THE BANKERS INVESTMENT TRUST PLC

Annual Report 2018

aic DIVIDEND HERO

MANAGED BY Janus Henderson INVESTORS

Contents

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 equity capital every year since incorporation except in the years 1892 and 1893.

The image on the front cover is based on the HSBC Bank Building in Hong Kong.

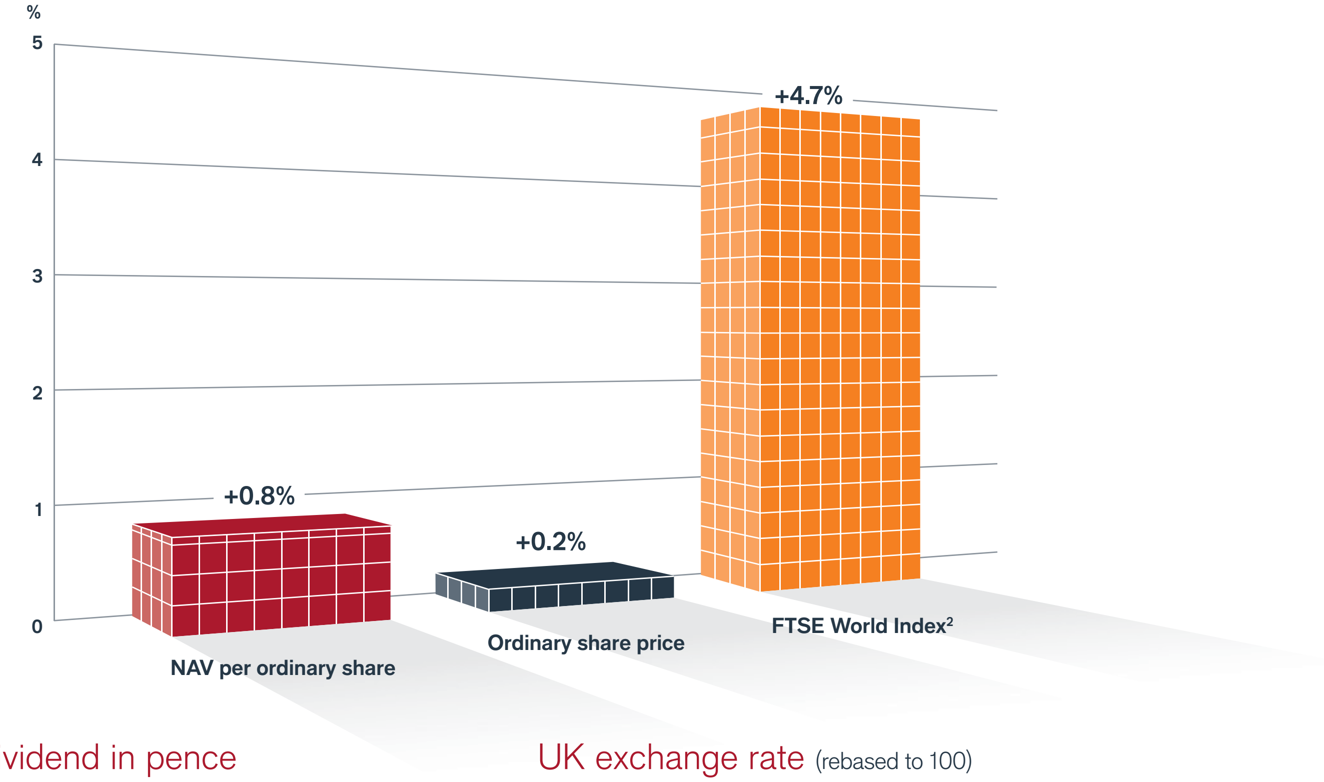
Strategic Report

"I fear caution remains the key watch word for global equity markets, at least for the first half of 2019. The direction of US interest rates, the outcome of Brexit with its range of economic implications and the wider inflationary picture should all be clearer by this time. If corporate earnings growth remains positive then valuations may become compelling, despite the late stage in the cycle in which we find ourselves."

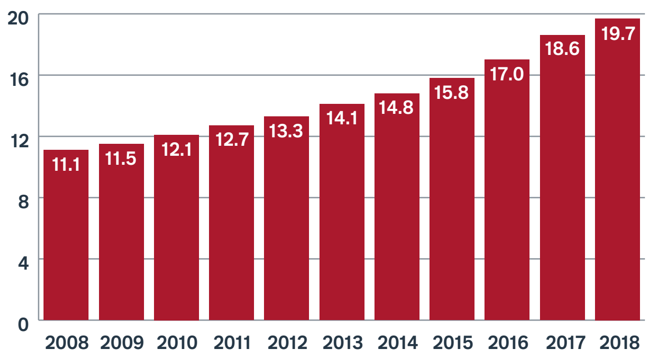
Richard Killingbeck, Chairman

Strategic Report: Performance Highlights

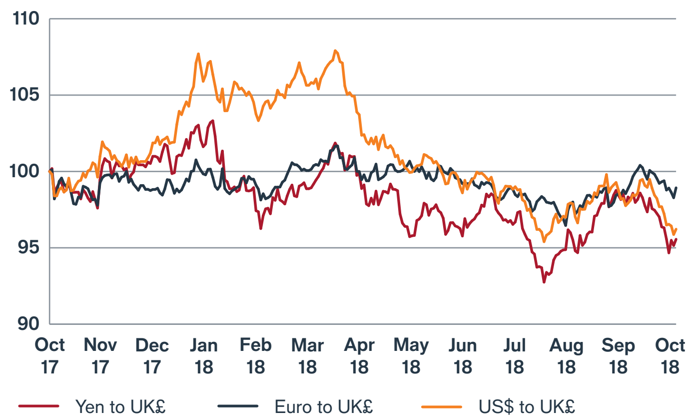
Total return[1] performance for year to 31 October 2018



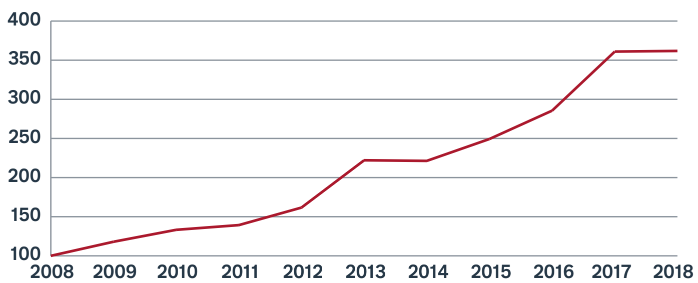
Historical dividend in pence



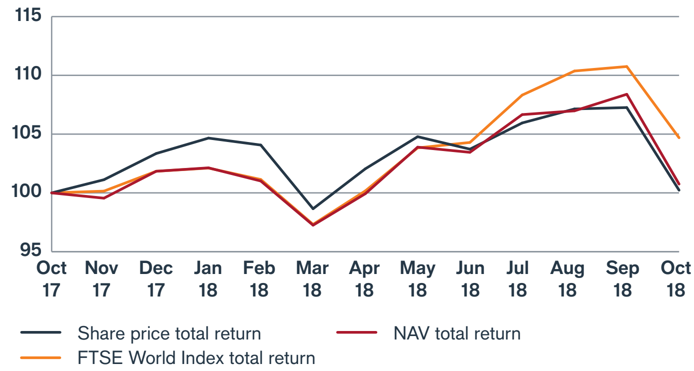
UK exchange rate (rebased to 100)



Ten year share price total return performance to 31 October 2018 (rebased to 100)



NAV and share price total return performance versus the index over the year to 31 October 2018 (rebased to 100)



Strategic Report: Performance Highlights (continued)

NAV per share at year end

2018 **865.8p** 2017 **878.9p**

Share price at year end[3]

2018 **835.0p** 2017 **852.0p**

Dividend for year[4]

2018 **19.72p** 2017 **18.60p**

Dividend yield[5]

2018 **2.4%** 2017 **2.2%**

Dividend growth

2018 **6.0%** 2017 **9.4%**

Ongoing charge for year

2018 **0.50%** 2017 **0.44%**

Net gearing at year end[6]

2018 **2.4%** 2017 **2.3%**

Discount at year end

2018 **3.6%** 2017 **3.1%**

Long term growth record to 31 October 2018

	1 year %	3 years %	5 years %	10 years %
Capital return[7]				
Net asset value	-1.7	37.4	46.4	153.0
Share price	-2.0	35.0	44.0	173.8
FTSE World Index	2.2	43.3	55.3	163.7
FTSE All-Share Index	-5.2	12.0	8.9	78.8
Total return[1]				
Net asset value	0.8	47.9	67.2	236.3
Share price	0.2	45.1	62.9	261.8
FTSE World Index	4.7	54.4	75.9	242.7
FTSE All-Share Index	-1.5	25.4	30.5	156.7
Dividend	6.0	24.7	39.4	78.1
Retail Prices Index	3.3	9.6	12.9	30.7

1 Total return assumes dividends reinvested
2 Sterling adjusted
3 Share price is the mid-market closing price
4 This represents the four ordinary dividends recommended or paid for the year (see page 62 for more details)
5 Based on share price at the year end
6 Net gearing is calculated in accordance with the gearing definition in the glossary on page 31
7 Capital return excludes all dividends
A glossary of terms and Alternative Performance Measures can be found on pages 31 and 32
Sources: Morningstar for the AIC, Janus Henderson, Datastream

Strategic Report: Business Model

Structure and Principal Activity

The Company is an investment trust with a premium listing on the London Stock Exchange and a listing on the New Zealand Stock Exchange and its principal activity is portfolio investment. Investment trusts, like unit trusts and OEICs, are pooled investment vehicles which allow shareholders exposure to a diversified range of assets through a single investment, thus spreading, although not eliminating, investment risk. The Company invests in large, publicly-listed companies throughout the world that offer attractive capital and income growth opportunities. The Company employs Janus Henderson (the 'Manager') to manage actively the Company's assets in accordance with the Company's investment policy.

Investment Objectives

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 the year end

At 31 October 2018, the portfolio contained 186 (2017: 195) individual investments excluding those held at nil value, with the largest single investment accounting for 1.97% (2017: 1.81%) of total investments and the top 25 holdings totalling 33.83% (2017: 30.20%) of total investments. There was one holding of an investment company in the portfolio (2017: nil). There were no derivatives held in the portfolio (2017: nil). Net gearing was 2.4% (2017: 2.3%).

Management

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 Financial Conduct Authority ('FCA'). References to Janus Henderson and the Manager within this report refer to the services provided by both entities.

The fund management team is led by Alex Crooke, who has been in place since 2003. He is assisted by David Smith, Tim Stevenson (see page 7), Ian Warmerdam, Junichi Inoue, Michael Kerley, Charlie Awdry and Nicholas Cowley.

Janus Henderson and its subsidiaries provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Janus Henderson, by BNP Paribas Securities Services. Wendy King FCIS acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

Management Fee

From 1 July 2016 the management fee is equal to the aggregate 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. For the calendar year 2017, the management fee calculated for the four quarters of 2017 was subject to a cap of £843,685 per quarter.

Investing

The Bankers Investment Trust PLC sets out to be an attractive and straightforward long-term investment vehicle for private investors. As well as investing directly, shares can be purchased through various dealing platforms and held in share plans, ISAs or pensions. Links to some of these dealing platforms can be found on our website, **www.bankersinvestmenttrust.com**.

Strategic Report: Chairman's Statement

The Chairman of the Company, Richard Killingbeck, reports on the year to 31 October 2018

- Net asset value total return increase of 0.8%
- Dividend increase of 6% to 19.72p per share
- Forecast increase in 2019 dividend of 6%

Performance

The past year has been disappointing from a net asset value ('NAV') total return basis, with an increase of just 0.8% leading to a flat share price total return over this period. The caution that I expressed in the outlook paragraph of the Strategic Report last year was for the early part of the year misplaced. Yet by our year-end the effects of rising US interest rates, stretched valuations of growth stocks, trade wars and UK politics had all played their part in turning global market sentiment negative.

Volatility has been in evidence across global markets since early summer as the momentum behind the tightening US interest rate cycle has begun to influence market sentiment and, in particular, highly-rated growth stocks such as those in the technology sector. In addition, the growing number of macro concerns (trade wars, UK politics, emerging market debt levels) have risen to prominence as the year progressed. Against this backdrop, companies issuing profit warnings have been harshly treated by the markets thus compounding the rising nervousness amongst investors.

During the year the asset allocation structure of the portfolio has continued the trend of the past three years, namely a reduction in the UK equity element of the portfolio, a gradual increase in the US and a maintaining of our allocation to Japanese and Continental European equities. Towards the end of the period we allocated some more monies to our China exposure, following a near 20% decline in the market, thus maintaining an overall stable allocation to the Asian region.

With the exception of North America and Japan, all global markets experienced negative returns during the year. On a positive note our regional managers performed well with four (Europe, North America, Asia Pacific and China) significantly outperforming their local benchmarks whilst the UK, Japan and Emerging Market portfolios underperformed their local benchmarks. From a sectorial perspective, our overweight position in consumer stocks, in particular in the UK, has negatively impacted performance, whilst our technology exposure in the US has driven our outperformance in this market. Towards our year-end some profits were realised from these elements of the portfolio.

Revenue and Dividends

Bankers has delivered a further solid increase in the revenue account, reflecting positive currency movements, robust dividend growth and further special dividends. This performance has enabled the Board to recommend a final quarterly dividend of 5p per share. If approved by shareholders, this will result in a total dividend payment for the year of 19.72p, (2017: 18.60p), an increase of 6.0%. Delivering on my forecast for the year. Our revenue earnings per share over the same period rose to 20.78p (2017: 20.49p), an increase of 1.4%.

The outlook for the year ahead from a revenue account perspective remains positive. The recommended final 2018 dividend payment, if approved, will still accommodate a healthy transfer to our revenue reserve which, at the year-end, represented 1.2 times the cost of the 2018 annual dividend. This reserve gives the Board confidence in its discussions regarding likely future dividend growth. The main concern when forecasting growth for the current year remains the level of sterling. Sterling's weakness has helped our revenue account significantly during the past three years. A sudden increase in the value of sterling, albeit not our expectation, will lead to pressure on the revenue account. However such is our level of revenue reserves that I am pleased to be able to report, on behalf of the Board, a forecast of dividend growth of approximately 6% for 2019.

Board Changes

As has previously been announced, I shall be retiring from the Board at the forthcoming Annual General Meeting ('AGM'). Sue Inglis will succeed as Chairman from the conclusion of the AGM. Sue joined the Board in November 2012 and became Senior Independent Director in February 2015. Sue is highly experienced and knowledgeable within the investment trust sector and has for many years advised other companies in her role as a lawyer and subsequently a corporate financier. Sue has a number of other non-executive roles in the sector having stepped down as Managing Director – Corporate Finance at Cantor Fitzgerald Europe last summer. I know that Sue will continue the ethos that has served shareholders in Bankers so well over the longer term. Julian Chillingworth will succeed Sue as Senior Independent Director at the same time.

I am also pleased to report that Richard Huntingford joined the Board on 26 September 2018, subject to shareholder approval at the AGM. Richard has been involved in the media and marketing sectors for more than 30 years and has held a number of executive and non-executive roles in listed and private businesses. Further details of his experience can be found on page 26. I look forward to introducing Richard to shareholders at the AGM.

Strategic Report: Chairman's Statement (continued)

Annual General Meeting

This year's AGM will again be held at Trinity House, London, EC3N 4DH on 27 February 2019 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 this report. Directions and a map showing the location of the AGM can also be found in the Notice of Meeting. At the AGM, Alex Crooke and his investment team will present their investment views and how these are reflected in the portfolio. Following the formal business of the meeting, light refreshments will be served. The Board looks forward to seeing many of you at the AGM.

Outlook

In my view it is too early to become contrarian in regard to market sentiment but it is tempting to begin to look at markets more positively. The global economy, led by North America, remains solid, and inflationary pressures, whilst higher than a year ago, are stabilising. The recent oil price decline has yet to feed through into inflation numbers and, whilst wage inflation remains a concern, overall inflation could fall in 2019. If such a scenario were to be in evidence then the current momentum in interest rate rises in the US could ease giving markets a welcome boost. Valuations in certain sectors will continue to be a limiting factor, equally investors will need a resolution of the current trade tariff dispute to commit substantial new money to the market. The recent low levels of volatility in markets are a phenomenon that are now likely to be confined to history and a product of quantitative easing used to stabilise markets through the financial crises. Therefore, going forward investors will need to readjust to more historically normal high levels of volatility.

The uncertainty in the UK will remain and will be dominated by Brexit issues well beyond the end of March 2019. Consumer and business sentiment remain as critical indicators in the year ahead for the country and for confidence to return to the UK from international investors in particular. The UK market therefore will likely have another dull year. Yet the valuation argument is becoming more compelling especially for some companies in more traditional defensive sectors with strong balance sheets and well covered dividends. Currency markets may surprise in 2019 and, as highlighted earlier, a stronger sterling would impact our revenue account and also have a negative translational impact on the NAV from the international holdings.

