**£288m**
Allocation:	**25.6%**
Income:	**£12.9m**

Total return (£) year to 31 October 2019

Bankers	**6.9%**
FTSE All-Share Index	**6.8%**

Review

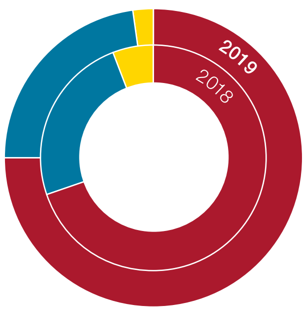
- The UK portfolio rose by 6.9% during the period, modestly outperforming the UK market's benchmark return of 6.8%.
- Positions in the London Stock Exchange ('LSE'), Intermediate Capital and self-storage company Big Yellow were positive for performance. Intermediate Capital continued to attract impressive inflows into its asset management business while the LSE announced strong underlying profit growth and the proposed acquisition of data provider Refinitiv, which was taken well by shareholders.
- Unfortunately holdings in Ted Baker, Galliford Try and Imperial Brands detracted from returns. The holding in Ted Baker was especially disappointing. Allegations about inappropriate behaviour from the company's founder and CEO, Ray Kelvin, were made worse by very tough trading, caused by the challenging UK retail environment, which significantly impacted the company's profitability. We subsequently sold the holding.

Activity

New purchases during the period included DCC and National Express. DCC is an international sales, marketing and distribution company operating in the LPG, oil, technology and health care sectors. It has a resilient set of businesses with strong free cash flow and a robust balance sheet which should support further accretive bolt on acquisitions. National Express is a geographically diverse bus and coach operator focused on service quality, operational efficiency and investment in technology to drive passenger and profit growth. The valuation is attractive for a business which should prove resilient. Although the portfolio maintains a bias towards more defensive businesses, we have increased the portfolio's exposure to industrials, including the purchase of Bodycote. The company is the market leader in thermal treatments for metals and alloys to improve material properties for specialist applications. The shares had been impacted by the global industrial slowdown resulting in the valuation being attractive for a high margin and cash generative business.

At the start of the period we reduced the Company's exposure to UK domestic cyclical companies, selling the positions in Barclays and ITV, given our fear that Brexit uncertainty would impact UK economic growth. We also exited the holding in Sport Direct given our concerns over governance and the strategic direction of the business. Finally the position in BP was reduced. Although the dividend yield remains attractive, we believe the prospects for dividend growth are less appealing and have hence lowered the weighting after a period of strong performance.

Classification by market value of company



	2019 %	2018 %
FTSE 100	**75.2**	69.8
FTSE Mid 250	**22.6**	24.5
Smaller Companies	**2.2**	5.7

Source: Factset

Fund Managers' Reports (continued)

Europe (ex UK) Portfolio

As at 31 October 2019

Fund Manager:	**James Ross**
Assets:	**£155m**
Allocation:	**13.7%**
Income:	**£5.0m**

Total return (£) year to 31 October 2019

Bankers	**15.6%**
FTSE All World Developed Europe (ex UK) Index	**11.5%**

Review

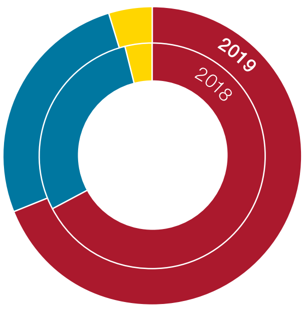
- The European portfolio performed strongly over the year, both on a relative and an absolute basis, rising by 15.6% compared with a rise of 11.5% for the FTSE All World Developed Europe (ex UK) Index.
- The best performing positions included DSM, the Dutch chemicals and ingredients company, Munich Re, the German reinsurance business and Cellnex Telecom, the Spanish telecom towers company. DSM's notably large contribution was attributable to its strong operational delivery as the business continues to move towards becoming a pure-play ingredients business.
- Strong performance was aided by our bias towards high quality (high return on capital) and consistent business models.

Activity

Notable purchases during the period included Bawag, Schindler and SIG Combibloc. Bawag is a high quality Austrian bank. We see this business as being able to generate a sustainable return on equity in the mid-teens level and believe that the company is well placed to participate in consolidation in markets such as Germany. In addition, Bawag has excess capital and has recently received permission from the European Central Bank to return €400m to shareholders via a share buy-back. Schindler is a Swiss elevators business. We are attracted by the predictability of its revenue streams which is driven by its large aftermarket business. We also feel that the company's low margins can increase in the future and they could also be a participant in industry consolidation. SIG Combibloc is a Swiss manufacturer of aseptic (recyclable) food packaging. We like the structural growth outlook for the industry and are attracted by SIG's high return on capital and defensive business model.

Positions that were sold included Deutsche Post, the German logistics company, L'Oreal, the French cosmetics company and Van Lanschot Kempen, a Dutch bank. With Deutsche Post, we were concerned that the growth of the international global parcels business will not be able to offset the challenging conditions in the German market. L'Oreal is a high margin business, but one that looks increasingly reliant on Chinese demand growth. Van Lanschot simply made way for more attractive opportunities in the sector such as Bawag. Towards the end of the period, we were active in reducing our exposure to increasingly expensive high quality businesses whilst adding to some more cyclical, but very attractively valued, companies. Overall we will retain our bias towards quality, but we exit the year less exposed to this area of the market than we have been in recent years.

Classification by market value of company



	2019 %	2018 %
Over £20bn	**69.0**	67.3
£5bn-£20bn	**26.4**	28.9
Under £5bn	**4.6**	3.8

Source: Factset

Fund Managers' Reports (continued)

North American Portfolio

As at 31 October 2019

Fund Manager:	**Gordon Mackay**
Assets:	**£373m**
Allocation:	**33.0%**
Income:	**£3.2m**

Total return (£) year to 31 October 2019

Bankers	**13.5%**
FTSE World North America Index	**12.9%**

Review

- The North American portfolio outperformed the benchmark over the year to 31 October 2019. The portfolio returned 13.5% compared to 12.9% for the FTSE World North America Index.
- Concerns in relation to trade tensions between the USA and China coupled with fears over rising US interest rates during late 2018 triggered a fall in markets into the end of the financial year. Subsequently markets rallied as fears over rising rates subsided and lower valuations proved to be an attractive entry point.
- Estée Lauder was the strongest contributor to performance over the year whilst American Tower, MasterCard, Microsoft and Visa also performed well. The most significant detractor from performance was FedEx.

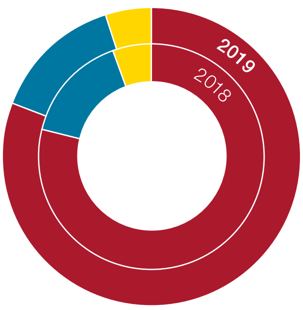
Activity

Turnover continued to be relatively low during the period and reflects our long term approach when investing. Adobe Systems was a new addition to the portfolio. Adobe dominates the digital media markets it serves with products such as Photoshop and Acrobat. The franchise has significant barriers to entry due to the large network effect which comes from the file sharing of its popular applications and it has made a very successful transition to the software as a service model (SaaS) which should provide good long term earnings visibility.

We also initiated holdings in PayPal and Thermo Fisher Scientific during the year. PayPal is a leading global payments platform with over 270 million active consumer accounts and over 23 million merchants. It benefits from both the growth of ecommerce and electronic payments, two very attractive long term secular trends. Thermo Fisher is a market leader in the supply of tools, systems, consumables and services within the broader health care sector. Its business benefits from increasing demand for healthier, cleaner and safer environments, all of which are areas in which Thermo Fisher has strong capabilities.

Disposals included FedEx and Cognex. FedEx has faced a number of operational challenges for some time, including difficulties integrating TNT in Europe, disruption to its business from the ongoing trade wars and various senior management departures. Whilst it is fair to say that some of these may be more temporary in nature, the reason we ultimately decided to exit the stock related more to the lack of visibility in relation to free cash flow generation. FedEx's ongoing elevated capital expenditure, which does not appear to be likely to change anytime soon, made it difficult for us to have confidence that the business could begin to generate meaningful free cash flow within our investment horizon and, with better opportunities elsewhere, we decided to sell our holding. Cognex, a leader in machine vision technology, was sold due to concerns in relation to governance.

Classification by market value of company



	2019 %	2018 %
Over £20bn	**81.0**	79.1
£5bn-£20bn	**14.1**	15.6
Under £5bn	**4.9**	5.3

Source: Factset

Fund Managers' Reports (continued)

Japanese Portfolio

As at 31 October 2019

Fund Manager:	**Junichi Inoue**
Assets:	**£135m**
Allocation:	**12.0%**
Income:	**£3.1m**

Total return (£) year to 31 October 2019

Bankers	**10.5%**
FTSE World Japan Index	**7.6%**

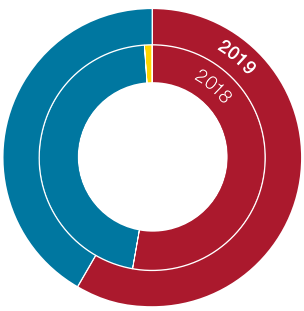
Review

- The Japanese portfolio returned 10.5% in sterling terms, aided by a strengthening in the value of the Japanese yen compared to sterling.
- The portfolio outperformed the benchmark FTSE World Japan Index by 2.9% benefitting from the focus on high free cash flow generation, capital efficiency and superior capital strategy of many of the companies we hold.
- The Japanese market sentiment was negative throughout most of the year until August as economic data deteriorated on the back of US-China trade disputes. However, rate cuts in the US later in the year triggered a rebound, bringing the market return into positive territory. Valuations remain cheap despite the recent rally.
- The drive to improving corporate governance has helped increase dividends, which are likely to increase by mid-single digit in 2020 despite flattish earnings per share growth. Additionally, share buy-backs have already exceeded the previous year's level.
- The largest contributors to performance included Daiichi Sankyo, a pharmaceutical company, Nomura Research Institute, an IT consulting firm, and Shin-Etsu Chemical, an electronics materials and chemical company. On the other hand, a few economically sensitive stocks, such as Dentsu, detracted from performance after earnings downgrades.

Activity

We continued to focus on high quality businesses that can create shareholder value through generating high levels of cash returns on invested capital. The market experienced a sell off towards the end of 2018 as investors started to discount a recessionary risk. This created a great opportunity to pick up high quality companies at cheaper valuations. We introduced holdings in Nomura Research Institute, Shin-Etsu Chemical, and Kao during this period, which subsequently generated excellent returns during the rest of the year. These are companies we have liked very much in the past but did not own due to previously expensive valuations. We also introduced Asahi, a beverage and alcohol company, and Nitori, a vertically integrated furniture and home fashion retailer, on share price weakness. On the divestment side, we continued to trim Daiichi Sankyo, a pharmaceutical company, as strong performance had resulted in the position becoming too big. We also divested the whole position in stocks such as Japan Tobacco, Komatsu and Zozo due to the original investment reasons becoming compromised by poor operating performance.

Classification by market value of company



	2019 %	2018 %
Over £20bn	**58.6**	52.8
£5bn-£20bn	**41.4**	46.2
Under £5bn	**0.0**	1.0

Source: Factset

Fund Managers' Reports (continued)

Pacific (ex Japan and China) Portfolio

As at 31 October 2019

Fund Manager:	**Mike Kerley**
Assets:	**£115m**
Allocation:	**10.2%**
Income:	**£5.1m**

Total return (£) year to 31 October 2019

Bankers	**13.4%**
FTSE All-World Asia Pacific (ex Japan) Index	**12.6%**

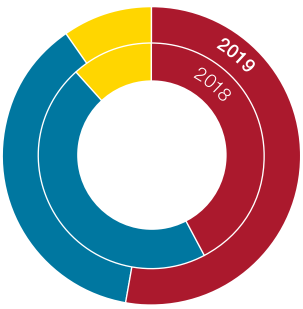
Review

- Asia Pacific markets rose 12.6% over the period in sterling terms as falling interest rates offset the political and trade related uncertainty.
- The portfolio returned 13.4% over the period with the outperformance driven at the stock level from ANTA Sports, Taiwan Semiconductor Manufacturing, Taiwan Cement and E.Sun Financial. The largest detractors were Indorama Ventures and Sinopec as the chemical sector proved disappointing.
- The best performing markets were Taiwan, driven by the semiconductor recovery, and Indonesia, after the successful re-election of Joko Widodo.
- At the sector level consumer related areas benefited from a secure earnings stream in an uncertain environment while technology stocks benefited from a perceived rebound in demand.

Activity

There were a few changes made to the portfolio over the period. In Australia positions in Amcor and Scentre Group were disposed of as structural pressures undermined the investment case – cigarette and plastic packaging for Amcor and e-commerce reducing footfall in retail malls for Scentre. In China we sold out of Dali Foods[1] after a strong run and a more subdued new product launch outlook and added to property company China Vanke[1] which should benefit from strong demand if property measures are loosened and interest rates fall. We also added Macau casino Sands China to the portfolio on expectation of increased visitation as disposable incomes rise and funded this with the sale of Bank of China which will see lower net interest margins as rates decline and loan demand remains subdued. We also added Taiwan Cement which has 60% of its capacity in southern China where cement prices are expected to rise as supply is constrained by increasing environmental standards. This was funded by the sale of Star Petroleum in Thailand and Mapletree North Asia REIT. Finally we added London-listed closed-ended fund Vinacapital Vietnam Opportunities Fund to the portfolio. Vietnam is benefiting from a young population, a stable macro backdrop and improving governance and is a destination of choice for manufacturers wishing to diversify away from China. The use of a closed-ended fund reflects the lack of liquidity in the domestic market and the restrictions on foreign investors which can lead to premiums having to be paid for access to individual listings.

Classification by market value of company



	2019 %	2018 %
Over £20bn	**53.2**	42.4
£5bn-£20bn	**37.3**	46.1
Under £5bn	**9.5**	11.5

Source: Factset

1 The Chinese exposure in the portfolio is via non-China listings

Fund Managers' Reports (continued)

China Portfolio

As at 31 October 2019

Fund Manager:	**Charlie Awdry**
Assets:	**£62m**
Allocation:	**5.5%**
Income:	**£1.7m**

Total return (£) year to 31 October 2019

Bankers	**41.1%**
China CSI 300 Index	**23.4%**

Review

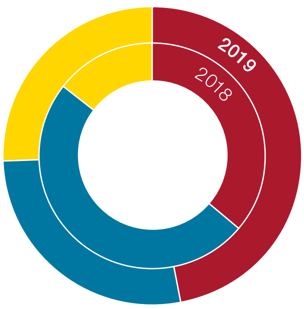
- Chinese equity markets as measured by the CSI 300 rose 23.4% on a total return basis.
- The portfolio returned 41.1% thereby delivering outperformance of 17.7%.
- Relatively muted economic growth prompted investors to bid up the shares of companies with relatively reliable earnings growth.
- Performance was helped by strong stock returns within our favoured consumer discretionary and staple sectors, including shares in baijiu brand Kweichow Moutai, beer company Chongqing Brewery and white goods brand Midea.

Activity

In early 2019 we felt the profit margin outlook for steelmaker Baoshan Iron & Steel was deteriorating and so we sold the position. We also became increasingly uncomfortable with the position in surveillance system provider Hangzhou Hikvision as reports emerged of their products being used extensively to monitor ethnic and religious minorities in Xinjiang province and we sold our position on environmental, social and governance grounds. We harvested some profits in brewer and Carlsberg subsidiary Chongqing Brewery and blue-chip pharmaceutical company Jiangsu Hengrui Medicine after strong performance resulted in the valuations becoming elevated. We added a position in Shenzhen Airport which will likely have a growing role in the regional economy of the Greater Bay Area around the Pearl River Delta. Elsewhere we introduced consumer staple company Angel Yeast which is developing a strong global scale business and pharmaceutical and medical equipment producer Lepu Medical where the valuation became too pessimistic for the company's potential growth outlook.

Foreign investors favourite A shares are typically large capitalisation, cash generative, established businesses particularly those in the consumer sectors. These shares have generally performed well driven by inflows into the asset class stemming from increasing investor interest triggered by A share inclusion into global indices by the major providers MSCI and FTSE Russell. Consequently valuations across these stocks are quite elevated and this has prompted us to take some profits. It could be that these stocks need some time to digest higher valuations and expectations or it could be the market rotates towards more cyclical companies as policy is eased in efforts to boost the economy in the face of ongoing financial deleveraging. Whatever happens in 2020 we expect the market and sentiment towards it to be volatile as that is the nature of onshore Chinese equity markets and we remain highly selective in our exposures and still avoid bank shares.

