THE BANKERS INVESTMENT TRUST PLC

Annual Report 2017

aic DIVIDEND HERO

MANAGED BY
Janus Henderson
INVESTORS

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

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"... global economic growth remains positive and corporate earnings growth in most major markets is accelerating."

Richard Killingbeck, Chairman

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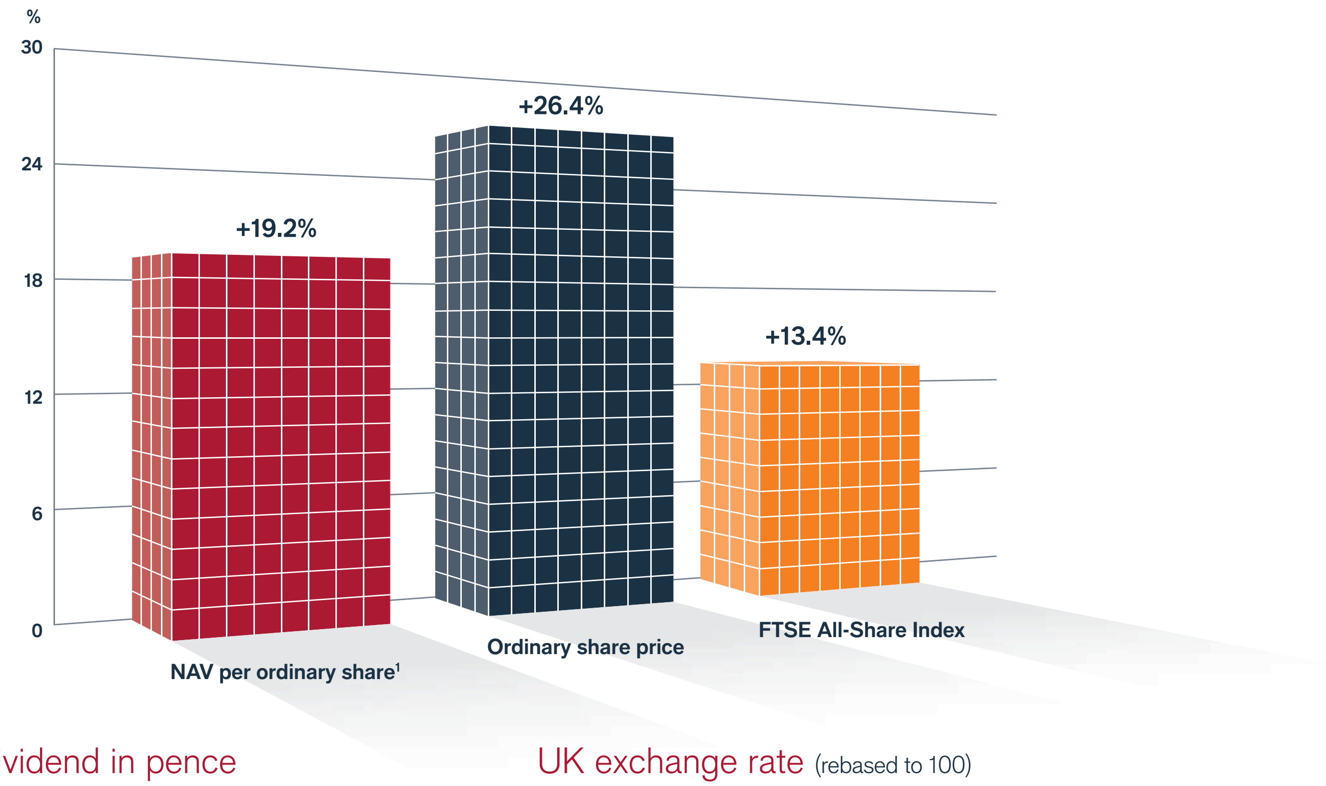
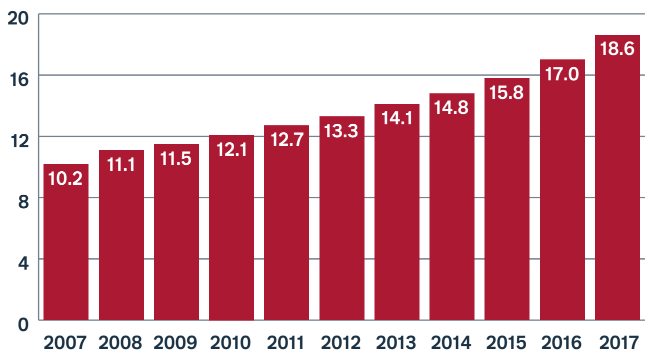
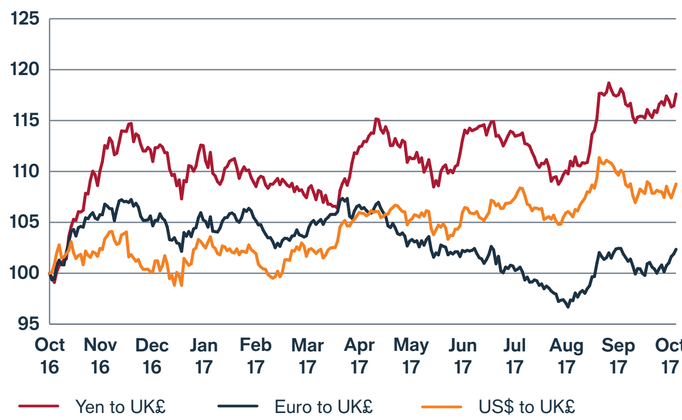


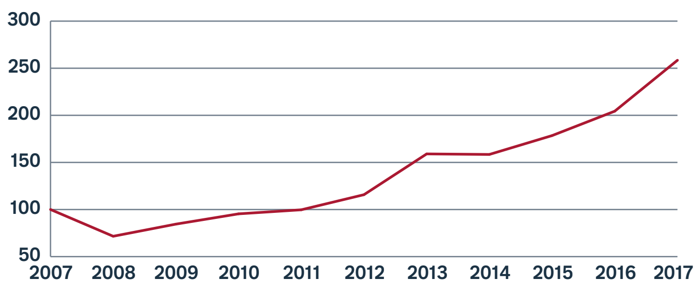
Historical dividend in pence



UK exchange rate (rebased to 100)



Ten year share price total return performance to 31 October 2017 (rebased to 100)



NAV and share price total return performance versus the indices over the year to 31 October 2017
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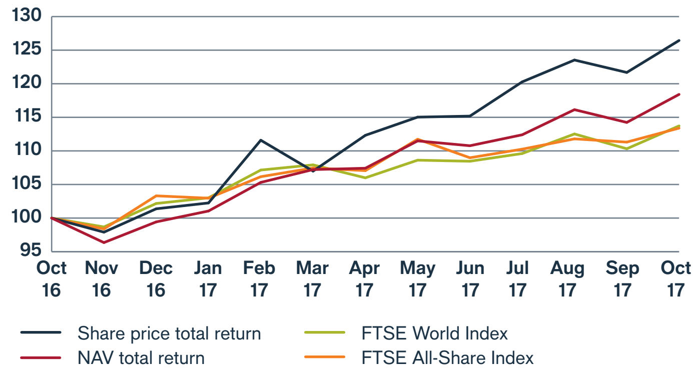


Strategic Report: Performance Highlights (continued)

NAV per share at year end

2017 **878.9p** 2016 **755.9p**

Share price at year end[2]

2017 **852.0p** 2016 **690.0p**

Dividend for year[3]

2017 **18.6p** 2016 **17.0p**

Dividend yield[4]

2017 **2.2%** 2016 **2.5%**

Retail Prices Index increase over year

2017 **4.0%** 2016 **2.0%**

Ongoing charge for year

2017 **0.44%** 2016 **0.52%**

Net gearing at year end[5]

2017 **2.3%** 2016 **2.6%**

Discount at year end

2017 **3.1%** 2016 **8.7%**

Long term growth record to 31 October 2017

	3 years %	5 years %	10 years %	15 years %
Capital return[6]				
Net asset value	47.4	85.6	75.9	248.4
Share price	51.3	96.7	94.1	264.5
FTSE All-Share Index	17.5	36.2	19.2	112.4
FTSE World Index	43.2	85.6	86.3	212.2
Total return[7]				
Net asset value	59.2	111.2	129.1	410.9
Share price	63.1	123.2	158.3	454.0
FTSE All-Share Index	31.1	62.5	71.0	259.1
FTSE World Index	54.3	110.6	142.8	354.0
Net dividend	25.7	39.5	81.6	174.3
Retail Prices Index	6.8	12.1	31.8	54.8

1 Net asset value total return (including dividends per share reinvested)
2 Share price is the mid market closing price
3 This represents the four ordinary dividends recommended or paid for the year (see page 5 for more details)
4 Based on share price at the year end
5 Net gearing is calculated in accordance with the gearing definition in the Alternative Performance Measures on page 29
6 Capital return excludes all dividends
7 Total return assumes net dividends re-invested
Sources: Morningstar for the AIC, Janus Henderson, Datastream

Strategic Report: Business Model

Strategy

The Company's strategy is to meet its investment objectives. This is achieved through the appointment of external management which operates 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 ('Janus Henderson') 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 2017, the portfolio contained 195 (2016: 194) individual investments, with the largest single investment accounting for 1.81% (2016: 2.48%) of total investments and the top 25 holdings totalling 30.20% (2016: 29.25%) of total investments. There were no holdings of investment companies in the portfolio (2016: nil). There were no derivatives held in the portfolio (2016: nil). Net gearing was 2.3% (2016: 2.6%).

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, 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 was amended to take into account the increase in the assets following the Henderson Global Trust plc transaction in 2016 (in which the Company was the 'global growth' roll-over option in the transaction to liquidate Henderson Global Trust plc) and to simplify the calculation. It is now 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. Notwithstanding the foregoing, the management fee calculated for the final two calendar quarters of 2016 and the four quarters of 2017 were subject to a cap of £843,685 per quarter. Prior to this change the management fee was calculated using the average net assets on the last day of October in each of the two preceding years at the rate of 0.45% on average net assets up to £750 million and 0.40% of average net assets over £750 million.

Strategic Report: Chairman's Statement

The Chairman of the Company, Richard Killingbeck, reports on the year to 31 October 2017

- Net asset value increase of 16.3%
- Dividend increase of 9.4%
- Forecast increase in 2018 dividend of at least 6.0%

Performance

I am very pleased to report another excellent year for our shareholders, with a net asset value ('NAV') increase of 16.3%. Also, the share price performance was enhanced as the discount to NAV narrowed, with the share price recording a 23.5% increase.

Whilst UK market sentiment was influenced by Brexit negotiations, international markets continued to perform strongly as evidence of strengthening economic activity and improving consumer confidence was recorded in virtually every region. Currency movements were less pronounced than last year albeit sterling weakened again against the Euro and US dollar. So, for the second year running our capital value was helped by both strong markets in the UK and overseas and a weaker level of sterling. This 'double' impact was particularly evident in our North American portfolio where a sterling total return of 24.3% was recorded and in our Continental European portfolio with a total return of 21.5%. Total returns from Japan and Emerging Markets were lower at 9.8% and 5.8% respectively whilst the UK portfolio had a total return of 12.7%. Indeed, every international portfolio outperformed its local benchmark. Special mention must be made of our mainland China equity exposure where we recorded a total return of 55.3% against a local benchmark of 15.1%. On behalf of the Board, I would like to thank all of our fund managers for this exceptional performance.

I have reported on several occasions that strategic asset allocation decisions have led to a considerable shift in our equity exposure away from the UK and into other major markets, primarily North America during the past five years. North America is now our single largest country exposure at approximately 28%, followed by the UK at approximately 26%. Many market commentators have, over the years, tried to call the top of the North American market based on stretched valuation levels. But, despite a backdrop of increasing interest rates, multiples have continued to rise and in certain sectors appear to be significantly beyond any normal valuation levels. With this in mind we are unlikely to increase our US asset allocation in the short to medium term.

Elsewhere, primarily in Continental Europe and Japan, the economic growth story is gaining momentum and has yet to be fully reflected in corporate earnings growth. Whilst many challenges remain in these two geographic areas, they are likely to be the beneficiaries of any further asset allocation shifts away from the UK which we may instigate in the year ahead.

Revenue and Dividends

Bankers has delivered a further solid increase in the revenue account, reflecting positive currency movements, robust dividend growth and further substantial special dividends. This performance has enabled the Board to recommend an increase in the final quarterly dividend to 4.80p per share. If approved by shareholders this will result in a total dividend payment for the year of 18.6p (2016: 17.0p), an increase of 9.4%. This increase compares with my forecast of at least 6%. Our revenue earnings per share over the same period rose to 20.49p (2016: 17.53p), an increase of 16.9%.

The outlook for the year ahead from a revenue perspective remains positive. The recommended final 2017 dividend payment, if approved, will still accommodate a healthy transfer to revenue reserve which, at the year-end, represented 1.8 times the cost of the 2017 annual dividend. These reserves give the Board confidence in its discussions over future dividend growth. So, I am pleased to be able to report, on behalf of the Board, a forecast of dividend growth of at least 6.0% for 2018.

Change to Investment Objectives and Policy Wording

You will note in the annual report that the Board has reviewed the wording of the investment objectives and policy. This has been driven by the FCA's thematic review on meeting customer expectations and ensuring that investment objectives and policies are clear, accurate and not ambiguous. Shareholders should rest assured that the existing twin key objectives of capital growth and dividend growth remain core to the investment objectives of the Company. We have taken the opportunity to consider introducing a global benchmark to judge capital growth over the long term. After consultation with our Manager and Corporate Broker we have decided to adopt the FTSE World Index, an index of global companies. We intend to review performance over a suitable medium to long term period, representing at least three years, as we do not wish our fund managers to generate excessive trading to move the portfolio into line with the index in seeking to generate short term relative performance.

Strategic Report: Chairman's Statement (continued)

Janus Henderson

We have followed the course of the merger between Henderson and Janus and the additional resources and expertise that has been available to Alex Crooke, our Fund Manager. We continue to be optimistic that Janus Henderson will be able to provide Alex with the support he will need to build on the performance of Bankers. We are also delighted to record Alex's promotion to Co-Head of Equities at Janus Henderson whilst continuing to be lead Fund Manager of Bankers.