Thus I fear caution remains the key watch word for global equity markets, at least for the first half of 2019. The direction of US interest rates, the outcome of Brexit with its range of economic implications and the wider inflationary picture should all be clearer by this time. If corporate earnings growth remains positive then valuations may become compelling, despite the late stage in the cycle in which we find ourselves.

R W Killingbeck
Chairman
15 January 2019

Strategic Report: Fund Manager's Review

The Fund Manager of the portfolio, Alex Crooke, reports on the year to 31 October 2018

Review

This past year has been one of the most challenging in my career, as factors beyond the financial world have collided and created a very difficult environment for investors and companies alike. I have to look back to the 1960s to find a period when politics dominated financial markets as much as they have in 2018. The fear of the unknown swamped equity markets in 2018 and created an environment where share prices outside the US fell sharply towards the end of our financial year under review.

The year started in bright form, as against my own scepticism, tax reform in the US was enacted, leading to investors' exuberance about the future. Markets rallied to set new highs in January, with one of the strongest rises in share prices of growth stocks on record. There were plenty of signs that the optimism would fade and we did reduce the gearing into the rally selling some of the best performing stocks in the portfolio. The US Federal Reserve clearly indicated at the start of 2018 that it would raise interest rates throughout the year and the European Central Bank ('ECB') announced that its quantitative easing bond purchases would reduce monthly and cease by the end of the year. These actions would progressively drain liquidity in markets and reduce money supply. In previous tightening cycles, we have seen market volatility increase and equity prices decline. I had expected a difficult summer but the sell-off didn't start until October.

Our line up of fund managers has not changed this year but sadly Tim Stevenson, our European fund manager, has decided to retire in early 2019 after a long career with Janus Henderson and nearly 20 years helping Bankers. His replacement will be James Ross, who joined Janus Henderson in 2007 and has worked closely with Tim in recent years.

Asset Allocation

In hindsight asset allocation was a simple decision of owning American equities and the US dollar to the exclusion of all other global markets. Every other region declined with only Japan holding flat; Chinese equities fell over 20%, in a bear market. US investors clearly repatriated assets, with investment flows moving from international markets back into US dollars. Despite the expensive valuations we increased the investment in the US, resisting the temptation to lock in gains. The portfolio's underperformance relative to the FTSE World Index is partly explained by the smaller exposure to the US relative to the benchmark, 31.6% as compared to 60.6%. I believe that purchasing expensively valued companies will ultimately hurt returns over time. The US is now a highly valued market that has outperformed other global markets for seven years during the last decade and therefore an element of caution is warranted in terms of increasing exposure. Our stock selection has offset the underweight, with the North American team producing a very impressive performance by focusing on long-term secular trends such as paperless payment, disruption and health care. The European and Pacific portfolios also delivered strong relative returns, with a focus on quality companies with dominant market positions in their industries. It was not a year to bet against market trends reversing, momentum remained strong for market leaders and value and income stocks underperformed.

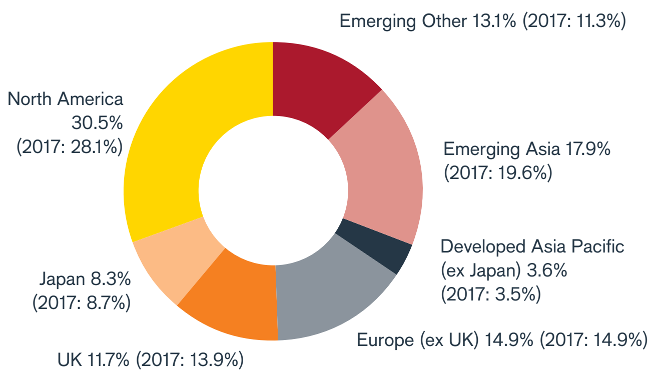
The UK remained mired in Brexit uncertainty which has made the UK stock market almost un-investable in many international investors' eyes. Sterling steadily declined against the US dollar, although it has held its own against the Euro. The UK economy has seen little impact from Brexit, benefitting from the lower exchange rate. However the strains have latterly become apparent with reduced inward investment flows and tighter labour markets as immigration falls. The portfolio's exposure to the UK was reduced further this year, ending at 25.2%. The majority of the underperformance against the benchmark can be explained by the UK exposure and the underperformance of the UK stocks we held. A narrow number of the largest stocks performed well in the UK but the mid-cap stocks, which are more domestically exposed, did not perform for us.

Outlook

As I look forward I suspect that the future will not turn out as bad as many predict. The world does not appear on the verge of a sharp recession but clearly growth is slowing and share prices have begun to price this in. There is an incentive on all sides to get trade discussions concluded and I expect a better picture to emerge as the year develops. By the summer many of the uncertainties will have resolved themselves in one form or another and we should have a clearer outlook. Valuations have fallen significantly in recent months and we have an opportunity to invest cash at very favourable dividend yields. An element of caution still seems sensible and we are looking to purchase only quality companies with strong balance sheets, rather than recovery situations that require a higher level of economic growth. It looks like a year of two halves lies ahead of us.

Alex Crooke
15 January 2019

Corporate Revenue Exposure at 31 October 2018



Statistical 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 Prices Index
2008	18,613	12.76	11.06	0.47	410,661	341	305	100	100	100	100	100	100
2009	16,866	11.83	11.50	0.50	473,863	400	348	118	114	104	118	117	99
2010	16,478	12.26	12.10	0.42	526,955	452	380	134	125	109	134	133	104
2011	16,389	11.98	12.70	0.40	521,331	447	385	132	126	115	131	130	109
2012	18,593	13.84	13.33	0.42	551,214	475	433	141	142	121	138	139	113
2013	19,689[2]	14.45[2]	14.13	0.45	678,561	587	580	175	190	128	164	170	116
2014	20,748	15.05	14.80	0.53	693,196	596	563	179	185	134	160	180	118
2015	22,767	17.22	15.80	0.52	777,428	630	619	188	203	143	160	184	119
2016	24,916	17.53	17.00	0.52	991,544	756	690	226	226	154	173	233	122
2017	29,634	20.49	18.60	0.44	1,142,379	879	852	263	279	168	189	258	126
2018	**30,547**	**20.78**	**19.72**	**0.50**	**1,126,410**	**866**	**835**	**259**	**274**	**178**	**179**	**264**	**131**

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

	2018	2017
US Dollar	1.2778	1.3280
Japanese Yen	144.201	150.895
Euro	1.128	1.140
Hong Kong Dollar	10.02	10.36
Australian Dollar	1.803	1.732

	2018	2017
Chinese Yuan Renminbi	8.9112	8.8009
New Taiwanese Dollar	39.54	40.05
Korean Won	1456.060	1487.769
Swiss Franc	1.285	1.324
New Zealand Dollar	1.957	1.938

Distribution of Assets and Liabilities

At 31 October 2018

							Geographical exposure of net assets	
	Equities £'000	Fixed interest £'000	Current assets £'000	Total assets £'000	%	Total liabilities £'000	£'000	%
United Kingdom	273,526	7	37,059	310,592	27.5	(66,266)	244,326	23.0
Europe (ex UK)	162,081	–	794	162,875	14.4	–	162,875	15.3
North America	343,056	–	157	343,213	30.4	–	343,213	32.3
Japan	127,575	–	2,863	130,438	11.6	(1,871)	128,567	12.1
Pacific (ex Japan, China)	95,121	–	137	95,258	8.4	–	95,258	9.0
China	58,422	–	1,674	60,096	5.3	–	60,096	5.7
Emerging Markets	27,245	–	63	27,308	2.4	(60)	27,248	2.6
Total	**1,087,026**	**7**	**42,747**	**1,129,780**	**100.0**	**(68,197)**	**1,061,583**	**100.0**
	102.4%	–	4.0%	106.4%		(6.4%)	100.0%	

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

Largest Investments

At 31 October 2018

Ranking 2018	Ranking 2017	Company	Country	Valuation 2017 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2018 £'000
1	#	Microsoft	US	–	16,301	–	5,121	21,422
2	(2)	Apple	US	18,258	–	(3,386)	6,413	21,285
3	(4)	American Express	US	16,404	1,718	–	2,052	20,174
4	(16)	Union Pacific	US	12,349	3,399	–	4,028	19,776
5	(1)	BP	UK	19,898	–	(3,097)	2,015	18,816
6	(13)	Berkshire Hathaway	US	12,624	3,462	–	2,003	18,089
7	(21)	Estée Lauder	US	10,748	3,177	–	3,005	16,930
8	(6)	Alphabet	US	14,455	–	–	1,431	15,886
9	(18)	Visa	US	11,471	–	–	3,467	14,938
10	(9)	Royal Dutch Shell	UK	14,091	–	–	835	14,926
11	(5)	American Tower	US	15,860	–	(3,135)	1,687	14,412
12	(12)	Comcast	US	12,972	–	–	1,300	14,272
13	(11)	FedEx	US	13,688	–	–	188	13,876
14	(25)	MasterCard	US	9,949	–	–	3,793	13,742
15	(20)	ICON	US	10,952	–	–	2,264	13,216
16	(14)	Aptiv	US	12,603	3,311	(2,173)	(840)	12,901
17	#	GlaxoSmithKline	UK	8,694	2,739	–	1,277	12,710
18	(24)	Diageo	UK	9,972	1,417	–	598	11,987
19	(3)	British American Tobacco	UK	17,057	–	–	(5,174)	11,883
20	(15)	Taiwan Semiconductor Manufacturing	Taiwan	12,524	–	–	(809)	11,715
21	#	Intercontinental Exchange	US	–	11,151	–	38	11,189
22	(10)	Xylem	US	13,809	–	(3,129)	487	11,167
23	(19)	Cognizant Technology Solutions	US	11,466	–	–	(597)	10,869
24	#	The Cooper Companies	US	9,679	–	–	1,135	10,814
25	#	Booking	US	10,506	–	–	203	10,709
				300,029	**46,675**	**(14,920)**	**35,920**	**367,704**

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

Changes in Investments

At 31 October

	Valuation 2017 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2018 £'000
United Kingdom	291,399	51,806	(47,851)	(21,821)	273,533
Europe (ex UK)	163,534	62,917	(57,390)	(6,980)	162,081
North America	305,266	64,264	(70,309)	43,835	343,056
Japan	128,314	62,549	(58,416)	(4,872)	127,575
Pacific (ex Japan, China)	118,822	25,405	(44,304)	(4,802)	95,121
China	67,645	64,030	(57,624)	(15,629)	58,422
Emerging Markets	26,836	4,483	(1,864)	(2,210)	27,245
	1,101,816	**335,454**	**(337,758)**	**(12,479)**	**1,087,033**

Strategic Report: United Kingdom

The Fund Manager of the UK portfolio, David Smith, reports on the year to 31 October 2018

Review

The UK stock market declined 1.5% on a total return basis during the year, as a sharp sell-off in October reversed the gains over the previous 11 months. Concerns over a rise in wage growth and its subsequent impact on the pace of US monetary tightening, further fuelled by raising trade tensions between the US and China, led to a sell-off in global equity markets. Brexit negotiations made little progress through the year and continued to weigh on consumer and business sentiment in the UK. Despite the economic uncertainty in the UK there was a notable increase in takeover activity with Sky, Shire and Hammerson all getting bid for by overseas companies.

The UK portfolio underperformed the UK market, declining 3.4% in the period. British American Tobacco was the largest contributor to underperformance in the portfolio reflecting poor US volumes and a possible US regulatory outlawing of menthol cigarettes. We have retained the position as the valuation of the company is now at the lowest levels in over two decades while the cash flow and dividends are, in our opinion, well underpinned. Holdings in certain mid-sized and smaller companies, such as Connect Group, Pets at Home and Galliford Try, also detracted from returns. Connect Group's mixed freight distribution business suffered from weaker demand and cost headwinds which led to significantly lower profits. Pets at Home warned that, due to wage pressures in its veterinary services division, the company needed to provide extra investment to support future profitability. Despite trading remaining robust at Galliford Try's main housebuilding division, the company suffered from a write down within its construction business due to cost overruns and delays at its Aberdeen Ring Road project. On the positive side, the portfolio benefited from the takeover of both GKN and Jardine Lloyd Thompson in the period at significant premiums. Elsewhere the portfolio's holdings in BP, Victrex and James Fisher were also positive for performance. BP's improving cash flow, driven by operational efficiencies and the rising oil price, supported the share price while Victrex and James Fisher both announced strong results during the year.

Total return (£) (year to 31 October 2018)	%
Bankers	-3.4
FTSE All-Share Index	-1.5

Activity

After the takeover approaches for GKN and Jardine Lloyd Thompson we recycled the proceeds into companies with more defensive characteristics. We initiated new holdings in distribution group Bunzl and regulated utility National Grid and added to our position in RELX, the media company. Bunzl is the market leader in supplying low value but essential non-food consumables to defensive end markets such as food service and health care. National Grid's valuation is attractive given the stable returns from its UK business and improving profitability in its US division. Elsewhere we bought holdings in Hilton Food and Ibstock. Hilton Food processes, packs and distributes meat products for food retailers globally. The company is well invested, produces high returns and has good visibility over future growth given recent new contract wins. Ibstock is the UK's leading brick manufacturer in a consolidated industry with demand for bricks underpinned by the Government's Help to Buy scheme.

Outlook

Equity markets are starting to exhibit late cycle characteristics and, with global growth slowing from its recent peak, volatility has increased. While we don't believe the end of the cycle is imminent, especially as valuations in the UK are now below their long term average, it seems prudent to position the portfolio slightly more defensively going forward. The outlook for UK domestic companies will be driven by Brexit and what deal with the EU, if any, the Government can agree on. Valuations for domestic companies are historically very low hence the portfolio maintains some exposure here but the bias is towards companies with robust business models and balance sheets. Although the outlook for equity markets in general has become increasingly unclear, the focus on good quality companies should position the portfolio well in more uncertain times.

UK portfolio classified by market value of company at 31 October

Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	£'000	% of UK portfolio
BP	Oil & Gas Producers	18,816	6.88
Royal Dutch Shell	Oil & Gas Producers	14,926	5.46
GlaxoSmithKline	Pharmaceuticals & Biotechnology	12,710	4.65
Diageo	Beverages	11,987	4.38
British American Tobacco	Tobacco	11,883	4.34
Reckitt Benckiser	Household Goods & Home Construction	8,217	3.00
Lloyds Banking	Banks	7,341	2.68
Galliford Try	Construction & Materials	7,246	2.65
RELX	Media	7,118	2.60
Imperial Brands	Tobacco	6,827	2.49
Prudential	Life Insurance	6,650	2.43
Barclays	Banks	6,448	2.36
BT	Fixed Line Telecommunications	6,416	2.34
Fisher (James) & Sons	Industrial Transportation	6,093	2.23
Tesco	Food & Drug Retailers	5,834	2.13
Rio Tinto	Mining	5,796	2.12
Smith (D.S.)	General Industrials	5,717	2.09
Cranswick	Food Producers	5,340	1.95
Bunzl	Support Services	5,189	1.90
Informa	Media	5,167	1.89
HSBC	Banks	5,085	1.86
Sage	Software & Computer Services	4,756	1.74
Johnson Matthey	Chemicals	4,729	1.73
Phoenix	Life Insurance	4,562	1.67
National Grid	Gas, Water & Multiutilities	4,392	1.60
Victrex	Chemicals	4,136	1.51
Whitbread	Travel & Leisure	4,085	1.49
Smiths	General Industrials	4,041	1.48
Big Yellow	Real Estate Investment Trusts	3,885	1.42
ITV	Media	3,823	1.40
St. James's Place	Life Insurance	3,812	1.39
Britvic	Beverages	3,795	1.39
Ibstock	Construction & Materials	3,744	1.37
Intermediate Capital	Financial Services	3,671	1.34
BHP Billiton	Mining	3,600	1.32
Severn Trent	Gas, Water & Multiutilities	3,598	1.31
Sports Direct International	General Retailers	3,386	1.24
Wetherspoon (J.D.)	Travel & Leisure	3,353	1.23
Ted Baker	Personal Goods	3,308	1.21
Schroders	Financial Services	3,140	1.15
Kcom	Fixed Line Telecommunications	2,972	1.09
Hilton Food	Food Producers	2,786	1.02
Pets at Home	General Retailers	2,703	0.99
Greencore	Food Producers	2,509	0.92
Jupiter Fund Management	Financial Services	2,478	0.91
Dairy Crest	Food Producers	2,391	0.87
Sabre Insurance	Non-life Insurance	2,372	0.87
TI Fluid Systems	Automobiles & Parts	2,366	0.86
Compass	Travel & Leisure	2,338	0.85
Lancashire	Non-life Insurance	2,073	0.76
Tufton Oceanic	Equity Investment Instruments	1,881	0.69
Connect	Support Services	1,030	0.38
Avingtrans	Industrial Engineering	772	0.28
Mortice	Support Services	233	0.09
Lehman Brothers Hldgs 7.875%[1]	Fixed Interest	7	–
		273,533	**100.00**

1 Fixed Interest

Strategic Report: Europe (ex UK)

The Fund Manager of the European portfolio, Tim Stevenson, reports on the year to 31 October 2018

Review

European markets have struggled to make progress in the 12 months to the end of October 2018. The "Panglossian" feel to markets to which I referred last year proved prescient, with firstly politics and then economics deteriorating. It may be scant consolation to shareholders, but the European portfolio has declined in value by much less than the relevant index, declining 1.4% compared with a fall of 5.2% for the index. This will be my last year looking after the Bankers' European portfolio as I will retire in 2019, and I would like to thank the Board for their support and encouragement (and patience!) and my colleagues on the European team at Janus Henderson who have helped so much.