Classification by market value of company

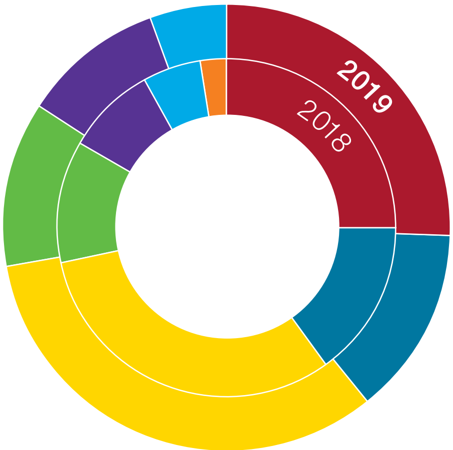


	2019 %	2018 %
Over £20bn	**47.2**	36.2
£5bn-£20bn	**27.3**	49.6
Under £5bn	**25.5**	14.2

Source: Factset

Portfolio Structure at 31 October 2019 and 2018

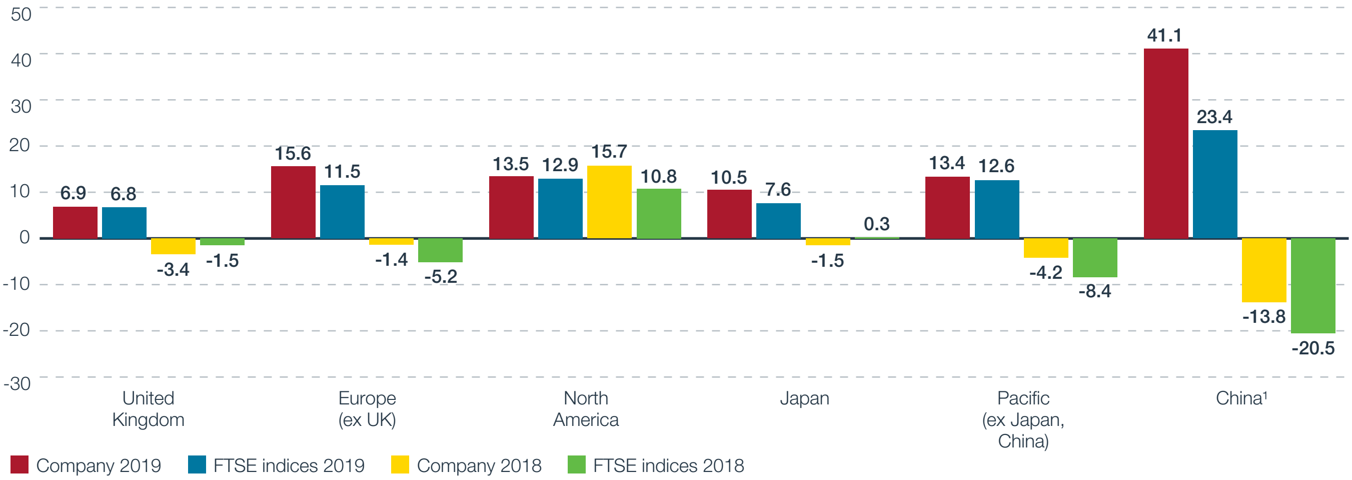
Geographical analysis



	2019 %	2018 %
UK	**25.6**	25.2
Europe (ex UK)	**13.7**	14.9
North America	**33.0**	31.6
Japan	**12.0**	11.7
Pacific (ex Japan and China)	**10.2**	8.7
China	**5.5**	5.4
Emerging Markets	**–**	2.5

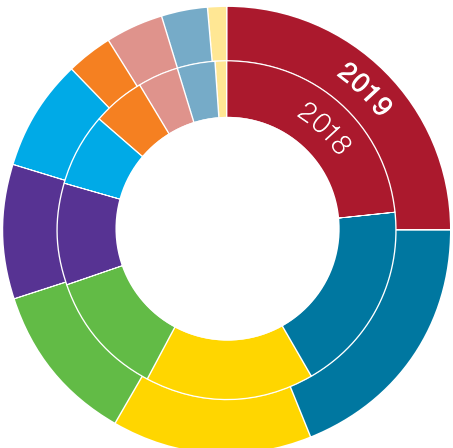
Source: Janus Henderson

The Company's performance against the FTSE indices



1 China CSI 300 Index (£)
Source: Janus Henderson (excluding Emerging Markets in 2018)

Sector analysis



	2019 %	2018 %
Financials	**25.0**	23.6
Consumer Goods	**19.1**	18.1
Industrials	**14.3**	16.2
Technology	**11.7**	11.9
Consumer Services	**9.8**	9.9
Health Care	**8.1**	6.7
Oil & Gas	**3.2**	5.1
Telecommunications	**4.1**	4.0
Basic Materials	**3.5**	3.5
Utilities	**1.2**	1.0

Source: Janus Henderson

Largest Investments

At 31 October 2019

Ranking 2019	Ranking 2018	Company	Country	Valuation 2018 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2019 £'000
1	1	Microsoft	US	21,422	–	(1,695)	6,563	**26,290**
2	7	Estée Lauder	US	16,930	3,055	(1,553)	6,624	**25,056**
3	3	American Express	US	20,174	–	–	2,583	**22,757**
4	11	American Tower	US	14,412	–	–	5,510	**19,922**
5	9	Visa	US	14,938	–	–	4,207	**19,145**
6	14	MasterCard	US	13,742	–	–	5,266	**19,008**
7	6	Berkshire Hathaway	US	18,089	–	–	411	**18,500**
8	8	Alphabet	US	15,886	–	–	2,394	**18,280**
9	12	Comcast	US	14,272	1,292	–	2,518	**18,082**
10	17	GlaxoSmithKline	UK	12,710	1,858	–	2,323	**16,891**
11	16	Aptiv	US	12,901	–	–	1,961	**14,862**
12	18	Diageo	UK	11,987	–	–	2,018	**14,005**
13	21	Intercontinental Exchange	US	11,189	–	–	2,331	**13,520**
14	#	Adobe Systems	US	–	11,144	–	2,031	**13,175**
15	4	Union Pacific	US	19,776	–	(8,337)	1,517	**12,956**
16	10	Royal Dutch Shell	UK	14,926	–	–	(2,020)	**12,906**
17	22	Xylem	US	11,167	–	–	1,727	**12,894**
18	15	ICON	US	13,216	3,172	(5,010)	1,341	**12,719**
19	24	The Cooper Companies	US	10,814	–	–	1,214	**12,028**
20	#	Intuit	US	–	12,966	–	(1,063)	**11,903**
21	#	Electronic Arts	US	8,211	–	–	2,912	**11,123**
22	20	Taiwan Semiconductor Manufacturing	Taiwan	11,715	–	(3,634)	2,728	**10,809**
23	2	Apple	US	21,285	–	(8,031)	(2,655)	**10,599**
24	#	Roper Technologies	US	8,301	–	–	1,464	**9,765**
25	#	Reckitt Benckiser	UK	8,217	2,012	–	(541)	**9,688**
				326,280	**35,499**	**(28,260)**	**53,364**	**386,883**

All securities are equity investments
Not in top 25 last year
Convertibles and all classes of equity in any one company are treated as one investment

Changes in Investments

At 31 October

	Valuation 2018 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2019 £'000
United Kingdom	273,533	45,584	(40,399)	9,675	**288,393**
Europe (ex UK)	162,081	53,295	(78,264)	17,435	**154,547**
North America	343,056	49,525	(61,460)	41,595	**372,716**
Japan	127,575	30,947	(32,806)	9,682	**135,398**
Pacific (ex Japan, China)	95,121	54,115	(48,660)	14,393	**114,969**
China	58,422	41,421	(51,334)	13,987	**62,496**
Emerging Markets[1]	27,245	6,447	(32,801)	(891)	**–**
	1,087,033	**281,334**	**(345,724)**	**105,876**	**1,128,519**

1 The Emerging Markets portfolio was closed during the year

Portfolio Holdings at 31 October 2019

All investments are shown

United Kingdom

Investments by value	Sector	£'000	% of UK portfolio	% of total portfolio
GlaxoSmithKline	Pharmaceuticals & Biotechnology	16,891	5.86	1.50
Diageo	Beverages	14,005	4.86	1.24
Royal Dutch Shell	Oil & Gas Producers	12,906	4.48	1.14
Reckitt Benckiser	Household Goods & Home Construction	9,687	3.36	0.86
British American Tobacco	Tobacco	9,461	3.28	0.84
National Grid	Gas, Water & Multiutilities	9,083	3.15	0.81
RELX	Media	8,533	2.96	0.76
BP	Oil & Gas Producers	8,504	2.95	0.75
Compass	Travel & Leisure	7,831	2.72	0.69
DCC	Support Services	7,152	2.48	0.63
Tesco	Food & Drug Retailers	7,042	2.44	0.62
Sage	Software & Computer Services	7,029	2.44	0.62
Fisher (James) & Sons	Industrial Transportation	6,993	2.42	0.62
Lloyds Banking	Banks	6,769	2.35	0.60
Johnson Matthey	Chemicals	6,497	2.25	0.58
London Stock Exchange	Financial Services	6,338	2.20	0.56
Informa	Media	6,229	2.16	0.55
Bunzl	Support Services	6,126	2.12	0.54
Rio Tinto	Mining	6,117	2.12	0.54
Galliford Try	Construction & Materials	6,077	2.11	0.54
Intermediate Capital	Financial Services	5,730	1.99	0.51
Prudential	Life Insurance	5,710	1.98	0.51
BT	Fixed Line Telecommunications	5,459	1.89	0.48
Phoenix	Life Insurance	5,331	1.85	0.47
Big Yellow	Real Estate Investment Trusts	5,144	1.78	0.46
Cranswick	Food Producers	5,069	1.76	0.45
Britvic	Beverages	4,736	1.64	0.42
Smiths	General Industrials	4,666	1.62	0.41
HSBC	Banks	4,597	1.59	0.41
Imperial Brands	Tobacco	4,538	1.57	0.40
Severn Trent	Gas, Water & Multiutilities	4,355	1.51	0.39
National Express	Travel & Leisure	4,348	1.51	0.39
Whitbread	Travel & Leisure	4,234	1.47	0.38
St. James's Place	Life Insurance	4,230	1.47	0.38
Ibstock	Construction & Materials	4,034	1.40	0.36
Hilton Food Group	Food Producers	4,017	1.39	0.36
3i	Financial Services	3,981	1.38	0.35
Wetherspoon (J.D.)	Travel & Leisure	3,972	1.38	0.35
BHP	Mining	3,767	1.31	0.33
Smith (D.S.)	General Industrials	3,702	1.28	0.33
Schroders	Financial Services	3,572	1.24	0.32
Victrex	Chemicals	3,502	1.21	0.31
Sabre Insurance	Non-life Insurance	3,259	1.13	0.29
Coca-Cola Hellenic Bottling	Beverages	3,243	1.12	0.29
TI Fluid Systems	Automobiles & Parts	2,962	1.03	0.26
M&G	Financial Services	2,942	1.02	0.26
Jupiter Fund Management	Financial Services	2,519	0.87	0.22
Tufton Oceanic Assets	Equity Investment Instruments	1,938	0.67	0.17
Bodycote	Industrial Engineering	1,476	0.51	0.13
Vesuvius	General Industrials	1,275	0.44	0.11
Connect	Support Services	811	0.28	0.07
Lehman Brothers Hldgs 7.875%[1]	Fixed Interest	4	–	–
		288,393	**100.00**	**25.56**

1 Fixed Interest

Portfolio Holdings at 31 October 2019 (continued)

All investments are shown

Europe (ex UK)

Investments by value	Sector	Country	£'000	% of European portfolio	% of total portfolio
Roche	Pharmaceuticals & Biotechnology	Switzerland	8,999	5.82	0.80
DSM	Chemicals	Netherlands	8,716	5.64	0.77
Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	8,672	5.61	0.77
Nestlé	Food Producers	Switzerland	8,419	5.45	0.75
SAP	Software & Computer Services	Germany	8,144	5.27	0.72
Munich Re	Non-life Insurance	Germany	7,621	4.93	0.67
Vivendi	Media	France	6,527	4.22	0.58
Total	Oil & Gas Producers	France	5,952	3.85	0.53
Deutsche Telekom	Mobile Telecommunications	Germany	5,938	3.84	0.53
Legrand	Electronic & Electrical Equipment	France	5,702	3.69	0.50
Deutsche Boerse	Financial Services	Germany	5,640	3.65	0.50
Allianz	Non-life Insurance	Germany	5,370	3.47	0.48
Equinor	Oil & Gas Producers	Norway	5,053	3.27	0.45
Cellnex Telecom	Mobile Telecommunications	Spain	4,558	2.95	0.40
Amundi	Financial Services	France	4,213	2.73	0.37
Getlink	Industrial Transportation	France	4,200	2.72	0.37
Partners	Financial Services	Switzerland	4,188	2.71	0.37
Bayer	Pharmaceuticals & Biotechnology	Germany	4,168	2.70	0.37
Orange	Fixed Line Telecommunications	France	4,097	2.65	0.36
Bawag	Banks	Austria	3,816	2.47	0.34
Hermès	Personal Goods	France	3,747	2.42	0.33
SGS	Support Services	Switzerland	3,737	2.42	0.33
Schindler	Industrial Engineering	Switzerland	3,385	2.19	0.30
Crédit Agricole	Banks	France	3,374	2.18	0.30
ING	Banks	Netherlands	3,325	2.15	0.29
Aeroports De Paris	Industrial Transportation	France	3,150	2.04	0.28
Prosus	Software & Computer Services	Netherlands	3,006	1.95	0.27
SIG Combibloc	General Industrials	Switzerland	2,995	1.94	0.27
Assa Abloy	Construction & Materials	Sweden	2,674	1.73	0.24
STMicroelectronics	Technology Hardware & Equipment	France	2,643	1.71	0.23
Linde	Chemicals	Germany	2,518	1.63	0.22
			154,547	**100.00**	**13.69**

European geographical distribution at 31 October

	2019 %	2018 %
France	**28.2**	19.4
Germany	**25.5**	28.8
Switzerland	**20.5**	24.5
Netherlands	**9.7**	14.5
Denmark	**5.6**	4.6
Norway	**3.3**	3.3
Spain	**3.0**	2.1
Austria	**2.5**	–
Sweden	**1.7**	2.8
	100.0	**100.0**

Portfolio Holdings at 31 October 2019 (continued)

All investments are shown

North America

Investments by value	Sector	£'000	% of North American portfolio	% of total portfolio
Microsoft	Software & Computer Services	26,291	7.05	2.33
Estée Lauder	Personal Goods	25,056	6.72	2.22
American Express	Financial Services	22,757	6.11	2.02
American Tower	Real Estate Investment Trusts	19,922	5.35	1.76
Visa	Financial Services	19,145	5.14	1.70
MasterCard	Financial Services	19,008	5.10	1.68
Berkshire Hathaway	Non-life Insurance	18,501	4.96	1.64
Alphabet	Software & Computer Services	18,279	4.91	1.62
Comcast	Media	18,082	4.85	1.60
Aptiv	Automobiles & Parts	14,862	3.99	1.32
Intercontinental Exchange	Financial Services	13,520	3.63	1.20
Adobe Systems	Software & Computer Services	13,175	3.53	1.17
Union Pacific	Industrial Transportation	12,956	3.48	1.15
Xylem	Industrial Engineering	12,894	3.46	1.14
ICON	Health Care Equipment & Services	12,719	3.41	1.13
The Cooper Companies	Health Care Equipment & Services	12,028	3.23	1.07
Intuit	Software & Computer Services	11,903	3.19	1.05
Electronic Arts	Leisure Goods	11,123	2.98	0.99
Apple	Technology Hardware & Equipment	10,599	2.84	0.94
Roper Technologies	Electronic & Electrical Equipment	9,765	2.62	0.86
Netflix	General Retailers	9,632	2.59	0.85
Booking	Travel & Leisure	9,433	2.53	0.84
Amazon	General Retailers	9,008	2.42	0.80
PayPal	Support Services	7,729	2.07	0.68
Thermo Fisher Scientific	Health Care Equipment & Services	7,617	2.04	0.67
Activision Blizzard	Software & Computer Services	6,712	1.80	0.59
		372,716	**100.00**	**33.02**

Portfolio Holdings at 31 October 2019 (continued)