Board Changes

Both Matthew Thorne and David Wild will be retiring from the Board at the forthcoming Annual General Meeting ('AGM'). On behalf of all shareholders I thank both of them for their significant contribution to the continuing success of the Company.

Matthew joined the Board in November 2008 and became Audit Committee Chairman in 2010. During this period Matthew has been a strong independent non-executive director who has demonstrated on many occasions his responsibilities to shareholders. Having served a full nine year term Matthew will retire at the AGM.

David joined the Board in February 2014 and is not seeking re-appointment at the AGM. David's executive role at Domino's Pizza has expanded as that company has developed and, as such, David felt unable to commit to the continuing time demands placed upon the non-executive directors of your Company.

I am pleased to report that Isobel Sharp joined the Board on 1 November 2017, and will stand for appointment by shareholders at the forthcoming AGM. Isobel has had a distinguished career in the accountancy profession, most recently as the senior technical partner at Deloitte LLP. Further details of her experience can be found on page 23. Isobel will take on the Audit Committee Chair upon Matthew's retirement. I look forward to introducing Isobel to shareholders at the AGM.

Annual General Meeting ('AGM')

This year's AGM will again be held at Trinity House, London, EC3N 4DH on 21 February 2018 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

Rising inflation and the reaction of central banks is likely to be one of the bigger macro issues affecting global markets in the year ahead. Increasing globalisation of the world economy has manifested itself in many ways with one key aspect being the downward pressure on labour costs across major economies. The recent increase in broader inflation measures has not yet resulted in a significant increase in labour costs but the time may be getting closer when labour cost pressures will be more evident. Central banks in the US and UK are beginning to withdraw the monetary support to their economies by raising interest rates. How aggressive this removal of monetary support will be, especially with most markets at all-time highs, will be one of the key determinants of market direction in 2018.

On a more positive note, global economic growth remains positive and corporate earnings growth in most major markets is accelerating. Whether this growth is already reflected in market valuations is another critical aspect in trying to forecast returns for next year. One thing about which I am certain, however, is to be cautious in extrapolating the returns of the past two years into next year. Global stock markets and currencies may not be as positively aligned in our favour as they have been during the past two years.

Richard Killingbeck
Chairman
15 January 2018

Strategic Report: Fund Manager's Review

The Fund Manager of the portfolio, Alex Crooke, reports on the year to 31 October 2017

Stock markets have continued to dance to the tune being played by central banks. Easy money and low interest rates provided a supportive back drop for assets of all types to appreciate, effectively debasing the value of cash by comparison. While certain politicians in the US and Europe have been distracting the attention of commentators and news services, their relevance to economic growth has been limited. The unexpected outturn was the US Federal Reserve increasing interest rates at a lower rate than expected maintaining the goldilocks era that has persisted for a few years. Investors were said to be exhibiting rational exuberance by market strategists, although in recent months this seems to be swinging to a less rational form of speculation in cryptocurrencies such as Bitcoin. Our strategy has changed little through the year, preferring to stay invested and concentrate on businesses that produce strong cash generation which can support a return of profits through dividends. This has resulted in another solid year of relative performance, particularly at the stock picking level with every region, bar the UK, outperforming their regional indices. The stand-out performers were the US and once again the mainland China portfolio of A shares.

The US portfolio has been the largest contributor to overall performance in recent years, rising to over 30% of the portfolio value earlier this year, at which point we decided to take some profits. Valuations in the US are at an elevated level, justifiable to some extent by better growth, but as economic activity improved in other parts of the world we felt better value could be obtained elsewhere. These reductions proved to be well timed. The proceeds from US sales were reinvested into Europe and China and, later in the year, Japan. At a stock level, we are beginning to find that better levels of growth globally and the slow normalisation of interest rates is benefitting cyclicals: those stocks that are more attuned to economic growth such as financials and industrials. We have benefitted from the share price appreciation of US technology shares but, towards the middle of the year, started to rotate these holdings into more diversified areas, reducing the potential impact should they start to underperform. Our managers have not had it all their way; smaller companies have performed far better than large and this dynamic impacted performance in the UK and to some extent Europe where we have limited exposure to small companies.

Europe and Asia, including China, have delivered the best absolute level of returns during the year. We continue to believe that these markets can make further progress but the exposure to China, through both mainland and Hong Kong, is getting towards the maximum level that we are able to tolerate. The region can be susceptible to higher levels of volatility and central government control, which means we should not be overly exposed. The deployment of gearing within the Company has been conservative all year and ended the period at 2%. We felt more comfortable retaining cash to take advantage of a market setback, as there have been troubling political and macro events that could easily have resulted in investors withdrawing from markets. In the end, no meaningful fall occurred but we continue to cautiously recycle investments from stocks we feel are expensive into those which offer better value.

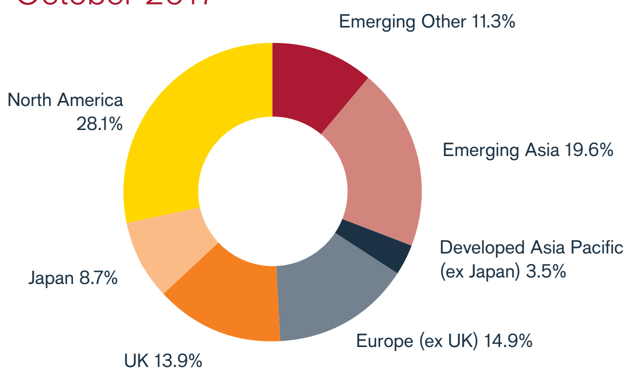
We have made a change to the manager line-up with David Smith taking over the management of the UK portfolio from me. David and I have worked together for the last five years on another UK portfolio and I feel his clear focus on companies listed in the UK will deliver returns as the future ramifications of Brexit become clearer. The roster of fund managers working for Bankers features the best talent within Janus Henderson and the merger over the summer with Janus has created more resources.

The significant fall in the value of sterling following the 2016 European referendum had a greater impact in the translation of overseas dividends during this reported year than the previous year. The Company's earnings rose 17% year-on-year but, as the year progressed, sterling started to strengthen against the US dollar and next year we could see the positive effect on earnings reverse. A key focus of stock selection in all regions is dividend growth from our investments and this been most noticeable in the lower yielding regions such as the US and Japan. Dividend growth is gently accelerating in both regions and could surprise positively next year helped by tax reforms in the US and a move to higher pay outs in Japan.

There are plenty of future trends like Brexit, fading Chinese growth and shrinking liquidity that may make investors cautious. A negative outturn from any one could result in a sharp fall in stock markets. However, the seeds of a global recession or prolonged market collapse are not yet obvious and so share prices may continue to rise. Seeking out fundamental or intrinsic value has long been a sound investment strategy but, in recent years, they have been forgotten in favour of growth and momentum. It seems clear to us that inflationary pressures exist in labour markets and higher wage growth will favour a market shift towards more careful analysis of value and the price paid for growth. These trends should favour our portfolio.

Alex Crooke
15 January 2018

Corporate Revenue Exposure at 31 October 2017



Statistical Record

At 31 October

	Gross revenue £'000	Earnings and dividends per 25p ordinary share: Earnings net p	Earnings and dividends per 25p ordinary share: 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	Indices of growth[3]: Net asset value	Indices of growth[3]: Market price per 25p ordinary share	Indices of growth[3]: Dividend per 25p ordinary share net	Indices of growth[3]: FTSE All-Share Index	Indices of growth[3]: FTSE World Index (ex UK)	Indices of growth[3]: UK Retail Prices Index
2007	16,437	11.32	10.24	0.71	596,020	500	439	100	100	100	100	100	100
2008	18,613	12.76	11.06	0.47	410,661	341	305	68	69	108	63	73	104
2009	16,866	11.83	11.50	0.50	473,863	400	348	80	79	112	75	85	103
2010	16,478	12.26	12.10	0.42	526,955	452	380	90	87	118	85	98	108
2011	16,389	11.98	12.70	0.40	521,331	447	385	89	88	124	83	95	114
2012	18,593	13.84	13.33	0.42	551,214	475	433	95	99	130	88	102	118
2013	19,689[2]	14.45[2]	14.13	0.45	678,561	587	580	117	132	138	104	125	121
2014	20,748	15.05	14.80	0.53	693,196	596	563	119	128	145	101	134	123
2015	22,767	17.22	15.80	0.52	777,428	630	619	126	141	154	101	137	124
2016	24,916	17.53	17.00	0.52	991,544	756	690	151	157	166	109	175	127
2017	**29,634**	**20.49**	**18.60**	**0.44**	**1,142,379**	**879**	**852**	**176**	**194**	**182**	**119**	**195**	**132**

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

	2017	2016
US Dollar	1.3280	1.2209
Japanese Yen	150.895	128.298
Euro	1.140	1.114
Hong Kong Dollar	10.36	9.47
Australian Dollar	1.732	1.604

	2017	2016
Chinese Yuan Renminbi	8.8009	8.2665
New Taiwanese Dollar	40.05	38.53
Korean Won	1487.769	1397.015
Swiss Franc	1.324	1.207
New Zealand Dollar	1.938	1.707

Distribution of Assets and Liabilities

At 31 October 2017

	Equities £'000	Fixed interest £'000	Current assets £'000	Total assets £'000	%	Total liabilities £'000	Currency exposure of net assets £'000	Currency exposure of net assets %
United Kingdom	291,386	13	47,493	338,892	29.4	(66,173)	272,719	25.3
Europe (ex UK)	163,534	–	529	164,063	14.3	–	164,063	15.2
North America	305,266	–	153	305,419	26.5	–	305,419	28.4
Japan	128,314	–	734	129,048	11.2	(8,094)	120,954	11.2
China	67,645	–	764	68,409	5.9	–	68,409	6.3
Pacific (ex Japan, China)	118,822	–	276	119,098	10.3	–	119,098	11.1
Emerging Markets	26,836	–	65	26,901	2.4	–	26,901	2.5
Total	**1,101,803**	**13**	**50,014**	**1,151,830**	**100.0**	**(74,267)**	**1,077,563**	**100.0**
	102.3%	0.0%	4.6%	106.9%		(6.9%)	100.0%	

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

Largest Investments

At 31 October 2017

Ranking 2017	Ranking 2016	Company	Valuation 2016 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2017 £'000
1	(1)	BP	23,603	–	(4,448)	743	19,898
2	(4)	Apple	13,340	–	–	4,918	18,258
3	(2)	British American Tobacco	16,428	–	–	629	17,057
4	(17)	American Express	9,290	3,478	–	3,636	16,404
5	(3)	American Tower	14,081	–	–	1,779	15,860
6	(7)	Alphabet	12,198	–	–	2,257	14,455
7	(22)	Facebook	8,493	2,844	–	3,035	14,372
8	#	Samsung	7,439	1,517	–	5,371	14,327
9	(6)	Royal Dutch Shell	12,307	–	–	1,784	14,091
10	#	Xylem	–	11,146	–	2,663	13,809
11	(19)	FedEx	9,135	2,586	–	1,967	13,688
12	(8)	Comcast	12,103	–	–	869	12,972
13	#	Berkshire Hathaway	–	11,825	–	799	12,624
14	(5)	Delphi Automotive	12,746	–	(4,153)	4,010	12,603
15	(14)	Taiwan Semiconductor Manufacturing	10,008	–	–	2,516	12,524
16	#	Union Pacific	–	11,931	–	418	12,349
17	(12)	Fidelity National Information Services	10,275	–	–	1,574	11,849
18	(16)	Visa	9,363	–	–	2,108	11,471
19	#	Cognizant Technology Solutions	3,034	6,403	–	2,029	11,466
20	#	ICON	–	11,142	(4,075)	3,885	10,952
21	#	Estée Lauder	–	9,274	–	1,474	10,748
22	#	Priceline	7,838	1,172	–	1,496	10,506
23	#	Hangzhou Hikvision Digital Technology	3,891	1,597	(371)	4,953	10,070
24	#	Diageo	6,083	2,491	–	1,398	9,972
25	#	MasterCard	7,785	–	–	2,164	9,949
			209,440	**77,406**	**(13,047)**	**58,475**	**332,274**

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 2016 £'000	Purchases £'000	Sales proceeds £'000	Appreciation £'000	Valuation 2017 £'000
United Kingdom	276,070	62,911	(71,704)	24,122	291,399
Europe (ex UK)	136,261	44,138	(41,672)	24,807	163,534
North America	263,721	82,009	(100,020)	59,556	305,266
Japan	108,972	59,251	(48,495)	8,586	128,314
China	40,472	36,485	(29,443)	20,131	67,645
Pacific (ex Japan, China)	101,896	15,671	(13,030)	14,285	118,822
Emerging Markets	23,827	4,705	(2,217)	521	26,836
	951,219	**305,170**	**(306,581)**	**152,008**	**1,101,816**

Strategic Report: United Kingdom

The Fund Manager of the UK portfolio, David Smith, reports on the year to 31 October 2017

Review

The UK stock market continued to make strong gains over the year with the FTSE All-Share returning 13.4% on a total return basis. The strength of the global economy supported those companies with overseas exposure which drove the market higher. After starting the formal divorce proceedings with the European Union, Prime Minister May called a snap General Election which ultimately resulted in the Conservative party losing their overall parliamentary majority. Consumer confidence in the UK slowed during the period which fed through into earnings disappointment from some consumer cyclical companies.

Unfortunately the UK portfolio lagged the strong market returns. Investors chased global cyclical companies, such as Miners and Industrials, irrespective of valuation making it difficult to outperform, given our bias to a value investment style. Further disappointment in the year came from the holdings in BT Group and Utilities. BT surprised the market in January after it announced an accounting scandal in its Italian division while regulatory and pension concerns further weighed on the share price. Utilities were impacted by the prospect of political interference ranging from the Conservatives' intention to introduce price controls to the threat of full renationalisation in the Labour Party's manifesto. Despite the general UK economic gloom, some of the UK portfolio's other domestic holdings helped performance. Housebuilder Persimmon produced strong profit growth supported from the government's Help to Buy scheme while Sports Direct shares started to recover as evidence of the management team's turnaround strategy came through. Pub company JD Wetherspoon also performed strongly with its value proposition underpinning robust revenue growth.