Politics has become unsettling, with the EU challenging Italy over its budget plan and, in Germany, the long standing Chancellor Angela Merkel has made it clear that this is her last term as Chancellor, leaving the market open to fret about what a "post Merkel" era may look like.

It has also become obvious that protectionist rhetoric from the US, tighter vehicle emission standards across Europe and the uncertainty surrounding Brexit are all contributing to a reluctance to invest by companies. While many European government finances are in much better shape, there is still a lot of work ahead for France and of course Italy. For this reason we have avoided Italian holdings in the latter part of the year under review. While the US Federal Reserve has been able to start increasing interest rates, the ECB continues to take a very cautious approach to reducing the level of quantitative easing, with the prospect of interest rate rises unlikely for some time.

Activity

We have made a few changes to the European portfolio during the year, while remaining consistent with our preference for quality names over more cyclical recovery stories. We have sold out of Continental (car tyres and components), Infineon (semiconductors), Sodexo (catering and services) and Siemens, the latter on concerns

Total return (£) (year to 31 October 2018)	%
Bankers	-1.4
FTSE All-World Developed Europe (ex UK) Index	-5.2

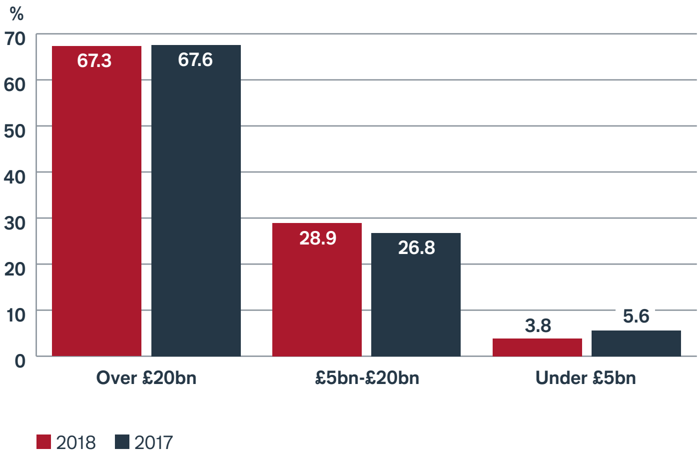
that it remains simply too big to truly change. We have also reduced positions in a few very successful holdings such as Amadeus (travel IT systems) and Fresenius (health care).

On the purchase side we have added a position in ASML (lithography equipment required by all semiconductor manufacturers), Roche (pharmaceuticals) and Assa Abloy (specialist lock manufacturer). We have also participated in two new offerings, SIG Combibloc in specialist packaging and Knorr-Bremse a specialist brake manufacturer. Our intention has been to try to make sure that we have exposure to companies which should prosper regardless of the economic environment.

Outlook

We are bombarded on a daily basis with news and opinions from market commentators, and less frequently we have occasion to catch-up with the management of the companies we invest in. These are the people in the "real world", managing and adapting to the economic and political forces in the world. This then requires us to take a more patient view and to make changes where we feel a company may struggle to adapt. Given the intensity of news since the election of a US President, who may be considered to have a somewhat aggressive approach, and the broken promises made during the Brexit debate, patience is needed more than ever. We believe we are invested in financially strong companies which have strong market positions. On the whole we participate in their success by way of growth and dividends. Patience has been rewarded in the past and we believe will be again in the future.

European portfolio classified by market value of company at 31 October



Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	Country	£'000	% of European portfolio
Nestlé	Food Producers	Switzerland	9,110	5.62
Roche	Pharmaceuticals & Biotechnology	Switzerland	8,838	5.45
Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	7,438	4.59
SAP	Software & Computer Services	Germany	6,759	4.17
Deutsche Post	Industrial Transportation	Germany	6,658	4.11
DSM	Chemicals	Netherlands	6,658	4.11
Novartis	Pharmaceuticals & Biotechnology	Switzerland	6,597	4.07
Deutsche Boerse	Financial Services	Germany	5,893	3.64
Deutsche Telekom	Mobile Telecommunications	Germany	5,711	3.52
Amundi	Financial Services	France	5,430	3.35
Equinor	Oil & Gas Producers	Norway	5,345	3.30
Allianz	Non-life Insurance	Germany	5,184	3.20
Total	Oil & Gas Producers	France	5,176	3.19
Koninklijke Philips	General Industrials	Netherlands	5,095	3.14
Munich Reinsurance	Non-life Insurance	Germany	5,065	3.12
Legrand	Electronic & Electrical Equipment	France	4,926	3.04
SGS	Support Services	Switzerland	4,904	3.03
ASML	Technology Hardware & Equipment	Netherlands	4,726	2.92
Assa Abloy	Construction & Materials	Sweden	4,594	2.83
Linde	Chemicals	Germany	4,378	2.70
Brenntag	Chemicals	Germany	4,364	2.69
Partners	Financial Services	Switzerland	4,149	2.56
Van Lanschot	Banks	Netherlands	3,652	2.25
UBS	Banks	Switzerland	3,546	2.19
Orange	Fixed Line Telecommunications	France	3,486	2.15
Amadeus	Support Services	Spain	3,462	2.14
ING	Banks	Netherlands	3,368	2.08
Getlink	Industrial Transportation	France	3,264	2.01
L'Oréal	Personal Goods	France	3,152	1.95
Hermès	Personal Goods	France	3,077	1.90
Crèdit Agricole	Banks	France	2,876	1.77
SIG Combibloc	General Industrials	Switzerland	2,610	1.61
Knorr-Bremse	Automobiles & Parts	Germany	2,590	1.60
			162,081	**100.00**

European Geographical Distribution at 31 October

	2018 %	2017 %
Germany	28.8	33.4
Switzerland	24.5	13.5
France	19.4	25.3
Netherlands	14.5	12.6
Denmark	4.6	5.1
Norway	3.3	2.2
Sweden	2.8	–
Spain	2.1	5.3
Belgium	–	1.5
Austria	–	1.1
	100.0	**100.0**

Strategic Report: North America

The Fund Manager of the North American portfolio, Ian Warmerdam, reports on the year to 31 October 2018

Review

The North American portfolio outperformed the benchmark over the twelve months to 31 October 2018. The portfolio returned 15.7% as compared to 10.8% for the FTSE World North America Index. It was a strong period in general for US equities, helped by corporates enjoying the boost of a substantial reduction in the federal corporate tax rate from 35% to 21% which took effect on 1 January 2018. More recent developments have been less positive for share prices however, as the US administration increased trade tariffs in an attempt to curb imports and encourage domestic production. This in turn has been met with retaliatory measures by some of America's largest trading partners, particularly China, leading to increased friction in global trade. The outcome of such geopolitical machinations remains a large unknown and, as ever, we believe time is much better spent identifying undervalued companies exposed to more predictable, secular growth tailwinds.

The largest driver of the outperformance over the period came from stock selection within the financials sector. Typical financial companies, such as banks, are characterised by leveraged business models and exposure to interest rate and credit cycles. The financials exposure in this portfolio is quite different however, with a number of holdings in the payments space where the powerful structural shift from cash to all forms of electronic payment has many years to run. Visa and MasterCard act more like specialised communication networks which connect millions of merchants to thousands of financial institutions across the world. They each take a very small percentage of every transaction which is carried out on their respective networks and thus generate revenue and earnings in a much more predictable fashion. There is also a very large opportunity for both in the corporate setting. Whilst credit cards have been used by individual consumers since the 1950s, many business to business transactions today are still carried out using paper cheques which are both costly and time consuming to process. Visa and MasterCard both have innovative electronic solutions which could see them address this area in the years to come.

Other strong performers included Union Pacific, the railroad which competes with Berkshire Hathaway's BNSF in the western states. The company can trace its roots back to 1862 and the First Transcontinental Railroad project which linked the west coast of America to the east for the first time. Over 150 years later, Union Pacific still provides a vital link in the supply chain for the transportation of energy, agricultural and industrial products in a reliable and fuel efficient manner.

Total return (£) (year to 31 October 2018)	%
Bankers	15.7
FTSE World North America Index	10.8

Activity

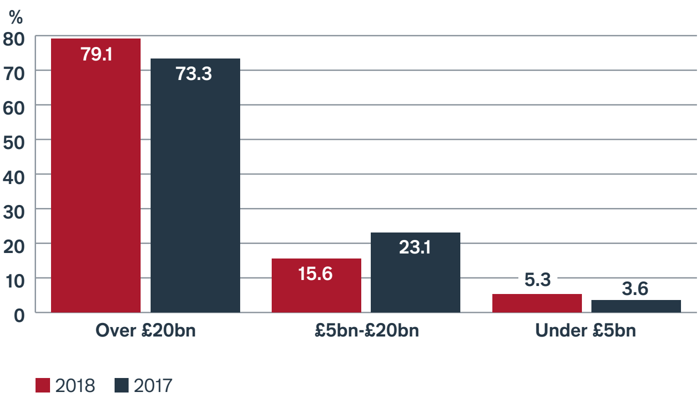
Turnover remained relatively low over the period, a reflection of the long term mind-set with which the portfolio is managed. Microsoft was amongst the new additions and has become one of the largest positions in the portfolio. The software giant is a well-entrenched leader in personal computing operating systems and productivity tools and also has a large opportunity in cloud services through its Azure offering. A more recent addition was Intercontinental Exchange, a leading global operator of regulated exchanges, clearing houses and listings venues. The outlook for both of these companies looks robust and, importantly, underappreciated in our eyes.

Sales included Facebook, which started to show worrying signs of a decrease in engagement by its users, and AmerisourceBergen, a drug distributor which is facing heightened challenges to its business model.

Outlook

The strategy for North America is to avoid making major economic calls and to instead focus 'bottom-up' on finding companies with underappreciated growth and high barriers to entry at attractive valuations. Through purchasing undervalued securities that are exposed to strong secular tailwinds of growth, we aim to generate significant absolute and relative shareholder returns from this market over the longer term.

North American portfolio classified by market value of company at 31 October



Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	£'000	% of North American portfolio
Microsoft	Software & Computer Services	21,422	6.24
Apple	Technology Hardware & Equipment	21,285	6.21
American Express	Financial Services	20,174	5.88
Union Pacific	Industrial Transportation	19,776	5.77
Berkshire Hathaway	Non-life Insurance	18,089	5.27
Estée Lauder	Personal Goods	16,930	4.94
Alphabet	Software & Computer Services	15,886	4.63
Visa	Financial Services	14,938	4.35
American Tower	Real Estate Investment Trusts	14,412	4.20
Comcast	Media	14,272	4.16
FedEx	Industrial Transportation	13,876	4.04
MasterCard	Financial Services	13,742	4.01
ICON	Health Care Equipment & Services	13,216	3.85
Aptiv	Automobiles & Parts	12,901	3.76
Intercontinental Exchange	Financial Services	11,189	3.26
Xylem	Industrial Engineering	11,167	3.26
Cognizant Technology Solutions	Software & Computer Services	10,869	3.17
The Cooper Companies	Health Care Equipment & Services	10,814	3.15
Booking	Travel & Leisure	10,709	3.12
Netflix	General Retailers	10,598	3.09
Amazon	General Retailers	9,514	2.77
Activision Blizzard	Software & Computer Services	8,372	2.44
Roper Technologies	Electronic & Electrical Equipment	8,301	2.42
Electronic Arts	Leisure Goods	8,211	2.39
CVS Health	Food & Drug Retailers	6,852	2.00
Cognex	Electronic & Electrical Equipment	5,541	1.62
		343,056	**100.00**

Strategic Report: Japan

The Fund Manager of the Japanese portfolio, Junichi Inoue, reports on the year to 31 October 2018

Review

The FTSE World Japan Index declined by 4% on a total return basis in local currency though the return in sterling was flat due to yen appreciation. Fundamentals in Japan have been good and corporate earnings continued to grow. The stock market initially rallied strongly until January but then dropped to trade in a tight range for the rest of the year. Intensifying trade disputes, economic slowdown in China, and the uncertain global political environment impacted negatively on sentiment. It is noteworthy that high momentum growth stocks performed extremely well regardless of valuation in the first half. However, later in the year the market became risk adverse as US interest rates moved higher. Our valuation discipline did not help the portfolio's performance in the first half of the year but this turned around in the latter half. Overall there was 1.8% underperformance relative to the index. Several successful stock pickings such as Daiichi Sankyo and Sony contributed positively. Daiichi Sankyo is a pharmaceutical company that has several promising drugs in its pipeline. We decided to invest because the risk and reward balance was skewed as the stock price has overly discounted the potential of these drugs. Sony's earnings have been surprising the market. It has successfully restructured its business portfolio, which is now more focused on recurring businesses such as gaming and music. On the other hand, Fujitsu was the biggest detractor as it downgraded guidance on the back of slower than expected profit recovery.

Activity

During the year, a number of changes were made to reposition the portfolio towards superior risk-reward opportunities. Earlier in the period, we successfully built a position in TDK, an electronics components company, as the market undervalued its battery business. We purchased Trend Micro, an integrated internet security service provider. We like high free cash generation and a high pay-out ratio (over 70% of earnings returned as dividends). Later in the period, we introduced Kao, a consumer product company. Kao has increased dividends for 28 years in a row. We took advantage of recent weakness as the valuation has finally come down to an attractive level. On sales, we have taken profits in Disco and Recruit Holdings after strong runs. We have also divested

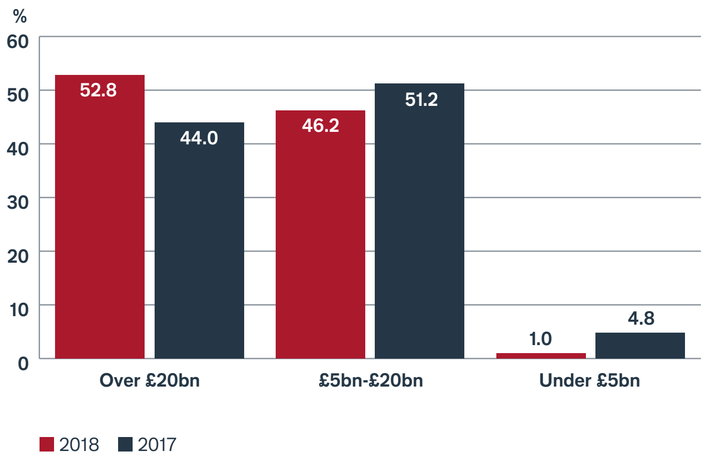
Total return (£) (year to 31 October 2018)	%
Bankers	-1.5
FTSE World Japan Index	0.3

companies that do not focus on shareholder returns. These stocks could underperform as other Japanese companies, such as Nippon TV, Yamada Denki, and Orix, are focusing more seriously on driving shareholder returns.

Outlook

The outlook for Japanese equities is positive for three key reasons. First of all, the political environment is stable as pro market Prime Minister Abe won his third term as the president of the LDP. Secondly, to avoid the potential negative impact from a consumption tax hike in October 2019, the government is ready to increase spending. Lastly, upcoming sporting events such as the Rugby World Cup and Tokyo Olympics/Paralympics will stimulate the economy. Despite these positive factors, valuations are extremely cheap in historic terms, as well as relative to other markets. We are also encouraged by the progress in corporate governance, which has been translating into higher rewards to shareholders. Unlike previous economic cycles, we believe that the downside will be protected by dividend yields and share buybacks. However, there remains the risk of yen appreciation and intensifying trade wars, which may cause higher volatility. As the market now trades on a price to earnings ratio of 13x to March 2019 earnings, it is our view that a lot of negative factors are already in the price, making the risk and reward balance very favourable. We continue to believe that stocks we own are attractively priced and can create value.

Japanese portfolio classified by market value of company at 31 October



Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	£'000	% of Japanese portfolio
Mitsubishi UFJ Financial	Banks	9,564	7.50
Sony	Leisure Goods	7,766	6.09
Daiichi Sankyo	Pharmaceuticals & Biotechnology	6,350	4.98
Mitsui Fudosan	Real Estate Investment & Services	6,298	4.94
Fujifilm	Technology Hardware & Equipment	6,007	4.71
SoftBank	Mobile Telecommunications	5,652	4.43
Takeda Pharmaceutical	Pharmaceuticals & Biotechnology	5,557	4.35
Dentsu	Media	5,499	4.31
TDK	Electronic & Electrical Equipment	5,437	4.26
Trend Micro	Software & Computer Services	5,107	4.00
Sumitomo Mitsui	Banks	4,835	3.79
Suzuki	Automobiles & Parts	4,546	3.56
Yahoo Japan	Software & Computer Services	4,417	3.46
Tokio Marine	Non-life Insurance	4,310	3.38
Komatsu	Industrial Engineering	4,164	3.26
Toyota Motor	Automobiles & Parts	3,978	3.12
Nintendo	Leisure Goods	3,896	3.05
Kao	Personal Goods	3,861	3.03
Keyence	Electronic & Electrical Equipment	3,628	2.84
Mitsubishi	Support Services	3,490	2.74
Japan Tobacco	Tobacco	3,479	2.73
KDDI	Mobile Telecommunications	3,063	2.40
Koito Manufacturing	Automobiles & Parts	2,765	2.17
Daiwa House Industry	Household Goods & Home Construction	2,658	2.08
Don Quijote	General Retailers	2,467	1.93
Nippon Telegraph & Telephone	Fixed Line Telecommunications	2,294	1.80
Murata Manufacturing	Electronic & Electrical Equipment	2,069	1.62
Japan Airlines	Travel & Leisure	1,915	1.50
Zozo	General Retailers	1,283	1.01
Disco	Industrial Engineering	1,220	0.96
		127,575	**100.00**

Strategic Report: Pacific (ex Japan, China)

The Fund Manager of the Pacific (ex Japan, China) portfolio, Michael Kerley, reports on the year to 31 October 2018

Review

Pacific markets declined 8.4% in sterling terms over the twelve months to the end of October 2018. The year started strongly but volatility rose and performance faded as rising US interest rates plus a strong US dollar highlighted frailties in emerging markets which put currencies in the whole complex under pressure. More recently an escalation in the trade dispute between the US and China has further unnerved investors.