All investments are shown

Japan

Investments by value	Sector	£'000	% of Japanese portfolio	% of total portfolio
Sony	Leisure Goods	9,181	6.78	0.81
Toyota Motor	Automobiles & Parts	7,380	5.45	0.65
Daiichi Sankyo	Pharmaceuticals & Biotechnology	6,816	5.03	0.60
Takeda Pharmaceutical	Pharmaceuticals & Biotechnology	6,494	4.80	0.58
Kao	Personal Goods	5,956	4.40	0.53
SoftBank	Mobile Telecommunications	5,795	4.28	0.51
Mitsui Fudosan	Real Estate Investment & Services	5,711	4.22	0.51
Asahi	Beverages	5,698	4.21	0.51
Fujifilm	Technology Hardware & Equipment	5,528	4.08	0.49
Mitsubishi UFJ Financial	Banks	5,223	3.86	0.46
Shin-Etsu Chemical	Chemicals	5,127	3.79	0.46
TDK	Electronic & Electrical Equipment	4,942	3.65	0.44
Tokio Marine	Non-life Insurance	4,878	3.60	0.43
Sumitomo Mitsui	Banks	4,382	3.24	0.39
Keyence	Electronic & Electrical Equipment	4,314	3.19	0.38
Nintendo	Leisure Goods	4,303	3.18	0.38
Nomura Research Institute	Software & Computer Services	4,062	3.00	0.36
Mitsubishi	Support Services	3,951	2.92	0.35
Nitori	General Retailers	3,925	2.90	0.35
Suzuki	Automobiles & Parts	3,669	2.71	0.33
Koito Manufacturing	Automobiles & Parts	3,415	2.52	0.30
Daiwa House Industry	Household Goods & Home Construction	3,311	2.44	0.29
Yahoo Japan	Software & Computer Services	3,187	2.35	0.28
Don Quijote	General Retailers	3,081	2.28	0.27
Otsuka	Software & Computer Services	3,065	2.26	0.27
Murata Manufacturing	Electronic & Electrical Equipment	2,900	2.14	0.26
Nippon Telegraph & Telephone	Fixed Line Telecommunications	2,678	1.98	0.24
Disco	Industrial Engineering	2,047	1.51	0.18
Japan Airlines	Travel & Leisure	1,656	1.22	0.15
T&D	Life Insurance	1,615	1.19	0.14
Dentsu	Media	1,108	0.82	0.10
		135,398	**100.00**	**12.00**

Portfolio Holdings at 31 October 2019 (continued)

All investments are shown

Pacific (ex Japan, China)

Investments by value	Sector	Country	£'000	% of Pacific (ex Japan, China) portfolio	% of total portfolio
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	Taiwan	10,809	9.40	0.96
Samsung Electronics	Technology Hardware & Equipment	South Korea	8,685	7.56	0.77
Treasury Wine Estates	Beverages	Australia	8,133	7.07	0.72
United Overseas Bank	Banks	Singapore	7,660	6.66	0.68
Macquarie Bank	Financial Services	Australia	6,960	6.05	0.62
Taiwan Cement	Construction & Materials	Taiwan	6,756	5.88	0.60
E.Sun Financial	Banks	Taiwan	6,709	5.84	0.59
Sands China	Travel & Leisure	Hong Kong	6,480	5.64	0.57
Vinacapital Vietnam Opportunities Fund	Equity Investment Instruments	Vietnam	6,374	5.54	0.57
Telekomunikasi	Fixed Line Telecommunications	Indonesia	6,162	5.36	0.55
HKT	Fixed Line Telecommunications	Hong Kong	5,697	4.96	0.50
SK Telecom	Mobile Telecommunications	South Korea	5,621	4.89	0.50
Jaingsu Expressway	Industrial Transportation	Hong Kong	5,590	4.86	0.50
China Vanke	Real Estate Investment & Services	Hong Kong	5,534	4.81	0.49
ANTA Sports	Personal Goods	Hong Kong	4,672	4.06	0.41
Bank Negara Indonesia	Banks	Indonesia	4,397	3.83	0.39
Sinopec	Oil & Gas Producers	Hong Kong	4,172	3.63	0.37
Indorama Ventures	Chemicals	Thailand	2,867	2.49	0.25
Mapletree North Asia	Real Estate Investment Trusts	Singapore	1,691	1.47	0.15
			114,969	**100.00**	**10.19**

Pacific (ex Japan, China) geographical distribution at 31 October

	2019 %	2018 %
Hong Kong	**28.0**	34.0
Taiwan	**21.1**	12.3
Australia	**13.1**	14.3
South Korea	**12.5**	22.2
Indonesia	**9.2**	11.6
Singapore	**8.1**	–
Vietnam	**5.5**	–
Thailand	**2.5**	5.6
	100.0	**100.0**

China

Investments by value	Sector	£'000	% of China portfolio	% of total portfolio
Ping An Insurance	Life Insurance	8,026	12.84	0.71
Kweichow Moutai	Beverages	6,917	11.07	0.61
Midea	Electronic & Electrical Equipment	6,812	10.90	0.60
Qingdao Haier	Household Goods & Home Construction	5,998	9.60	0.53
Angel Yeast	Food Producers	4,833	7.73	0.43
Guangzhou Baiyun International	Industrial Transportation	4,752	7.60	0.42
Jiangsu Hengrui Medicine	Pharmaceuticals & Biotechnology	4,052	6.48	0.36
Inner Mongolia	Food Producers	3,925	6.28	0.35
Anhui Conch	Construction & Materials	3,690	5.91	0.33
Lepu Medical	Health Care Equipment & Services	3,317	5.31	0.30
Shenzhen Airport	Industrial Transportation	3,195	5.11	0.28
Chongqing Brewery	Beverages	3,148	5.04	0.28
Huayu Automotive Systems	Automobiles & Parts	2,343	3.75	0.21
Sany Heavy Industry	Industrial Engineering	1,488	2.38	0.13
		62,496	**100.00**	**5.54**

All of the above are China 'A' shares

Statistical Record

Historical record at 31 October

		Earnings and dividends per 25p ordinary share						Indices of growth[3]					
	Gross revenue £'000	Earnings net p	Total dividends net p	Ongoing charge[1] %	Total assets less current liabilities £'000	Net asset value per 25p ordinary share p	Market price per 25p ordinary share p	Net asset value	Market price per 25p ordinary share	Dividend per 25p ordinary share net	FTSE All-Share Index	FTSE World Index	UK Retail Price Index
2009	16,866	11.83	11.50	0.50	473,863	400	348	100	100	100	100	100	100
2010	16,478	12.26	12.10	0.42	526,955	452	380	113	109	105	114	115	105
2011	16,389	11.98	12.70	0.40	521,331	447	385	112	111	110	111	112	110
2012	18,593	13.84	13.33	0.42	551,214	475	433	119	125	116	117	119	114
2013	19,689[2]	14.45[2]	14.13	0.45	678,561	587	580	148	167	123	139	146	117
2014	20,748	15.05	14.80	0.53	693,196	596	563	151	162	129	136	155	119
2015	22,767	17.22	15.80	0.52	777,428	630	619	159	178	137	135	158	120
2016	24,916	17.53	17.00	0.52	991,544	756	690	191	199	148	146	200	123
2017	29,634	20.49	18.60	0.44	1,142,379	879	852	222	245	162	159	222	127
2018	30,547	20.78	19.72	0.50	1,126,410	866	835	219	240	172	151	226	132
2019	**31,752**	**21.61**	**20.90**	**0.52**	**1,228,032**	**949**	**927**	**240**	**267**	**182**	**155**	**246**	**134**

1 Years prior to 2011 are total expense ratio
2 Company only figures from 2013, following liquidation of subsidiary
3 Rebased to 100

Rates of Exchange

The principal exchange rates at 31 October

	2019	2018
US Dollar	**1.2940**	1.2778
Japanese Yen	**139.888**	144.201
Euro	**1.160**	1.128
Hong Kong Dollar	**10.14**	10.02
Australian Dollar	**1.878**	1.803

	2019	2018
Chinese Yuan Renminbi	**9.1038**	8.9112
New Taiwanese Dollar	**39.39**	39.54
Korean Won	**1505.504**	1456.060
Swiss Franc	**1.277**	1.285
New Zealand Dollar	**2.018**	1.957

Distribution of Assets and Liabilities

At 31 October 2019

							Geographical exposure of net assets	
	Equities £'000	Fixed interest £'000	Current assets £'000	Total assets £'000	%	Total liabilities £'000	£'000	%
United Kingdom	288,389	4	91,103	379,496	30.8	(69,381)	310,115	26.7
Europe (ex UK)	154,547	–	1,070	155,617	12.6	–	155,617	13.4
North America	372,716	–	131	372,847	30.2	–	372,847	32.0
Japan	135,398	–	1,068	136,466	11.1	–	136,466	11.7
Pacific (ex Japan, China)	114,969	–	1,599	116,568	9.5	–	116,568	10.0
China	62,496	–	9,100	71,596	5.8	–	71,596	6.2
Total	**1,128,515**	**4**	**104,071**	**1,232,590**	**100.0**	**(69,381)**	**1,163,209**	**100.0**
	97.0%	**–**	**8.9%**	**105.9%**		**(5.9%)**	**100.0%**	

Expense debtors and creditors have been allocated to sterling for the purposes of this table.

Governance

Chicago, USA

Board of Directors
The right balance of skills and knowledge

All the directors are non-executive Directors and independent of the Manager.

Susan (Sue) Inglis
Chairman of the Board

Date of appointment: 1 November 2012 (Chairman from 27 February 2019).

Committees: Chairman of the Nominations, Management Engagement and Insider Committees.

Relevant skills and experience: Sue has over 30 years' experience in advising investment companies and financial institutions. Sue is a qualified lawyer, and was a partner, and head of the funds and financial services group, at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors which was acquired by Canaccord Genuity in 2009.

Before embarking on a non-executive career, Sue's executive roles included Managing Director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012-2018) and Canaccord Genuity (2009-2012).

Sue is a former director of The European Investment Trust plc.

Current external appointments: Sue is the senior independent director of Baillie Gifford US Growth Trust PLC and a non-executive director of BMO Managed Portfolio Trust PLC, NextEnergy Solar Fund Limited and Seneca Global Income & Growth Trust plc.

Isobel Sharp, CBE
Audit Committee Chairman

Date of appointment: 1 November 2017 (Audit Committee Chairman from 21 February 2018).

Committees: Chairman of the Audit Committee and member of the Nominations, Management Engagement and Insider Committees.

Relevant skills and experience: Isobel has extensive accounting, auditing and corporate governance experience. She was with Deloitte LLP as the firm's Senior Technical Partner until 2012. She has served as President of The Institute of Chartered Accountants of Scotland and on the UK Accounting Standards Board and the Financial Reporting Review Panel and was awarded the CBE in 2009. Isobel was formerly a director of the UK Green Investment Bank plc and Chairman of its remuneration committee.

Current external appointments: Isobel is currently a non-executive director, and Audit Committee Chair, at the specialist engineering group IMI plc which has manufacturing facilities in over 20 countries and a worldwide service network and the global asset manager Winton Group Ltd.

She is also a member of the Edinburgh University Business School's International Advisory Board and, as an Honorary Professor there, lectures on corporate governance and auditing matters.

Julian Chillingworth
Senior Independent Director

Date of appointment: 25 February 2015 (Senior Independent Director since 27 February 2019).

Committees: Member of the Audit, Nominations, Management Engagement and Insider Committees.

Relevant skills and experience: Julian is currently Chief Investment Officer for Rathbone Brothers plc and has over 40 years of investment experience.

He has managed institutional global equity and balanced mandates along with open and closed end retail funds and has for the last 19 years helped in developing the Rathbones investment process for both its Wealth Management and Unit Trust businesses. Julian through his career has held a variety of roles which were more recently Head of Equities at Hambro's and Head of Gross Funds incorporating pension funds and charities at Investec.

Current external appointments: Julian is currently a Director of Rathbone Unit Trust Management Limited.

Richard Huntingford
Director

Date of appointment: 26 September 2018

Committees: Member of the Audit, Nominations, Management Engagement and Insider Committees.

Relevant skills and experience: Richard has extensive public company governance and leadership experience, having held a number of executive and non-executive directorships at FTSE companies for over 30 years. Previously, he was Chief Executive Officer of Chrysalis plc and Chairman of Virgin Radio and Wireless Group plc (formerly UTV Media plc). He has considerable media and marketing experience, including digital, and is also a chartered accountant, having qualified with KPMG.

Current external appointments: Richard is currently Chairman of Future plc and Crown Place VCT plc and non-executive director of JPMorgan Mid Cap Investment Trust plc.

Directors' Report

The Directors present the audited financial statements of the Company and their report for the year from 1 November 2018 to 31 October 2019. The Bankers Investment Trust PLC (registered and domiciled in England and Wales with company registration number 00026351) was active throughout the year and was not dormant.

For the purposes of the Companies Act 2006, the Corporate Governance Statement, Audit Committee Report (pages 41 to 43), the Investment Portfolio (pages 20 to 26), Alternative Performance Measures, General Shareholder Information and Securities Financing Transactions (pages 73 to 80), form part of the Directors' Report.

Directors

Details of the Directors and their appointments can be found on page 29.

Directors' remuneration and shareholdings

The Directors' Remuneration Report on pages 39 and 40 provides information on the remuneration and interests of the Directors.

Directors' conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meeting minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively.

Related party transactions

The Company's transactions with related parties in the year were with its Directors and Janus Henderson. There were no material transactions between the Company and its Directors during the year other than the amounts paid to them in respect of Directors' remuneration for which there were no outstanding amounts payable at the year end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there were no transactions with the Manager affecting the financial position of the Company during the year. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 24 on page 71.

Ongoing charge and other costs

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as an investment company, excluding the costs of acquisition or disposal of investments, financing costs, gains or losses arising on investments and taxation. In accordance with the AIC methodology, the ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs.

The Board believes that the ongoing charge during the year represented good value for money for shareholders. There is, however, some debate over the most appropriate measure of investment company costs (and how these are calculated) to enable shareholders to assess value for money and to make comparisons between companies. Whilst industry agreement on how best to present a single figure for costs remains elusive, the Company will continue to focus on the ongoing charge (which is prepared in accordance with the AIC's recommended methodology) as a readily-understood measure of the underlying expenses of running the business. We are also presenting the information on all costs in a single table. This indicates the main cost headings in money terms and as a percentage of average net assets.

Category of cost	**2019 £'000**	**2019 % of average net assets**	2018 £'000	2018 % of average net assets
Management fee	4,789	0.43%	4,480	0.41%
Other expenses	962	0.09%	990	0.09%
Ongoing charge figure	**5,751**	**0.52%**	**5,470**	**0.50%**
Portfolio transaction costs	698	0.06%	720	0.07%

Dividend

A final dividend of 5.35p per share (2018: 5.00p), if approved by shareholders at the AGM, will be paid on 28 February 2020 to those shareholders on the register on 24 January 2020. The shares go ex-dividend on 23 January 2020. This final dividend together with the three interim dividends already paid bring the total dividends for the year to 20.90p (2018: 19.72p) per share.

Share capital

The Company's share capital comprises ordinary shares with a nominal value of 25p. The voting rights of the shares on a poll are one vote for every ordinary £1 nominal (four shares held). 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 and no agreement which the Company is party to that affects its control following a takeover bid. To the extent

Directors' Report (continued)

that they exist, the revenue profits and some of the capital of the Company (including accumulated revenue and capital reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holdings of ordinary shares.

At the beginning of the year, there were 123,945,292 ordinary shares in issue, of which 1,338,509 shares were held in treasury. During the year no shares were issued or bought back. Therefore, at 31 October 2019 the number of ordinary shares in issue with voting rights was 122,606,783.

Between 1 November 2019 and 10 January 2020, being the latest practicable date prior to the publication of this Annual Report, 1,338,509 shares were sold out of treasury and 1,011,491 new shares were issued for a total consideration of £23.5 million. There were no shares held in treasury on 10 January 2020. Accordingly, the number of shares in issue as at 10 January 2020 was 124,956,783.

The Company will seek at the 2020 Annual General Meeting to renew its authorities from shareholders to allot shares up to 10% of its issued share capital and to buy back shares up to 14.99% of its issued share capital, in each case excluding treasury shares, as at the date of the 2020 Annual General Meeting. Please refer to the Notice of Meeting that accompanies this Annual Report for further details. This can also be found on the Company's website at **www.bankersinvestmenttrust.com**.

Holdings in the company's shares

The only notification of interest in the voting rights of the Company as at 31 October 2019 made in accordance with the Disclosure Guidance and Transparency Rules was as follows.

	% of voting rights
Investec Wealth & Investment	5.4

There have been no further notifications in the period to 10 January 2020, being the latest practicable date prior to the publication of this Annual Report.