Total return (£) (year to 31 October 2017)	%
Bankers	12.7
FTSE All-Share Index	13.4

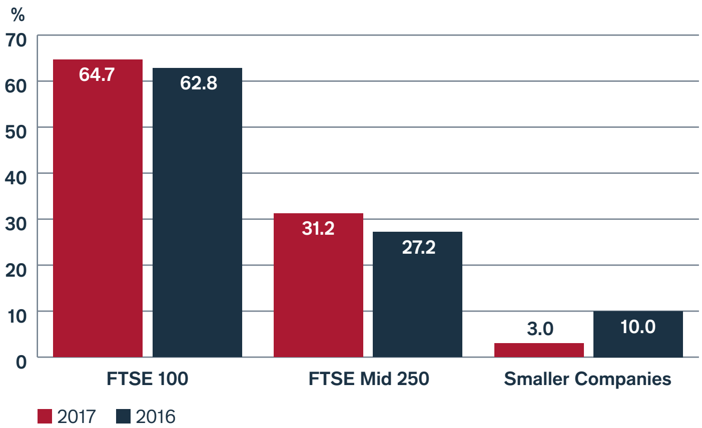
Activity

Within the Chemical sector we introduced new holdings in Victrex and Johnson Matthey. Johnson Matthey's main division manufactures catalytic convertors for cars and trucks with growth driven by stricter regulation on emissions. The company is also developing exciting new battery technologies for the fledgling Electric Vehicle industry. Victrex is a market leading producer of PEEK (Polyether ether ketone), a high performance plastic with strong substitution growth potential for industrial and medical applications. Elsewhere we used the Brexit-induced malaise to initiate positions in some high quality, albeit cyclical, domestic stocks where we felt valuations were already discounting a bearish outcome for the UK economy. This included Whitbread (owner of Premier Inns and Costa Coffee) and retailers Pets at Home and Ted Baker which all offer attractive dividend growth prospects. After a period of strong performance Persimmon was sold. With margins at peak levels the valuation is expensive at a time when the housing market is slowing. Other notable sales included Elementis, Rentokill, WPP and M&S.

Outlook

Uncertainties around Brexit negotiations are dominating sentiment in the UK. Expectations are for the UK economy to grow below trend however, this could be challenged if confidence is lost in the fragile government or talks with the EU fail to make headway. Although UK market valuations are now above their long term average, this is justifiable given the robust outlook for the global economy and there are distinct variations at the sector level. The relative valuation of domestic cyclicals is now as low as it has been since the depth of the financial crisis, which feels extreme given monetary and fiscal policies remain supportive. The UK portfolio maintains a balance between those companies with stable earnings growth and high quality domestic earnings. Ideally we seek out defendable business models with strong balance sheets and at attractive valuations.

UK portfolio classified by market value of company at 31 October



Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	£'000	% of UK portfolio
BP	Oil & Gas Producers	19,898	6.83
British American Tobacco	Tobacco	17,057	5.85
Royal Dutch Shell	Oil & Gas Producers	14,091	4.84
Diageo	Beverages	9,972	3.42
Lloyds Banking	Banks	8,761	3.01
GlaxoSmithKline	Pharmaceuticals & Biotechnology	8,694	2.98
Reckitt Benckiser	Household Goods & Home Construction	8,082	2.77
Cranswick	Food Producers	7,706	2.65
Galliford Try	Construction & Materials	7,586	2.60
Barclays	Banks	7,198	2.47
Prudential	Life Insurance	6,951	2.39
Imperial Brands	Tobacco	6,678	2.29
Fisher (James) & Sons	Industrial Transportation	6,497	2.23
Smith (D.S.)	General Industrials	5,956	2.04
Jardine Lloyd Thompson	Non-life Insurance	5,896	2.02
HSBC	Banks	5,789	1.99
ITV	Media	5,675	1.95
Johnson Matthey	Chemicals	5,662	1.94
Intermediate Capital	Financial Services	5,645	1.94
Rio Tinto	Mining	5,407	1.86
Sports Direct International	General Retailers	5,303	1.82
Hansteen	Real Estate Investment Trusts	5,254	1.80
Informa	Media	5,019	1.72
BT	Fixed Line Telecommunications	4,870	1.67
Phoenix	Life Insurance	4,675	1.60
Smiths	General Industrials	4,543	1.56
St. James's Place	Life Insurance	4,427	1.52
GKN	Automobiles & Parts	4,391	1.51
Jupiter Fund Management	Financial Services	4,371	1.50
Victrex	Chemicals	4,371	1.50
Wetherspoon (J.D.)	Travel & Leisure	4,238	1.46
Sage	Software & Computer Services	4,089	1.40
Pets at Home	General Retailers	4,034	1.38
Ted Baker	Personal Goods	3,601	1.24
Big Yellow	Real Estate Investment Trusts	3,502	1.20
Kcom	Fixed Line Telecommunications	3,468	1.19
Whitbread	Travel & Leisure	3,428	1.18
Connect	Support Services	3,341	1.15
Britvic	Beverages	3,321	1.14
Schroders	Financial Services	3,241	1.11
Centrica	Gas, Water & Multiutilities	3,172	1.09
Investec	Financial Services	3,147	1.08
BHP Billiton	Mining	3,140	1.08
Severn Trent	Gas, Water & Multiutilities	3,078	1.06
Saga	General Retailers	3,063	1.05
Dairy Crest	Food Producers	3,038	1.04
Greencore	Food Producers	2,974	1.02
RELX	Media	2,788	0.96
Lancashire	Non-life Insurance	2,634	0.90
Compass	Travel & Leisure	2,509	0.86
SSE	Electricity	2,299	0.79
Tiso Blackstar	Media	2,135	0.73
United Utilities	Gas, Water & Multiutilities	1,666	0.57
Mortice	Support Services	1,000	0.34
Action Hotels[1]	Travel & Leisure	822	0.28
Avingtrans	Industrial Engineering	801	0.28
Constellation Healthcare Technologies[2]	Health Care Equipment & Services	432	0.15
Lehman Brothers Hldgs 7.875%[3]	Fixed Interest	13	0.00
		291,399	**100.00**

1 AIM Listed 2 Unquoted 3 Fixed Interest

Strategic Report: Europe (ex UK)

The Fund Manager of the European portfolio, Tim Stevenson, reports on the year to 31 October 2017

Review

It has been a good year for equity markets in mainland Europe and it is pleasing that the European holdings in the portfolio have performed more strongly than the index. The holdings have risen in value by 21.5% which is ahead of the 19.9% index return, extending a recent trend of outperformance.

European markets have done well as economic growth has strengthened and political uncertainties have largely been resolved. The focus has therefore returned to earnings, which have finally started to show an improvement. Although valuations still look high as they perhaps do worldwide, European equities have increased in line with the growth in earnings over the last twelve months. Additionally the return of inflation to which we had alluded to in last year's report has not materialised, and hence the European Central Bank ('ECB') has maintained a high level of bond purchases under their quantitative easing programme allowing the 10 year Bund levels in Germany to hover around 0.4%. Recent ECB meetings have reaffirmed the commitment to an easy monetary policy until well into 2018 and possibly even into 2019.

Politics in Europe have become less of an issue notwithstanding the Catalan crisis and the electorates have largely chosen to stick with incumbent or centrist leaders. One advantage of the proportional representation electoral systems in Europe will be that the protest parties will have a chance to air their views in their respective parliaments and have their ideas challenged and debated. Some of the more radical thinking may not stand up too well to rigorous debate and testing.

The greatest contributors to performance were the financial companies Amundi, Van Lanschot and Allianz, while Christian Dior and Deutsche Post also helped out performance. There were more difficult times for advertising agency Publicis where the push to online advertising is causing clients to migrate away.

Total return (£) (year to 31 October 2017)	%
Bankers	21.5
FTSE All-World Developed Europe (ex UK) Index	19.9

Activity

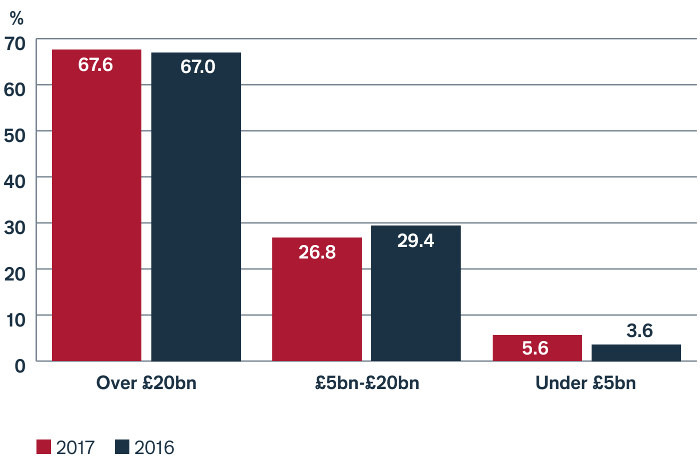
The total number of holdings has risen by two to reach forty but it is our intention to reduce this number in the coming year. There are ten new holdings, all of which combine a visible stream of future growth as well as some income. The prospect of tightening monetary policy in the coming year should aid the banking sector and in particular our holdings of ING and Credit Agricole. We believe that the worst of the banking crisis is perhaps behind us, and higher long term interest rates should eventually lead to better earnings. We have also added a position in Umicore from Belgium, which may become one of the world's leading battery manufacturers and hence benefit from the inevitable growth in electric vehicles. In total eight positions have been sold and Christian Dior was bid for.

Outlook

There is almost a Panglossian feel about markets towards the end of 2017. In spite of nervousness about Brexit, where all of Europe could suffer from a lack of trade agreements, the markets just push relentlessly higher. It is certainly encouraging that earnings are coming through, and economic growth looks set to continue to be in the region of 2% next year in Europe. Companies continue to invest for the long term and avoid the potential perils of pandering too much to short term market demands. Dividends should also be set to rise in the next few years.

As we move into 2018, there will be an increasing expectation of tighter monetary policy from the ECB. This should not cause alarm as it is really a sign that there may be a return to some semblance of normality. We will continue to focus on reliable companies that can steadily increase their earnings and dividends.

European portfolio classified by market value of company at 31 October



Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	Country	£'000	% of European portfolio
Deutsche Post	Industrial Transportation	Germany	9,280	5.68
Amundi	Financial Services	France	6,350	3.88
Amadeus IT	Support Services	Spain	6,045	3.70
Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	5,796	3.54
Nestlé	Food Producers	Switzerland	5,733	3.51
Hermès	Personal Goods	France	5,614	3.43
Novartis	Pharmaceuticals & Biotechnology	Switzerland	5,160	3.16
Allianz	Non-life Insurance	Germany	5,069	3.10
Legrand	Electronic & Electrical Equipment	France	4,937	3.02
SAP	Software & Computer Services	Germany	4,858	2.97
Fresenius	Health Care Equipment & Services	Germany	4,739	2.90
ING	Banks	Netherlands	4,619	2.82
DSM	Chemicals	Netherlands	4,579	2.80
Crédit Agricole	Banks	France	4,460	2.73
Deutsche Boerse	Financial Services	Germany	4,236	2.59
Fresenius Medicare Care	Health Care Equipment & Services	Germany	4,153	2.54
Partners	Financial Services	Switzerland	4,153	2.54
L'Oréal	Personal Goods	France	4,138	2.53
Van Lanschot	Banks	Netherlands	4,094	2.50
Deutsche Telekom	Mobile Telecommunications	Germany	3,854	2.36
UBS	Banks	Switzerland	3,800	2.32
Koninklijke Philips	General Industrials	Netherlands	3,771	2.31
Sodexo	Travel & Leisure	France	3,720	2.28
Infineon	Technology Hardware & Equipment	Germany	3,667	2.24
Statoil	Industrial Metals & Mining	Norway	3,654	2.23
Munich Reinsurance	Non-life Insurance	Germany	3,506	2.14
Continental	Automobiles & Parts	Germany	3,505	2.14
Total	Oil & Gas Producers	France	3,476	2.13
Philips Lighting	Electronic & Electrical Equipment	Netherlands	3,394	2.08
Linde	Chemicals	Germany	3,312	2.03
Eurotunnel	Industrial Transportation	France	3,210	1.96
SGS	Support Services	Switzerland	3,210	1.96
Orange	Fixed Line Telecommunications	France	3,061	1.87
Inditex	General Retailers	Spain	2,686	1.64
A P Möller-Maersk	Industrial Transportation	Denmark	2,603	1.59
Bayer	Chemicals	Germany	2,587	1.58
Publicis	Media	France	2,482	1.52
Umicore	Chemicals	Belgium	2,356	1.44
Brenntag	Chemicals	Germany	1,920	1.17
Bawag	Banks	Austria	1,747	1.07
			163,534	**100.00**

European Geographical Distribution at 31 October

	2017 %	2016 %
Germany	33.4	32.1
France	25.3	26.5
Switzerland	13.5	21.4
Netherlands	12.6	6.0
Spain	5.3	5.2
Denmark	5.1	3.0
Norway	2.2	2.0
Belgium	1.5	–
Austria	1.1	–
Sweden	–	3.8
	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 2017

Review

The North American portfolio strongly outperformed the benchmark over the twelve months to 31 October 2017. The portfolio returned 24.3% versus 13.5% for the FTSE World North America Index in sterling terms. It was an interesting period, with non-stop political commentary and newsflow nevertheless volatility levels achieved new lows and the market marched on with investors focusing on optimism for global growth and the prospect of US tax reform. However, as long term investors we spend our time identifying undervalued securities exposed to sustainable and strong secular growth tailwinds rather than forecasting macro-economic and political variables; focusing on the predictable, rather than the unpredictable.

Our Information Technology holdings have been a significant driver of outperformance. One of the long-term secular growth trends we are invested in is internet transformation where we find the power of the internet changing how we as consumers and also companies spend and think. One area we have had exposure to is e-commerce, via positions in Amazon and MercadoLibre, and while the growth of e-commerce seems fairly obvious, penetration levels remain quite low with less than 13% of US retail sales coming from online and less than 3% in Latin America. Other technology-related contributors to performance included Apple and Cognex, the world's leading supplier of machine vision products for manufacturing and industrial identification.