Unlike previous years where the weakness in sterling, following the Brexit vote, has supported returns for the Company, this year the weakness in Asian currencies has proved detrimental. Unsurprisingly the biggest casualties were India and Indonesia, where the rupee and rupiah respectively declined by 10.4% and 8.5% against sterling. Both these countries share the 'twin curses' of current account and fiscal deficits, where comparisons with the struggling emerging economies of Turkey, South Africa and Argentina are easily drawn. The more developed Pacific countries were not immune as Australia also experienced notable currency declines as a weakening economy and declining interest rate differentials with the US triggered outflows.

The best performing market over the period was Thailand, where the strength of the energy sector in particular drove returns. Malaysia also performed well despite the unexpected election of 93 year old former Prime Minister Mahathir Mohamed, which was welcomed by Malaysians but treated with a degree of scepticism by foreigners who recalled the controversy which accompanied his previous term in office. Australia and New Zealand also proved resilient as volatility increased. At the other end of the scale China, India and Korea experienced significant market falls. The trade disputes and fears of a weakening domestic economy adversely impacted China while lower memory prices and a weaker demand for semiconductors hurt Korea.

Sectors like technology which have driven earnings momentum over the last 18 months lost a degree of their lustre while old economy cyclicals have seen more encouraging trends. In particular materials, energy and industrials have continued to receive analysts' upgrades while the likes of Tencent, Alibaba and Baidu are struggling to meet analysts' overly exuberant expectations. This trend was positive for the portfolio.

Total return (£) (year to 31 October 2018)	%
Bankers	-4.2
FTSE All-World Asia Pacific (ex Japan) Index	-8.4

Despite the heavy weighting in Hong Kong, the portfolio out-performed the index over the period as a high weighting in energy and materials and a lack of exposure to internet technology helped relative performance. At the stock level there was notable success in Macquarie Bank, telecom stock HKT Trust and Chinasoft, which all rose over 20% while the major disappointment was Netease which was negatively impacted by a government policy to restrict new game launches.

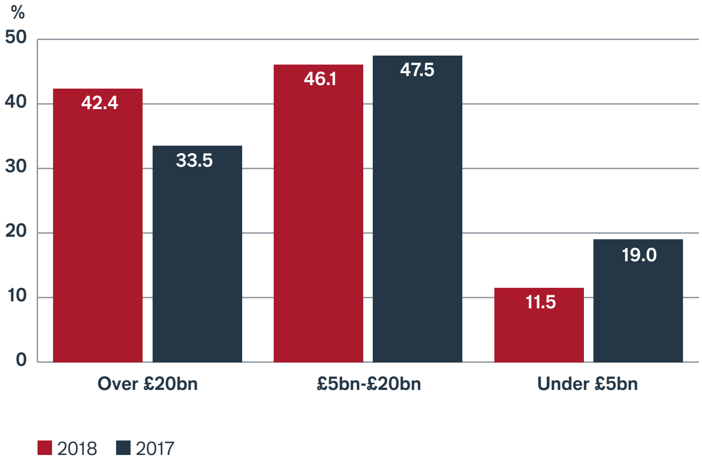
Activity

In the oil sector we switched from Petrochina into Sinopec on valuation grounds, a positive view on refining margins and a more proactive dividend policy. We also sold Chinasoft after a strong run and with the risk of trade restriction for its largest client, Huawei. We also sold Netease following the news on game release restrictions. In Australia, we sold Fairfax Holdings and spin-off Domain over concerns of a weak Australian housing market while in Singapore we added United Overseas Bank to gain exposure to an improving Singapore economy and rising interest rates which will lead to better profitability and higher dividends.

Outlook

We remain cautiously optimistic on the outlook for Pacific markets. Valuations are increasingly attractive and although earnings expectations are likely to come under some pressure, the recent price action has discounted a vast majority of the risk. Volatility is likely to remain elevated while trade discussions between the US and China continue and rising US interest rates are historically a headwind for Pacific equities. The strong cash flow generation and low dividend pay-out ratio provides real optimism for stronger dividend growth while the cushion this provides gives comfort that dividends are sustainable should global events depress earnings.

Pacific (ex Japan, China) portfolio classified by market value of company at 31 October



Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	Country	£'000	% of Pacific (ex Japan, China) portfolio
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	Taiwan	11,715	12.32
SK Telecom	Mobile Telecommunications	South Korea	8,439	8.87
KB Financial	Financial Services	South Korea	6,381	6.71
Samsung Electronics Pref	Technology Hardware & Equipment	South Korea	6,329	6.65
Sinopec	Oil & Gas Producers	Hong Kong	5,974	6.28
Bank of China	Banks	Hong Kong	5,947	6.25
Jiangsu Expressway	Industrial Transportation	Hong Kong	5,715	6.01
Mapletree North Asia	Real Estate Investment Trusts	Singapore	5,549	5.84
United Overseas Bank	Banks	Singapore	5,470	5.75
ANTA Sports	Personal Goods	Hong Kong	5,461	5.74
Star Petroleum	Oil & Gas Producers	Thailand	5,349	5.62
HKT	Fixed Line Telecommunications	Hong Kong	5,087	5.35
Amcor	General Industrials	Australia	4,978	5.23
Macquarie Bank	Financial Services	Australia	4,907	5.16
Dali Foods	Food Producers	Hong Kong	4,071	4.28
Scentre	Real Estate Investment Trusts	Australia	3,749	3.94
			95,121	**100.00**

Pacific (ex Japan, China) Geographical Distribution at 31 October

	2018 %	2017 %
Hong Kong	34.0	30.4
South Korea	22.2	25.4
Australia	14.3	20.1
Taiwan	12.3	10.5
Singapore	11.6	4.8
Thailand	5.6	5.4
India	–	3.4
	100.0	**100.0**

Strategic Report: China

The Fund Manager of the China portfolio, Charlie Awdry, reports on the year to 31 October 2018

Review

Chinese A share markets rallied to a peak in January 2018 then fell relatively consistently through to the end of October. During the period under review the portfolio fell 13.8% compared to the benchmark CSI 300 Index that fell 20.5%, giving us 6.7% outperformance. We have always owned a concentrated portfolio of shares in large capitalisation and high quality companies and this style of investing should outperform a falling market. The outperformance would have been notably better without a number of holdings suffering from rotational selling of foreign favourite shares in the final month of our financial year.

During 2018 President Xi Jinping focused attention on deleveraging and the ongoing reform of bank and non-bank lending channels under a unified and stronger regulator, which squeezed the monetary environment pushing up funding costs. The tightening bias in policy caused a slowdown in economic activity that was subsequently compounded by uncertainty over rising trade friction with the US. Towards the end of the period local investors panicked about potential margin calls and forced the selling of shares by entrepreneurs who use share values as collateral for private borrowing.

During the year the widely followed index provider MSCI included A shares in their global benchmarks for the first time and so we are beginning to see much more foreign engagement with A share listed companies. This has the potential to be a win-win situation for both sides. Foreign investors such us ourselves are exposed to the Chinese Yuan and this has been a headwind for returns due to the extremely strong US dollar, causing serious problems across emerging market equity, debt and currency markets.

Total return (£) (year to 31 October 2018)	%
Bankers	-13.8
China CSI 300 Index	-20.5

Activity

After a very strong multiyear run in a number of our holdings, valuations reached levels where we felt strong prospects were fully reflected in their share prices. As such we sold our holdings in soy sauce and condiment brand Foshan Haitian Flavouring, duty free shopping retailer China International Travel and Shanghai International Airport. The deteriorating automobile sales through 2018 prompted us to sell our holdings in SAIC Motor and its parts business Huayu Automotive. We remain positive on the long term outlook for consumer sectors in China and have purchased a position in Carlsberg subsidiary Chongqing Brewery Company, which has a strong competitive position in Central China.

In the financial space we continue to avoid bank shares due to intense regulatory pressure and possible capital raising. However, we added a holding in leading life insurer and financial services platform Ping An Insurance that is benefiting from the increasing financial sophistication of the urban Chinese consumer. We have taken advantage of the attractive value available in the unloved old economy parts of the market by acquiring shares in the cash generative cement company Anhui Conch and construction equipment manufacturer Sany Heavy.

At the individual company level, valuations have fallen across the board and we have been able to add back to holdings such as surveillance systems operator Hangzhou Hikvision at prices well below where we reduced our holding earlier in the year.

Outlook

Analysts are busy cutting their profit forecasts for Chinese companies and local investor sentiment is starkly negative. From a top down view this risk aversion is leading to elevated market risk premiums that traditionally provide a supportive buy signal for patient long-term investors.

Policymakers are turning more supportive and there is clear monetary and fiscal easing taking place.

Stock markets are discounting mechanisms so, while we acknowledge the current macroeconomic headwinds, we are looking at valuations and policy action that are increasingly supportive.

Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	£'000	% of China portfolio
Ping An Insurance	Life Insurance	6,740	11.54
Sany Heavy	Industrial Engineering	5,466	9.36
Chongqing Brewery	Beverages	5,350	9.16
Hangzhou Hikvision	Technology Hardware & Equipment	5,203	8.90
Anhui Conch	Construction & Materials	5,032	8.61
Jiangsu Yanghe Brewery	Beverages	4,186	7.16
Baoshan Iron & Steel	Industrial Metals & Mining	4,140	7.09
Kweichow Moutai	Beverages	3,789	6.48
Midea	Electronic & Electrical Equipment	3,765	6.44
Inner Mongolia	Food Producers	3,534	6.05
Qingdao Haier	Household Goods & Home Construction	3,520	6.03
Focus Media	Technology Hardware & Equipment	3,094	5.30
China CYTS Tours	Travel & Leisure	2,945	5.04
Jiangsu Hengrui Medicine	Pharmaceuticals & Biotechnology	1,658	2.84
		58,422	**100.00**

All of the above are China A shares.

Strategic Report: Emerging Markets

The Fund Manager of the Emerging Markets portfolio, Nicholas Cowley, reports on the year to 31 October 2018

Review

After an initial period of optimism and rising share price valuations, appetite for the emerging market asset class waned over the period. Currency crises in Argentina and Turkey sparked contagion into other emerging market countries where there is a combination of external deficits and unpredictable politicians. The markets of Russia and Qatar were the strongest while Turkey and South Africa saw the biggest declines.

Performance of the portfolio was held back by Tiger Brands and Türk Traktör. South African food producer Tiger Brands was hit by the combination of a listeria crisis at its packaged meat facility as well as a weak South African consumer environment. The currency crisis in Turkey prompted a sharp decline in the value of Türk Traktör, the country's largest manufacturer of tractors. Despite their difficulties we believe the valuations of both companies remain attractive.

Activity

During the period we initiated a new position in Fomento Economico Mexicano (Femsa), the Mexican retail and beverage company. We admire the founding family and management's focus on generating capital returns over the long term. The best example of this was in 2010 when they recognised that a rapidly consolidating global brewing industry left a Mexican-only brewer vulnerable to competition. They took the difficult decision to swap the brewing operation, the family's first and largest business, for a stake in global brewer Heineken which Femsa continues to own.

Total return (£) (year to 31 October 2018)	%
Bankers	-6.2
FTSE All-World Emerging (ex Asia) Index	-1.9

Cash from Femsa's brewing operations has been recycled into their other two businesses, the Oxxo convenience store chain and Coca-Cola Femsa, a pan-Latin American Coca-Cola bottler in which Femsa has a controlling stake. Oxxo is one of the best run and fastest growing retail franchises across emerging markets and has significant growth opportunities both inside and outside Mexico as well as in other retail formats such as drugstores and gas stations. Coca-Cola Femsa has gone through a difficult period in recent years as it has taken time for the company to digest acquisitions at the same time as facing headwinds from the weakening Mexican peso and the imposition of sugar taxes on carbonated soft drinks. This has caused Femsa to trade down to what we believe is an attractive valuation that ignores the potential for a recovery in margins at the bottling business and undervalues the steady compounding growth of the retail business.

Outlook

A number of fault lines have opened up across the emerging market universe which we believe will remind investors of the value of those businesses who have allocated capital and managed their balance sheets sensibly. Our preference is for companies with long-term owners, sometimes a family group, whose wealth is invested in the same equity as that available to third party investors. This provides comfort that our interests are aligned.

We are mindful of the need to stick to our belief not to compromise on quality, to maintain a long-term approach and to apply a strict share price valuation discipline. With a long-term perspective we remain positive about the opportunities for equity investors created by the structural trend of rising living standards in many parts of the developing world.

Emerging Markets Geographical Distribution at 31 October

	2018 %	2017 %
South Africa	26.9	27.3
Brazil	20.5	26.6
Mexico	18.6	7.0
United Kingdom[1]	11.7	13.1
Peru	11.1	10.0
Chile	9.4	10.5
Turkey	1.8	5.5
	100.0	**100.0**

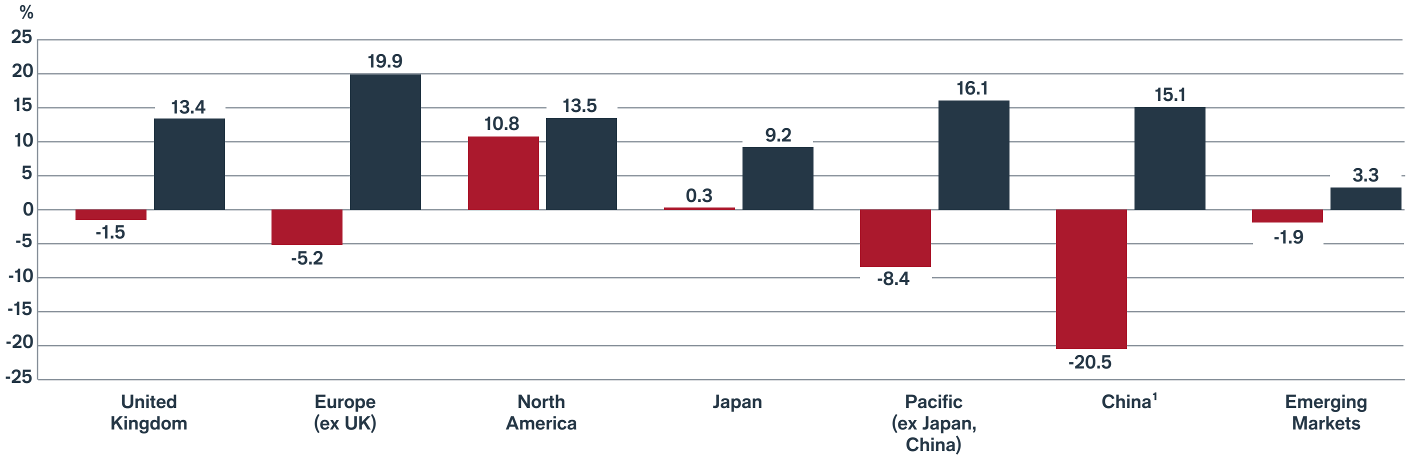
1 Coca-Cola Hellenic Bottling is listed in the UK but the majority of the company's revenues and profits are derived from its bottling operations in Emerging Markets

Valuations at 31 October 2018 – all investments are shown

Investments by value	Sector	Country	£'000	% of Emerging Markets portfolio
Fomento Economico Mexicano	Beverages	Mexico	3,385	12.42
Coca-Cola Hellenic Bottling	Beverages	United Kingdom	3,188	11.70
Credicorp	Banks	Peru	3,012	11.06
WEG	Industrial Engineering	Brazil	2,961	10.87
Shoprite	Food & Drug Retailers	South Africa	2,635	9.67
Banco Bradesco	Banks	Brazil	2,619	9.61
Aguas Andinas	Water Utilities	Chile	2,568	9.43
Standard Bank	Banks	South Africa	2,212	8.12
Tiger Brands	Food Producers	South Africa	1,796	6.59
Grupo Herdez	Food Producers	Mexico	1,692	6.21
Tiso Blackstar	Media	South Africa	681	2.50
Türk Traktör	Industrial Engineering	Turkey	496	1.82
			27,245	**100.00**