At 31 October 2019, 11.1% of the issued ordinary shares (excluding treasury shares) were held on behalf of participants in the Halifax Share Dealing products. The participants in this scheme are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company.

Fund manager's interests

Alex Crooke, the Fund Manager, had a beneficial interest in 265,254 of the Company's shares as at 10 January 2020, being the latest practicable date prior to publication of this Annual Report.

Annual general meeting ('AGM')

The AGM will be held on 26 February 2020 at 12 noon at Trinity House, London EC3N 4DH. The Notice of Meeting and details of the resolutions to be proposed at the AGM are contained in the Notice of Meeting being sent to shareholders with this Annual Report.

Disclosure of information to the Company's Auditor

Each of the Directors who were members of the Board at the date of approval of this Annual Report confirms that, to the best of his or her knowledge and belief, there is no information needed by the Company's Auditor in connection with preparing their Audit Report on pages 44 to 48 of which the Company's Auditor is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of any such audit information and to establish that the Company's Auditor is aware of that information.

Listing rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with LR9.8.4(7), the information of which is detailed above under Share Capital.

Securities financing transactions

As the Company undertakes securities lending it is required to report on 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). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period ended 31 October 2019 are detailed on pages 79 and 80.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2020

Corporate Governance Report

Corporate governance

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report to shareholders on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable corporate governance codes

As a UK premium-listed company, the Company is required to report on how it has complied with the principles of the UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council ('FRC'). Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. The Board has considered, therefore, the principles and provisions of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the 'AIC Code'). By reference to the AIC guide for Investment Companies (the 'AIC Guide'), the AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The FRC has endorsed the AIC Code and confirmed that, by reporting against it, boards of investment companies will meet their obligations in relation to the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules).

The FRC published an updated UK Code in July 2018, which was followed by the publication of an updated AIC Code in February 2019. The 2019 AIC Code continues to be endorsed by the FRC and is applicable to financial reporting periods commencing on or after 1 January 2019. The Board expects the Company to be compliant with the relevant provisions of the 2019 AIC Code for the year ending 31 October 2020 and will report its compliance in next year's Annual Report.

The Company also maintains a listing on the New Zealand Stock Exchange ('NZX') where it is classified as a Foreign Exempt Issuer. The Listing Rules of the NZX therefore require the Company to comply with the provisions applicable to its Home Exchange, being the London Stock Exchange, at all times, notify the NZX of any changes pertinent to the listing on its Home Exchange and ensure that any announcements made to its Home Exchange are simultaneously released to the market in New Zealand. Accordingly, for the purpose of its NZX listing, the Company reports against its compliance with the AIC Code rather than the NZX Corporate Governance Code.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to the Company's shareholders in terms of its governance arrangements.

Statement of compliance

The Company has complied with the principles and provisions of the AIC Code throughout the year ended 31 October 2019. As the Company is an investment company, it has no chief executive or other executive directors and therefore has no need to consider the remuneration of executive directors. In addition, the Company does not have any internal operations (having delegated its day-to-day operations to the Manager) and therefore does not maintain an internal audit function. However, the Audit Committee considers the need for such a function at least annually (see page 36 for further information).

The Board

Board composition

The Board, chaired by Sue Inglis, currently consists of four non-executive Directors, all of whom served throughout the year. The biographies of the Directors holding office at the date of this report are set out on page 29.

The Directors believe that, between them, they have the requisite level and range of investment, financial, commercial and professional experience and skills and knowledge of the Company which enable the Board to provide effective strategic leadership and proper governance of the Company. All Directors are considered by the Board to be independent of the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

Julian Chillingworth is the Senior Independent Director and fulfils the role of sounding board for the Chairman and intermediary for the other Directors as necessary, as well as acting as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

The Articles of Association provide that the total number of Directors shall not be less than three nor more than eight.

Role and operation of the Board

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company.

All matters that are not delegated to the Manager under the management agreement are reserved for the Board's decision. The Board has a formal schedule of matters specifically reserved for its decision, which include: determination of the Company's investment objectives, future

Corporate Governance Report (continued)

strategic direction, investment policy, investment limits and restrictions, gearing policy and dividend policy; management of the Company's capital structure, including share issues/buy-backs and share price premium/discount; appointment and removal of Directors and third-party service providers; and determination of the Company's financial reporting, internal control and risk management and corporate governance arrangements.

Full and timely management, financial, regulatory and other relevant information is provided to all Directors to allow them to discharge their responsibilities and to enable the Board (and its Committees) to function effectively. In particular, the Board receives and considers regular and ad hoc reports and other information as required to enable it to maintain oversight and monitor the performance of, and challenge constructively, the Manager and other third-party service providers.

The Board meets formally at least six times a year. At each formal meeting, matters reviewed and considered by the Board include the Company's investment transactions, compliance with investment restrictions, investment performance, revenue budgets, financial analyses and other reports of an operational nature and any shareholder communications and issues. Representatives of the Manager attend each Board meeting, enabling the Directors to probe further on matters of concern. The Directors also have regular contact with the Manager between formal meetings. In addition, the Chairman is able to attend meetings of all the chairmen of the listed investment companies managed by Janus Henderson which provide a forum to discuss industry matters which are then reported to the Board. Additional Board (or Committee) meetings are arranged when required. The proceedings at all Board (and Committee) meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes.

Any correspondence from shareholders addressed to the Chairman or the Company received at Janus Henderson's offices is forwarded to the Chairman of the Company in line with the audited procedures in place. Any correspondence is also submitted to the next Board meeting.

The Directors have access to the advice and services of the Corporate Secretary through its appointed representative. The Corporate Secretary is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. In addition, there is an agreed procedure for Directors to take independent professional advice in the furtherance of their duties and at the Company's expense.

The Board, the Manager and the Corporate Secretary operate in a supportive, co-operative and open environment.

Directors' appointment, retirement and removal

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

The Board may appoint Directors to the Board and any Director so appointed must stand for appointment by the shareholders at the next AGM, in accordance with the Articles of Association.

In accordance with the Company's Articles of Association, each Director retires from office at each AGM and, if appropriate, offers themselves for re-appointment. All of the current Directors, being eligible, have stated that they will offer themselves for re-appointment at the upcoming AGM.

Under the Articles of Association, shareholders may remove a Director by passing an ordinary resolution at a general meeting.

Directors are not entitled to any termination payments or other compensation for loss of office in relation to their appointment.

Directors' tenure

In advance of each AGM, the Board will agree whether it is appropriate for Directors who are eligible to be recommended for re-appointment, taking into account the annual performance evaluation by and formal recommendations from the Nomination Committee and the ongoing requirements of the AIC Code (including the need to refresh the Board and its Committees).

The Board's policy for Directors, including the Chairman, is that they serve for no more than nine years, other than in exceptional circumstances.

Directors' independence

The independence of the Directors is determined with reference to the AIC Code. The Nominations Committee considers the independence of each Director at least annually by reviewing the Director's other appointments and commitments, as well as his or her tenure of service and any connection they may have with the Manager.

Following evaluation, the Nominations Committee determined that all Directors continued to be independent in character and judgement.

Directors' professional development

Newly appointed Directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the Manager's compliance and risk management frameworks and the accounting, sales and marketing and other administration services provided by the Manager.

Corporate Governance Report (continued)

Directors are also provided on a regular basis with key information on proposed developments or changes in regulatory and statutory requirements from, amongst others, the Corporate Secretary, the AIC and the Company's Auditor. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and may do so at the expense of the Company.

Directors' individual training requirements are considered as part of the annual evaluation process which is led by the Chairman of the Board.

Directors' Insurance and Indemnification

Directors' and officers' liability insurance cover is in place in respect of the Directors. Under the Company's Articles of Association and subject to the provisions of UK legislation, a qualifying third-party provision indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour by the court. No indemnity was given during the year or up to the date of this report.

Board Attendance at Meetings

The table below sets out the number of formal Board and Committee meetings held during the year and the number of meetings attended by each Director. All Directors attended the AGM in February 2019.

	Board	AC	NC	MEC
Number of meetings	**6**	**3**	**1**	**1**
Sue Inglis[1]	6	2	1	1
Julian Chillingworth	6	3	1	1
Richard Killingbeck[2]	3	0	1	1
Isobel Sharp	6	3	1	1
Richard Huntingford	6	3	1	1

AC: Audit Committee
NC: Nominations Committee
MEC: Management Engagement Committee

1 Sue Inglis became Chairman on 27 February 2019 when she ceased to be a member of the Audit Committee. However, she may attend by invitation
2 Richard Killingbeck retired on 27 February 2019
The Insider Committee did not meet during the year

Committees of the Board

The Board has three principal Committees: the Audit Committee, the Nominations Committee and the Management Engagement Committee. The terms of reference for these Committees are available on the Company's website **www.bankersinvestmenttrust.com**. The Company has also established an Insider Committee to assist the Board in meeting its obligations under the Market Abuse Regulation.

Audit Committee

The Audit Committee is responsible for, in particular, ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external Auditor.

The Audit Committee Report can be found on pages 41 to 43.

Nominations Committee

Composition

The Committee is chaired by the Chairman of the Board and consists of all of the Directors. The Chairman of the Board will not chair meetings when the Committee is considering appointments for her successor.

Role and responsibilities

The Committee's responsibilities include: reviewing the structure, size and composition of the Board and its Committees; ensuring annual performance evaluations, considering the proposed election and re-election of Directors ahead of each AGM; succession planning; nominating new Directors for consideration by the Board; and considering the remuneration of the Directors. The Committee meets at least once a year, and more frequently as required, and reports to the Board, making recommendations as appropriate.

Annual performance evaluation

The Committee ensures that there is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. The Company is obliged to engage an external facilitator for the evaluation every three years. An external review of the Board, its Committees, the Chairman and individual Directors was first carried out by Lintstock Limited in 2013 and has been undertaken by Lintstock Limited each year since. Lintstock Limited is independent of the Company and does not provide any other services to the Company.

The evaluation was conducted through the use of a questionnaire and the outcomes presented to the Committee. The areas considered included: the Board composition and dynamics; the management and focus of meetings and support from the Manager in this respect; the performance of the Board's three principal Committees; the Board's oversight of the Company's investment strategy and performance; the Board's oversight, evaluation and relationship with the Manager and other service providers; risk management; the Board's understanding of shareholders' views and the Manager's sales and marketing activities; succession planning; and priorities for change.

The Senior Independent Director carried out the performance evaluation of the Chairman, assisted by Lintstock Limited. An

Corporate Governance Report (continued)

update was provided to the Committee and feedback given directly to the Chairman.

Following completion of the evaluation review and discussion by all Directors, it was concluded that the Board retained a good balance of relevant skills and experience, the Directors (individually and collectively as the Board) has been operating effectively, the Committees continued to support the Board in fulfilling its duties and there were no specific training requirements for any of the Directors.

Evaluation of Directors to be considered for appointment or re-appointment

The Committee also considers the appointment and re-appointment of Directors ahead of each AGM. For the upcoming AGM, the Committee considered the performance and contribution to the Company of each Director and their other business appointments and commitments. The Committee concluded that each Director had been effective, allocated sufficient time to the Company to discharge their responsibilities fully and effectively, remained independent and continued to demonstrate commitment to their role. Accordingly, the Committee recommended their continued service to the Board.

Appointment of New Directors

Before commencing a search for candidates, the Committee will evaluate the balance of skills, experience, knowledge and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. To facilitate the search for suitable candidates from a wide range of backgrounds, the Committee may use the services of external advisers or open advertising, if deemed appropriate to do so.

The Committee will assess candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender, social and ethnic backgrounds, as well as cognitive and personal strengths), taking care that any candidates recommended for appointment will be able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

During the year, it was agreed to appoint Stephenson Executive Search, an independent external recruitment consultancy firm, to assist in the recruitment of an additional Director, with institutional investment management skills and experience being a key focus. As at the date of this report, the search is ongoing and is expected to be completed shortly.

Management Engagement Committee

Composition

The Committee is chaired by the Chairman of the Board and consists of all of the Directors.

Role and Responsibilities

The Committee's responsibilities include evaluating, at least on an annual basis, the performance of the Manager and other third-party service providers engaged by the Company (excluding the Company's Auditor) and for ensuring that the terms of the management agreement between the Manager and the Company remain competitive and in the interests of shareholders as a whole. The Committee meets at least once a year, and more frequently as required, and reports to the Board, making recommendations as appropriate.

Annual Manager evaluation

The Committee's review of the performance of the Manager included evaluating the Company's investment and share price performance and the company secretarial, administrative and sales and marketing support provided by the Manager and reviewing the competitiveness of the management fee paid to the Manager, details of which are on page 8. The Committee concluded that it was in the interests of shareholders as a whole to recommend to the Board that the appointment of the Manager should continue on the existing terms.

Key responsibilities of the Board

Internal controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Audit Committee supports the Board in the continuous monitoring of the internal control and risk management framework.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The key components of the internal control framework include:

- Clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting.
- Regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting.

Corporate Governance Report (continued)

- Contractual agreements with the Manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually.
- Review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers.
- Review of additional reporting provided by:
  – the Manager's Enterprise Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  – the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board reviewed the effectiveness of the Company's system of internal control for the year ended 31 October 2019. During the course of its review the Board did not identify and was not advised of any failings or weaknesses relating to the Company's portfolio that were determined as significant.

Communication with our shareholders

Please see page 9.

Internal Audit function

Systems are in operation to safeguard the Company's assets, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the reporting received from specific second and third line of defence teams at the Manager.

The Manager's Enterprise Risk team support the Audit Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit Committee.

The Board has therefore concluded that it is not necessary at the present time for the Company to have its own internal audit function.

Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager and the fees payable are contained on page 8.

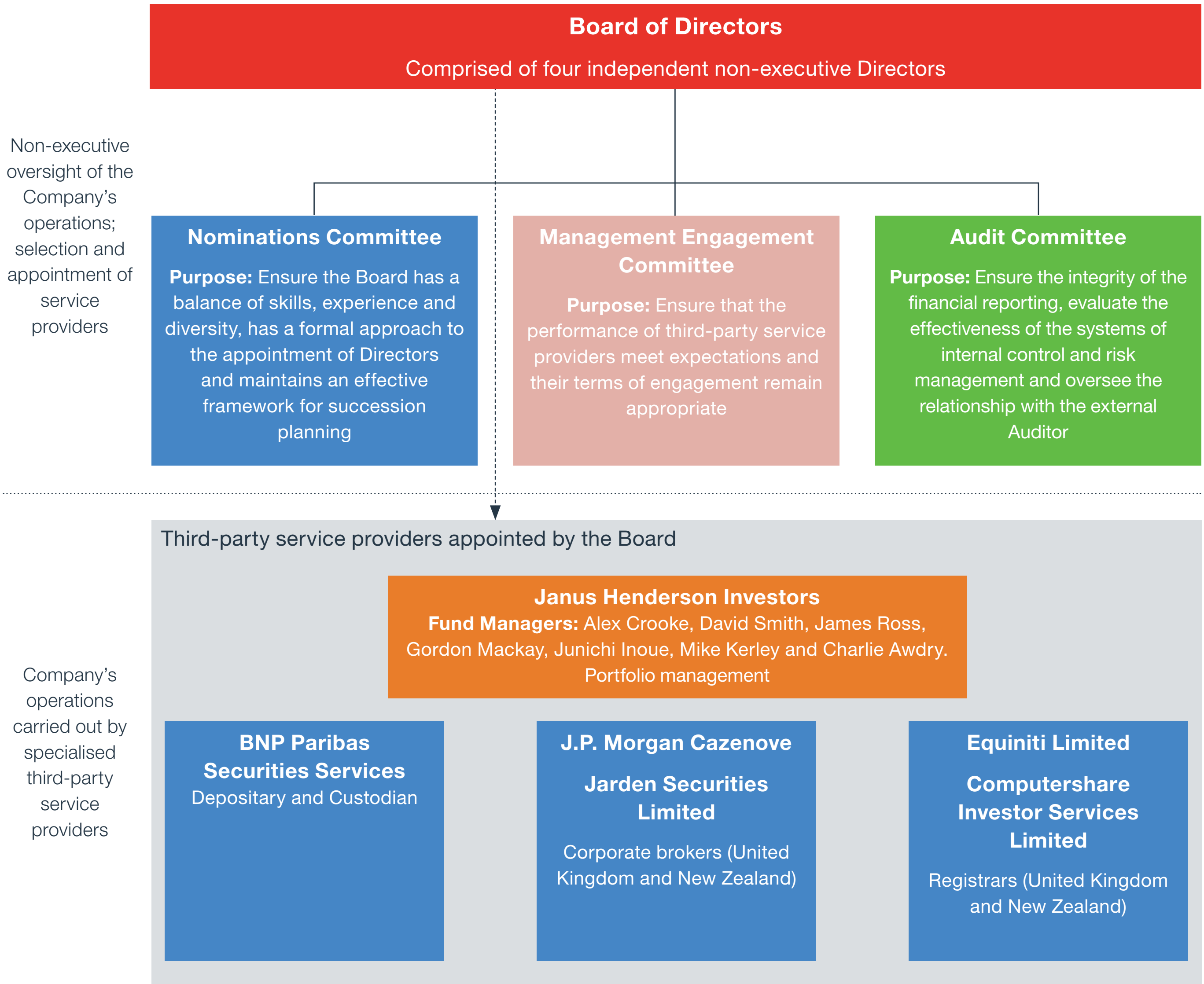
The Board reviews investment performance at each meeting, receives updates in respect of professional sales and marketing activities carried out by the Manager for the Company twice annually and receives formal recommendations from the Management Engagement Committee in respect of the continued appointment of the Manager and the appropriateness of the terms of the management agreement at least annually.