Exposure to payments companies was also a positive with American Express ('Amex') performing particularly strongly. Amex is unique amongst peers in that it owns and controls the network that its proprietary cards operate on, thereby allowing the business to retain all of the economic value. This is important as it allows Amex to offer more attractive member rewards than competitors, which in turn encourages card holders to spend using their Amex card and earn more rewards rather than use alternative cards. The business has demonstrated a high level of earnings power over many years and has consistently returned surplus cash to shareholders through dividends and share buybacks.

Activity

In keeping with our long term philosophy, turnover remained reasonably low over the period. We did add a position in ICON, a clinical research organisation ('CRO'). As clinical research becomes increasingly more complex and expensive, pharmaceutical and

Total return (£) (year to 31 October 2017)	%
Bankers	24.3
FTSE World North America Index	13.5

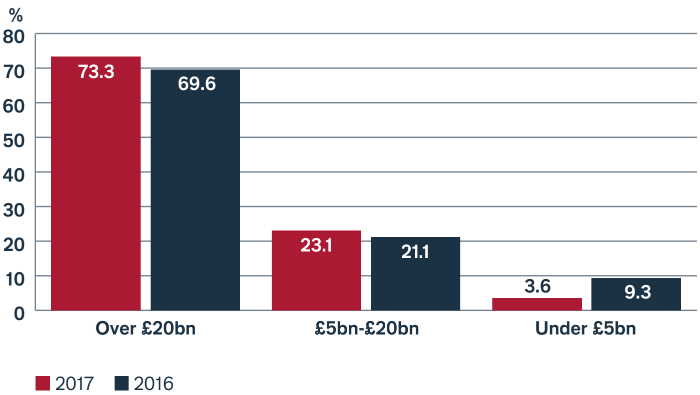
biotech firms have increasingly turned to specialised CROs to manage the processes for them. ICON sets itself apart within its industry by having an exceptional track record of operational performance, an innovative approach to adopting new technologies, and a balance sheet that provides significant financial flexibility. Another position we initiated in September was Union Pacific, the freight hauling railroad system operating across central and western United States. With the move towards greater energy efficiency globally, we believe that the logistics and haulage industries will put greater emphasis on rail as a mode of transport, to the detriment of road-based heavy goods vehicles and aeroplanes. The company has a strong competitive position with significant barriers to entry as the largest railroad system in the continental US, and, in light of their long term prospects, we think the valuation looks attractive on a five-year view. Other new positions included Berkshire Hathaway, Estée Lauder and Xylem, a leading water technology company that markets a range of products designed to improve the efficiency and sustainability of water supply.

Positions sold included Cardinal Health, a US drug distributor. A large proportion of Cardinal's profits come from serving independently owned pharmacies, many of which are experiencing heightened pressure on their own profitability due to reduced reimbursement rates. This has forced distributors to lower their own prices in order to maintain market share and we believe this is likely to be a headwind to Cardinal's profitability for some time. We also sold positions in F5 Networks Mednax, Spirit Airlines and Cisco Systems during the year.

Outlook

The strategy for North America is to avoid making major macroeconomic 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 returns over the longer term.

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



Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	£'000	% of North American portfolio
Apple	Technology Hardware & Equipment	18,258	5.98
American Express	Financial Services	16,404	5.37
American Tower	Real Estate Investment Trusts	15,860	5.20
Alphabet	Software & Computer Services	14,455	4.73
Facebook	Software & Computer Services	14,372	4.71
Xylem	Industrial Engineering	13,809	4.52
FedEx	Industrial Transportation	13,688	4.48
Comcast	Media	12,972	4.25
Berkshire Hathaway	Non-life Insurance	12,624	4.14
Delphi Automotive	Automobiles & Parts	12,603	4.13
Union Pacific	Industrial Transportation	12,349	4.05
Fidelity National Information Services	Support Services	11,849	3.88
Visa	Financial Services	11,471	3.76
Cognizant Technology Solutions	Software & Computer Services	11,466	3.76
ICON	Health Care Equipment & Services	10,952	3.59
Estée Lauder	Personal Goods	10,748	3.52
Priceline	Travel & Leisure	10,506	3.44
MasterCard	Financial Services	9,949	3.26
The Cooper Companies	Health Care Equipment & Services	9,679	3.17
Cognex	Electronic & Electrical Equipment	9,381	3.07
Amazon	General Retailers	9,332	3.06
Activision Blizzard	Software & Computer Services	7,641	2.50
Colgate-Palmolive	Personal Goods	7,523	2.46
Roper Technologies	Electronic & Electrical Equipment	7,289	2.39
AmerisourceBergen	Food & Drug Retailers	7,107	2.33
Walt Disney	Media	6,738	2.21
CVS Health	Food & Drug Retailers	6,241	2.04
		305,266	**100.00**

Strategic Report: Japan

The Fund Manager of the Japanese portfolio, Junichi Inoue, reports on the year to 31 October 2017

Review

The FTSE World Japan Index gained 28% this year on a total return basis in yen terms, though the return in sterling was only 9.2% due to the appreciation of sterling. There were two distinct phases of the strong rally during this period. The first one was in November and December triggered by all equity markets rallying in expectation of a better economic outlook under the new president in the U.S. After the rally, the market moved in a tight range despite the improving Japanese economic outlook. Then, the most recent rally was triggered by the snap election called by Prime Minister Abe in September. The market interpreted that the victory of his party meant the supportive monetary as well as economic policy would be maintained until 2021.

It was a good year for the portfolio, both in terms of absolute return as well as relative returns, compared to the benchmark. The key driver of positive performance was mainly strong stock selection in Industrials while an underweight position in Health Care and Utilities helped. Detracting from the performance was stock selection in Consumer Services. Top performing stocks included Disco, a semiconductor equipment manufacturer. It is well positioned in the semiconductor equipment business as it benefits not only from new capex, but also from semiconductor production through sales of consumables. A new position in Recruit Holdings also boosted performance. The stock was re-evaluated as investors appreciated the strength of its highly cash-generative online recruitment business model. Detractors from performance included Dentsu, the Anglo-Japanese advertisement company, where earnings disappointed the market due to weaker than expected organic growth in North America. Despite very cheap valuations, the auto stocks suffered from sluggish US sales, which impacted the holding in Subaru.

Total return (£) (year to 31 October 2017)	%
Bankers	9.8
FTSE World Japan Index	9.2

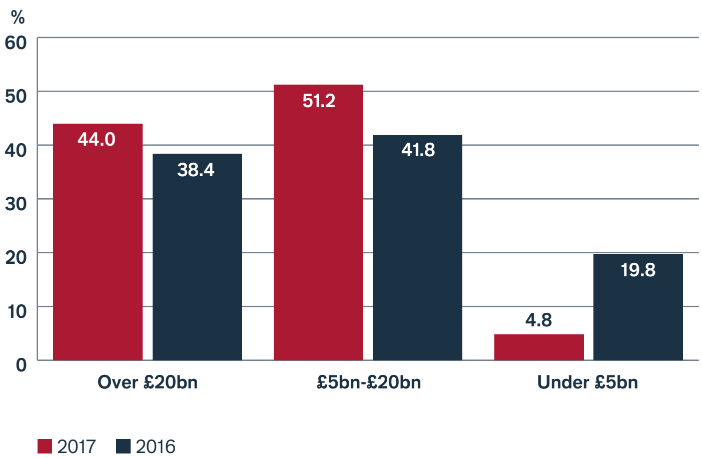
Activity

During the year, a number of changes were made to benefit from evolving market dynamics in Japan as well as repositioning towards superior risk-reward opportunities. Earlier in the year, we took profits from those stocks which benefited from the strong market rally, which included divestment of DIC, Nintendo, and Panasonic. With these proceeds, we purchased shares in SoftBank, Japan Tobacco and TDK. Softbank is a telecom and tech conglomerate which trades on a deep discount to its sum of parts. The market is pricing in an extra risk premium for its debt burden, which we feel is well supported by earnings and their asset value. Japan Tobacco is a cheap share discounting zero free cash flow growth as the market questions their pricing power in international markets. Investors seem to be underestimating their pricing power as well as marketing skills and we feel that they have a good prospect to regain share in the heat not burn category in Japan. TDK is an electronics components company in transition. Its decision to restructure its business portfolio to diversify away from smart phones to increase automobile exposure has the potential to transform profitability.

Outlook

The outlook for Japanese equities is positive. The unemployment rate is 2.8%, the lowest since 1994 and also amongst developed countries. There is an opportunity for the Japanese economy to grow as businesses finally regain pricing power, ending decades of deflation. Assuming no change in the yen, earnings per share for the index should grow by low teens in 2018 and high single digits in the following year. The market valuation is the lowest of any developed market and was the only one to derate through 2017. Recent progress in corporate governance is encouraging and is now translating into higher rewards to shareholders. The challenge remains that the yen may appreciate and North Korean related issues may cause higher volatility. The risk reward balance is very healthy in Japan and we will continue to focus on stock picking which should be the key determinant of future performance.

Japanese portfolio classified by market value of company at 31 October



Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	£'000	% of Japanese portfolio
Mitsubishi UFJ Financial	Banks	9,529	7.43
Fujitsu	Technology Hardware & Equipment	8,477	6.61
SoftBank	Mobile Telecommunications	5,587	4.36
Keyence	Electronic & Electrical Equipment	5,569	4.34
Sony Corp	Leisure Goods	5,339	4.16
Murata Manufacturing	Electronic & Electrical Equipment	5,274	4.11
Mitsui Fudosan	Real Estate Investment & Services	5,185	4.04
Japan Tobacco	Tobacco	5,176	4.03
Fujifilm	Technology Hardware & Equipment	5,021	3.91
Disco Corporation	Industrial Engineering	4,983	3.88
Nippon Telegraph & Telephone	Fixed Line Telecommunications	4,887	3.81
Orix Corporation	Financial Services	4,568	3.56
Yahoo Japan	Software & Computer Services	4,567	3.56
TDK	Electronic & Electrical Equipment	4,454	3.47
Subaru	Automobiles & Parts	4,428	3.45
Morant Wright Japan Fund	Equity Investment Instruments	4,422	3.45
Bridgestone	Automobiles & Parts	4,213	3.28
Dentsu	Media	4,117	3.21
Japan Airlines	Travel & Leisure	3,932	3.06
Tokio Marine	Non-life Insurance	3,895	3.04
Daiwa House Industry	Household Goods & Home Construction	3,890	3.03
Toyota Motor	Automobiles & Parts	3,720	2.90
Daiichi Sankyo	Pharmaceuticals & Biotechnology	3,375	2.63
Yamada Denki	General Retailers	3,324	2.59
Sekisui Chemical	Household Goods & Home Construction	3,252	2.53
T&D	Financial Services	3,229	2.52
Nippon Television	Media	2,630	2.05
Recruit Holdings	Support Services	1,271	0.99
		128,314	**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 2017

Review

The strong performance of 2016 continued in 2017 as the FTSE All-World Asia Pacific (ex Japan) Index rose 16.1% in sterling terms. In a year dominated by political, geo political and economic uncertainty the positive returns generated are encouraging and reflect an improvement in the underlying fundamentals of the Asia Pacific region. For the first time since 2009 Asian earnings have been upgraded since the turn of the year rather than the recent trend of downgrades which has helped the region outperform its developed market peers. Consensus analyst expectations are now forecasting around 20% earnings growth for 2017.

The improvement in the corporate sector has been accompanied by stability at the macro level. Chinese GDP growth has been better than expected while positive export momentum has been witnessed region wide. The much heralded impact of US protectionism has yet to manifest itself in any meaningful way while Asia's share of world trade continues to grow, undermining the argument that Asia and in particular China are becoming uncompetitive.

The best performing market over the period was South Korea with strong earnings momentum that helped shrug off domestic political turmoil and a deterioration of relations with China over the deployment of the US backed THAAD missile defence system. The second best performing market was China where the strong performance of the internet sector was most visible. At the other end of the scale emerging Asian markets underperformed with the Philippines, Indonesia and Malaysia actually posting negative returns in sterling terms over the period. At the sector level performance was dominated by Basic Materials and Technology. The recovery in Chinese growth expectations together with aggressive supply side reform has seen a significant rise in Basic Material prices. The energy sector witnessed more modest returns as the tug of war between US shale oil production and OPEC kept the oil price range bound between $45 and $55 over the period. Investors focused on growth rather than stability and dividends which meant that the more defensive sectors struggled to make headway. Utilities and Health Care made modest gains while Telecommunications actually fell over the year.

Total return (£) (year to 31 October 2017)	%
Bankers	17.8
FTSE All-World Asia Pacific (ex Japan) Index	16.1

Activity

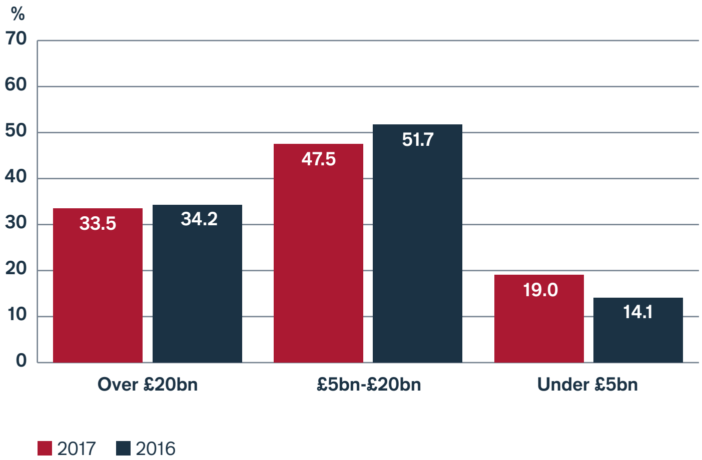
Despite the strong performance of 'growth' as a style, notable performance at the stock level managed to offset the portfolio's value bias allowing outperformance compared to the regional index. Samsung Electronics preferred shares rose 65% over the period, buoyed by firm memory pricing, while Anta Sports and Star Petroleum both posted gains of over 40%. The disappointments were Tata Motors and Scentre which both fell over the period – the former due to slowing demand in China, while sentiment turned on the latter following news of Amazon's entry into the Australian market.