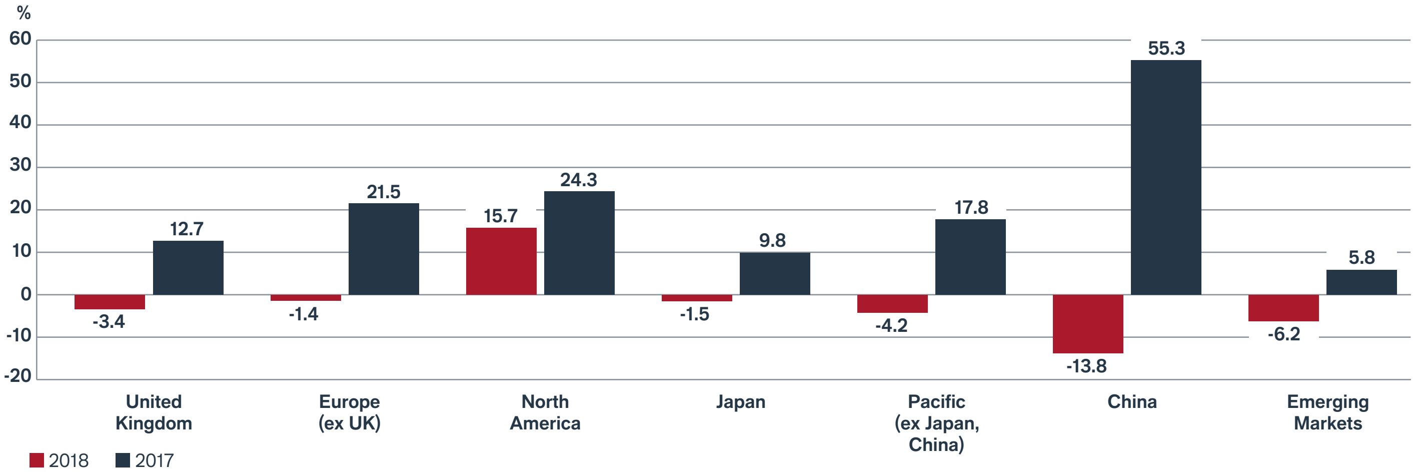
Strategic Report: Portfolio Structure at 31 October 2018 and 2017

FTSE Stock Market Indices Total Return (£)



1 China CSI 300 Index (£)

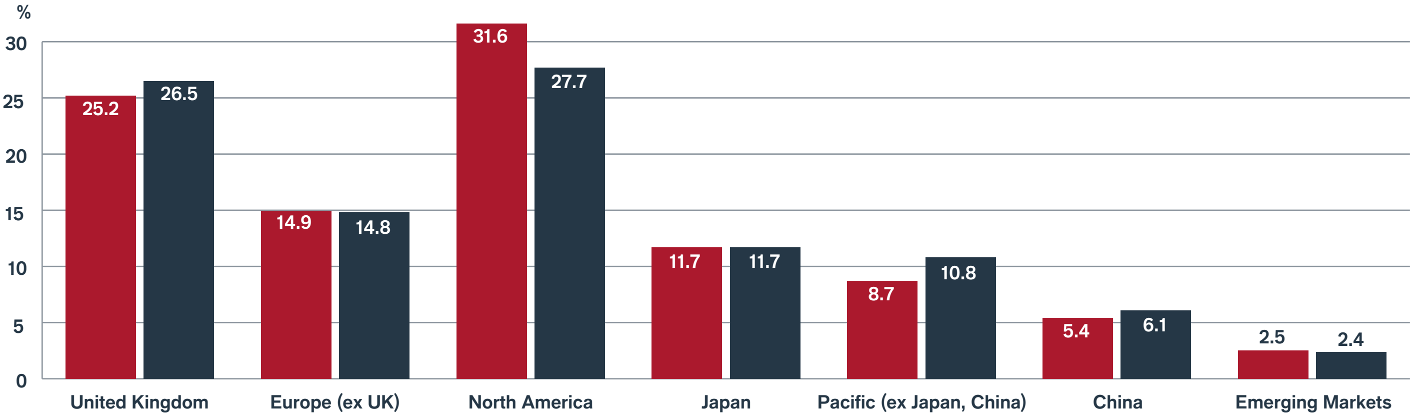
Geographical Total Return Analysis of the Portfolio (£)



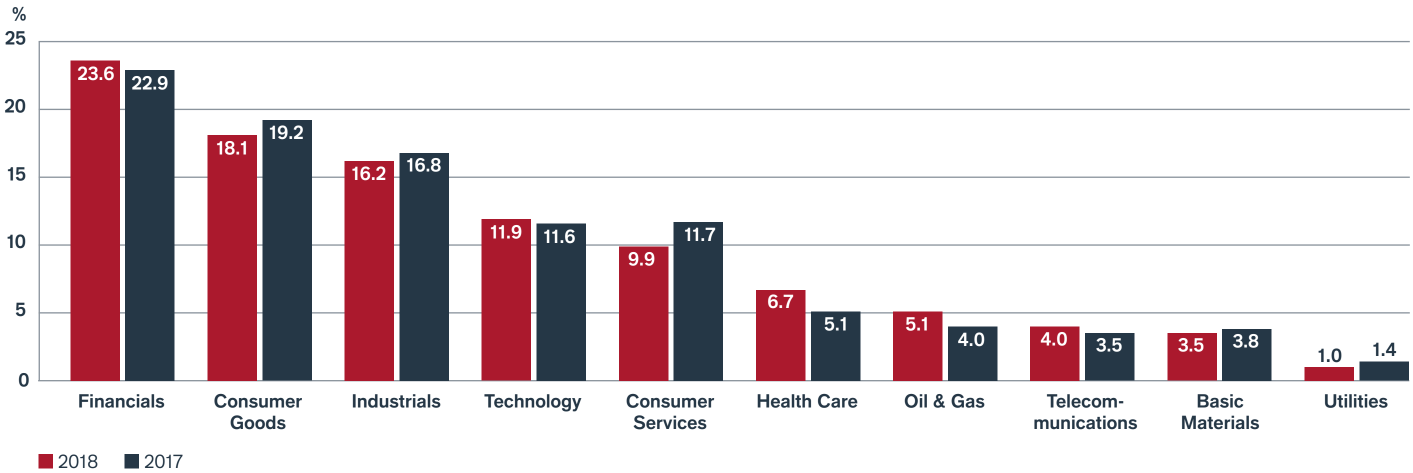
Sources: Janus Henderson, Datastream, Factset

Strategic Report: Portfolio Structure (continued)

Geographical Analysis



Sector Analysis



Sources: Janus Henderson, Datastream, Factset

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board at the date of this report are:

Richard Killingbeck

Position: Chairman of the Board and of the Nominations, Management Engagement and Insider Committees

Date of appointment: 19 December 2003 (Chairman 25 September 2013)

Richard was Chief Executive Officer of W.H. Ireland Group plc and prior to that he was Managing Director of Credit Suisse (UK) Private Bank. He has been involved in the financial services industry for 30 years, initially as a fund manager and latterly in a number of senior management roles, at Singer & Friedlander Investment Management and Close Brothers. During his career he has been based primarily in London but has also spent part of this time in New York.

Susan (Sue) Inglis

Position: Senior Independent Director ('SID')

Date of appointment: 1 November 2012 (SID since February 2015)

Sue has a wealth of experience from more than 30 years advising investment companies and financial institutions. Before embarking on a non-executive career her 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 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. She is currently a non-executive director of Baillie Gifford US Growth Trust PLC, BMO Managed Portfolio Trust PLC and The European Investment Trust plc.

Julian Chillingworth

Position: Director

Date of appointment: 25 February 2015

Julian is currently Chief Investment Officer for Rathbone Brothers plc. He was formerly Head of Gross Funds which incorporated Pension Funds and Charities at Investec and was Head of Equities at Hambros.

Isobel Sharp, CBE

Position: Director

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

Isobel is currently a non-executive director, and Audit Committee Chair, at IMI plc and Winton Group Ltd and was formerly on the board, and Remco Chair, at the UK Green Investment Bank plc. She is also a member of the Edinburgh University's Business School International Advisory Board and, as an Honorary Professor there, lectures on corporate governance and auditing matters. Isobel has extensive accounting, auditing and corporate governance experience. Most recently 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.

Richard Huntingford

Position: Director

Date of appointment: 26 September 2018

Richard has been involved in the media and marketing sector for more than 30 years and has held a number of executive and non-executive roles in listed and private businesses. These include: CEO of Chrysalis plc, founder of Heart FM; Chairman of Virgin Radio; Chairman of Wireless Group plc (formerly UTV Media plc) and Creston plc; and non-executive director of Virgin Mobile plc. He is currently Chairman of Future plc and Crown Place VCT plc and non-executive director of JPMorgan Mid Cap Investment Trust plc.

All Directors are independent of Janus Henderson and are members of the Audit Committee (except the Chairman), Management Engagement Committee and Insider Committee. The Chairman, Susan Inglis, Julian Chillingworth and Isobel Sharp are members of the Nominations Committee.

Strategic Report: Corporate Information (continued)

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
First NZ Capital Securities
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 2019
Ex dividend date	24 January 2019
Dividend record date	25 January 2019
Annual General Meeting[1]	27 February 2019
Final dividend payable on	28 February 2019
1st interim dividend payable on	30 May 2019
Half year results	announced July 2019
2nd interim dividend payable on	30 August 2019
3rd interim dividend payable on	29 November 2019

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

Follow Janus Henderson Investment Trusts on Twitter, YouTube and Facebook

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.

Strategic Report: Corporate Information (continued)

Status

The Company is registered as a public limited company and is an investment company as defined under Section 833 of the Companies Act 2006 (the 'Companies Act'). It has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010 ('Section 1158'), as amended, and is a member of the Association of Investment Companies ('AIC').

The Directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company maintains a premium main market listing on the London Stock Exchange and is subject to the Listing, Prospectus and Disclosure Guidance and Transparency Rules published by the UK Listing Authority. The Company is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Principal Risks and Uncertainties

The Board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the Board has considered the market uncertainty arising from the UK's negotiations to leave the European Union. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objectives and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these as far as practicable, and whether the Board considers the impact of such risks has changed over the past year, are as follows:

Risk	Controls and mitigation
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 various indices 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 Section 1158 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UK Listing Authority'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.
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 suppliers and receives reports on the key elements in place to provide effective internal control.

The Board considers these risks to have remained unchanged throughout the year under review.

Strategic Report: Corporate Information (continued)

Viability Statement

The Directors have assessed the viability of the Company over a three year period, taking account of the Company's current position and the potential impact of the principal risks and uncertainties documented in this Strategic Report.

The Directors conducted the assessment based on a period of three years because they consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust.

The assessment considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular Investment Activity and Performance, Portfolio and Market and Financial risks, materialising in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Directors also took into account the liquidity of the portfolio, the gearing and the income stream from the portfolio in considering the viability of the Company over the next three years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's long-term borrowings, how a breach of the gearing covenants could impact on the Company's net asset value and share price and how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period in line with its current dividend policy. Whilst detailed forecasts are only made over a shorter time frame, the nature of the Company's business as an investment trust means that such forecasts are equally valid to be considered over the longer three year period as a means of assessing whether the Company can continue in operation.

Based on their assessment, 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 next three year period.

Borrowings

The Company has a £20 million loan facility with The Royal Bank of Scotland plc which expires in 2019. The Board is considering continuing this level of short-term borrowing.

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%.

Actual gearing at 31 October 2018 was 2.4% (2017: 2.3%) of net asset value.

Performance Measurement and Key Performance Indicators ('KPIs')

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 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 (2017: no shares bought back) and did not issue any shares (2017: no shares issued).

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 objectives and policy explained on page 4. The Chairman's Statement, the Fund Manager's Review and Fund Manager Reports provide commentary on the outlook for the Company.

Corporate Responsibility

Responsible investment

Janus Henderson is responsible for reporting on its work on corporate governance and corporate responsibility issues in the companies in which it invests on its clients' behalf, across all funds as part of its management duties. In May 2005 Henderson Global Investors became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ('ESG') issues into mainstream investment decision-making and ownership practices.

Strategic Report: Corporate Information (continued)

The way companies respond to ESG issues can affect their business performance, both directly and indirectly. ESG factors are considered by Janus Henderson investment teams but investments are not necessarily ruled out on ESG grounds only.

Janus Henderson's responsible investment policy and further details of responsible investment activities can be found on the website **www.janushenderson.com**.

Employees, social, community, human rights and environmental matters

The Company's core activities are undertaken by Janus Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues. Janus Henderson's corporate responsibility statement is included on its website.

The Company's Annual Report is printed on paper produced using 50% recycled post consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as CarbonNeutral®.

Voting policy and the UK stewardship code

The Manager has a responsible investment policy in place which sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients and its policy on proxy voting. The policy also sets out how Janus Henderson implements the Stewardship Code. The Company has reviewed the policy and has delegated responsibility for voting to the Manager. The Board receives regular reports on the voting undertaken by the Manager on behalf of the Company. The Board and the Manager believe 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. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the fund manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefore are given to the investee company prior to voting.

Practical difficulties may prevent voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

Modern Slavery Act 2015

As an investment company the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

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 appointments to the Board, taking into account relevant skills, experience, knowledge and gender.
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. Currently, the Board comprises five Directors, three male and two female. The Company has no employees and, therefore, there is nothing further to report in respect of gender representation within the Company.

By order of the Board

Richard Killingbeck
Chairman
15 January 2019

Strategic Report: 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.

Dividend Yield

The annual dividend (see note 10) expressed as a percentage of the share price at the year end (see page 3).

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

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 year's annual dividend.

Net Asset Value ('NAV') per Ordinary Share

The value of the Company's assets (i.e. investments (see note 11) and cash held (see Statement of Financial Position)) less any liabilities (i.e. bank borrowings and debt securities (see notes 14 and 15)) for which the Company is responsible divided by the number of shares in issue (see note 18). The aggregate NAV is also referred to as shareholders' funds in the Statement of Financial Position. The NAV per share is published daily and the year end NAV can be found on page 3.

Ongoing Charge

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 a collective fund, excluding the costs of acquisition or disposal of investments, finance costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year (see notes 5 and 6 and page 34) as being the best estimate of future costs, in accordance with methodology prescribed by the AIC and is the annualised ongoing charge divided by the average net asset value in the period.

Premium/Discount

The amount by which the market price per share (see page 3) of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

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 (see note 9) in issue during the year.

Total Return Performance

This is the return on the share price (see page 3) or NAV per share (see NAV per Ordinary Share) taking into account both the rise and fall of the share price or NAV respectively and the dividends and interest paid to shareholders during a given period. 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 per share total return). Dividends paid and payable are set out in note 10.

See page 29 for details of the Company's key performance indicators ('KPI's') and how the Directors assess some of these Alternative Performance Measures.

References to 'notes' refers to the Notes to Financial Statements contained in the Company's 2018 Annual Report.

Corporate Report

Report of the Directors

The Directors present the audited financial statements of the Company and their report for the year from 1 November 2017 to 31 October 2018. The Bankers Investment Trust PLC (the 'Company') (registered and domiciled in England and Wales with company registration number 00026351) was active throughout the year under review and was not dormant.

Directors

Details of the Directors and their appointments can be found on page 26.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 37 and 38 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 sales and marketing services, there were no transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 24 on page 72.

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 a collective fund, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, in accordance with the AIC methodology.

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 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	2018 £'000	2018 % of average net assets	2017 £'000	2017 % of average net assets
Management fee[1]	4,480	0.41%	3,374	0.34%
Other expenses	990	0.09%	963	0.10%
Ongoing charge figure	**5,470**	**0.50%**	**4,337**	**0.44%**
Portfolio transaction costs	720	0.07%	951	0.10%

1 Management fee capped in 2017 (see page 4)

Dividend

A final dividend of 5.00p per share, if approved by shareholders at the AGM, will be paid on 28 February 2019, to those shareholders on the register on 25 January 2019. The shares go ex-dividend on 24 January 2019. This final dividend together with the three interim dividends already paid bring the total dividend for the year to 19.72p.

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 (4 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 that they exist, the revenue profits and 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 holding 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 2018 the number of ordinary shares in issue with voting rights was 122,606,783.

Report of the Directors (continued)

The number of shares in issue as at 10 January 2019, being the latest practicable date prior to the publication of this Annual Report, is 123,945,292 including those shares held in treasury. No shares were issued between 31 October 2018 and 10 January 2019.

The Company will seek authority from its shareholders at the 2019 Annual General Meeting to renew its authority to allot shares up to 10% of the issued share capital, excluding treasury shares, as at the date of the 2019 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

Declaration of interest in the voting rights of the Company as at 31 October 2018 in accordance with the UK Listing Authority's Disclosure Guidance and Transparency Rules was as follows.

	% of voting rights
Investec Wealth & Investment	5.4

There have been no further notifications to 10 January 2019, being the latest practicable date prior to the publication of this Annual Report.

At 31 October 2018, 11.4% of the issued ordinary 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.

Annual General Meeting

The AGM will be held on 27 February 2019 at 12 noon at Trinity House, London EC3N 4DH. The Notice of Meeting and details of the resolutions to be put at the AGM are contained in the separate document being sent to shareholders with this Annual Report.