Following completion of the annual evaluation of the Manager by the Management Engagement Committee and its formal recommendations to the Board, the Board believes that the continued appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

Corporate Governance Report (continued)

The Board's committees

The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nominations Committee.



The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulation. The Company has no executive Directors and has not constituted a Remuneration Committee. Directors' fees are considered by the Nominations Committee.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website **www.bankersinvestmenttrust.com**. The reports on the activities of each of the Board's principal committees are set out on pages 34 to 36.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Directors' Remuneration Report and the 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 International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the 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 these financial statements, the Directors are required to:

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

The Directors are 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 it to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having taken advice from the Audit Committee, the Directors consider 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 Company's position and performance, business model and strategy.

Statement of Directors' Responsibilities under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on page 29, confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report in this Annual Report and financial statements 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.

For and on behalf of the Board

Sue Inglis
Chairman
15 January 2020

Directors' Remuneration Report

Remuneration policy

The Remuneration Policy ('the Policy') sets out the principles applied in the remuneration of the Directors. The Policy has been in place since 2014 and was last approved by shareholders at the AGM in February 2017. The current policy, if approved by shareholders at the 2020 AGM, will continue in force until the AGM in 2023.

The Nominations Committee considers the Directors' remuneration and makes a recommendation to the Board. The Board has not established a remuneration committee to consider matters relating to the Directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although the Directors review annually the fees paid to the boards of directors of other comparable investment companies).

The Policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to promote the long-term success of the Company.

The Policy is for the Chairman of the Board, the Senior Independent Director and the Chairman of the Audit Committee to be paid a higher fee than the other Directors in recognition of their additional responsibilities.

The Policy is to review these rates annually although such review will not necessarily result in any change to the rates.

None of the Directors has a contract of service or a contract for services, there are no set notice periods and a Director may resign by giving notice in writing to the Board at any time with no compensation.

The Company's Policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third-party specified by him or her. There are no long-term incentive schemes provided by the Company and the fees are not specifically related to the Directors' performance, either individually or collectively.

Annual report on remuneration

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations'). The report also meets the relevant requirements of the Companies Act 2006 (the 'Act') and the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to Directors' remuneration.

The Company's Auditor is required to report on certain information contained within this report; where information set out below has been audited, it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

Statement from the Chairman

As Chairman, Sue Inglis reports that prior to the year under review, the Directors' fees were last increased on 1 November 2017. During the year under review, having reviewed the fees, the decision was taken to increase fees from 1 November 2019, being the start of the Company's financial year. The increase was made after consideration of the fees paid to other investment trusts in the sector of an equivalent size and also in relation to the fees paid to the directors of other Janus Henderson managed investment companies. The increase was to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors. There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

Directors' interests in shares (Audited)

	Ordinary shares of 25p	
	31 October 2019	1 November 2018
Beneficial interest:		
Sue Inglis	5,000	5,000
Richard Killingbeck[1]	n/a	30,000
Julian Chillingworth	1,620	1,620
Isobel Sharp	2,300	2,300
Richard Huntingford[2]	2,750	–

1 Richard Killingbeck retired on 27 February 2019
2 Richard Huntingford was appointed to the Board on 26 September 2018

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. On 5 December 2019, Sue Inglis purchased 5,000 shares and Julian Chillingworth purchased 1,380 shares in the Company. There have been no other changes reported since the year end to the date of this Annual Report.

No Director is required to hold shares of the Company by way of qualification.

Relative importance of spend on pay

To show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions to shareholders by way of dividend. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	31 October 2019 £	31 October 2018 £	Change £	Change %
Total remuneration[1]	**141,233**	153,038	(11,805)	-8%
Ordinary dividends paid in the year	**24,766,020**	23,565,024	1,200,996	+5%

1 The reduction in Directors' pay was due to the reduction in the size of the Board for part of the year

Directors' Remuneration Report (continued)

Directors' remuneration (Audited)

The remuneration paid to the Directors who served during the years ended 31 October 2019 and 31 October 2018 was as follows:

	Year ended 31 October 2019 Total fees £	Year ended 31 October 2018 Total fees £	**Year ended 31 October 2019 Total expenses including taxable benefits £**	Year ended 31 October 2018 Total expenses including taxable benefits £	**Year ended 31 October 2019 Total £**	Year ended 31 October 2018 Total £
Sue Inglis[1]	38,937	30,500	–	–	38,937	30,500
Julian Chillingworth[2]	29,707	28,000	–	–	29,707	28,000
Richard Huntingford[3]	28,000	2,762	–	–	28,000	2,762
Isobel Sharp[4]	30,500	29,726	–	–	30,500	29,726
Richard Killingbeck[5]	14,089	43,000	–	119	14,089	43,119
Matthew Thorne[6]	–	9,485	–	739	–	10,224
David Wild[6]	–	8,707	–	–	–	8,707
	141,233	**152,180**	**–**	**858**	**141,233**	**153,038**

The table above omits other columns because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made. Taxable benefits – Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings

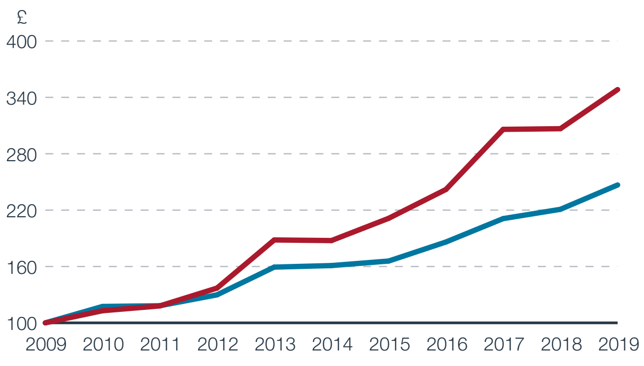
1 Chairman and highest paid director – was appointed as Chairman on the 27 February 2019
2 Senior Independent Director with effect from 27 February 2019
3 Appointed on 26 September 2018
4 Chairman of the Audit Committee from 21 February 2018
5 Retired on 27 February 2019
6 Retired on 21 February 2018

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

The fees paid to the Directors during the year were as follows (previous rates are shown in brackets): Chairman £43,000 (£40,000), Audit Committee Chairman and Senior Independent Director £30,500 (£28,000) and Directors £28,000 (£26,000). From 1 November 2019 fees were increased and were as follows: Chairman £44,300, Audit Committee Chairman and Senior Independent Director £31,500 and Directors £28,900.

Performance

The Company's performance has been measured against the FTSE All-Share Index for the period 1 November 2009 to 31 October 2017 and the FTSE World Index from 1 November 2017 to 31 October 2019 on a total return basis in sterling terms. The graph below compares the mid-market price of the Company's ordinary shares over the ten year period ended 31 October 2019 with the composite index over the same period.



Source: Morningstar Direct

The Company's share price total return, assuming the investment of £100 on 31 October 2009 and the reinvestment of all dividends (excluding dealing expenses)

Composite benchmark of FTSE All-Share Index for the period 1 November 2009 to 31 October 2017 and FTSE World Index from 1 November 2017 to 31 October 2019, assuming the notional investment of £100 on 31 October 2009 and the reinvestment of all income (excluding dealing expenses)

Statement of voting at AGM

A binding ordinary resolution adopting the Remuneration Policy was approved at the AGM held on February 2017. The votes cast by proxy in favour of the resolution were, 5,105,519 votes (98.0%) the votes cast against the resolution were, 59,239 (1.1%) and 44,129 (0.9%) were placed at the discretion of the Chairman of the meeting or other proxy to vote. A total of 41,554 votes were withheld.

An ordinary resolution adopting the Annual Report on Directors' Remuneration was approved at the AGM held on 27 February 2019. The votes cast by proxy in favour of the resolution were 5,000,836 (99.2%), the votes cast against the resolution were 9,427 (0.2%), and 31,587 (0.6%) were placed at the discretion of the Chairman of the meeting or other proxy to vote. A total of 64,713 votes were withheld.

For and on behalf of the Board
Sue Inglis
Chairman
15 January 2020

Report of the Audit Committee

The members of the Committee are Isobel Sharp, Julian Chillingworth and Richard Huntingford who consider that they have the skills, experience and objectivity to be an effective Audit Committee. The Committee's Chairman is Isobel Sharp who is a Chartered Accountant and currently chairs two other Audit Committees, and is considered by the Board to have recent and relevant financial experience.

Meetings

The Committee met three times during the year. While not a member of the Committee, Sue Inglis has also attended all meetings over the last year. The Company's external Auditor, the Fund Manager and the Manager's Financial Reporting Manager for Investment Trusts attend meetings of the Committee on a regular basis. The Manager's Global Head of Internal Audit and its Global Head of Enterprise Risk also presented to the Committee at one meeting.

Role, responsibilities and activities

The Audit Committee is responsible for monitoring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and making recommendations to the Board on the appointment of the external Auditor whose effectiveness and objectivity are reviewed by the Committee. The Audit Committee formally reports to the Board. The Committee's responsibilities are set out in formal terms of reference which are regularly reviewed and available on the Company's website **www.bankersinvestmenttrust.com**.

In discharging its duties over the course of the year, the Committee considered and reviewed:

- the appropriateness of the Company's accounting policies, in particular it examined the appropriateness of the revenue/capital split of management fees and finance costs;
- the half-year results and the annual report, including disclosures made therein on internal controls and risk management, viability, going concern and whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the internal controls in place at the Manager and the Company's other principal third-party service providers and in particular the internal controls reports received from the Manager and BNP Paribas Securities Services together with feedback from the Auditor, Fund Manager and the Corporate Secretary. This included the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- the Manager's policies in relation to cyber risk and business continuity, meeting with representatives of Janus Henderson's internal audit and risk departments periodically;
- the key risks facing the Company, the risk management systems in place and the Company's risk map;
- compliance with the Company's anti-bribery and anti-tax evasion policies and the confirmation received from the Manager and the third-party service providers as to whether they have appropriate procedures in place in this respect;
- whether there is a need for an internal audit function, in order to make a recommendation to the Board that the Committee considers that an internal audit function, specific to the Company, is not required (as described on page 36);
- the re-appointment and evaluation of the effectiveness, performance and independence and objectivity of the external Auditor, including the provision of any non-audit services (as explained further on page 42);
- the plan, scope and cost of the external audit and reviewing the Auditor's findings and reporting;
- the whistleblowing arrangements in place at the Manager for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence and whether this includes the necessary arrangements for independent investigation and follow up action;
- the calculation and payment of the management fee; and
- its Terms of Reference, noting that evaluation of the Committee's effectiveness is considered as part of the process described on page 34.

Annual Report for the year ended 31 October 2019

The Committee is satisfied that the Annual Report for the year ended 31 October 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. It reported accordingly to the Board.

Report of the Audit Committee (continued)

For the Annual Report for the year ended 31 October 2019 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The Directors have appointed Janus Henderson to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. The portfolio valuation is regularly reviewed by the Committee. Ownership of listed investments is verified by reconciliation to the Custodian's records. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed and approved by the Directors.
Recognition of income	Income received has been accounted for in line with the Company's accounting policies (as set out on page 55) and was reviewed by the Committee at each meeting to confirm it is in compliance with IFRSs. The Board reviews at least four times per annum Janus Henderson's revenue forecasts in support of the Company's future dividends. For special dividends where Janus Henderson is required to allocate between revenue and capital, the Committee reviews the rationale provided and approves the treatment.
Maintaining internal controls	The Committee has received regular reports on internal controls from Janus Henderson and BNP Paribas Securities Services and their respective delegates and has had access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The Committee noted the service auditor's qualifications in respect of the Janus Henderson assurance report which covered controls during the reporting period. The Committee sought additional clarification in respect of the report and is satisfied that none of the exceptions impacted the Company for the year ended 31 October 2019 and that appropriate actions have been taken to address the issues identified. The Committee has considered regularly the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas Securities Services.

Auditor's independence and policy on non-audit services

The Committee monitors the Auditor's independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the Auditor to the Company; assessing the appropriateness of the fees paid to the Auditor for all work undertaken by them; and reviewing the information and assurances provided by the Auditor on their compliance with the relevant ethical standards.

Ernst & Young LLP ('EY') confirmed that all of its partners and staff involved with the audit were independent of any links to the Company and that these individuals had complied with EY's ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

The provision of non-audit services by the Company's Auditor is considered and approved by the Committee on a case by case basis. The policy set by the Committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the Auditor:

- the level and nature of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of the relevant non-audit services;
- the impact on the Auditor's independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

The Board has determined that the Auditor will not be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody. Non-audit services during the year related to additional testing of the Company's compliance with its debenture covenants for which the Auditor was paid £3,000 (2018: £1,500). There were no other non-audit services.

Appointment and tenure of the external Auditor

This is the fourth year that EY, with Matthew Price as audit partner, have audited the Company's Annual Report. The audit partner is rotated within the audit firm at least every five years. The last formal audit tender was completed in 2016 leading to the appointment of EY for the year ended 31 October 2016. Current legislation requires a change of auditor every ten years and thus the Committee considers that it will be appropriate to have a tender process in 2025/6.

During the 2019 audit, the Committee Chairman liaised with EY to receive progress updates and to review EY's audit results prior to the Committee meeting to consider the financial statements. EY attended this meeting to present their report and to observe the Committee's review of the financial statements and internal controls reporting by the Manager.

Based on the Committee's review of EY's reporting, interactions with the audit team throughout the process, discussions with representatives of the Manager and discussions on the findings of the FRC's Audit Quality Inspection Report, the Committee, having met without

Report of the Audit Committee (continued)

EY present, is satisfied with the effectiveness of the audit provided by EY and that they are independent of the Company.

The Committee therefore recommended EY's continuing appointment to the Board. EY have indicated their willingness to continue in office. Accordingly, resolutions reappointing EY as Auditor to the Company and authorising the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM.

Finally the Committee approved this report on its work.

Isobel Sharp
Chairman of the Audit Committee
15 January 2020

Independent Auditor's Report to the Members of The Bankers Investment Trust PLC

Opinion

We have audited the financial statements of The Bankers Investment Trust PLC for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to principal risks, going concern and viability statement

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

- the disclosures in the Annual Report set out on page 6 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 38 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 54 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 7 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. • Risk of incorrect valuation and/or defective title to the investment portfolio.
Materiality	• Overall materiality of £11.63m which represents 1% of equity shareholders' funds.