There were a few changes to the portfolio over the period. In Hong Kong we added a position in snacks, drinks and soya milk company Dali Foods, which is benefiting from the growth in energy drinks as well as the popularity of soya milk products due to lactose intolerance. We also added Macquarie Bank in Australia which will benefit from increased infrastructure spending globally due to its innovative suite of project finance products. These purchases were funded by the sale of water company Guangdong Investment over fears of reduced pricing on its supply of water to Hong Kong and CK Hutchison which made way for more attractive opportunities.

Outlook

We remain cautiously optimistic on the outlook for Asia Pacific markets although expect continued volatility as world events involving political elections and central bank policy continue to dominate. Valuations remain attractive, with economic growth and earnings momentum still positive. The outlook for dividends is also attractive. The strong cash flow generation and low dividend pay-out ratio provide real optimism for strong dividend growth while the cushion this provides gives comfort that dividends are sustainable.

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



Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	Country	£'000	% of Pacific (ex Japan, China) portfolio
Samsung Electronics	Leisure Goods	South Korea	14,327	12.06
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	Taiwan	12,524	10.54
ANTA Sports	Personal Goods	Hong Kong	9,452	7.96
Macquarie Bank	Financial Services	Australia	8,457	7.12
Netease	Software & Computer Services	Hong Kong	8,402	7.07
SK Telecom	Mobile Telecommunications	South Korea	8,189	6.89
KB Financial	Financial Services	South Korea	7,680	6.47
Dali Foods	Food Producers	Hong Kong	7,201	6.06
Bank of China	Banks	Hong Kong	6,716	5.65
Star Petroleum	Oil & Gas Producers	Thailand	6,383	5.37
Amcor	General Industrials	Australia	6,180	5.20
Mapletree Greater China	Real Estate Investment Trusts	Singapore	5,728	4.82
Fairfax Media	Media	Australia	5,267	4.43
HKT	Fixed Line Telecommunications	Hong Kong	4,352	3.66
Scentre	Real Estate Investment Trusts	Australia	3,982	3.35
Tata Motors	Industrial Engineering	India	3,982	3.35
			118,822	**100.00**

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

	2017 %	2016 %
Hong Kong	30.4	34.2
South Korea	25.4	20.5
Australia	20.1	20.5
Taiwan	10.5	9.8
Thailand	5.4	4.7
Singapore	4.8	5.2
India	3.4	5.1
	100.0	**100.0**

Strategic Report: China

The Fund Manager of the China portfolio, Charlie Awdry, reports on the year to 31 October 2017

Review

As usual the Shanghai and Shenzhen A share markets were volatile and the major indices rallied from June 2017 into the end of October under the supportive influence of a broad upcycle in corporate profits that played out through the first and second quarter 2017 earnings results. The return of inflation, robust consumer demand and strong property markets have caused analysts to revise upwards their profit forecasts for Chinese equities. During the period under review the portfolio rose 55.3% compared to the benchmark CSI 300 Index return of 15.1% giving outperformance of 40.2 percentage points as a result of very strong stock selection.

We have always owned a focused portfolio of shares in large capitalisation and high quality companies, by which we mean high return on equity, low leverage, strong cash flows and proven management. As more foreign investors access the A share markets through mechanisms such as the Hong Kong-Shanghai Connect valuations may benefit from more interest by likeminded shareholders.

Total return (£) (year to 31 October 2017)	%
Bankers	55.3
China CSI 300 Index	15.1

The portfolio remains dominated by consumer businesses. Such a holding is liquor brand Kweichow Moutai whose shares have been performing strongly with recovering consumer demand. Our largest holding is surveillance systems and technology company Hangzhou Hikvision which is expanding internationally and whose shares have performed well as they roll out artificial intelligence driven systems in China. We have also participated in the cyclical upswing by owning companies such as Baoshan Steel and Daqin Railway. We have still avoided banks because, despite the macroeconomic improvement, bank shares in the A share markets trade at a notable valuation premium to their H shares traded in Hong Kong.

Activity

After the December 2016 market sell off we became more positive on the market. We sold the relatively defensive toll road operator Jiangsu Expressway and bought condiment brand and inflation beneficiary Foshan Haitian Flavouring. We rotated our holding in cement company Anhui Conch Cement into leading steel company Baoshan Iron & Steel which is digesting a merger with Wuhan Iron & Steel. We took profits on healthcare brand Yunnan Baiyao Group on valuation grounds after strong performance on the back of share ownership reform. The proceeds were invested into hydropower company China Yangtze Power whose shares have spent two years consolidating and growing into their valuation after strong performance in 2015.

Outlook

The Communist Party Congress in October 2017 has solidified President Xi's power and control over China. Xi is pushing a 'New Era of Socialism with Chinese Characteristics' to address inequality, uneven development and international relations. We don't expect to change our investment strategy as the rise of the Chinese consumer remains the foundation of the investment case.

Valuations at 31 October 2017 – all investments are shown

Investments by value	Sector	£'000	% of China portfolio
Hangzhou Hikvision Digital Technology	Technology Hardware & Equipment	10,070	14.89
China International Travel	Travel & Leisure	6,489	9.59
Jiangsu Expressway	Industrial Transportation	6,305	9.32
Baoshan Iron & Steel Co	Industrial Metals & Mining	5,229	7.73
Huayu Automotive	Automobiles & Parts	4,967	7.34
Jiangsu Yanghe Brewery	Beverages	4,721	6.98
Foshan Haitian Flavouring	Food Producers	4,519	6.68
SAIC Motor	Automobiles & Parts	4,294	6.35
Qingdao Haier	Household Goods & Home Construction	3,209	4.75
Shanghai International Airport	Industrial Transportation	3,019	4.46
Jiangsu Hengrui Medicine	Pharmaceuticals & Biotechnology	2,853	4.22
China Yangtze Power	Electricity	2,789	4.12
Midea	Electronic & Electrical Equipment	2,592	3.83
Zhengzhou Yutong Bus	Automobiles & Parts	2,419	3.58
Daqin Railway	Industrial Transportation	2,105	3.11
Kweichow Moutai	Beverages	2,065	3.05
		67,645	**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 2017

Review

Emerging market equities had a more pedestrian year after the sharp rally in the year to October 2016. Poland, which had not participated in the prior excitement, was the strongest market, while Mexico and Qatar were amongst the weakest owing to political worries. Performance of the portfolio was driven by Coca-Cola HBC, the Coca-Cola bottler, where restructuring initiatives enabled the company to deliver impressive margin improvement. Grupo Herdez, a family-controlled Mexican branded food manufacturer, fell in value owing to ongoing challenges related to a recent acquisition.

Activity

During the year we added a new position in Tiger Brands, a South African company with a number of leading food brands. Consumer facing businesses such as Tiger offer an opportunity to capture the long term consumption trends across the African continent. Tiger has a long history of cash flow generation and a sensible balance sheet. The previous CEO made some ill-judged acquisitions prompting the arrival in 2016 of a new CEO with a background in working at multinational branded consumer goods companies. He has begun the process of improving the productivity of the organisation and re-investing the cost savings. Strategic missteps and the weakness of the South African economy combined to present us with an opportunity to buy Tiger at an attractive valuation.

This purchase was funded by the sale of Bank Pekao, the Polish bank. The investment case for Pekao centred on the bank's long track record of risk aware capital allocation, exemplified by its strong capital ratios and high dividend payout. However, its parent, the Italian bank Unicredit, proved less prudent and became a forced seller of its stake in Pekao in 2016. The stake was bought by state controlled insurer, PZU. Initial promises that Pekao would be allowed to operate as an independent entity have quickly given way to changes in management and the board which signals increasing government influence, threatening Pekao's independence and franchise. We believe that history demonstrates that when politicians influence lending decisions, then returns to equity holders suffer.

Total return (£) (year to 31 October 2017)	%
Bankers	5.8
FTSE All-World Emerging (ex Asia) Index	3.3

Outlook

Enthusiasm for the opportunity in emerging market equities continues to increase resulting in strong flows into the asset class and higher prices. In this environment it is important not to compromise on quality, to maintain a long-term approach and to apply a strict valuation discipline. With a long-term perspective we remain positive about the prospects that emerging markets offer equity investors. This is due to the opportunity to gain exposure to the structural trend of increasing populations and improving living standards in parts of the developing world.

Emerging Markets Geographical Distribution at 31 October

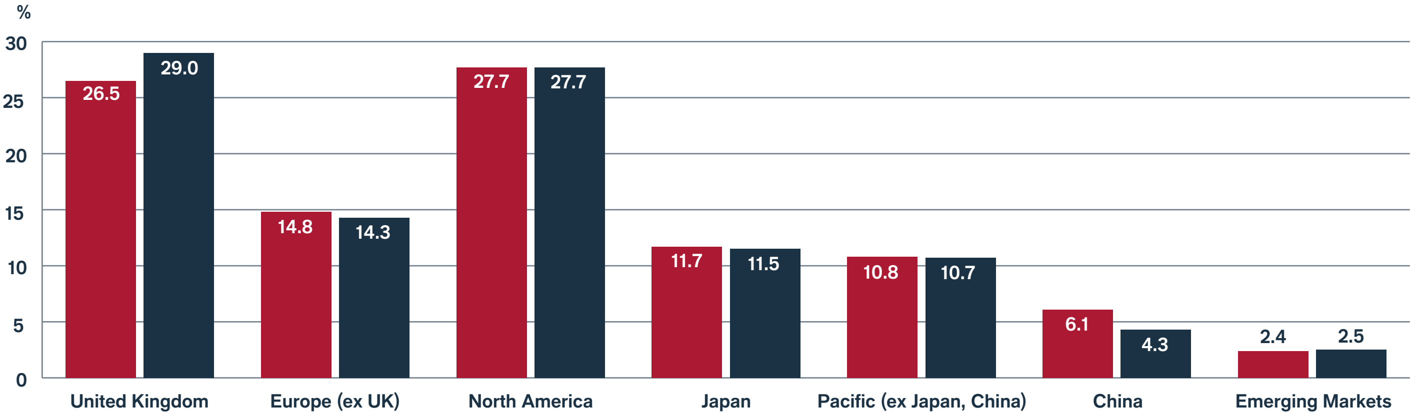
	2017 %	2016 %
South Africa	27.3	22.4
Brazil	26.6	27.0
United Kingdom	13.1	10.2
Chile	10.5	11.6
Peru	10.0	7.4
Mexico	7.0	9.3
Turkey	5.5	5.3
Poland	–	6.8
	100.0	100.0

Valuations at 31 October 2017 – all investments are shown

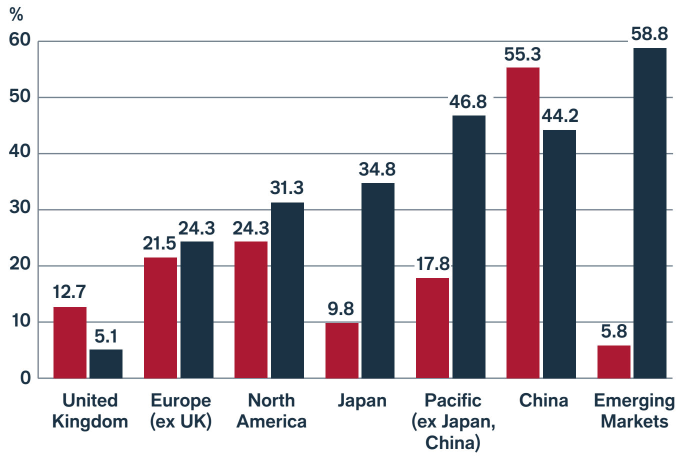
Investments by value	Sector	Country	£'000	% of Emerging Markets portfolio
Banco Bradesco	Banks	Brazil	3,733	13.91
Coca-Cola Hellenic Bottling	Beverages	United Kingdom	3,512	13.09
WEG	Industrial Engineering	Brazil	3,405	12.69
Aguas Andinas	Water Utilities	Chile	2,830	10.55
Credicorp	Banks	Peru	2,690	10.02
Standard Bank	Banks	South Africa	2,499	9.31
Tiger Brands	Food Producers	South Africa	2,463	9.18
Shoprite	Food & Drug Retailers	South Africa	2,359	8.79
Grupo Herdez	Food Producers	Mexico	1,877	6.99
Türk Traktör	Industrial Engineering	Turkey	1,468	5.47
			26,836	100.00

Strategic Report: Portfolio Structure at 31 October 2017 and 2016

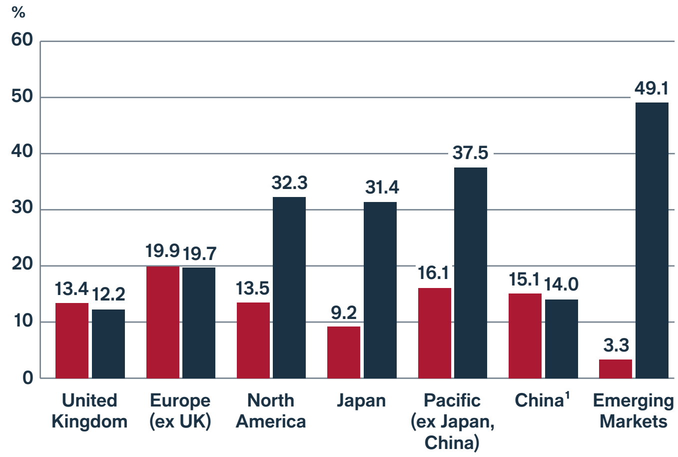
Geographical Analysis



Geographical Total Return Analysis of the Portfolio (£)

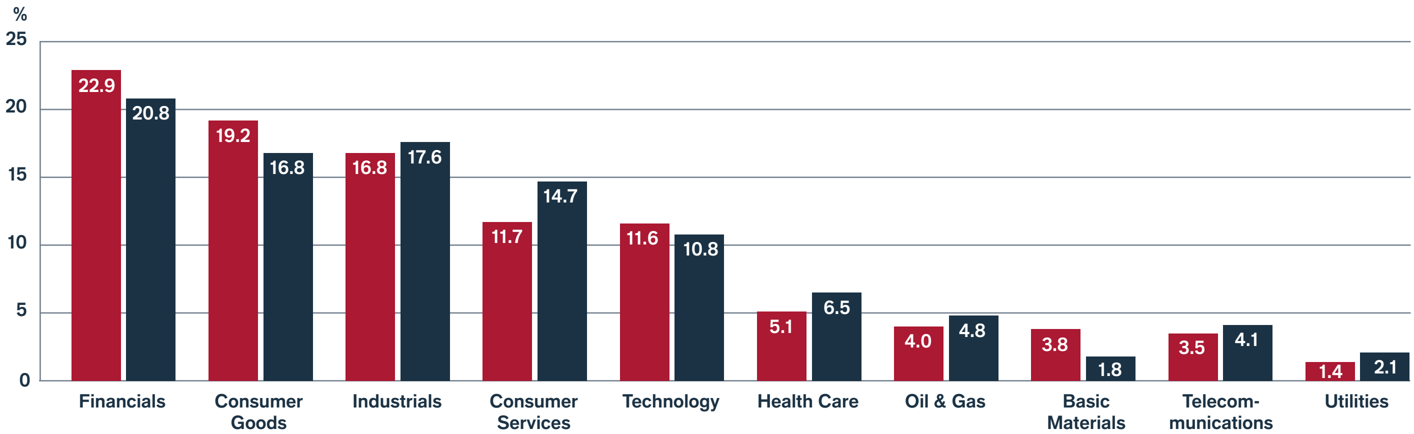


FTSE Stock Market Indices Total Return (£)



1 China CSI 300 Index (£)

Sector Analysis



■ 2017 ■ 2016

Sources: Janus Henderson, Datastream, Factset

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board at the date of this report and the dates of their appointment 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 is currently Chief Executive Officer of W.H. Ireland Group plc. He was previously a Managing Director of Credit Suisse (UK) Private Bank. He has been involved in the financial services industry for 29 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.