Directors' Statement as to Disclosure of Information to 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 relevant to the preparation of the Annual Report 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 relevant audit information and to establish that the Company's Auditor is aware of that information.

Corporate Governance

The Corporate Governance Statement on pages 39 to 43 forms part of the Report of the Directors.

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.

Global Greenhouse Gas Emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 31 October 2018 (2017: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

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 2018 are detailed on pages 75 and 76.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2019

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 judgments 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 26, 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

Richard Killingbeck
Chairman
15 January 2019

Directors' Remuneration Report

Introduction

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 UK Listing Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by Section 439 of the Act, an ordinary resolution to approve the report will be proposed at the Annual General Meeting ('AGM') on 27 February 2019.

Shareholders last approved the Company's remuneration policy under Section 439A of the Act at the AGM in 2017. No changes to the policy are proposed and therefore the current policy will continue in force until the AGM in 2020.

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.

Remuneration Policy

The Board as a whole considers the Directors' remuneration. 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 Company's 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 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 Statement

As Chairman, Richard Killingbeck reports that Directors' fees were last increased on 1 November 2017, 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 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. Directors' fees were reviewed during the year and no change was proposed.

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.

Annual Report on Remuneration
Directors' Interests in Shares (Audited)

	Ordinary shares of 25p	
	31 October 2018	1 November 2017
Beneficial interest:		
Richard Killingbeck	30,000	30,000
Julian Chillingworth	1,620	1,620
Sue Inglis	5,000	5,000
Matthew Thorne[1]	n/a	30,250
David Wild[1]	n/a	12,803
Isobel Sharp	2,300	–
Richard Huntingford[2]	–	n/a

1 Matthew Thorne and David Wild retired from the Board on 21 February 2018
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. There have been no changes 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.

Directors' Remuneration Report (continued)

Directors' Remuneration (Audited)

The remuneration paid to the Directors who served during the years ended 31 October 2018 and 31 October 2017 was as follows:

	Year ended 31 October 2018 Total fees £	Year ended 31 October 2017 Total fees £	Year ended 31 October 2018 Total expenses including taxable benefits £	Year ended 31 October 2017 Total expenses including taxable benefits £	Year ended 31 October 2018 Total £	Year ended 31 October 2017 Total £
Richard Killingbeck [1]	43,000	40,000	119	–	43,119	40,000
Julian Chillingworth	28,000	26,000	–	–	28,000	26,000
Richard Huntingford[2]	2,762	–	–	–	2,762	–
Sue Inglis[3]	30,500	28,000	–	–	30,500	28,000
Isobel Sharp[4]	29,726	–	–	–	29,726	–
Matthew Thorne[5]	9,485	28,000	739	732	10,224	28,732
David Wild[6]	8,707	26,000	–	–	8,707	26,000
Total	**152,180**	**148,000**	**858**	**732**	**153,038**	**148,732**

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

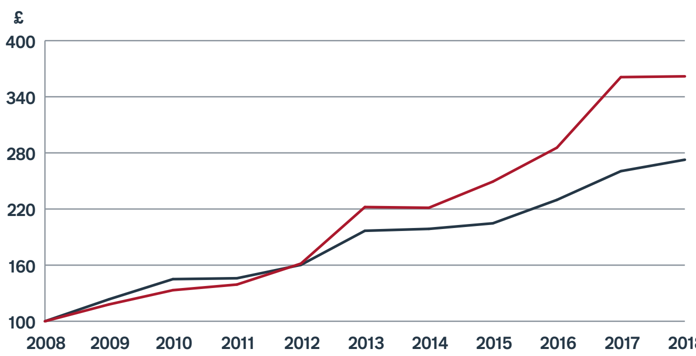
1 Chairman and highest paid director – will retire 27 February 2019 2 Appointed on 26 September 2018 3 Senior Independent Director 4 Chairman of the Audit Committee from 21 February 2018 5 Chairman of the Audit Committee – retired 21 February 2018 6 Retired 21 February 2018

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). There was no increase with effect from 1 November 2018.

Performance

The Company's performance has been measured against the FTSE All-Share Index for the period 1 November 2008 to 31 October 2017 and the FTSE World Index from 1 November 2017 to 31 October 2018 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 2018 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 2008 and the reinvestment of all dividends (excluding dealing expenses)

Composite benchmark of FTSE All-Share Index for the period 1 November 2008 to 31 October 2017 and FTSE World Index from 1 November 2017 to 31 October 2018. Assuming the notional investment of £100 on 31 October 2008 and the reinvestment of all income (excluding dealing expenses)

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 2018 £	31 October 2017 £	Change £	Change %
Total remuneration	153,038	148,732	4,306	2.9
Ordinary dividends paid in the year	23,565,024	22,192,431	1,372,593	6.2

Statement of Voting at Annual General Meeting ('AGM')

At the 2018 AGM 5,136,226 proxy votes (98.2%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 61,371 (1.2%) were against, 33,664 (0.6%) were discretionary and 19,965 were withheld. In relation to the approval of the Remuneration Policy at the 2017 AGM, 5,105,519 proxy votes (98.0%) were received voting for the resolution, 59,239 (1.1%) were against, 44,129 (0.9%) were discretionary and 41,554 were withheld. The percentage of votes excludes votes withheld.

For and on behalf of the Board
Richard Killingbeck
Chairman
15 January 2019

Corporate Governance Statement

Applicable Corporate Governance Codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment company, the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council ('FRC') in April 2016 are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in July 2016 (the 'AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies (the 'AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The FRC has confirmed that, by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

The Board has noted the new UK Corporate Governance Code published by the FRC in July 2018 (the '2018 Code') which the Company will report against for the year ending 31 October 2020. It is not anticipated that this will result in any significant changes for the Company.

New Zealand Listing

It should be noted that the UK Code of Corporate Governance may differ materially from the New Zealand Stock Exchange's corporate governance rules and principles of the Corporate Best Practice Code.

Statement of Compliance

The Directors believe that during the year under review they have complied with the provisions of the AIC Code, insofar as they apply to the Company's business, and with the provisions of the UK Code, except as noted below;

- the role of chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

As the Company has no chief executive and it delegates to an external investment manager (which has its own internal audit function) its day-to-day operations and has no employees, the Board does not consider these provisions to be relevant to the Company and has not reported further in respect of these provisions.

The Board

Board composition

The Articles of Association provide that the total number of Directors shall not be less than three nor more than eight; the Board currently consists of five non-executive Directors. The biographies of the Directors holding office at the date of this Annual Report, which are set out on page 26, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors.

Responsibilities of the Board and its Committees

During the year six scheduled Board meetings were held to deal with the important aspects of the Company's affairs. The Board has a formal schedule of matters specifically reserved for its decision/approval, which are categorised under various headings including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price premium/discount, contracts, investment policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments.

The Board is responsible for the approval of the annual and half year results and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The Directors confirm that they are satisfied that the Annual Report for the year ended 31 October 2018, 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.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's investment objectives and policy and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act. The Board has responsibility for the approval of any investments in in-house funds managed or advised by the Manager. It also has adopted a procedure for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. To enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Internal Control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

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, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting.

Corporate Governance Statement (continued)

- 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.
- Contractual agreements with the Manager and all other third party service providers. The Board reviews performance levels and adherence to relevant provisions in 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.
- The 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 noted the service auditors' qualification in respect of the assurance reports of one of the Company's third party service providers which covered controls during the reporting period. The Board is aware that the Audit Committee sought additional clarification in respect of the exceptions which resulted in the qualification and is satisfied that the matter has been considered in sufficient detail and did not constitute a material weakness in internal controls.

The Board has reviewed the effectiveness of the Company's system of internal control for the year ended 31 October 2018. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

Internal Audit Function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's management functions are delegated to third parties and the Board monitors the controls in place with support from the Manager's Internal Audit department. As such the Board has determined that there is currently no need for the Company to have its own internal audit function. The Board will continue to review this on an annual basis

Directors

Terms of appointment and retirement

The Board may appoint Directors to the Board and any Director so appointed must stand for appointment by the shareholders at the Annual General Meeting ('AGM') following appointment, in accordance with the Articles of Association. Richard Huntingford, who was appointed to the Board on 26 September 2018, will stand for appointment by shareholders at the 2019 AGM.

The Articles of Association require all Directors to retire at each AGM, in accordance with the corporate governance policy adopted. Richard Killingbeck will not be offering himself for re-appointment and will retire from the conclusion of the AGM. All the remaining Directors, being eligible, will offer themselves for re-appointment at the AGM.

Sue Inglis will succeed Richard Killingbeck as Chairman from the conclusion of the 2019 AGM. Julian Chillingworth will succeed Sue Inglis as Senior Independent Director at the same time.

The contribution and performance of each Director (excluding Richard Huntingford) was reviewed by the Nominations Committee at its meeting in September 2018, which recommended to the Board the continuing appointment of each of the Directors.

Under the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a meeting.

Independence

All Directors have a wide range of other interests and are not dependent on the Company itself. At the Nominations Committee meeting in September 2018, the Committee considered each of the Directors' other appointments and commitments, as well as their tenure of service and any connections they may have with the Manager. The Directors confirmed that all Directors remain wholly independent of the Manager. There were no contracts in existence during or at the end of the year and up to the date of this Annual Report which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

Induction and ongoing training

When a new Director is appointed he or she receives an induction seminar which is held by the Manager at the request of the Chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. 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 judgment is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

Corporate Governance Statement (continued)

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** or via the Corporate Secretary.

The Company has also established an Insider Committee to assist in meeting the disclosure requirements of the Market Abuse Regulation.

Audit Committee

The Audit Committee is chaired by Isobel Sharp. The Report of the Audit Committee can be found on pages 44 and 45.

Nominations Committee

The Nominations Committee is responsible for ensuring the Board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of Directors and maintains an effective framework for succession planning.

Richard Killingbeck, Sue Inglis, Julian Chillingworth and Isobel Sharp are the members of the Nominations Committee. The Chairman of the Board acts as Chairman of the Committee, but did not chair the Committee when his successor was being considered. After consideration Sue Inglis was proposed and approved to succeed Richard Killingbeck as Chairman, she did not participate in the discussion regarding her proposed appointment, likewise Julian Chillingworth did not participate in the discussion regarding his proposed appointment as Senior Independent Director.

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

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company. However, given the size of the Board, it is not considered appropriate for the Company to have set targets in this regard; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. Once a decision is made to recruit additional Directors to the Board, a formal job description will be drawn up. The committee may use external agencies as and when the requirement to recruit an additional Board member becomes necessary;
- the appointment of Richard Huntingford was made using the services of the independent external recruitment consultancy NuRole;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board. The results of the annual performance evaluation are detailed below;
- whether any training was required by the Directors;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming ossified;
- the independence of the Directors taking account of the guidelines established by the UK Code and AIC Code as well as the Directors' other commitments;
- the time commitment of the Directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the provisions of the Company's articles regarding the retirement and rotation of Directors, the tenure of the current Directors and recommendations of the 2018 Code; and
- the performance and contribution of the Directors standing for re-appointment at the 2019 AGM.

Following completion of its reviews, the Committee was satisfied that, having considered each Directors experience and the nature of, and anticipated demands on his or her time by, his or her other business commitments including other investment trusts, that each Director is able to commit the time required to fulfil his or her responsibilities as a Director of the Company. Taking account of the performance of individual Directors, the Committee recommended to the Board that it should support the re-appointment of those Directors seeking re-appointment at the 2019 AGM. Other than as described above no changes to the composition of the Board were required at present.

Performance evaluation

The Directors recognise the importance of the AIC Code's recommendation in respect of evaluating the performance of the Board as a whole, the Committees and individual Directors. During the year the Directors undertook a review of the Board structure including an evaluation of the performance of the Board, the Committees and of individual Directors including the Chairman.

The Company is obliged to engage an external facilitator for Board evaluation every three years. An external review was first carried out by Lintstock Limited in 2013 and has been undertaken each year since. The evaluation for the year under review was also undertaken by Lintstock Limited who are independent of the Company. The evaluation concluded that the Board has a good balance of skills and experience relevant to the Company's objectives and operations.

Management Engagement Committee

The Management Engagement Committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company to consider whether their continuing appointment is in the interest of shareholders as a whole. The Committee is chaired by the Chairman

Corporate Governance Statement (continued)

of the Board. All of the independent non-executive Directors are members of the Committee.

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

- the investment performance of the Company, taking account of the benchmark and performance of competitors in the closed-ended sector, the share price, level of premium/discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of its closed-ended competitors and other, similar sized investment companies;
- the key clauses of the investment agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- the performance and fees of the Company's other third-party service providers, including the brokers, depositary, registrar, marketing and research providers, legal counsel and the Company's accountants.

Meeting attendance

The table below sets out the number of formal Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All serving Directors attended the AGM in February 2018.

	Board	AC	NC	MEC
Number of meetings	**6**	**3**	**2**	**1**
Richard Killingbeck	6	n/a	2	1
Julian Chillingworth	6	3	2	1
Richard Huntingford[1]	1	n/a	n/a	1
Sue Inglis	6	3	2	1
Isobel Sharp	6	3	2	1
Matthew Thorne[2]	3	2	–	–
David Wild[2]	3	2	–	–

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

Notes
1 Appointed to the Board on 26 September 2018
2 Retired from the Board on 21 February 2018

The Insider Committee did not meet.

The Directors and Committees of the Board also met during the year as needed to undertake business such as the final approval of the Company's results.

Accountability and Relationship with Janus Henderson

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 36, and the Viability Statement on page 29.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trusts and companies managed by Janus Henderson which provide a forum to discuss industry matters which are then reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. 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. The Board and Janus Henderson operate in a supportive, co-operative and open environment.

The Corporate Secretary, Henderson Secretarial Services Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities particularly when dealing with any conflicts or issues between the Company and Janus Henderson. 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 procedure in place. Any correspondence is also submitted to the next Board meeting for discussion.

Janus Henderson and BNP Paribas Securities Services, which provides Janus Henderson with accounting and administration services, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

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 4.

The Board reviews investment performance at each Board meeting and a formal review of the Manager is conducted annually. As part of the annual review in September 2018 the Directors discussed the quality and continuity of the personnel assigned to handle the Company's affairs, with particular reference to performance and results achieved to date. In addition, they reviewed other services provided by the Manager to the Company, such as accounting, company secretarial and administration services and the Manager's activities in promoting and marketing the Company. The Board noted the Manager's resources and experience in managing and

Corporate Governance Statement (continued)

administering investment trust companies. As a result of their annual review it is the opinion of the Directors that the continued appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

Bribery Act

The Company has no employees. The Board has reviewed the implications of the Bribery Act 2010 and confirmed its zero tolerance to bribery and corruption in its business activities. It has received assurances from the Company's main contractors and suppliers, listed on page 27, that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Criminal Finances Act 2017

The Board has also considered the changes made by the Criminal Finances Act 2017, which came into effect in September 2017, and which introduced a new corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company has received assurances from the Company's main contractors and suppliers that they maintain a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Share Capital

Please see the Report of the Directors on pages 34 and 35.

Relations with Shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and publication of the NAV per share at the London and New Zealand Stock Exchanges.

Janus Henderson also provides a monthly fact sheet which is available on the website, and information on the Company and Fund Manager videos are on the website, via various social media channels and through its HGi content platform, more details of which are included on page 27 of this report.

The Board considers that shareholders should be encouraged to attend and participate at the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting and the Fund Manager will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the Annual Report and Notice of AGM be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Chairman at the registered office address given on page 27 of this report.

General presentations to both shareholders and analysts follow the publication of the annual results and also take place throughout the year. Meetings between Janus Henderson, including our Fund Manager, and shareholders are reported to the Board. The Chairman is also available to meet with shareholders as appropriate.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2019

Report of the Audit Committee

In accordance with the September 2014 Competition and Markets Authority Order, the Audit Committee presents its Report.

Composition

The membership of the Audit Committee comprises all of the Directors except the Chairman of the Board, and from 21 February 2018 was chaired by Isobel Sharp who is a chartered accountant. The other two Audit Committee members were joined during the period by Richard Huntingford who is also a chartered accountant, have a combination of financial, investment and other experience gained throughout their careers and the Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. All members of the Audit Committee are independent and have competence relevant to the sector in which the Company operates. The biographies of the Audit Committee members are shown on page 26.

Meetings

The Audit Committee met three times during the year under review. The Company's Auditor is invited to attend meetings as necessary. Representatives of Janus Henderson and BNP Paribas Securities Services ('BNP') may also be invited.