Key audit matters

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

Independent Auditor's Report to the Members of The Bankers Investment Trust PLC (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (£31.48m) (2018: £30.32m) (As described on page 42 in the Report of the Audit Committee and as per the accounting policy set out on page 55). Per Note 3 in the notes to the financial statements, the Company has reported investment income of £31.48m (2018: £30.32m). This includes special dividend income of £0.89m (2018: £0.53m). The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. The revenue return of the Statement of Comprehensive Income is the main driver of the minimum dividend calculation. There is therefore a risk that an incorrect classification could potentially result in an under distribution of income and put the Company's investment trust status at risk. There is also a risk that the revenue column is overstated to increase the dividend paid to shareholders. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. This manual and judgemental element in allocating special dividends between revenue and capital can lead to the risk of incorrect allocation.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and allocation of special dividends by obtaining their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. We reconciled a sample of dividends received from the income report to an independent pricing source. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We reconciled a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we obtained the investee company announcements to confirm whether the obligation arose prior to 31 October 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid. We obtained the income report and the acquisition and disposal report produced by the Administrator to identify special dividends received or accrued in excess of our revenue testing threshold. We selected a sample of the two largest special dividends recognised as revenue and the sole special dividend recognised as capital and reviewed the underlying circumstances and motives for the payments to verify the classification of these special dividends as revenue or capital. To address the risk of management override, we selected a sample of manual journal entries posted to the income account and challenged their business purpose.	**The results of our procedures are:** We have no matters to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.
Risk of incorrect valuation and/or defective title to the investment portfolio (as described on page 42 in the Report of the Audit Committee). The investment portfolio at the year-end mainly comprises quoted equities £1,129m (2018: £1,087m) and a current asset investment £44.99m (2018: £18.01m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls for the valuation of investments by performing walkthrough procedures and reviewing the Administrator's internal control reports. For all listed investments and the current asset investment, we reconciled the market values and exchange rates applied to an independent pricing vendor. We checked all the foreign exchange rates applied to an independent source for reasonableness. We agreed all the Company's investments to the independent confirmation received from the Company's Custodian and Depositary as at 31 October 2019. For a sample of listed investments in the portfolio, we compared the holdings to independent market trading volumes to assess the stock liquidity profile.	**The results of our procedures are:** We have no matters to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

Independent Auditor's Report to the Members of The Bankers Investment Trust PLC (continued)

An overview of the scope of our audit

Tailoring the scope

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £11.63m (2018: £10.62m), which is 1% (2018: 1%) of net assets. We have derived our materiality calculation based on a proportion of net assets as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year end.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £8.72m (2018: £7.96m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected. Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £1.42m (2018: £1.36m) for the revenue column of the Statement of Comprehensive Income, being 5% of the return on ordinary activities before taxation.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.58m (2018: £0.53m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 43, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable** set out on page 38 – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** set out on pages 41 to 43 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on pages 32 to 37 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the

Independent Auditor's Report to the Members of The Bankers Investment Trust PLC (continued)

UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

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

Independent Auditor's Report to the Members of The Bankers Investment Trust PLC (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- We were appointed by the Company on 17 November 2016 to audit the financial statements for the year ending 31 October 2016 and subsequent financial periods. We were re-appointed to audit the 31 October 2019 financial statements on 27 February 2019.

  The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ended 31 October 2016 to 31 October 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Matthew Price (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 January 2020

Notes:

1 The maintenance and integrity of The Bankers Investment Trust PLC website is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

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

Financial Statements

Shenzhen China

Statement of Comprehensive Income

Notes		Year ended 31 October 2019 Revenue return £'000	Year ended 31 October 2019 Capital return £'000	Year ended 31 October 2019 Total return £'000	Year ended 31 October 2018 Revenue return £'000	Year ended 31 October 2018 Capital return £'000	Year ended 31 October 2018 Total return £'000
2	Gains/(losses) on investments held at fair value through profit or loss	–	105,376	105,376	–	(12,611)	(12,611)
3	Investment income	31,483	–	31,483	30,321	–	30,321
4	Other operating income	269	–	269	226	–	226
	Total income	**31,752**	**105,376**	**137,128**	**30,547**	**(12,611)**	**17,936**
	Expenses						
5	Management fees	(1,437)	(3,352)	(4,789)	(1,344)	(3,136)	(4,480)
6	Other expenses	(1,009)	–	(1,009)	(990)	–	(990)
	Profit/(loss) before finance costs and taxation	**29,306**	**102,024**	**131,330**	**28,213**	**(15,747)**	**12,466**
7	Finance costs	(911)	(2,126)	(3,037)	(917)	(2,141)	(3,058)
	Profit/(loss) before taxation	**28,395**	**99,898**	**128,293**	**27,296**	**(17,888)**	**9,408**
8	Taxation	(1,898)	(3)	(1,901)	(1,823)	–	(1,823)
	Profit/(loss) for the year and total comprehensive income	**26,497**	**99,895**	**126,392**	**25,473**	**(17,888)**	**7,585**
9	**Earnings per ordinary share – basic and diluted**	21.61p	81.48p	103.09p	20.78p	(14.59p)	6.19p

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with IFRSs as adopted by the European Union. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The notes on pages 54 to 71 form part of these financial statements

Statement of Changes in Equity

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
		Year ended 31 October 2019					
	Total equity at 1 November 2018	30,986	78,541	12,489	897,318	42,249	1,061,583
	Total comprehensive income:						
	Profit for the year	–	–	–	99,895	26,497	126,392
10	Ordinary dividends paid	–	–	–	–	(24,766)	(24,766)
	Total equity at 31 October 2019	**30,986**	**78,541**	**12,489**	**997,213**	**43,980**	**1,163,209**

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
		Year ended 31 October 2018					
	Total equity at 1 November 2017	30,986	78,541	12,489	915,206	40,341	1,077,563
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(17,888)	25,473	7,585
10	Ordinary dividends paid	–	–	–	–	(23,565)	(23,565)
	Total equity at 31 October 2018	**30,986**	**78,541**	**12,489**	**897,318**	**42,249**	**1,061,583**

The notes on pages 54 to 71 form part of these financial statements

Statement of Financial Position

Notes		At 31 October 2019 £'000	At 31 October 2018 £'000
	Non-current assets		
11	Investments held at fair value through profit or loss	1,128,519	1,087,033
	Current assets		
12	Investments held at fair value through profit or loss	44,993	18,005
13	Other receivables	4,134	4,667
	Cash and cash equivalents	54,944	20,075
		104,071	**42,747**
	Total assets	**1,232,590**	**1,129,780**
	Current liabilities		
14	Other payables	(4,558)	(3,370)
		(4,558)	**(3,370)**
	Total assets less current liabilities	**1,228,032**	**1,126,410**
	Non-current liabilities		
15	Debenture stocks	(15,000)	(15,000)
15	Unsecured loan notes	(49,823)	(49,827)
		(64,823)	**(64,827)**
	Net assets	**1,163,209**	**1,061,583**
	Equity attributable to equity shareholders		
18	Share capital	30,986	30,986
19	Share premium account	78,541	78,541
20	Capital redemption reserve	12,489	12,489
	Retained earnings:		
20	Other capital reserves	997,213	897,318
21	Revenue reserves	43,980	42,249
	Total equity	**1,163,209**	**1,061,583**
17	**Net asset value per ordinary share**	948.7p	865.8p

The principal risks and viability statement on pages 5 to 7 and the financial statements on pages 50 to 71 were approved by the Board of Directors on 15 January 2020 and signed on its behalf by:

Sue Inglis
Chairman

The notes on pages 54 to 71 form part of these financial statements

Cash Flow Statement

Notes	Reconciliation of profit before taxation to net cash flow from operating activities	**Year ended 31 October 2019 £'000**	Year ended 31 October 2018 £'000
	Operating activities		
	Profit before taxation	128,293	9,408
	Add back interest payable ('finance costs')	3,037	3,058
2	Less/add: (losses)/gains on investments held at fair value through profit or loss	(105,376)	12,611
	(Increase)/decrease in accrued income	(42)	113
	Increase in other receivables	(46)	(12)
	Increase in other payables	253	82
	Purchases of investments	(281,334)	(335,454)
	Sales of investments	345,724	337,755
	Purchases of current asset investments	(66,609)	(46,003)
	Sales of current asset investments	39,621	51,250
	Decrease/(increase) in securities sold for future settlement	854	(1,834)
	Increase/(decrease) in securities purchased for future settlement	935	(6,163)
	Net cash inflow from operating activities before interest and taxation[1]	**65,310**	**24,811**
	Interest paid	(3,037)	(3,058)
	Taxation on investment income	(2,138)	(2,083)
	Net cash inflow from operating activities	**60,135**	**19,670**
	Financing activities		
10	Equity dividends paid (net of refund of unclaimed distributions)	(24,766)	(23,565)
	Drawdown of bank loan	–	2,005
	Repayment of bank loan	–	(2,005)
	Net cash outflow from financing activities	**(24,766)**	**(23,565)**
	Increase/(decrease) in cash	35,369	(3,895)
	Cash and cash equivalents at the start of the year	20,075	24,102
	Exchange movements	(500)	(132)
	Cash and cash equivalents at the end of the year	**54,944**	**20,075**

1 In accordance with IAS 7.31 cash inflow from dividends was £31,164,000 (2018: £30,398,000) and cash inflows from interest was £158,000 (2018: £62,000).

The notes on pages 54 to 71 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The Bankers Investment Trust PLC is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The financial statements of the Company for the year ended 31 October 2019 have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee ('IFRS IC') that remain in effect, to the extent that IFRS have been adopted by the European Union.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the year. Where presentational guidance set out in the Statement of Recommended Practice ('the SORP') for investment companies issued by the Association of Investment Companies ('the AIC') in November 2014 and updated in February 2018 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

The assets of the Company consist mainly of securities that are listed and readily realisable and, accordingly, the Directors believe that the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement (see pages 5 to 7), the Directors have decided that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting standards

i) New and amended standards adopted by the Company.

The following new or amended standards were adopted by the Company during the year.

- IFRS 9, 'Financial instruments'. The Company has applied the standard in the current financial year and the impact assessment from its adoption concluded that there was no material impact on the financial statements. The Company's investments remain classified and measured as fair value through profit or loss. The application of IFRS 9 has not resulted in any change to the valuation of investments nor were any other adjustments required. Other assets and liabilities continue to be measured at amortised cost, except for options which continue to be measured at fair value. Other assets were assessed for credit risk and no material impairment provisions were required.
- IFRS 15, 'Revenue from Contracts with Customers'. The Company has applied the standard in the current financial year and the impact assessment from its adoption concluded that there was no impact on the financial statements given that the Company's income is derived from financial instruments and investment income is outside the scope of IFRS 15.
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018) – addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The guidance aims to reduce diversity in practice. There has been no impact on the financial statements.

ii) New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Company.

- Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2020). The International Accounting Standards Board has refined its definition of 'material' and issued practical guidance on applying the concept of materiality. The amendments are not expected to have a material impact on the Company's financial statements.

iii) New standards, amendments and interpretations issued but not effective for the current financial year and not relevant to the Company's operations.

A number of new standards, amendments and interpretations have been issued that are not effective for the current financial year end and not relevant or material to the Company's operations. They will therefore have no impact on the Company's financial statements when they become effective.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

b) Investments held at fair value through profit or loss

All investments are classified as held at fair value through profit or loss, because they fail the contractual cash flow test and they are held in a portfolio of assets managed on a fair value basis. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the statement of financial position is based on their quoted bid price at the statement of financial position date, without deduction of the estimated future selling costs. Unquoted investments are valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Gains/(losses) on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of the purchase.

c) Presentation of Statement of Comprehensive Income

In accordance with guidance issued by the AIC, supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature has been presented alongside the statement of comprehensive income. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

d) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Income from fixed interest debt securities is recognised based on the coupon payable by the instrument adjusted to spread any premium or discount on purchase or redemption over its remaining life. Bank deposit interest and stock lending income are accounted for on an accruals basis.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, commission income is allocated to the revenue return. Gains or losses arising from the take up of shares are allocated to the capital return.

e) Expenses

All expenses and interest payable are accounted for on an accruals basis. On the basis of the Board's expected long term split of total returns in the form of capital and revenue returns of 70% and 30% respectively, the Company charges 70% of its finance costs and investment management fees to capital. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the statement of comprehensive income and allocated to other capital reserves. All other operating expenses are charged to the revenue return column of the statement of comprehensive income.

f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the statement of comprehensive income is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the statement of comprehensive income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

g) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends paid are disclosed in the statement of changes in equity.

h) Foreign currency

For the purposes of the financial statements, the results and financial position is expressed in pounds sterling, which is the functional currency of the Company and the presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates and its capital raising currency.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in overseas currencies at the statement of financial position date are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within 'Gains/(losses) on investments held at fair value through profit or loss'.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

j) Borrowings

Interest-bearing bank loans, overdrafts, debentures and loan notes are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

k) Repurchase of ordinary shares

The cost of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to equity and disclosed in the statement of changes in equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

l) Capital reserves

Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

Revenue reserve
The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

Capital redemption reserve
The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

Share capital
Share capital represents the nominal value of ordinary shares in issue.

Share premium
The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

m) Distributable reserves

The Company's capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend.

n) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities.

o) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of the business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are recognised initially at fair value based on contractual settlement amounts and subsequently measured at amortised cost using the effective interest rate method. The Company records any impairment allowances on financial assets at amortised cost using the expected credit loss model under the simplified method.

p) Payables

Trade payables are obligations to pay for securities purchased for future settlement, accruals and deferred income that have been acquired/incurred in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value based on contractual settlement amounts and subsequently measured at amortised cost using the effective interest rate method.

q) Policy on operating segments

Under IFRS 8, operating segments are considered to be the components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision-maker (the Board, with support from Janus Henderson) in deciding how to allocate resources and in assessing performance. The Directors meet regularly to consider investment strategy and to monitor the Company's performance. The Fund Manager, who has been appointed to manage the Company's investments, attends all Board meetings at which investment strategy and performance are discussed. The Directors consider that the Company has one operating segment, which invests in shares and securities primarily for capital appreciation and dividend growth in accordance with the Company's published investment objective.

The business is not managed on a geographical basis. However, disclosure by geographical segment has been provided in note 3 and in the Fund Manager Reports on pages 13 to 26. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

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

	2019 £'000	2018 £'000
Gains on sale of investments based on historical cost	46,806	96,298
Revaluation gains recognised in previous years	(42,860)	(100,381)
Gains/(losses) on investments sold in the year based on carrying value at previous statement of financial position date	**3,946**	**(4,083)**
Revaluation of investments held at 31 October	101,930	(8,396)
Exchange losses	(500)	(132)
	105,376	**(12,611)**

Notes to the Financial Statements (continued)

3 Investment income

	2019 £'000	2018 £'000
UK dividend income – listed	11,751	10,718
UK dividend income – special dividends	430	329
Overseas dividend income – listed	18,692	18,930
Overseas dividend income – special dividends	460	205
Property income distributions	150	139
	31,483	**30,321**
Analysis of investment income by geographical region:		
UK	12,876	11,641
Europe (ex UK)	4,956	5,215
North America	3,151	3,077
Japan	3,112	2,825
China	1,734	1,413
Pacific (ex Japan, China)	5,070	5,183
Emerging Markets	584	967
	31,483	**30,321**

4 Other operating income

	2019 £'000	2018 £'000
Bank interest	181	64
Underwriting income	3	24
Stock lending revenue	72	135
Other income	13	3
	269	**226**

At 31 October 2019 the total value of securities on loan by the Company for stock lending purposes was £65,895,000 (2018: £42,093,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2019 was £104,529,000 (2018: £159,687,000). The Company's agent (BNP Paribas Securities Services) held collateral at 31 October 2019 with a value of £69,457,000 (2018: £44,402,000) in respect of securities on loan. The value of securities held on loan, comprising Corporate and Government Bonds with a minimum market value of 105% (2018: 105%) of the market value of any securities on loan, is reviewed on a daily basis.

5 Management fees

	2019			2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment management	1,437	3,352	4,789	1,344	3,136	4,480
	1,437	**3,352**	**4,789**	**1,344**	**3,136**	**4,480**

A summary of the terms of the management agreement is given in the Business Model on page 8.

Notes to the Financial Statements (continued)

6 Other expenses

	2019 £'000	2018 £'000
Directors' fees and expenses (see page 40)	141	153
Auditor's remuneration – for audit services	28	26
Auditor's remuneration – for non-audit services[1]	3	2
Expenses payable to Janus Henderson (relating to marketing services)	139	96
Bank/custody charges	225	230
Depositary fees	59	106
Registrar fees	57	56
AIC subscriptions	21	20
Printing expenses	23	38
Legal fees[2]	71	3
Overseas compliance fees	17	18
Listing fees	72	68
Irrecoverable VAT	26	25
Loan arrangement & non-utilisation fees	47	48
Other expenses	80	101
	1,009	**990**

The compensation payable to key management personnel in respect of short term employment benefits was £141,000 (2018: £153,000) which relates wholly to the fees and expenses payable to the Directors in respect of the year.

1 Non-audit services relate to the provision of a debenture covenant compliance certificate.
2 The legal fees have increased significantly compared to last year due to costs incurred to reclaim withholding tax suffered of some £400,000 on manufactured overseas dividends and costs incurred to defend the Company from a claim being made against the Company. The claim being made against the Company is in respect of proceeds that were received on the takeover of an investment held in the portfolio that has subsequently filed for bankruptcy and claims are being made by the liquidator against all former shareholders of that investment. The claim is being refuted by the Company and legal work is being undertaken to defend the Company in respect of the amount claimed. The Board has concluded that the claim does not meet the criteria under IAS 37 to require any provision. Legal fees will continue to be incurred in the year ending 31 October 2020 until both matters conclude. Notwithstanding that the Board expects the claims to be successfully defended, under the laws of the jurisdiction concerned the Company's legal costs will not be recoverable.