Matthew Thorne

Position: Director and Chairman of the Audit Committee

Date of appointment: 27 November 2008
(Audit Committee Chairman 26 February 2010)

Matthew is a non-executive Director of Custodian Reit Plc and is an adviser to the Consensus Business Group. He is a Chartered Accountant and was Group Finance Director of McCarthy & Stone plc and also Investment Director of Beazer plc. He has significant experience as a Finance Director, predominantly in the property sector.

Susan Inglis

Position: Senior Independent Director ('SID')

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

Susan is currently Managing Director – Corporate Finance at Cantor Fitzgerald Europe, having held the same position at Canaccord Genuity until 2012. Ms Inglis 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.

David Wild

Position: Director

Date of appointment: 26 February 2014

David is currently Chief Executive Officer of Domino's Pizza plc. He was formerly Chief Executive at Halfords Plc and President of the German division of Wal-Mart Stores Inc, and also the Senior Independent Director for Premier Foods 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

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.

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, Matthew Thorne and David Wild 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 2018
Ex dividend date	25 January 2018
Dividend record date	26 January 2018
Annual General Meeting[1]	21 February 2018
Final dividend payable on	28 February 2018
1st interim dividend payable on	31 May 2018
Half year results	announced July 2018
2nd interim dividend payable on	31 August 2018
3rd interim dividend payable on	30 November 2018

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 225525, 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.

Investors in Halifax Share Dealing receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Strategic Report: Corporate Information (continued)

Status

The Company is registered as a public limited company and is an investment trust as defined under Section 833 of the Companies Act 2006 (the 'Companies Act'). It has been approved as an investment company 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 primary 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 result of the UK referendum 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. 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 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 risk 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 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 has 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, 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. Only a substantial financial crisis affecting the global economy could have an impact on this assessment.

Borrowing

The Company does not currently have any short term borrowings.

The Company has an 8% £15 million 2023 debenture and £50 million of private placement fixed rate 2035 loan notes at an annualised coupon rate of 3.68%.

Actual gearing at 31 October 2017 was 2.3% (2016: 2.6%) 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 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 Association of Investment Companies ('AIC') 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 (2016: 1,338,509 shares bought back and held in treasury) and did not issue any shares (2016: 10,863,453 shares).

Future Developments

While the future performance of the Company is mainly dependent on the performance of global financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment 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.

Responsible Investment, Voting and the UK Stewardship Code

The Board delegates the Company's investment management activities, including corporate governance and corporate responsibility in respect of investee companies, to Janus Henderson.

The Board retains oversight as to how duties in this area are discharged by reviewing Janus Henderson's Responsible Investment Policy and receiving regular reporting on how the Responsible Investment Policy has been applied in respect of the shares in its portfolio. The Manager's Responsible Investment Policy sets out its approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients. This includes environmental, social and ethical issues, its approach to proxy voting and the application of the UK Stewardship Code.

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on Board policy, practices and performance.

Strategic Report: Corporate Information (continued)

Voting recommendations are guided by the best interests of the investee companies' shareholders and, depending on the nature of the resolution, the Fund Managers may give specific instructions on voting on non-routine and unusual or controversial resolutions. The Responsible Investment Policy can be found on the Manager's website at **www.janushenderson.com**.

Employees, Social, Community, Human Rights and Environmental Matters

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

The Company's core activities are undertaken by Janus Henderson, which has implemented environmental management practices. Janus Henderson's corporate responsibility statement is included on its website. In 2012 it was granted CarbonNeutral® company status which it has committed to maintain at least until the end of 2018.

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®.

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 24, 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 considered the recent changes made by the Criminal Finances Act 2017 which introduced a new corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company maintains a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Modern Slavery

As an investment vehicle 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 and Experience

The Company's affairs are overseen by a Board comprising six non-executive Directors – two female and four male. The Directors are diverse in their experience bringing knowledge of investment markets, banking and accounting and auditing expertise to discussions regarding the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objectives, and are cognisant of diversity when making appointments to the Board. The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company.

By order of the Board

Richard Killingbeck
Chairman
15 January 2018

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 will be disclosed ex-dividend.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

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.

Alternative Performance Measures

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 (eg 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.

Net Asset Value ('NAV') per Ordinary Share

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

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) 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 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).

See page 26 for details of the Company's key performance indicators ('KPI's') and how the Directors assess some of these Alternative Performance Measures.

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 2016 to 31 October 2017. 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 23.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 34 and 35 provides information on the remuneration and interests of the Directors.

Related Party Transactions

The Company's transactions with related parties in the year were with its Directors and Janus Henderson. There have been 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 have been 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 23 on page 68.

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	2017 £'000	2017 % of average net assets	2016 £'000	2016 % of average net assets
Management fee[1]	3,374	0.34%	3,196	0.41%
Other expenses	963	0.10%	814	0.11%
Ongoing charge figure	**4,337**	**0.44%**	**4,010**	**0.52%**
Portfolio transaction costs	951	0.10%	690	0.09%
HGT transaction costs[2]	–	–	320	0.04%

1 Management fee capped in 2017 (see page 4)
2 Costs in relation to the Henderson Global Trust plc transaction in 2016

Dividend

A final dividend of 4.80p per share, if approved by shareholders at the AGM, will be paid on 28 February 2018, to those shareholders on the register on 26 January 2018. The shares go ex-dividend on 25 January 2018. This final dividend together with the three interim dividends already paid bring the total dividend for the year to 18.6p.

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 2017 the number of ordinary shares in issue with voting rights was 122,606,783.

The number of shares in issue as at 10 January 2018, 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 2017 and 10 January 2018.

The Company will seek authority from its shareholders at the 2018 Annual General Meeting to renew its authority to allot shares up to 10% of the issued share capital as at the date of the 2018 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**.

Report of the Directors (continued)

Holdings in the Company's Shares

Declarations of interests in the voting rights of the Company as at 31 October 2017 in accordance with the UK Listing Authority's Disclosure Guidance and Transparency Rules were as follows.

	% of voting rights
Investec Wealth & Investment	5.4

There have been no further notifications to 10 January 2018, being the last practicable date prior to publication of this Annual Report.

At 31 October 2017, 11.6% 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 ('AGM')

The AGM will be held on 21 February 2018 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 36 to 39 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.

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 2017 are detailed on pages 71 and 72.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

Each of the Directors, who are listed on page 23, 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 2018

The financial statements are published on the **www.bankersinvestmenttrust.com** website, 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.

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 21 February 2018.

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 trust 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 increased on 1 November 2016 and also on 1 November 2017, being the start of the Company's financial year. These increases were 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 trusts. These increases were to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors.

There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

Annual Report on Remuneration

Directors' Interests in Shares (Audited)

	Ordinary shares of 25p	
	31 October 2017	**1 November 2016**
Beneficial interest:		
Richard Killingbeck	30,000	30,000
Julian Chillingworth	1,620	1,620
Susan Inglis	5,000	5,000
Matthew Thorne	30,250	30,250
David Wild	12,803	12,803

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. Isobel Sharp, who joined the Board on 1 November 2017, purchased 2,300 shares on 14 November 2017. Other than this there were no other 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 2017 and 31 October 2016 was as follows:

	Year ended 31 October 2017 Total fees £	Year ended 31 October 2016 Total fees £	Year ended 31 October 2017 Total expenses including taxable benefits £	Year ended 31 October 2016 Total expenses including taxable benefits £	Year ended 31 October 2017 Total £	Year ended 31 October 2016 Total £
Richard Killingbeck [1]	40,000	38,000	–	–	40,000	38,000
Julian Chillingworth	26,000	24,500	–	–	26,000	24,500
Susan Inglis[2]	28,000	26,500	–	–	28,000	26,500
Matthew Thorne[3]	28,000	26,500	732	841	28,732	27,341
David Wild	26,000	24,500	–	–	26,000	24,500
Total	**148,000**	**140,000**	**732**	**841**	**148,732**	**140,841**

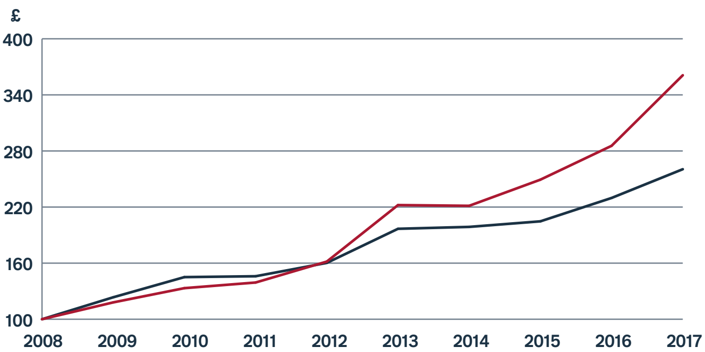
The table above omits other columns because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made. Taxable benefits – Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed 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. 2 Senior Independent Director. 3 Chairman of the Audit Committee.

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 £40,000 (£38,000), Audit Committee Chairman and Senior Independent Director £28,000 (£26,500) and Directors £26,000 (£24,500). With effect from 1 November 2017 the fees were increased to Chairman £43,000, Audit Committee Chairman £30,500, Senior Independent Director £30,500 and Directors £28,000.

Performance

The Company's performance has been measured against the FTSE All-Share Index on a total return basis in sterling terms. The graph below compares the mid-market price of the Company's ordinary shares over the nine year period ended 31 October 2017 with the FTSE All-Share Index over the same period. In future the Company's performance will be measured against the FTSE World Index.



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).

FTSE All-Share Index 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

In order 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 and share buy-backs. 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 2017 £	31 October 2016 £	Change £
Total remuneration	148,732	140,841	7,891
Ordinary dividends paid	22,192,431	18,580,787	3,611,644
Buy-backs of ordinary shares	–	8,206,299	(8,206,299)

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

At the 2017 AGM 5,103,608 proxy votes (97.8%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 72,586 (1.4%) were against, 42,158 (0.8%) were discretionary and 32,088 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 2018

Corporate Governance Statement

Applicable Corporate Governance Codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, 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**.

New Zealand Listing

It should be noted that the UK Codes 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 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 six non-executive Directors. The biographies of the Directors holding office at the date of this Annual Report, which are set out on page 23, 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, 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 2017, 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. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Internal Controls

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 Operational 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 has 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. The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 October 2017. 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.

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. Miss Isobel Sharp, who was appointed to the Board on 1 November 2017, will stand for appointment by shareholders at the 2018 Annual General Meeting. The appointment of Miss Sharp was made following a recruitment process using the independent external recruitment consultant Stephenson & Co.

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

The contribution and performance of each Director (excluding Isobel Sharp) was reviewed by the Nominations Committee at its meeting in September 2017, 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 2017, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of the Manager. Susan Inglis is the Company's Senior Independent Director. 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' 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 meetings' 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.

Corporate Governance Statement (continued)

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.

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.

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 Regulations.

Audit Committee

The Audit Committee is chaired by Matthew Thorne. The Report of the Audit Committee can be found on pages 40 and 41. Isobel Sharp is to succeed Matthew Thorne as Audit Committee Chair following his retirement from the Board at the Annual General Meeting in 2018.

Nominations Committee

Richard Killingbeck, Susan Inglis, Matthew Thorne and David Wild are the members of the Nominations Committee. The Chairman of the Board acts as Chairman of the Committee but would not chair the Committee when the Chairman's successor is being considered. The Committee is responsible for reviewing Board succession planning, the composition and performance of the Board as a whole and the Board Committees, and the appointment of new Directors.

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience, gender and diversity existing on the Board and will recommend when the recruitment of additional non-executive Directors is required. Given the size of the Board it is not considered appropriate to have set targets in relation to gender diversity. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up and each Director is invited to submit nominations and these are considered in accordance with the Board's agreed procedures. The Committee also uses independent external agencies as and when the requirement to recruit an additional Board member becomes necessary.

The Committee also reviews and recommends to the Board each Director seeking re-appointment. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Committee also takes into account the mix of skills and experience of the current Board members. In accordance with the AIC Code any Director serving for longer than six years would be subject to particularly rigorous assessment of his/her contribution.

Management Engagement Committee

The Management Engagement Committee membership comprises all the members of the Board. The Committee meets at least annually to review the investment management agreement and to review the services provided by the Manager.

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 Directors attended the AGM in February 2017.

	Board	AC	NC	MEC
Number of meetings	**6**	**3**	**1**	**1**
Richard Killingbeck	6	n/a	1	1
Julian Chillingworth	6	3	n/a	1
Susan Inglis	6	3	1	1
Matthew Thorne	6	3	1	1
David Wild	6	2	1	1

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

Isobel Sharp joined the Board on 1 November 2017. 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 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 33, and the Viability Statement on page 26.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as

Corporate Governance Statement (continued)

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 2017 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 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.