Role and Responsibilities

The role of the Audit Committee is to assist the Board in applying the financial reporting and internal control principles and to maintain an appropriate relationship with the Auditor. The responsibilities are set out in formal terms of reference which are regularly reviewed. In the year under review the main duties undertaken were:

- consideration of the appropriateness of the Company's accounting policies;
- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability statement, going concern and related parties and consideration of whether the Annual 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 in order to make recommendations to the Board. In assessing whether the Annual Report is fair, balanced and understandable, each Director reviewed the disclosures made, applying their respective knowledge and expertise. The internal controls over financial reporting were also considered together with feedback from the Company's Auditor, Fund Manager and the Corporate Secretary;
- consideration of the Terms of Reference of the Audit Committee;
- consideration of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company, relying on meetings with and reports from the Manager;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at the Manager and BNP as administrator and the Manager's policies in relation to cyber risk and business continuity, meeting with representatives of the Manager's internal audit and risk departments periodically;
- consideration of the key risks, risk management systems in place and the Company's risk map;
- consideration of the Company's anti-bribery policy and review of the Company's gifts and hospitality register (the Audit Committee was satisfied that the Company was in compliance);
- consideration of the Company's anti-tax evasion policy and was satisfied that the Company was in compliance;
- consideration of the nature and scope of the external audit and the findings therefrom;
- annual consideration of whether there is a need for an internal audit function, in order to make a recommendation to the Board (as described on page 40);
- consideration of the appointment of the external Auditor, their effectiveness and their performance and remuneration;
- consideration of the external Auditor's independence and objectivity and the provision of any non-audit services (as explained further on page 45) and the reporting of the external Auditor;
- the Audit Committee Chairman met with the Auditor to discuss the audit plan and audit results;
- consideration of the whistle blowing policy that the Manager has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The policy includes the necessary arrangements for independent investigation and follow up action; and
- consideration of the management fee and the calculation of the management fee.

Report of the Audit Committee (continued)

Annual Report for the Year Ended 31 October 2018

In relation to the Annual Report for the year ended 31 October 2018 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 56) 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 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 2018 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.

Audit Tendering

As a Public Interest Entity listed on the London Stock Exchange, the Company is subject to the mandatory auditor rotation requirements of the European Union. It will put the external audit out to tender at least every ten years, and change auditor at least every 20 years.

The last tender process concluded in September 2016 resulting in Ernst & Young LLP ('EY') being appointed as the Auditor. The next tender will be required no later than 2026.

External Audit, Review and Auditor Reappointment

The Committee discusses the audit process with the Auditor without representatives of the Manager present and considers the effectiveness of the audit process after each audit. This is the third year EY have audited the Company's Annual Report at which Matthew Price has been the audit partner.

During the audit, the Committee Chairman liaised with the partner, Matthew Price, to receive progress updates and reviewed EY's audit results prior to the Committee meeting to consider the financial statements. EY attended this meeting to present their report and 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 and our discussions with representatives of the Manager, the Committee is satisfied with the effectiveness of the audit provided by EY and that they are independent of the Company. The Auditor is required to rotate partners every five years and it is proposed that the current audit partner will serve until the AGM in 2021.

Policy on Non-Audit Services

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 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 £1,500 (2017: £1,500). There were no other non-audit services.

Isobel Sharp
Audit Committee Chairman
15 January 2019

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 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, the Cash Flow Statement 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 2018 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 28 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 36 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 55 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 29 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	• Inaccurate recognition of investment income (including the risk of management override of controls). • Valuation and existence of the investment portfolio including the current asset investment in the Deutsche Global Liquidity Series Fund.
Materiality	• Overall materiality of £10.62m (2017: £10.78m) which represents 1% of net assets.

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
Inaccurate recognition of investment income £30.32m (2017: £29.45m) (As described on page 45 in the Report of the Audit Committee and as per the accounting policy set out on page 56). As can be seen in note 3 in the notes to the financial statements, the Company has reported investment income of £30.32 million (2017: £29.45 million). This includes special dividend income of £0.53m (2017: £1.08m). For special dividends the Company assesses income received and then determines whether amounts should be credited to the revenue or capital columns of the Statement of Comprehensive Income based on the underlying substance of the transaction. We focus on the recognition of revenue and its presentation in the financial statements because the revenue return is a key area of focus for shareholders.	We performed the following procedures: We obtained an understanding of BNP Paribas Securities Services' ("the Administrator" or "BNP") processes and controls for the recognition of investment income by performing walkthrough procedures and reviewing the Administrator's internal control reports. We agreed a sample of 70 dividends received from the underlying financial records to an independent pricing source and to the bank. We agreed all accrued dividends at the period end to post year-end bank statements and to an independent source for validation of existence. We selected a sample of 25 investments from the Company's valuation report, checked to an independent source for any dividends declared by those securities and agreed the recognition of such dividends to the income report. We identified no special dividends that were individually above our testing threshold. We therefore performed a review of a sample of one special dividend which represents £0.12m of the £0.53m total. For this dividend we assessed the appropriateness of the accounting treatment by reference to publicly available information. All special dividends were treated as revenue. To address the risk of management override, we tested a sample of manual journal entries posted to the income account during the year, and around the year-end.	The results of our procedures identified no issues with the accuracy or completeness of income receipts. There were no material special dividends received during the year. Based on the work performed, we have no matters to report.
Valuation and existence of the investment portfolio including the current asset investment in the Deutsche Global Liquidity Series Fund (As described on page 45 in the Report of The Audit Committee). The investment portfolio at the year-end comprised of quoted equities £1,087.03m (2017: £1,101.37m) and a current asset investment in the Deutsche Global Liquidity Series Fund (£18.01m, 2017: £23.25m). The investment portfolio at the year-end also included unquoted investments of £7,000 (2017: £445,000). This investment is below our reporting threshold. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and investment return. Incorrect asset pricing or a failure to maintain proper legal title of assets by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	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 report. We agreed all of the quoted investment holding prices at the year-end to a relevant independent source. For the current asset investment in the Deutsche Global Liquidity Series Fund we agreed the holding to the depositary confirmation, as well as agreeing the valuation of the investment to an independent pricing source. The unquoted investment was found to be immaterial. We checked all the foreign exchange rates applied to an independent source for reasonableness. We agreed the number of shares held for each security to a confirmation of legal title received from the Company's custodian and depositary BNP Paribas Securities Services.	The results of our procedures, of the listed investment portfolio assets, identified no material error in the pricing or reconciliation. Based on the work performed, we have no matters to report.

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 £10.62m (2017: £10.78m), which is 1% (2017: 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 the 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 judgment was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £7.97m (2017: £8.08m). 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 £1.36m (2017: £1.38m) for the revenue column of the Statement of Comprehensive Income, being 5% of the return 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 £0.53m (2017: £0.54m), 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 45 and pages 73 to 76, 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:

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

- **Fair, balanced and understandable** set out on page 36 – 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 44 to 45 – 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 39 to 43 – the parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' 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 36, 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.

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

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 Bankers Investment Trust PLC is complying with those frameworks through discussions with the Audit Committee and Corporate 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 management override in relation to inappropriate revenue journals. We noted no issues in agreeing a sample of revenue journal entries back to the audited income report or through to the corresponding announcements prepared by the Company.
- 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.
- We have reviewed that the Company's control environment and determined that it is adequate for the size and operating model of such a listed investment 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 financial statements on 25 July 2018.

  The period of total uninterrupted engagement including previous renewals and re-appointments is three years, covering the years ending 31 October 2016 to 31 October 2018.
- 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 2019

Statement of Comprehensive Income

Notes		Year ended 31 October 2018 Revenue return £'000	Year ended 31 October 2018 Capital return £'000	Year ended 31 October 2018 Total return £'000	Year ended 31 October 2017 Revenue return £'000	Year ended 31 October 2017 Capital return £'000	Year ended 31 October 2017 Total return £'000
2	(Losses)/gains on investments held at fair value through profit or loss	–	(12,611)	(12,611)	–	152,388	152,388
3	Investment income	30,321	–	30,321	29,445	–	29,445
4	Other operating income	226	–	226	189	–	189
	Total income	**30,547**	**(12,611)**	**17,936**	**29,634**	**152,388**	**182,022**
	Expenses						
5	Management fees	(1,344)	(3,136)	(4,480)	(1,012)	(2,362)	(3,374)
6	Other expenses	(990)	–	(990)	(963)	–	(963)
	Profit/(loss) before finance costs and taxation	**28,213**	**(15,747)**	**12,466**	**27,659**	**150,026**	**177,685**
7	Finance costs	(917)	(2,141)	(3,058)	(916)	(2,137)	(3,053)
	Profit/(loss) before taxation	**27,296**	**(17,888)**	**9,408**	**26,743**	**147,889**	**174,632**
8	Taxation	(1,823)	–	(1,823)	(1,624)	–	(1,624)
	Profit/(loss) for the year and total comprehensive income	**25,473**	**(17,888)**	**7,585**	**25,119**	**147,889**	**173,008**
9	**Earnings per ordinary share – basic and diluted**	20.78p	(14.59p)	6.19p	20.49p	120.62p	141.11p

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 55 to 72 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 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**

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 2017					
	Total equity at 1 November 2016	30,986	78,541	12,489	767,317	37,405	926,738
	Total comprehensive income:						
	Profit for the year	–	–	–	147,889	25,119	173,008
10	Ordinary dividends paid	–	–	–	–	(22,183)	(22,183)
	Total equity at 31 October 2017	**30,986**	**78,541**	**12,489**	**915,206**	**40,341**	**1,077,563**

The notes on pages 55 to 72 form part of these financial statements

Statement of Financial Position

Notes		At 31 October 2018 £'000	At 31 October 2017 £'000
	Non-current assets		
11	Investments held at fair value through profit or loss	1,087,033	1,101,816
	Current assets		
12	Investments held at fair value through profit or loss	18,005	23,252
13	Other receivables	4,667	2,660
	Cash and cash equivalents	20,075	24,102
		42,747	**50,014**
	Total assets	**1,129,780**	**1,151,830**
	Current liabilities		
14	Other payables	(3,370)	(9,451)
		(3,370)	**(9,451)**
	Total assets less current liabilities	**1,126,410**	**1,142,379**
	Non-current liabilities		
15	Debenture stock	(15,000)	(15,000)
15	Unsecured loan notes	(49,827)	(49,816)
		(64,827)	**(64,816)**
	Net assets	**1,061,583**	**1,077,563**
	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	897,318	915,206
21	Revenue reserves	42,249	40,341
	Total equity	**1,061,583**	**1,077,563**
17	**Net asset value per ordinary share**	865.8p	878.9p

The principal risks and viability statement and the financial statements on pages 51 to 72 were approved by the Board of Directors on 15 January 2019 and signed on its behalf by:

Richard Killingbeck
Chairman

The notes on pages 55 to 72 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 2018 £'000	Year ended 31 October 2017 £'000
	Operating activities		
	Profit before taxation	9,408	174,632
	Add back interest payable ('finance costs')	3,047	3,043
	Amortisation of loan notes issue costs	11	10
2	Add: losses/(gains) on investments held at fair value through profit or loss	12,611	(152,388)
	Decrease in accrued income	113	79
	(Increase)/decrease in other receivables	(12)	42
	Increase/(decrease) in other payables	82	(66)
	Purchases of investments	(335,454)	(305,170)
	Sales of investments	337,755	306,581
	Purchases of current asset investments	(46,003)	(52,453)
	Sales of current asset investments	51,250	50,555
	(Increase)/decrease in securities sold for future settlement	(1,834)	5,235
	Decrease in securities purchased for future settlement	(6,163)	(2,601)
	Net cash inflow from operating activities before interest and taxation[1]	**24,811**	**27,499**
	Interest paid	(3,058)	(3,042)
	Taxation on investment income	(2,083)	(1,832)
	Net cash inflow from operating activities	**19,670**	**22,625**
	Financing activities		
10	Equity dividends paid (net of refund of unclaimed distributions)	(23,565)	(22,183)
	Drawdown of bank loan	2,005	–
	Repayment of bank loan	(2,005)	–
	Cash received from the liquidation of Henderson Global Trust plc	–	9
	Net cash outflow from financing activities	**(23,565)**	**(22,174)**
	(Decrease)/increase in cash	(3,895)	451
	Cash and cash equivalents at the start of the year	24,102	23,271
	Exchange movements	(132)	380
	Cash and cash equivalents at the end of the year	**20,075**	**24,102**

1 In accordance with IAS 7.31 cash inflow from dividends was £30,398,000 (2017: £29,372,000) and cash inflow from interest was £62,000 (2017: £191,000)

The notes on pages 55 to 72 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 2018 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 IFRSs. 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 IFRSs 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 with consequential amendments is consistent with the requirements of IFRSs, 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 page 29), the Directors have decided that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting standards

i) The following new and amended standards are applicable to the Company and have been adopted. The only impact on the financial statements is the addition of note 22 as an additional disclosure:

Amendments to IFRSs as adopted by the EU. Pronouncements issued and effective for 31 October 2018 year ends:

Standards		Effective for annual periods beginning on or after
IAS 7 Amendment	Disclosure Initiative	1 January 2017
IAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 12 Amendment (AI 2014-16)	Clarification of the Scope of the Standard	1 January 2017

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

Standards		Effective for annual periods beginning on or after
IAS 28 Amendment (AI 2014-16)	Measuring an associate or joint venture at fair value	1 January 2018
IAS 40 Amendment	Transfers of Investment Property	1 January 2018
IFRS 1 Amendment (AI 2014-16)	Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2 Amendment	Classification and measurement of share-based payment transactions	1 January 2018
IFRS 4 Amendment	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 Amendment	Effective date of IFRS 15	1 January 2018
IFRS 15 Amendment	Clarifications	1 January 2018
IAS 12 Amendment (AI 2015-17)	Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 19 Amendment	Plan amendment, curtailment or settlement	1 January 2019
IAS 23 Amendment (AI 2015-17)	Borrowing costs eligible for capitalisation	1 January 2019
IAS 28 Amendment	Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 9 Amendment	Prepayment Features with Negative Compensation	1 January 2019

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Standards		Effective for annual periods beginning on or after
IFRS 11 Amendment (AI 2015-17)	Previously held interest in a joint operation	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 3 Amendment (AI 2015-17)	Previously held interest in a joint operation	1 January 2019
IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6 14	Amendment to references to the conceptual framework	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Interpretations		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRIC 12, 19, 20, 22 and SIC 32	Amendment to references to the conceptual framework	1 January 2020

The Directors have assessed the impact of these new standards, in particular IFRS 9 and IFRS 15. IFRS 9 should have no material impact because, under the new standard, the Company will continue to classify, and account for, all its investment assets at fair value through profit or loss. The debenture stock and unsecured loan notes will continue to be accounted for at amortised cost. All other financial assets and liabilities are currently accounted for at a reasonable approximation of fair value and this will not change under the new standard. IFRS 15 will have no impact because the Company's business is that of investing in financial instruments and investment income is outside the scope of IFRS 15.

b) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. 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 '(Losses)/gains 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 using the effective interest rate method. Bank deposit interest and stock lending income are accounted for on an accrual 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 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 applicable 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.

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.

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 '(Losses)/gains 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 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

l) Capital and other 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.

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 judgments 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 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.

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 the 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 objectives.

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's Review and Fund Manager Reports on pages 7 to 23. 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 (Losses)/gains on investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Gains on sale of investments based on historical cost	96,298	92,294
Revaluation gains recognised in previous years	(100,381)	(73,764)
(Losses)/gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**(4,083)**	**18,530**
Revaluation of investments held at 31 October	(8,396)	133,478
Exchange (losses)/gains	(132)	380
	(12,611)	**152,388**

3 Investment income

	2018 £'000	2017 £'000
UK dividend income – listed	10,718	10,847
UK dividend income – special dividends	329	580
Overseas dividend income – listed	18,930	17,195
Overseas dividend income – special dividends	205	502
Property income distributions	139	321
	30,321	**29,445**
Analysis of investment income by geographical region:		
UK	11,641	12,743
Europe (ex UK)	5,215	5,220
North America	3,077	2,639
Japan	2,825	2,183
China	1,413	1,454
Pacific (ex Japan, China)	5,183	4,343
Emerging Markets	967	863
	30,321	**29,445**

Notes to the Financial Statements (continued)

4 Other operating income

	2018 £'000	2017 £'000
Bank interest	64	23
Underwriting income	24	54
Stock lending revenue	135	108
Other income	3	4
	226	**189**

At 31 October 2018 the total value of securities on loan by the Company for stock lending purposes was £42,093,000 (2017: £28,166,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2018 was £159,687,000 (2017: £64,544,000). The Company's agent held collateral at 31 October 2018 with a value of £44,402,000 (2017: £31,366,000) in respect of securities on loan, the value which is reviewed on a daily basis and comprises Corporate and Government Bonds with a minimum market value of 105% (2017: 105%) of the market value of any securities on loan.

5 Management fees

	2018			2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment management	1,344	3,136	4,480	1,012	2,362	3,374
	1,344	**3,136**	**4,480**	**1,012**	**2,362**	**3,374**

A summary of the terms of the management agreement is given in the Strategic Report on page 4.

6 Other expenses

	2018 £'000	2017 £'000
Directors' fees and expenses (see page 38)	153	149
Auditors' remuneration – for audit services[1]	26	30
Auditors' remuneration – for non-audit services[2]	2	2
Expenses payable to Janus Henderson (relating to marketing services)	96	123
Bank/custody charges	230	213
Depositary fees	106	97
Registrar's fees	56	73
AIC subscriptions	20	20
Printing expenses	38	47
Legal fees	3	10
Overseas compliance fees	18	31
Listing fees	68	57
Irrecoverable VAT	25	22
Loan arrangement & non-utilisation fees	48	–
Other expenses	101	89
	990	**963**

The compensation payable to key management personnel in respect of short term employment benefits was £153,000 (2017: £149,000) which relates wholly to the fees and expenses payable to the Directors in respect of the year.