7 Finance costs

	2019			2018		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
On overdrafts and bank loans repayable within one year	–	1	1	2	5	7
Interest on debentures repayable:						
– between one and five years	360	840	1,200	360	840	1,200
Interest on unsecured loan notes repayable:						
– after five years[1]	551	1,285	1,836	555	1,296	1,851
	911	**2,126**	**3,037**	**917**	**2,141**	**3,058**

1 Includes amortisation of issue costs and will therefore vary from year to year

Notes to the Financial Statements (continued)

8 Taxation

a) Analysis of the charge for the year

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000
Overseas tax suffered	2,291	3	2,294	2,121	–	2,121
Overseas tax reclaimable	(393)	–	(393)	(295)	–	(295)
Income tax recovered	–	–	–	(3)	–	(3)
Total tax charge for the year	**1,898**	**3**	**1,901**	**1,823**	**–**	**1,823**

b) Factors affecting the tax charge for the year

The differences are explained below:

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total return £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000
Profit/(loss) before taxation	**28,395**	**99,898**	**128,293**	**27,296**	**(17,888)**	**9,408**
Corporation tax for the year at 19.00% (2018: 19.00%)	5,395	18,981	24,376	5,186	(3,400)	1,786
Non taxable UK dividends	(2,281)	–	(2,281)	(2,112)	–	(2,112)
Overseas income and non taxable scrip dividends	(3,414)	–	(3,414)	(3,493)	–	(3,493)
Overseas withholding tax suffered	1,898	3	1,901	1,826	–	1,826
Income tax recovered	–	–	–	(3)	–	(3)
Excess management expenses and loan relationships	259	956	1,215	371	897	1,268
Interest capping restriction	41	85	126	48	106	154
Capital (gains)/losses not subject to tax	–	(20,022)	(20,022)	–	2,397	2,397
	1,898	**3**	**1,901**	**1,823**	**–**	**1,823**

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust, which it intends to maintain for the foreseeable future.

d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset totalling £9,432,000 (2018: £8,263,000) based on a prospective corporation tax rate of 17.0% (2018: 17.0%). The deferred tax asset arises as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised, to any material extent, if the Company has profits chargeable to corporation tax in the future because changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

9 Earnings per ordinary share

The total earnings per ordinary share is based on the net profit attributable to the ordinary shares of £126,392,000 (2018: £7,585,000) and on 122,606,783 ordinary shares (2018: 122,606,783), being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2019 £'000	2018 £'000
Revenue profit	26,497	25,473
Capital profit/(loss)	99,895	(17,888)
Profit for the year	**126,392**	**7,585**
Weighted average number of ordinary shares	122,606,783	122,606,783
Revenue earnings per ordinary share	21.61p	20.78p
Capital earnings/(loss) per ordinary share	81.48p	(14.59p)
Earnings per ordinary share	**103.09p**	**6.19p**

The Company does not have any dilutive securities, therefore basic and diluted earnings are the same.

10 Dividends on ordinary shares

Dividends on ordinary shares	Record date	Payment date	2019 £'000	2018 £'000
Third interim dividend (4.70p) for the year ended 31 October 2017	27 October 2017	30 November 2017	–	5,762
Final dividend (4.80p) for the year ended 31 October 2017	26 January 2018	28 February 2018	–	5,885
First interim dividend (4.86p) for the year ended 31 October 2018	27 April 2018	31 May 2018	–	5,959
Second interim dividend (4.86p) for the year ended 31 October 2018	27 July 2018	31 August 2018	–	5,959
Third interim dividend (5.00p) for the year ended 31 October 2018	26 October 2018	30 November 2018	6,130	–
Final dividend (5.00p) for the year ended 31 October 2018	25 January 2019	28 February 2019	6,130	–
First interim dividend (5.10p) for the year ended 31 October 2019	26 April 2019	31 May 2019	6,253	–
Second interim dividend (5.10p) for the year ended 31 October 2019	26 July 2019	30 August 2019	6,253	–
			24,766	**23,565**

The total dividends payable in respect of the financial year, which form the basis of the calculation of the retention test under section 1158 of the Corporation Tax Act 2010, are set out below. All dividends have been paid or will be paid out of revenue profits.

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	26,497	25,473
First interim dividend (5.10p) (2018: 4.86p)	(6,253)	(5,959)
Second interim dividend (5.10p) (2018: 4.86p)	(6,253)	(5,959)
Third interim dividend (5.35p) paid on 29 November 2019 (2018: 5.00p paid on 30 November 2018)	(6,560)	(6,130)
Final dividend (5.35p) payable on 28 February 2020 (2018: 5.00p paid on 28 February 2019)	(6,685)[1]	(6,130)
Revenue surplus for section 1158 purposes	**746**	**1,295**

1 Based on the number of shares in issue of 124,956,783 on 10 January 2020 being the latest practicable date prior to the publication of this report

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Valuation at start of year	1,087,033	1,101,816
Investment holding gain at start of year	(264,491)	(373,268)
Cost at start of year	**822,542**	**728,548**
Acquisitions at cost	281,334	335,454
Disposals at cost	(298,918)	(241,460)
Cost at end of year	**804,958**	**822,542**
Investment holding gains at end of year	323,561	264,491
Valuation of investments at end of year	**1,128,519**	**1,087,033**

At 31 October 2019 convertible or fixed interest securities held in the portfolio which were also unquoted investments shown at the Directors' fair valuation were £4,000 (2018: £7,000). See note 16.5 on page 68.

Purchase and sale transaction costs for the year ended 31 October 2019 were £449,000 and £249,000 respectively (2018: transaction costs of purchases £444,000; transaction costs of sales £276,000). These comprise mainly stamp duty and commission.

The Company has an interest of more than 3% in International Oil & Gas Technology which is in liquidation and held at nil value (2018: Mortice and International Oil & Gas Technology). This investment is not considered material in the context of these accounts.

12 Current asset investment

The Company has a holding in Deutsche Global Liquidity Series Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At 31 October 2019 this holding had a value of £44,993,000 (2018: £18,005,000).

13 Other receivables

	2019 £'000	2018 £'000
Securities sold for future settlement	980	1,834
Other taxes recoverable	1,092	859
Prepayments and accrued income	1,967	1,925
Other receivables	95	49
	4,134	**4,667**

14 Current liabilities

	2019 £'000	2018 £'000
Securities purchased for future settlement	2,866	1,931
Accruals	1,220	1,201
Other payables	472	238
	4,558	**3,370**

Notes to the Financial Statements (continued)

15 Non-current liabilities: amounts falling due after more than one year

	2019 £'000	2018 £'000
Borrowings: Debenture stocks (secured):		
8% debenture stock 2023	15,000	15,000
Borrowings: Loan note (unsecured):		
3.68% unsecured loan notes 2035	49,823	49,827
	64,823	**64,827**

The 8% debenture stock 2023 is secured by floating charges over the whole of the undertaking and all the property and assets of the Company, ranking pari passu in point of security. The 8% debenture stock 2023 is redeemable at par on 31 October 2023.

The £50,000,000 3.68% unsecured loan notes 2035 are redeemable at par on 27 May 2035. They are shown on the balance sheet on the effective interest basis. The unsecured loan notes were issued net of costs totalling £210,000.

16 Risk management policies and procedures

16.1 Market risk

Janus Henderson 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.

16.1.1 Market price risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of quoted and unquoted investments.

Management of the risk

The Board of Directors manages the risks inherent in the investment policy by ensuring full and timely reporting of relevant information from Janus Henderson. Investment performance is reviewed at each Board meeting. The Board monitors Janus Henderson's compliance with the Company's objectives and is directly responsible for investment strategy and asset allocation, including as between countries and economies.

The Company's exposure to changes in market prices on its investments was as follows:

	2019 £'000	2018 £'000
Equities	1,128,515	1,087,026
Fixed interest	4	7
	1,128,519	**1,087,033**

Market price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the Company's net assets to an increase or decrease of 20% (2018: 20%) in the fair values of the Company's investments at each statement of financial position date. This level of change is considered to be reasonably possible based on observation of current market conditions.

	2019		2018	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of comprehensive income – profit after tax				
Revenue return	(271)	271	(261)	261
Capital return	225,072	(225,072)	216,798	(216,798)
Change to profit after tax for the year and net assets	**224,801**	**(224,801)**	**216,537**	**(216,537)**

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.2 Currency risk

A significant proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

Janus Henderson monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Janus Henderson measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings may be used to limit the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. These borrowings are limited to 20% of the adjusted net asset value at the time of any draw down.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company did not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

During the year, derivative contracts were not used to hedge against exposure to currency risk.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 October are shown below. Where the Company's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2019	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000	Other £'000
Other receivables	269	344	1,068	–	1,686
Cash and cash equivalents	–	–	–	–	9,662
Total foreign currency exposure on net monetary items	**269**	**344**	**1,068**	**–**	**11,348**
Investments at fair value through profit or loss that are equities	391,083	106,425	135,398	32,146	170,638
Total net foreign currency exposures	**391,352**	**106,769**	**136,466**	**32,146**	**181,986**

2018	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000	Other £'000
Other receivables	220	358	2,863	–	548
Cash and cash equivalents	–	–	–	–	1,760
Current liabilities	–	–	(1,871)	–	(60)
Total foreign currency exposure on net monetary items	**220**	**358**	**992**	**–**	**2,248**
Investments at fair value through profit or loss that are equities	374,107	104,950	127,575	32,255	173,305
Total net foreign currency exposures	**374,327**	**105,308**	**128,567**	**32,255**	**175,553**

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

Foreign currency sensitivity

The table below illustrates the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the US dollar/sterling, euro/sterling, Japanese yen/sterling and Hong Kong dollar/sterling.

It assumes the following changes in exchange rates:

US dollar/sterling +/- 10% (2018: 10%), euro/sterling +/- 10% (2018: 10%), Japanese yen/sterling +/- 10% (2018: 10%), Hong Kong dollar/sterling +/- 10% (2018: 10%).

10% is deemed reasonable based on the average market volatility in exchange rates in the previous 12 months.

These percentages are deemed reasonable based on the average market volatility in exchange rates in recent years. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at each statement of financial position date, with all other variables held constant.

The impact on the total profit after tax and the year end net assets of a depreciation of 10% in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2019				2018			
	US $ £'000	**Euro £'000**	**Japanese Yen £'000**	**Hong Kong $ £'000**	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000
Statement of comprehensive income – profit after tax								
Revenue return	497	281	208	80	525	337	250	52
Capital return	43,454	11,470	15,044	3,572	41,567	11,661	14,175	3,584
Change to profit after tax for the year and net assets	**43,951**	**11,751**	**15,252**	**3,652**	**42,092**	**11,998**	**14,425**	**3,636**

The impact on the total profit after tax and the year end net assets of an appreciation of 10% in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2019				2018			
	US $ £'000	**Euro £'000**	**Japanese Yen £'000**	**Hong Kong $ £'000**	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000
Statement of comprehensive income – profit after tax								
Revenue return	(587)	(335)	(279)	(92)	(429)	(275)	(205)	(43)
Capital return	(35,553)	(9,965)	(12,309)	(2,922)	(34,010)	(9,541)	(11,598)	(2,932)
Change to profit after tax for the year and net assets	**(36,410)**	**(10,300)**	**(12,588)**	**(3,014)**	**(34,439)**	**(9,816)**	**(11,803)**	**(2,975)**

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objective.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash at bank, the current asset investment and the value of fixed interest investments.

Management of the risk

The Company's exposure to interest rate risk is managed by Janus Henderson and is reported to the Board on a regular basis.

Interest rate exposure

The exposure at 31 October of financial assets and (financial liabilities) to interest rate risk is shown below. Floating interest rates exposure is by reference to when the interest rate is due to be re-set.

	2019 Within one year £'000	2019 More than one year £'000	2019 Total £'000	2018 Within one year £'000	2018 More than one year £'000	2018 Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	54,944	–	54,944	20,075	–	20,075
Current asset investment	44,993	–	44,993	18,005	–	18,005
Exposure to fixed interest rates:						
Fixed interest investments	–	4	4	–	7	7
Debentures	–	(15,000)	(15,000)	–	(15,000)	(15,000)
Unsecured loan notes	–	(49,823)	(49,823)	–	(49,827)	(49,827)
	99,937	**(64,819)**	**35,118**	**38,080**	**(64,820)**	**(26,740)**

The above amounts are not necessarily representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made and borrowings are drawn down and repaid.

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2018: same).
- Interest paid on debentures and unsecured loan notes is set out in note 7.

Interest rate sensitivity

The Company is primarily exposed to interest rate risk through its cash balances, bank loans, its current asset investments and fixed income investments. The sensitivity of each exposure is as follows:

- Cash – Cash balances vary throughout the year. Cash balances at the year end were £54,944,000 (2018: £20,075,000) and, if that level of cash was maintained for a full year, a 100 basis points change in LIBOR (up or down) would increase or decrease total net return after taxation by approximately £549,000 (2018: £201,000).
- Bank loans – Amounts drawn down vary throughout the year. Amount drawn down at the year end was £nil. (2018: nil).
- Current asset investment sensitivity – The Company's interest bearing current asset investment at the year end was £44,993,000 (2018: £18,005,000) and, if that level of investment was maintained for a full year, a 100 basis points change in interest rates (up or down) would increase or decrease total net return after taxation by approximately £450,000 (2018: £180,000).
- Fixed income investment sensitivity – The Company's fixed income portfolio at the year end was valued at £4,000 (2018: £7,000) and is not currently paying interest and therefore there is no modified duration (interest rate sensitivity) (2018: no duration).

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. During the year the Company arranged unsecured sterling loan facilities totalling £20,000,000; the facility was not drawn down at the year end. The Company also has a debenture and unsecured loan notes, details of which can be found in note 15 on page 63.

The Board gives guidance to Janus Henderson as to the maximum amounts of the Company's resources that should be invested in any one company.

The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 October, based on the earliest date on which payment could be required was as follows:

	2019			2018		
	Due within three months £'000	**Due between three months and one year £'000**	**Due after one year £'000**	Due within three months £'000	Due between three months and one year £'000	Due after one year £'000
Debenture stock	–	1,200	18,600	–	1,200	19,800
Unsecured loan notes	920	920	77,600	920	920	79,440
Other payables	4,558	–	–	3,370	–	–
	5,478	**2,120**	**96,200**	**4,290**	**2,120**	**99,240**

16.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with approved counterparties, the credit rating of which is taken into account by Janus Henderson so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings and is subject to continual review.

Stock lending transactions are carried out with a number of approved counterparties, whose credit-standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be lent to any one counterparty.

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed future date. Stock lending revenue is received for making the investments available to the borrower which increases the returns on the portfolio. In all cases securities lent continue to be recognised on the statement of financial position. Details of the securities on loan at the year end, and the collateral held can be found in note 4 on page 58 and on pages 79 and 80.

Other than stock lending transactions and debenture stock, none of the Company's financial assets or liabilities is secured by collateral or other credit enhancements.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Company through its decision to transact with counterparties of high credit quality. The Company only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default through settlement. The credit ratings of brokers are reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker.

The Company is exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by its custodian, BNP Paribas Securities Services. The Directors believe the counterparty is of high credit quality and, therefore, the Company has minimal exposure to credit risk.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.3 Credit and counterparty risk (continued)

None of the Company's financial assets are past due and the expected credit loss within IFRS9 for calculating impairment on such balances has not had a material impact on the Company.

Credit risk exposure

The table below summarises the maximum credit risk exposure of the Company as at year end.

	2019 £'000	2018 £'000
Fixed interest securities	4	7
Current asset investment	44,993	18,005
Cash and cash equivalents	54,944	20,075
Receivables:		
Securities sold for future settlement	980	1,834
Other receivables	3,154	2,833
	104,075	**42,754**

16.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the statement of financial position at their fair value (investments and derivatives) or the statement of financial position amount is a reasonable approximation of fair value (due from brokers, dividend and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts). The par value of the debenture stock and unsecured loan notes can be found in note 15 on page 63. The fair value of the 8% debenture stock at 31 October 2019 was £18,713,000 (2018: £18,722,000). The fair values are calculated using prices quoted on the exchange on which the instruments trade and are categorised as Level 1 as described below. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £60,895,000 (2018: £55,373,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes are valued at amortised cost in the fair value NAV because it is not traded and the Directors expect it to be held to maturity and, accordingly, the Directors have assessed that this is the most appropriate value to be applied for this purpose.