Share Capital

Please see the Report of the Directors on page 31.

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 on the website, via various social media channels and through its HGi content platform, more details of which are included on page 24.

The Board considers that shareholders should be encouraged to attend and participate in 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 24.

General presentations to both shareholders and analysts follow the publication of the annual results. Meetings between Janus Henderson, including our Fund Manager, and shareholders are reported to the Board.

By order of the Board

Henderson Secretarial Services Limited
Corporate Secretary
15 January 2018

Report of the Audit Committee

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

Composition

The Audit Committee comprises all of the Directors except the Chairman of the Board, and is chaired by Matthew Thorne who is a chartered accountant. The other Audit Committee members 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 23. Isobel Sharp will become the Audit Committee Chair following Matthew Thorne's retirement from the Board at the conclusion of the 2018 AGM.

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 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 37);
- 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 41) 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;
- consideration of the changes in the management fee and the calculation of the management fee; and
- consideration of the allocation of fees and finance costs between capital and revenue. From 1 November 2014 all expenses and interest payable including accounting, secretarial and administration fees have been allocated to capital in accordance with note 1e) on page 53.

Report of the Audit Committee (continued)

Annual Report for the Year Ended 31 October 2017

In relation to the Annual Report for the year ended 31 October 2017 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 pages 52 and 53) 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 2017 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 twenty years.

The 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 second year EY have audited the Company's Annual Report.

During the audit, the Committee Chairman liaised with the partner 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 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 provided by the Auditor during the year related to the provision of a debenture covenant compliance certificate.

Matthew Thorne
Audit Committee Chairman
15 January 2018

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

Opinion

In our opinion, the financial statements:

- give a true and fair view of The Bankers Investment Trust PLC affairs as at 31 October 2017 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.

We have audited the financial statements of The Bankers Investment Trust PLC (the 'Company') for the year ended 31 October 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement, and the related notes 1 to 23, 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.

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.

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.

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 25 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 25 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 51 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 set out on page 51 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 26 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.

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

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 £10.78m (2016: £9.27m) 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. The key audit matters disclosed below are consistent with those identified in the Independent Auditor's Report for the year ended 31 October 2016.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inaccurate recognition of investment income £29.45m (2016: £24.66m) (As described on page 41 in the Report of the Audit Committee and as per the accounting policy set out on pages 52 and 53). As can be seen in note 3 in the notes to the financial statements, the Company has reported investment income of £29.45 million (2016: £24.66 million). This includes special dividend income of £1.08m (2016: £1.38m). For special dividends the Company assesses income received during regular Audit Committee meetings 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 controls reports. We agreed a sample of 68 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 the Custodian and Depositary and post year end bank statement. 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 dividend to the income report. We identified no individually material special dividends to test. In addition to the planned scope, we reviewed the treatment applied to a sample of three special dividends which in aggregate represent £583,000. For these dividends we assessed the appropriateness of the accounting treatment by reference to publicly available information. All dividends were treated as revenue. To test for the risk of management override we tested a sample of manual journal entries posted to the income account during the year.	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.

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
Valuation and existence of the investment portfolio, including the current asset investment in the Deutsche Global Liquidity Series Fund (As described on page 41 in the Report of the Audit Committee). The investment portfolio at the year-end comprised of quoted equities £1,101.82m (2016: 951.22m) and a current asset investment in the Deutsche Global Liquidity Series Fund of £23.25m (2016: £21.35m). The investment portfolio at the year-end also included unquoted investments of £445,000 (2016: £22,000). These investments both individually and in aggregate were 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 to 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. The unquoted investments were found to be immaterial, both individually and in aggregate. Notwithstanding this, we reviewed the basis for determining the fair value of the investments and considered the appropriateness of the valuation methodology. 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. There were no material unquoted investments at the balance sheet date. Based on the work performed, we have no matters to report.

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 £10.78 million (2016: £9.27 million), which is 1% (2016: 1%) of net assets. We have derived our materiality calculation based on a proportion of net assets as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

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

Performance materiality

The application of materiality at the individual account or balance level 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% (2016: 75%) of our planning materiality, namely £8.08m (2016: £6.95m). 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 £1.38m (2016: £1.09m) for the revenue column of the Statement of Comprehensive Income, being 5% of the return on ordinary activities before taxation.

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

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 £0.54m (2016: £0.46m), 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 41 and pages 69 to 72, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable** set out on page 33 – 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 40 to 41 – 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 36 to 39 – 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the Directors 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 Report of the Directors.

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.

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how The Bankers Investment Trust PLC is complying with those frameworks through discussions with the Audit Committee and Company Secretary and a 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 is adequate for the size and operating model of such a listed investment company.

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 10 November 2017.

  The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 31 October 2016 to 31 October 2017.
- 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.

Matthew Price (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
15 January 2018

Notes:

1. The maintenance and integrity of The Bankers Investment Trust PLC website is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

Notes		Year ended 31 October 2017 Revenue return £'000	Year ended 31 October 2017 Capital return £'000	Year ended 31 October 2017 Total return £'000	Year ended 31 October 2016 Revenue return £'000	Year ended 31 October 2016 Capital return £'000	Year ended 31 October 2016 Total return £'000
2	Gains on investments held at fair value through profit or loss	–	152,388	152,388	–	156,527	156,527
3	Investment income	29,445	–	29,445	24,661	–	24,661
4	Other operating income	189	–	189	255	–	255
	Total income	**29,634**	**152,388**	**182,022**	**24,916**	**156,527**	**181,443**
	Expenses						
5	Management fees	(1,012)	(2,362)	(3,374)	(959)	(2,237)	(3,196)
6	Other expenses	(963)	–	(963)	(811)	(3)	(814)
	Profit before finance costs and taxation	**27,659**	**150,026**	**177,685**	**23,146**	**154,287**	**177,433**
7	Finance costs	(916)	(2,137)	(3,053)	(1,227)	(2,863)	(4,090)
	Profit before taxation	**26,743**	**147,889**	**174,632**	**21,919**	**151,424**	**173,343**
8	Taxation	(1,624)	–	(1,624)	(1,090)	–	(1,090)
	Profit for the year and total comprehensive income	**25,119**	**147,889**	**173,008**	**20,829**	**151,424**	**172,253**
9	**Earnings per ordinary share – basic and diluted**	20.49p	120.62p	141.11p	17.53p	127.45p	144.98p

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 51 to 68 form part of these financial statements.

Statement of Changes in Equity

Notes		Year ended 31 October 2017 Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	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**

Notes		Year ended 31 October 2016 Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 November 2015	28,271	12,722	12,489	624,099	35,052	712,633
	Total comprehensive income:						
	Profit for the year	–	–	–	151,424	20,829	172,253
	Transactions with owners, recorded directly to equity:						
18, 19	Issue of 10,863,453 ordinary shares	2,715	65,819	–	–	–	68,534
18	Buy-back of 1,338,509 ordinary shares into treasury	–	–	–	(8,206)	–	(8,206)
10	Ordinary dividends paid	–	–	–	–	(18,476)	(18,476)
	Total equity at 31 October 2016	**30,986**	**78,541**	**12,489**	**767,317**	**37,405**	**926,738**

The notes on pages 51 to 68 form part of these financial statements.

Statement of Financial Position

Notes		At 31 October 2017 £'000	At 31 October 2016 £'000
	Non-current assets		
11	Investments held at fair value through profit or loss	1,101,816	951,219
	Current assets		
12	Investments held at fair value through profit or loss	23,252	21,354
13	Other receivables	2,660	7,817
	Cash and cash equivalents	24,102	23,271
		50,014	**52,442**
	Total assets	**1,151,830**	**1,003,661**
	Current liabilities		
14	Other payables	(9,451)	(12,117)
		(9,451)	**(12,117)**
	Total assets less current liabilities	**1,142,379**	**991,544**
	Non-current liabilities		
15	Debenture stock	(15,000)	(15,000)
15	Unsecured loan notes	(49,816)	(49,806)
		(64,816)	**(64,806)**
	Net assets	**1,077,563**	**926,738**
	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	915,206	767,317
21	Revenue reserves	40,341	37,405
	Total equity	**1,077,563**	**926,738**
17	**Net asset value per ordinary share**	878.9p	755.9p

The principal risks and viability statement and the financial statements on pages 47 to 68 were approved by the Board of Directors on 15 January 2018 and signed on its behalf by:

Richard Killingbeck
Chairman

The notes on pages 51 to 68 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 2017 £'000	Year ended 31 October 2016 £'000
	Operating activities		
	Profit before taxation	174,632	173,343
	Add back interest payable ('finance costs')	3,043	4,090
	Amortisation of loan note issue costs	10	11
2	Less gains on investments held at fair value through profit or loss	(152,388)	(156,527)
	Decrease/(increase) in accrued income	79	(454)
	Decrease/(increase) in other receivables	42	(28)
	(Decrease)/increase in other payables	(66)	113
	Purchases of investments	(305,170)	(215,420)
	Sales of investments	306,581	199,472
	Purchases of current asset investments	(52,453)	(45,156)
	Sales of current asset investments	50,555	52,125
	Decrease/(increase) in securities sold for future settlement	5,235	(4,754)
	(Decrease)/increase in securities purchased for future settlement	(2,601)	10,168
	Net cash inflow from operating activities before interest and taxation[1]	**27,499**	**16,983**
	Interest paid	(3,042)	(4,102)
	Taxation on investment income	(1,832)	(1,302)
	Net cash inflow/(outflow) from operating activities	**22,625**	**11,579**
	Financing activities		
10	Equity dividends paid (net of refund of unclaimed distributions)	(22,183)	(18,476)
	Share issues	–	9,007
	Buy-back of own shares	–	(8,206)
	Repayment of debenture stock	–	(10,000)
	Cash received from the liquidation of Henderson Global Trust plc	9	7,160
	Net cash outflow from financing activities	**(22,174)**	**(20,515)**
	Increase/(decrease) in cash	451	(8,936)
	Cash and cash equivalents at the start of the year	23,271	31,762
	Exchange movements	380	445
	Cash and cash equivalents at the end of the year	**24,102**	**23,271**

1 In accordance with IAS 7.31 cash inflow from dividends was £29,372,000 (2016: £22,932,000) and cash inflows from interest was £191,000 (2016: £226,000).

The notes on pages 51 to 68 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 2017 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 trusts issued by the Association of Investment Companies (the 'AIC') in November 2014 and updated in January 2017 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 pages 25 and 26), 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 although they have had no impact on the financial statements:

Amendments to IFRSs as adopted by the EU. Pronouncements issued and effective for 31 October 2017 year ends:

Standards		Effective for annual periods beginning on or after
IFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16 and IAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 Amendment	Bearer Plants	1 January 2016
IAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
IAS 19 Amendment (AI 2012-14)	Discount Rate: Regional Market Issue	1 January 2016
IAS 34 Amendment (AI 2012-14)	Disclosure of Information 'elsewhere in the interim report'	1 January 2016
IFRS 5 Amendment (AI 2012-14)	Changes in Methods of Disposals	1 January 2016
IFRS 7 Amendment (AI 2012-14)	Servicing Contracts	1 January 2016
IFRS 7 Amendment (AI 2012-14)	Applicability of the Offsetting Disclosures to Condensed Interim Financial Statements	1 January 2016
IAS 1 Amendment	Disclosure Initiative	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 7 Amendment	Disclosure Initiative	1 January 2017
IAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IAS 28 Amendment (AI 2014-16)	Measuring an Associate or Joint Venture at Fair Value	1 January 2018
IAS 28 Amendment (AI 2015-17)	Long-term Interests in Associates and Joint Ventures	1 January 2019
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 9 Amendment	Prepayment Features with Negative Compensation	1 January 2019
IFRS 12 Amendment (AI 2014-16)	Clarification of the Scope of the Standard	1 January 2017
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
IFRS 16	Leases	1 January 2019
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

These standards are not expected to have a material impact on the Company.

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 'Gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of the purchase.

c) Presentation of Statement of Comprehensive Income

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

Net capital returns making up the capital reserve arising on investments sold and the capital reserve arising on revaluation of investments held are distributable, as are the revenue returns making up the revenue reserve. The share premium account and the capital redemption reserve cannot be distributed.

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 accruals basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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

e) Expenses

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

f) Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 'Gains or losses on investments held at fair value through profit or loss'.

i) Cash and cash equivalents

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Borrowings

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

k) Repurchase of ordinary shares

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

l) Capital 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 realised 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 issued.

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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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

o) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

p) Payables

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

q) Policy on operating segments

Under IFRS 8, operating segments are considered to be the components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision-maker (the Board, with support from Janus Henderson) in deciding how to allocate resources and in assessing performance. The Directors meet regularly to consider investment strategy and to monitor the Company's performance. The Fund Manager, who has been appointed to manage the Company's investments, attends all Board meetings at which investment strategy and performance are discussed. The Directors consider that the Company has one operating segment, which invests in shares and securities primarily for capital appreciation and dividend growth in accordance with the Company's published investment 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 21. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

2 Gains on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Gains on sale of investments based on historical cost	92,294	25,154
Revaluation gains recognised in previous years	(73,764)	(20,085)
Gains on investments sold in the year based on carrying value at previous statement of financial position date	**18,530**	**5,069**
Revaluation of investments held at 31 October	133,478	151,013
Exchange gains	380	445
	152,388	**156,527**

3 Investment income

	2017 £'000	2016 £'000
UK dividend income – listed	10,847	9,696
UK dividend income – special dividends	580	693
Overseas dividend income – listed	17,195	13,419
Overseas dividend income – special dividends	502	682
Property income distributions	321	171
	29,445	**24,661**
Analysis of investment income by geographical region:		
UK	12,743	11,853
Europe (ex UK)	5,220	3,268
North America	2,639	2,883
Japan	2,183	2,209
China	1,454	1,171
Pacific (ex Japan, China)	4,343	2,599
Emerging Markets	863	678
	29,445	**24,661**

Notes to the Financial Statements (continued)

4 Other operating income

	2017 £'000	2016 £'000
Bank interest	23	86
Underwriting income	54	77
Stock lending revenue	108	83
Treasury bill interest	–	3
Other income	4	6
	189	**255**

At 31 October 2017 the total value of securities on loan by the Company for stock lending purposes was £28,166,000 (2016: £30,184,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2017 was £64,544,000 (2016: £66,536,000). The Company's agent held collateral at 31 October 2017 with a value of £31,366,000 (2016: £32,154,000) in respect of securities on loan. The value of securities held on loan, comprising Corporate and Government Bonds with a minimum market value of 105% (2016: 105%) of the market value of any securities on loan, is reviewed on a daily basis.