1 The Auditor's remuneration for 2017 includes an additional £5,000 incurred during the previous year as a result of additional work on opening balances that was required to be carried out following the change of Auditor. In addition to this amount, Janus Henderson made a contribution of £3,000 to the costs that the Auditor incurred in respect of this work. This has not been included in the fee disclosed as this was not ultimately borne by the Company.

2 Non-audit services relate to the provision of a debenture covenant compliance certificate

Notes to the Financial Statements (continued)

7 Finance costs

	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000	2017 Revenue return £'000	2017 Capital return £'000	2017 Total return £'000
On overdrafts and bank loans repayable within one year	2	5	7	1	2	3
Amortisation of unsecured loan notes expenses	3	8	11	3	7	10
Interest on debentures repayable:						
– between one and five years	360	840	1,200	–	–	–
– after five years	–	–	–	360	840	1,200
Interest on unsecured loan notes repayable:						
– after five years	552	1,288	1,840	552	1,288	1,840
	917	**2,141**	**3,058**	**916**	**2,137**	**3,053**

8 Taxation

a) Analysis of the charge for the year

	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000	2017 Revenue return £'000	2017 Capital return £'000	2017 Total return £'000
Overseas tax suffered	2,121	–	2,121	1,986	–	1,986
Overseas tax reclaimable	(295)	–	(295)	(362)	–	(362)
Income tax recovered	(3)	–	(3)	–	–	–
Total tax charge for the year	**1,823**	**–**	**1,823**	**1,624**	**–**	**1,624**

b) Factors affecting the tax charge for the year

The differences are explained below:

	2018 Revenue return £'000	2018 Capital return £'000	2018 Total return £'000	2017 Revenue return £'000	2017 Capital return £'000	2017 Total return £'000
Profit/(loss) before taxation	**27,296**	**(17,888)**	**9,408**	**26,743**	**147,889**	**174,362**
Corporation tax for the year at 19.00% (2017: 19.42%)	5,186	(3,400)	1,786	5,193	28,720	33,913
Non taxable UK dividends	(2,112)	–	(2,112)	(2,229)	–	(2,229)
Overseas income and non taxable scrip dividends	(3,493)	–	(3,493)	(3,239)	–	(3,239)
Overseas withholding tax suffered	1,826	–	1,826	1,624	–	1,624
Income tax recovered	(3)	–	(3)	–	–	–
Realised gains on non-reporting offshore funds	–	–	–	–	555	555
Excess management expenses and loan relationships	371	897	1,268	275	319	594
Interest capping restriction	48	106	154	–	–	–
Capital losses/(gains) not subject to tax	–	2,397	2,397	–	(29,594)	(29,594)
	1,823	**–**	**1,823**	**1,624**	**–**	**1,624**

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 £8,263,000 (2017: £7,201,000) based on a prospective corporation tax rate of 17.0% (2017: 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 £7,585,000 (2017: £173,008,000) and on 122,606,783 ordinary shares (2017: 122,606,783), being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2018 £'000	2017 £'000
Revenue profit	25,473	25,119
Capital (loss)/profit	(17,888)	147,889
Profit for the year	**7,585**	**173,008**
Weighted average number of ordinary shares	122,606,783	122,606,783
Revenue earnings per ordinary share	20.78p	20.49p
Capital earnings per ordinary share	(14.59p)	120.62p
Earnings per ordinary share	**6.19p**	**141.11p**

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	2018 £'000	2017 £'000
Third interim dividend (4.40p) for the year ended 31 October 2016	28 October 2016	30 November 2016	–	5,395
Final dividend (4.60p) for the year ended 31 October 2016	27 January 2017	28 February 2017	–	5,640
First interim dividend (4.40p) for the year ended 31 October 2017	21 April 2017	31 May 2017	–	5,395
Second interim dividend (4.70p) for the year ended 31 October 2017	28 July 2017	31 August 2017	–	5,762
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	–
Return of unclaimed dividends			–	(9)
			23,565	**22,183**

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.

	2018 £'000	2017 £'000
Revenue available for distribution by way of dividend for the year	25,473	25,119
First interim dividend (4.86p) (2017: 4.40p)	(5,959)	(5,395)
Second interim dividend (4.86p) (2017: 4.70p)	(5,959)	(5,762)
Third interim dividend (5.00p) paid on 30 November 2018 (2017: 4.70p paid on 30 November 2017)	(6,130)	(5,762)
Final dividend (5.00p) payable on 28 February 2019 (2017: 4.80p paid on 28 February 2018)	(6,130)	(5,885)
Revenue surplus for Section 1158 purposes	**1,295**	**2,315**

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Valuation at start of year	1,101,816	951,219
Investment holding gains at start of year	(373,268)	(313,554)
Cost at start of year	**728,548**	**637,665**
Acquisitions at cost	335,454	305,170
Disposals at cost	(241,460)	(214,287)
Cost at end of year	**822,542**	**728,548**
Investment holding gains at end of year	264,491	373,268
Valuation of investments at end of year	**1,087,033**	**1,101,816**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £7,000 (2017: £445,000). See note 16.5 on page 69.

At 31 October 2018 convertible or fixed interest securities held in the portfolio were £7,000 (2017: £13,000).

Purchase and sale transaction costs for the year ended 31 October 2018 were £444,000 and £276,000 respectively (2017: transaction costs of purchases £653,000; transaction costs of sales £298,000). These comprise mainly stamp duty and commission.

The Company has an interest of 3% or more of any class of capital in one investee company, Mortice (2017: Mortice). The Company also has an interest of more than 3% in International Oil and Gas Technology which is in liquidation and held at nil value (2017: same). Neither of these investments are considered material in the context of these financial statements.

12 Current asset investment

The Company has a holding in the 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 2018 this holding had a value of £18,005,000 (2017: £23,252,000).

13 Other receivables

	2018 £'000	2017 £'000
Securities sold for future settlement	1,834	–
Other taxes recoverable	859	585
Prepayments and accrued income	1,925	2,038
Other receivables	49	37
	4,667	**2,660**

14 Current liabilities

	2018 £'000	2017 £'000
Securities purchased for future settlement	1,931	8,094
Accruals	1,201	1,071
Other payables	238	286
	3,370	**9,451**

Notes to the Financial Statements (continued)

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

	2018 £'000	2017 £'000
Borrowings: Debenture stocks (secured):		
8% debenture stock 2023	15,000	15,000
Borrowings: Loan notes (unsecured):		
3.68% unsecured loan notes 2035	49,827	49,816
	64,827	**64,816**

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. The unsecured loan notes were issued net of costs totalling £210,000 and are being amortised over the life of the unsecured notes.

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 between countries and economies.

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

	2018 £'000	2017 £'000
Equities	1,087,026	1,101,803
Fixed interest	7	13
	1,087,033	**1,101,816**

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% (2017: 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.

	2018		2017	
	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	(261)	261	–	–
Capital return	216,798	(216,798)	220,363	(220,363)
Change to profit after tax for the year and net assets	**216,537**	**(216,537)**	**220,363**	**(220,363)**

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.

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.

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**

2017	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000	Other £'000
Other receivables	156	214	734	–	567
Cash and cash equivalents	–	–	–	–	851
Current liabilities	–	–	(8,094)	–	–
Total foreign currency exposure on net monetary items	**156**	**214**	**(7,360)**	**–**	**1,418**
Investments at fair value through profit or loss that are equities	349,640	129,425	123,892	34,026	170,354
Total net foreign currency exposures	**349,796**	**129,639**	**116,532**	**34,026**	**171,772**

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% (2017: 10%), euro/sterling +/- 10% (2017: 10%), Japanese yen/sterling +/- 10% (2017: 10%) and Hong Kong dollar/sterling +/- 10% (2017: 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:

	2018				2017			
	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	525	337	250	52	781	431	237	125
Capital return	41,567	11,661	14,175	3,584	38,849	14,380	13,766	3,781
Change to profit after tax for the year and net assets	**42,092**	**11,998**	**14,425**	**3,636**	**39,630**	**14,811**	**14,003**	**3,906**

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:

	2018				2017			
	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	(429)	(275)	(205)	(43)	(639)	(352)	(194)	(103)
Capital return	(34,010)	(9,541)	(11,598)	(2,932)	(31,785)	(11,766)	(11,263)	(3,093)
Change to profit after tax for the year and net assets	**(34,439)**	**(9,816)**	**(11,803)**	**(2,975)**	**(32,424)**	**(12,118)**	**(11,457)**	**(3,196)**

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 objectives.

16.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash at bank, bank loans, the current asset investments 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.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.3 Interest rate risk (continued)

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.

	2018			2017		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	20,075	–	20,075	24,102	–	24,102
Current asset investment	18,005	–	18,005	23,252	–	23,252
Exposure to fixed interest rates:						
Fixed interest investments	–	7	7	–	13	13
Debentures	–	(15,000)	(15,000)	–	(15,000)	(15,000)
Unsecured loan notes	–	(49,827)	(49,827)	–	(49,816)	(49,816)
	38,080	**(64,820)**	**(26,740)**	**47,354**	**(64,803)**	**(17,449)**

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 (2017: 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 £20,075,000 (2017: £24,102,000) 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 £201,000 (2017: £241,000).
- Bank loans – Amounts drawn down vary throughout the year. Amount drawn down at the year end was £nil (2017: no facility in place).
- Current asset investment sensitivity – The Company's interest bearing current asset investment at the year end was £18,005,000 (2017: £23,252,000) 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 £180,000 (2017: £233,000).
- Fixed income investment sensitivity – The Company's fixed income portfolio at the year end was valued at £7,000 (2017: £13,000) and is not currently paying interest and therefore there is no modified duration (interest rate sensitivity) (2017: no duration).

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 Company also has a debenture and unsecured loan notes, details of which can be found in note 15 on page 64.

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.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.2 Liquidity risk (continued)

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:

	2018			2017		
	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	19,800	–	1,200	21,000
Unsecured loan notes	920	920	79,440	920	920	81,280
Other payables	3,370	–	–	9,451	–	–
	4,290	**2,120**	**99,240**	**10,371**	**2,120**	**102,280**

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 investment banks, the credit rating of which is taken into account 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 60 and on pages 75 and 76.

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 only 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.

None of the Company's financial assets are past due or impaired.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.3 Credit and counterparty risk (continued)

Credit risk exposure

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

	2018 £'000	2017 £'000
Fixed interest securities	7	13
Current asset investment	18,005	23,252
Cash and cash equivalents	20,075	24,102
Receivables:		
Securities sold for future settlement	1,834	–
Other receivables	2,833	2,660
	42,754	**50,027**

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 and bank overdrafts). The par value of the debenture stock and unsecured loan notes can be found in note 15. The fair value of the 8% debenture stock at 31 October 2018 was £18,722,000 (2017: £19,467,000). 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 loan notes has been estimated to be £55,373,000 (2017: £55,155,000) 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.

	2018				2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,087,026	–	–	1,087,026	1,101,371	–	432	1,101,803
Fixed interest investments	–	–	7	7	–	–	13	13
Current asset investments	18,005	–	–	18,005	23,252	–	–	23,252
	1,105,031	**–**	**7**	**1,105,038**	**1,124,623**	**–**	**445**	**1,125,068**

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

Level 3 investments at fair value through profit or loss	2018 £'000	2017 £'000
Opening balance	445	22
Transfer from Level 1 following corporate restructure	–	606
Disposal proceeds	(6)	(9)
Total losses included in the Statement of Comprehensive Income – on assets held at year end	(432)	(174)
	7	**445**

The total value of unquoted investments at 31 October 2018 was £7,000 (2017: £445,000).

The unquoted equity investment held at the previous year end has been written down to nil value as the company filed for bankruptcy. It was previously valued with reference to a promissory note value at the date of issue in November 2016, a payment-in-kind interest rate that accrues to the redemption date and a discount rate to reflect credit risk and illiquidity.

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 objectives through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which represent 0.0006% (2017: 0.04%) of the total portfolio and which are held at Directors' fair value.

The Company's capital at 31 October 2018 comprised its equity share capital, reserves and debt that are shown in the Statement of Financial Position at a total of £1,126,410,000 (2017: £1,142,379,000).

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 or premium);
- 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 £250m.

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 £1,061,583,000 (2017: £1,077,563,000) and on 122,606,783 ordinary shares in issue at 31 October 2018 (2017: 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:

	2018 £'000	2017 £'000
Net assets attributable to ordinary shares at start of year	1,077,563	926,738
Total net profit after taxation	7,585	173,008
Dividends paid	(23,565)	(22,183)
Net assets attributable to ordinary shares at end of year	**1,061,583**	**1,077,563**

Notes to the Financial Statements (continued)

18 Called up share capital

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

	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Ordinary shares of 25p each			
At 1 November 2016	122,606,783	123,945,292	30,986
At 31 October 2017	**122,606,783**	**123,945,292**	**30,986**

During the year, no ordinary shares were issued or purchased. In the year ended 31 October 2017, no ordinary shares were issued or purchased.

Since the year end, the Company has not issued any ordinary shares or purchased shares for cancellation or to be held in treasury.

19 Share premium account

	2018 £'000	2017 £'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 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**

	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 2016	12,489	453,780	313,537	767,317
Transfer on disposal of assets	–	73,764	(73,764)	–
Net gains on investments	–	18,530	133,478	152,008
Net gains/(losses) on foreign exchange	–	442	(62)	380
Expenses and finance costs allocated to capital	–	(4,499)	–	(4,499)
At 31 October 2017	**12,489**	**542,017**	**373,189**	**915,206**

Notes to the Financial Statements (continued)

21 Revenue reserve

	2018 £'000	2017 £'000
At start of year	40,341	37,405
Net revenue profit after tax for the year	25,473	25,119
Dividends paid	(23,565)	(22,183)
At end of year	**42,249**	**40,341**

22 Reconciliation of liabilities arising from financing activities

	Long-term debt £'000	Short-term debt £'000	Total £'000
Opening liabilities from financing activities	64,816	–	64,816
Cash-flows:			
Drawdown of bank loans	–	2,005	2,005
Repayment of bank loans	–	(2,005)	(2,005)
Non-cash:			
Amortisation of issue costs	11	–	11
Closing liabilities from financing activities	**64,827**	**–**	**64,827**

23 Contingent commitments

At 31 October 2018 there were no contingent liabilities in respect of underwriting participations (2017: £nil). Subsequently to the year end, the Company was not required to take up shares in respect of underwriting commitments.

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 4. The total fees paid or payable under this agreement to Janus Henderson in respect of the year ended 31 October 2018 were £4,480,000 (2017: £3,374,000), of which £412,000 is included in accruals at 31 October 2018 (2017: £281,000).

In addition to the above services, Janus Henderson has provided the Company with sales and marketing services during the year. The total fees paid or payable for these services for the year ended 31 October 2018 amounted to £96,000 (2017: £123,000), of which £38,000 was outstanding at 31 October 2018 (2017: £38,000).

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.

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 27) 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 27).

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 2018. 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 27).

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.

Financial Statements on the website

The financial statements are published on the website, **www.bankersinvestmenttrust.com** which is a website maintained by the Manager, Janus Henderson. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the website maintained by Janus Henderson or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Janus Henderson. 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 have occurred to the Annual Report since it was initially presented on the website.

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 27.

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 2018 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and the Company's assets under management as at 31 October 2018 are disclosed below:

Stock lending 2018		
Market value of securities on loan £'000	**% of lendable assets**	**% of assets under management**
42,093	3.87	3.97

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2018 are disclosed below:

Issuer	2018 Market value of collateral received £'000
Government of Japan	22,934
Government of France	11,667
UK Treasury	8,801
Government of Canada	601
European Investment Bank	132
US Treasury	94
Government of Finland	86
Government of Belgium	58
Government of Sweden	16
Government of Norway	13
	44,402

The top ten counterparties of each type of securities financing transactions as at 31 October 2018 are disclosed below:

Counterparty	2018 Market value of securities on loan £'000
Credit Suisse	10,254
Société Générale	8,678
Deutsche Bank	7,039
HSBC	6,194
Morgan Stanley	5,162
Merrill Lynch	2,316
Macquarie Bank	1,870
Bank of Nova Scotia	580
	42,093

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 2018:

Stock lending 2018							
Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
Bank of Nova Scotia	Canada	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	610
Credit Suisse	Switzerland	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	10,774
Deutsche Bank	Germany	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	7,398
HSBC	Hong Kong	Corporate Bond	Investment Grade	Euro	Tri-party	BNP Paribas	132
HSBC	Hong Kong	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	6,375
Macquarie Bank	Australia	Government Bond	Investment Grade	Euro	Non Cash	BNP Paribas	2,130
Merrill Lynch	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	2,438
Morgan Stanley	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	5,430
Société Générale	France	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	9,115
							44,402

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
£159,000	£24,000	15	£135,000	85

The Bankers Investment Trust PLC
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Registration number: 00026351
Registered office: 201 Bishopsgate, London EC2M 3AE

ISIN code: GB0000767003
SEDOL number: 0076700
London Stock Exchange (TIDM) Code: BNKR
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

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The Association of
Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

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WINNER
INVESTMENT TRUST GROUP OF THE YEAR
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