The fair value of the unsecured loan notes is calculated using a discount rate which reflects the yield of a UK gilt of similar maturity plus a suitable credit spread.

16.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using IFRS 13 fair value hierarchy.

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

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

	2019				2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,128,515	–	–	1,128,515	1,087,026	–	–	1,087,026
Fixed interest investments	–	–	4	4	–	–	7	7
Current asset investments	44,993	–	–	44,993	18,005	–	–	18,005
	1,173,508	**–**	**4**	**1,173,512**	**1,105,031**	**–**	**7**	**1,105,038**

A reconciliation of fair value movements within Level 3 is set out below:

Level 3 investments at fair value through profit or loss	2019 £'000	2018 £'000
Opening balance	7	445
Disposal proceeds	(3)	(6)
Total losses included in the statement of comprehensive income – on assets held at year end	–	(432)
	4	**7**

The total value of unquoted investments at 31 October 2019 was £4,000 (2018: £7,000).

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to generate total return to its equity shareholders in accordance with its investment objective through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which represent 0.0004% (2018: 0.0006%) of the total portfolio and which are held at Directors' fair value.

The Company's capital at 31 October 2019 comprised its equity share capital, reserves and debt that are shown in the statement of financial position at a total of £1,228,032,000 (2018: £1,126,410,000).

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

- the desirability to buy back equity shares for cancellation or to be held in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount);
- the desirability for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to several externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the capital restriction tests imposed on investment companies by law and its Articles of Association;
- the terms of the debenture trust deed have various covenants which prescribe that moneys borrowed should not exceed 100% of the adjusted total of capital and reserves as defined in the debenture trust deed. These are measured in accordance with the policies used in the annual financial statements; and
- the terms of the loan notes have various covenants which must also be observed, including that total indebtedness shall not exceed 40% of net asset value and that the net asset value shall not be less than £250 million.

These requirements are unchanged since last year and the Company has complied with them throughout the year.

17 Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to ordinary shares of £1,163,209,000 (2018: £1,061,583,000) and on 122,606,783 ordinary shares in issue at 31 October 2019 (2018: 122,606,783). The Company has no securities in issue that could dilute the net asset value per ordinary share.

The movements during the year in net assets attributable to the ordinary shares were as follows:

	2019 £'000	2018 £'000
Net assets attributable to ordinary shares at start of year	1,061,583	1,077,563
Total net profit after taxation	126,392	7,585
Dividends paid	(24,766)	(23,565)
Net assets attributable to ordinary shares at end of year	**1,163,209**	**1,061,583**

Notes to the Financial Statements (continued)

18 Called up share capital

	Number of shares held in treasury	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Ordinary shares of 25p each				
At 1 November 2018	1,338,509	122,606,783	123,945,292	30,986
At 31 October 2019	**1,338,509**	**122,606,783**	**123,945,292**	**30,986**

	Number of shares held in treasury	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Ordinary shares of 25p each				
At 1 November 2017	1,338,509	122,606,783	123,945,292	30,986
At 31 October 2018	**1,338,509**	**122,606,783**	**123,945,292**	**30,986**

During the year, no ordinary shares were issued or purchased. In the year ended 31 October 2018, no ordinary shares were issued or purchased.

Since the year end, the Company has sold out of treasury 1,338,509 shares and has issued 1,011,491 new shares for a total consideration of £23,481,000.

19 Share premium account

	2019 £'000	2018 £'000
At start of year	78,541	78,541
At end of year	**78,541**	**78,541**

20 Capital redemption and other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Total other capital reserves £'000
At 1 November 2018	12,489	632,827	264,491	897,318
Transfer on disposal of assets	–	42,860	(42,860)	–
Net gains on investments	–	3,946	101,930	105,876
Net losses on foreign exchange	–	(495)	(5)	(500)
Expenses and finance costs allocated to capital	–	(5,481)	–	(5,481)
At 31 October 2019	**12,489**	**673,657**	**323,556**	**997,213**

	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Total other capital reserves £'000
At 1 November 2017	12,489	542,017	373,189	915,206
Transfer on disposal of assets	–	100,381	(100,381)	–
Net losses on investments	–	(4,083)	(8,396)	(12,479)
Net (losses)/gains on foreign exchange	–	(211)	79	(132)
Expenses and finance costs allocated to capital	–	(5,277)	–	(5,277)
At 31 October 2018	**12,489**	**632,827**	**264,491**	**897,318**

Notes to the Financial Statements (continued)

21 Revenue reserve

	2019 £'000	2018 £'000
At start of year	42,249	40,341
Net revenue profit after tax for the year	26,497	25,473
Dividends paid	(24,766)	(23,565)
At end of year	**43,980**	**42,249**

22 Reconciliation of liabilities arising from financing activities

The following table shows the movements during the period of financial liabilities in the statement of financial position:

	At 1 November 2018 £'000	Cash flows £'000	Non-cash changes Amortisation of issue costs £'000	Non-cash changes Foreign exchange £'000	At 31 October 2019 £'000
Financing activities					
Financing liabilities	64,827	–	(4)	–	64,823
Closing liabilities from financing activities	**64,827**	**–**	**(4)**	**–**	**64,823**

	At 1 November 2017 £'000	Cash flows £'000	Non-cash changes Amortisation of issue costs £'000	Non-cash changes Foreign exchange £'000	At 31 October 2018 £'000
Financing activities					
Financing liabilities	64,816	–	11	–	64,827
Closing liabilities from financing activities	**64,816**	**–**	**11**	**–**	**64,827**

23 Contingent commitments

At 31 October 2019 there were no contingent liabilities in respect of underwriting participations (2018: £nil).

24 Transactions with Janus Henderson

Under the terms of an agreement effective from 22 July 2014, the Company appointed Janus Henderson to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services. Details of the management fee arrangements for these services are given in the Business Model on page 8. The total fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 October 2019 were £4,789,000 (2018: £4,480,000), of which £424,000 is included in accruals at 31 October 2019 (2018: £412,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Janus Henderson also provides marketing services which until 31 December 2017 were charged to the Company at an annual cost of £20,000 excluding VAT. Since 1 January 2018 there has been no separate charge for these services. The total fees paid or payable for these services for the year ended 31 October 2019 amounted to £139,000 (2018: £96,000), of which £nil was outstanding at 31 October 2019 (2018: £38,000).

Shinjuki Japan

Other Shareholder information

Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and adopted into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ('AIC')

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

From 22 July 2014 AIFs were required to appoint a Depositary which has responsibility for overseeing the operations of the Company, including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.
The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per share and share price will be disclosed ex-dividend.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans, overdrafts and debt securities) the Company has used to invest in the market and is calculated by taking the difference between non-current asset investments (see note 11) and equity shareholders' funds (see statement of financial position) dividing by equity shareholders' funds and multiplying by 100. The Company can use synthetic gearing through derivatives. None were used in the year under review.

Investment trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market capitalisation ('market cap')

The market value of a company calculated by multiplying the mid-market price per share by the number of shares in issue.

Treasury shares

Shares repurchased by the Company but not cancelled.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ('APMs') throughout the Annual Report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Dividend growth

The amount by which the Company's annual dividend has increased compared to the previous year, expressed as a percentage of the previous annual dividend.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

		31 October 2019	31 October 2018
Net asset value per ordinary share (pence)	(A)	948.7	865.8
Share price per share (pence)	(B)	927.5	835.0
(Discount) or Premium (C= (B-A)/A) (%)	(C)	-2.2%	-3.6%

Gearing/(net cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and no gearing.

		2019	2018
Investments held at fair value through profit or loss (page 62) (£'000)	(A)	1,128,519	1,087,033
Net assets (page 69) (£'000)	(B)	1,163,209	1,061,583
(Net cash)/gearing (C = (A / B) – 1) (%)	(C)	-3.0%	2.4%

Net asset value ('NAV') per ordinary share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see note 11) and cash held (see statement of financial position)) less any liabilities (i.e. financial liabilities (see note 14)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 18). The aggregate NAV is also referred to as Total equity in the statement of financial position. The NAV per ordinary share is published daily and the year end NAV can be found on page 52 and further information is available on page 69 in note 17 within the notes to the financial statements.

Net asset value ('NAV') with debt at market value

The Company's debt (bank borrowings, debentures and secured notes, further details can be found in note 15 on page 63) is valued in the statement of financial position (page 52) at amortised cost, which is materially equivalent to the repayment value of the debt on assumption that it is held to maturity. This is often referred to as 'Debt at Par'. The current market value of the debt, which assumes it is repaid under current market conditions, is referred to as 'Debt at Market Value'. This market value is detailed in note 16.4 on page 68 but excludes the market value of the secured notes which remains valued at amortised cost for the calculation of NAV with debt at market value. The difference between the market and par values of the debt is subtracted from or added to the statement of financial position on page 52 to derive the NAV with debt at market value. The NAV with debt at market value at 31 October 2019 was £1,159,496,000 (945.7p per ordinary share) and the NAV with debt at par was £1,163,209,000 (948.7p per ordinary share).

Alternative Performance Measures (continued)

Ongoing charge

The ongoing charge ratio has been calculated in accordance with guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values throughout the year.

	2019 £'000	2018 £'000
Management fee (note 5)	4,789	4,480
Other administrative expenses (note 6)	1,009	990
Less: non-recurring expenses	(47)	–
Ongoing charge	**5,751**	**5,470**
Average net assets[1]	**1,109,037**	**1,086,273**
Ongoing charge ratio	**0.52%**	**0.50%**

1 Calculated using the average daily net asset value

The ongoing charge calculated above is different from the ongoing costs provided in the Company's Key Information Document ('KID'), which are calculated in line with the PRIIPs regulations. The ongoing costs in the KID includes finance costs, stock lending fees and costs of holding other investment funds within the Company's investment portfolio.

Revenue return per share

The revenue return per share, is the revenue return for the year (see statement of comprehensive income) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 61).

Total return

The return on the share price or NAV with debt at market value taking into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at market value total return). Dividends paid and payable are set out in note 10 on page 61.

The Company's NAV performance is calculated using the published NAV with debt at market value. This NAV includes the value of the debentures at market value rather than amortised cost.

	NAV per share with debt at market value	Share price
NAV/share price per share at 31 October 2018 (pence)	862.8	835.0
NAV/share price per share at 31 October 2019 (pence)	945.7	927.5
Change in the year	9.6%	11.1%
Impact of dividends reinvested	2.3%	2.3%
Total return for the year	**12.1%**	**13.6%**

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		31 October 2019	31 October 2018
Annual dividend (pence)	(A)	20.90	19.72
Share price (pence)	(B)	927.50	835.00
Yield (C=A/B) (%)	(C)	2.3%	2.4%

General Shareholder Information

AIFMD disclosures

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), information in relation to the Company's leverage and remuneration of Janus Henderson, as the Company's Alternative Investment Fund Manager ('AIFM') are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document called 'AIFMD Disclosure' which can be found on the Company's website **www.bankersinvestmenttrust.com**.

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the UK Registrar, Equiniti Limited. Alternatively, shareholders can write to the UK Registrar (the address is given on page 78) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Shareholders on the register in New Zealand can have their dividends paid in New Zealand dollars by writing to the New Zealand Registrar, Computershare Investor Services plc (the address is given on page 78).

Common Reporting Standard

Tax legislation under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced with effect from 1 January 2016. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

Copies of this report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0371 384 2255. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance Act ('FATCA')

FATCA is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities 'regularly traded on an established securities market', investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company will therefore need to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

General Data Protection Regulation ('GDPR')

GDPR came into force on 25 May 2019. A privacy statement can be found on the website **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-Mainstream Pooled Investments ('NMPI') status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA') 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.

Packaged Retail and Insurance-based Investment Products Regulation ('PRIIPs')/ Key Information Document ('KID')

Investors should be aware that the PRIIPs Regulation requires the Manager, as the PRIIP manufacturer, to prepare a key information document in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

General Shareholder Information (continued)

Performance details/share price information

Details of the Company's share price and NAV per share can be found on **www.bankersinvestmenttrust.com**. The Company's NAV per share is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar (contact details can be found on page 78).

There is now a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**.

Share price listings

The market price of the Company's ordinary shares is published daily in the Financial Times. The Financial Times also shows figures for the estimated NAV per share and the discount.

The market price of the Company's shares can be found in the London Stock Exchange Daily Official List.

Warning to shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's UK Registrar, Equiniti Limited, or the New Zealand Registrar, Computershare Investor Services plc, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Corporate Secretary or the Registrar at the numbers provided on page 78.

Service Providers

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Depositary and Custodian

BNP Paribas Securities Services
10 Harewood Avenue
London NW1 6AA

Stockbrokers

UK

JP Morgan Cazenove
25 Bank Street
Canary Wharf, London E14 5JP

New Zealand

Jarden Securities Limited
Level 20
ANZ Centre
23-29 Albert Street
PO Box 5333
Auckland, New Zealand

Registrar

UK

Equiniti Limited
Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA
Telephone: 0371 384 2471 (or +44 121 415 7049 if calling from overseas). Lines are open 8.30 am to 5.30 pm, UK time Monday to Friday excluding public holidays in England and Wales.

New Zealand

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142, New Zealand
Telephone: (New Zealand) (64) 09 488 8777

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

Annual results	announced January 2020
Ex dividend date	23 January 2020
Dividend record date	24 January 2020
Annual General Meeting[1]	26 February 2020
Final dividend payable on	28 February 2020
1st interim dividend payable on	29 May 2020
Half year results	announced June/July 2020
2nd interim dividend payable on	30 August 2020
3rd interim dividend payable on	30 November 2020

1 At Trinity House, London EC3N 4DH at 12 noon

Information sources

For more information about The Bankers Investment Trust PLC, visit the website at **www.bankersinvestmenttrust.com**.

HGi

HGi is a content platform provided by Janus Henderson that offers online personalisation where you can 'follow' investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi.
http://HGi.co/rb

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For alternative access to Janus Henderson's insight you can now follow on Twitter, YouTube and Facebook

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone: 03457 22 55 25, email: **customercare.HSDL@halifax.co.uk** or visit their website: **www.halifax.co.uk/sharedealing**.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Securities Financing Transactions

The Company engages 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 and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 31 October 2019 are detailed below.

Global data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 31 October 2019 are disclosed below:

Stock lending

Market value of securities on loan £'000	% of lendable assets	% of assets under management
65,895	5.84	5.66

Concentration data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2019 are disclosed below:

Issuer	Market value of collateral received £'000
Government of France	29,307
Government of Japan	29,293
LFA Forderbank Bavaria	5,859
UK Treasury	3,232
Government of Austria	1,458
Government of Netherlands	217
Government of Belgium	87
US Treasury	4
	69,457

All counterparties are shown

The top ten counterparties of each type of securities financing transactions as at 31 October 2019 are disclosed below:

Counterparty	Market value of securities on loan £'000
BNP Paribas	25,500
Credit Suisse	18,913
ABN Amro	6,959
Deutsche Bank	4,159
J.P. Morgan	3,892
Merrill Lynch	3,437
Bank of Nova Scotia	2,198
Citigroup	837
	65,895

All counterparties are shown

Securities Financing Transactions (continued)

Aggregate transaction data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 31 October 2019:

Stock lending 2019

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
ABN Amro	Netherlands	Corporate Bond	Investment Grade	Euro	Tri-party	BNP Paribas	5,859
ABN Amro	Netherlands	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	1,457
Bank of Nova Scotia	Canada	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	2,312
BNP Paribas	France	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	27,010
Citigroup	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	880
Credit Suisse	Switzerland	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	19,863
Deutsche Bank	Germany	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	4,370
J.P. Morgan	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	4,089
Merrill Lynch	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	3,617
							69,457

The lending and collateral transactions are on an open basis and can be recalled on demand.

Re-use of collateral

The Company does not engage in any re-use of collateral.

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income	Direct and indirect costs and fees deducted by securities lending agent	% return of the securities lending agent	Net securities lending income retained by the Company	% return of the Company
£85,000	£13,000	15	£72,000	85

The Bankers Investment Trust PLC
Registered as an investment company in England and Wales with registration number 00026351
Registered office: 201 Bishopsgate, London EC2M 3AE

ISIN code: GB0000767003
SEDOL number: 0076700
London Stock Exchange (TIDM) Code: BNKR
New Zealand Stock Exchange Code: BIT
Global Intermediary Identification Number (GIIN): L5YVFP.99999.SL.826
Legal Entity Identifier (LEI): 213800B9YWXL3X1VMZ69

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

www.bankersinvestmenttrust.com

MANAGED BY
Janus Henderson
INVESTORS

aic Shareholder Communication Awards 2018 WINNER

aic The Association of Investment Companies

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