5 Management fees

	2017			2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment management	1,012	2,362	3,374	959	2,237	3,196
	1,012	**2,362**	**3,374**	**959**	**2,237**	**3,196**

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

6 Other expenses

	2017 £'000	2016 £'000
Directors' fees and expenses (see page 35)	149	141
Auditor's remuneration – for audit services[1]	30	24
Auditor's remuneration – for non-audit services[2,3]	2	1
Expenses payable to Janus Henderson (relating to marketing services)	123	80
Bank/custody charges	213	169
Depositary fees	97	72
Registrar's fees	73	52
AIC subscriptions	20	20
Printing expenses	47	40
Legal fees	10	5
Overseas compliance fees	31	15
Listing fees	57	44
Irrecoverable VAT	22	76
Other expenses	89	72
	963	**811**

The compensation payable to key management personnel in respect of short term employment benefits was £149,000 (2016: £141,000) 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 compliant certificate.

3 In addition to the fees above relating to agreed upon procedures to test the Company's compliance with debt covenants, in 2016 Ernst & Young LLP were paid £4,000 and Grant Thornton UK LLP £25,000 in relation to the Henderson Global Trust plc transaction, which were charged to capital. The Audit Committee was satisfied that these services were permissible under current regulations and in accordance with its policy on non-audit services.

Notes to the Financial Statements (continued)

7 Finance costs

	2017			2016		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
On overdrafts and bank loans repayable within one year	4	9	13	4	9	13
Interest on debentures repayable:						
– within one year	–	–	–	315	735	1,050
– after five years	360	840	1,200	360	840	1,200
Interest on unsecured loan notes repayable:						
– after five years	552	1,288	1,840	548	1,279	1,827
	916	**2,137**	**3,053**	**1,227**	**2,863**	**4,090**

8 Taxation

a) Analysis of the charge for the year

	2017			2016		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax suffered	1,986	–	1,986	1,373	–	1,373
Overseas tax reclaimable	(362)	–	(362)	(283)	–	(283)
Total tax charge for the year	**1,624**	**–**	**1,624**	**1,090**	**–**	**1,090**

b) Factors affecting the tax charge for the year

The differences are explained below:

	2017			2016		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Profit before taxation	**26,743**	**147,889**	**174,632**	**21,919**	**151,424**	**174,343**
Corporation tax for the year at an effective rate of 19.42% (2016: 20.00%)	5,193	28,720	33,913	4,384	30,285	34,669
Non taxable UK dividends	(2,229)	–	(2,229)	(2,046)	–	(2,046)
Overseas income and non taxable scrip dividends	(3,239)	–	(3,239)	(2,617)	–	(2,617)
Overseas withholding tax suffered	1,624	–	1,624	1,090	–	1,090
Realised gains on non-reporting offshore funds	–	555	555	–	–	–
Excess management expenses and loan relationships	275	319	594	279	1,021	1,300
Capital gains not subject to tax	–	(29,594)	(29,594)	–	(31,306)	(31,306)
	1,624	**–**	**1,624**	**1,090**	**–**	**1,090**

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 £7,201,000 (2016: £6,257,000) based on a prospective corporation tax rate of 17.0% (2016: 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 £173,008,000 (2016: £172,253,000) and on 122,606,783 ordinary shares (2016: 118,813,485), being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2017 £'000	2016 £'000
Revenue profit	25,119	20,829
Capital profit	147,889	151,424
Profit for the year	**173,008**	**172,253**
Weighted average number of ordinary shares	122,606,783	118,813,485
Revenue earnings per ordinary share	20.49p	17.53p
Capital earnings per ordinary share	120.62p	127.45p
Earnings per ordinary share	**141.11p**	**144.98p**

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	2017 £'000	2016 £'000
Third interim dividend (4.00p) for the year ended 31 October 2015	23 October 2015	30 November 2015	–	4,523
Final dividend (4.00p) for the year ended 31 October 2015	29 January 2016	29 February 2016	–	4,581
First interim dividend (4.00p) for the year ended 31 October 2016	15 April 2016	31 May 2016	–	4,561
Second interim dividend (4.00p) for the year ended 31 October 2016	29 July 2016	31 August 2016	–	4,915
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	–
Return of unclaimed dividends			(9)	(104)
			22,183	**18,476**

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.

	2017 £'000	2016 £'000
Revenue available for distribution by way of dividend for the year	25,119	20,829
First interim dividend (4.40p) (2016: 4.00p)	(5,395)	(4,561)
Second interim dividend (4.70p) (2016: 4.00p)	(5,762)	(4,915)
Third interim dividend (4.70p) payable on 30 November 2017 (2016: 4.40p paid on 30 November 2016)	(5,762)	(5,395)
Final dividend (4.80p) payable on 28 February 2018 (2016: 4.60p paid on 28 February 2017)	(5,885)	(5,640)
Revenue surplus for Section 1158 purposes	**2,315**	**318**

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Valuation at start of year	951,219	726,831
Investment holding gain at start of year	(313,554)	(182,626)
Cost at start of year	**637,665**	**544,205**
Acquisitions at cost	305,170	267,778
Disposals at cost	(214,287)	(174,318)
Cost at end of year	**728,548**	**637,665**
Investment holding gains at end of year	373,268	313,554
Valuation of investments at end of year	**1,101,816**	**951,219**

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £445,000 (2016: £22,000). See note 16.5 on page 65.

At 31 October 2017 convertible or fixed interest securities held in the portfolio were £13,000 (2016: £22,000).

Purchase and sale transaction costs for the year ended 31 October 2017 were £653,000 and £298,000 respectively (2016: transaction costs of purchases £444,000; transaction costs of sales £246,000). These comprise mainly stamp duty and commission.

The Company has interests of 3% or more of any class of capital in two investee companies, Mortice and International Oil & Gas Technology (2016: Hayward Tyler and International Oil & Gas Technology). None of these investments are considered material in the context of these accounts.

12 Current asset investment

The Company has a holding in Deutsche Global Liquidity Series Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At 31 October 2017 this holding had a value of £23,252,000 (2016: £21,354,000).

13 Other receivables

	2017 £'000	2016 £'000
Securities sold for future settlement	–	5,235
Other taxes recoverable	585	377
Prepayments and accrued income	2,038	2,118
Other receivables	37	87
	2,660	**7,817**

14 Current liabilities

	2017 £'000	2016 £'000
Securities purchased for future settlement	8,094	10,695
Accruals	1,071	1,138
Other payables	286	284
	9,451	**12,117**

Notes to the Financial Statements (continued)

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

	2017 £'000	2016 £'000
Borrowings: Debenture stock (secured):		
8% debenture stock 2023	15,000	15,000
Borrowings: Loan note (unsecured):		
3.68% unsecured loan notes 2035	49,816	49,806
	64,816	**64,806**

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 which will be 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 as between countries and economies.

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

	2017 £'000	2016 £'000
Equities	1,101,803	951,197
Fixed interest	13	22
	1,101,816	**951,219**

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% (2016: 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.

	2017		2016	
	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	–	–	(235)	257
Capital return	220,363	(220,363)	189,695	(189,645)
Change to profit after tax for the year and net assets	**220,363**	**(220,363)**	**189,460**	**(189,388)**

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.

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**

2016	US $ £'000	Euro £'000	Japanese Yen £'000	Hong Kong $ £'000	Other £'000
Other receivables	1,009	220	688	–	4,695
Cash and cash equivalents	–	–	–	–	1,607
Current liabilities	(4,150)	–	–	(520)	(6,025)
Total foreign currency exposure on net monetary items	**(3,141)**	**220**	**688**	**(520)**	**277**
Investments at fair value through profit or loss that are equities	310,451	97,101	105,048	32,641	130,348
Total net foreign currency exposures	**307,310**	**97,321**	**105,736**	**32,121**	**130,625**

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% (2016: 10%), euro/sterling +/- 10% (2016: 10%), Japanese yen/sterling +/- 10% (2016: 10%), Hong Kong dollar/sterling +/- 10% (2016: 10%).

10% has been used for illustrative purposes and does not reflect the actual movement in currency rates during the year.

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:

	2017				2016			
	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	781	431	237	125	659	246	213	96
Capital return	38,849	14,380	13,766	3,781	33,748	10,762	11,643	3,618
Change to profit after tax for the year and net assets	**39,630**	**14,811**	**14,003**	**3,906**	**34,407**	**11,008**	**11,856**	**3,714**

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

	2017				2016			
	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	(639)	(352)	(194)	(103)	(538)	(201)	(174)	(79)
Capital return	(31,785)	(11,766)	(11,263)	(3,093)	(28,293)	(8,805)	(9,526)	(2,960)
Change to profit after tax for the year and net assets	**(32,424)**	**(12,118)**	**(11,457)**	**(3,196)**	**(28,831)**	**(9,006)**	**(9,700)**	**(3,039)**

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, the current asset investment and the value of fixed interest investments.

Management of the risk

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

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.

	2017			2016		
	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	24,102	–	24,102	23,271	–	23,271
Current asset investment	23,252	–	23,252	21,354	–	21,354
Exposure to fixed interest rates:						
Fixed interest investments	–	13	13	–	22	22
Debentures	–	(15,000)	(15,000)	–	(15,000)	(15,000)
Unsecured loan notes	–	(49,816)	(49,816)	–	(49,806)	(49,806)
	47,354	**(64,803)**	**(17,449)**	**44,625**	**(64,784)**	**(20,159)**

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 (2016: 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, 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 £24,102,000 (2016: £23,271,000) 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 on ordinary activities after taxation by approximately £241,000 (2016: £233,000).
- Current asset investment sensitivity – The Company's interest bearing current asset investment at the year end was £23,252,000 (2016: £21,354,000) 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 on ordinary activities after taxation by approximately £233,000 (2016: £214,000).
- Fixed income investment sensitivity – The Company's fixed income portfolio at the year end was valued at £13,000 (2016: £22,000) and is not currently paying interest and therefore there is no modified duration (interest rate sensitivity) (2016: 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. The Company has an overdraft facility with the Custodian, the extent of which is determined by the Custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The facility is subject to regular review. The Company also has a debenture and unsecured loan notes, details of which can be found in note 15 on page 60.

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:

	2017			2016		
	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	21,000	–	1,200	22,200
Unsecured loan notes	920	920	81,280	920	920	83,120
Other payables	9,451	–	–	12,117	–	–
	10,371	**2,120**	**102,280**	**13,037**	**2,120**	**105,320**

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 56 and on pages 71 and 72.

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

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

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

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.

	2017 £'000	2016 £'000
Fixed interest securities	13	22
Current asset investment	23,252	21,354
Cash and cash equivalents	24,102	23,271
Receivables:		
Securities sold for future settlement	–	5,235
Other receivables	2,660	2,582
	50,027	**52,464**

16.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the statement of financial position at their fair value (investments and derivatives) or the statement of financial position amount is a reasonable approximation of fair value (due from brokers, dividend and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts). The par value of the debenture stock and unsecured loan notes can be found in note 15. The fair value of the 8% debenture stock at 31 October 2017 was £19,467,000 (2016: £19,944,000). 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 £55,155,000 (2016: £54,483,000) 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.

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.

	2017				2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,101,371	–	432	1,101,803	951,197	–	–	951,197
Fixed interest investments	–	–	13	13	–	–	22	22
Current asset investments	23,252	–	–	23,252	21,354	–	–	21,354
	1,124,623	**–**	**445**	**1,125,068**	**972,551**	**–**	**22**	**972,573**

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

Level 3 investments at fair value through profit or loss	2017 £'000	2016 £'000
Opening balance	22	23
Transfer from Level 1 following corporate restructure	606	–
Disposal proceeds	(9)	(19)
Total (losses)/gains included in the Statement of Comprehensive Income – on assets held at year end	(174)	18
	445	**22**

The total value of unquoted investments at 31 October 2017 was £445,000 (2016: £22,000).

The unquoted equity investment is 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 0.04% (2016: 0.002%) of the total portfolio and which are held at Directors' fair value.

The Company's capital at 31 October 2017 comprised its equity share capital, reserves and debt that are shown in the statement of financial position at a total of £1,142,379,000 (2016: £991,544,000).

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 £1,077,563,000 (2016: £926,738,000) and on 122,606,783 ordinary shares in issue at 31 October 2017 (2016: 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:

	2017 £'000	2016 £'000
Net assets attributable to ordinary shares at start of year	926,738	712,633
Total net profit on ordinary activities after taxation	173,008	172,253
Dividends paid	(22,183)	(18,476)
Issue of ordinary shares	–	68,534
Purchase of ordinary shares	–	(8,206)
Net assets attributable to ordinary shares at end of year	**1,077,563**	**926,738**

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 2016	122,606,783	123,945,292	30,986
At 31 October 2017	**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 2015	113,081,839	113,081,839	28,271
New shares issued	10,863,453	10,863,453	2,715
Shares bought back in the year	(1,338,509)	–	–
At 31 October 2016	**122,606,783**	**123,945,292**	**30,986**

During the year, no ordinary shares were issued or purchased. In the year ended 31 October 2016, 10,863,453 shares were issued for net proceeds of £68,534,000 and 1,338,509 shares were purchased for holding in treasury at a cost of £8,206,000.

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

	2017 £'000	2016 £'000
At start of year	78,541	12,722
Premium on shares issued	–	65,819
At end of year	**78,541**	**78,541**

Notes to the Financial Statements (continued)

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 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**

	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 2015	12,489	441,473	182,626	624,099
Transfer on disposal of assets	–	20,085	(20,085)	–
Net gains on investments	–	5,069	151,013	156,082
Net gains/(losses) on foreign exchange	–	462	(17)	445
Expenses and finance costs allocated to capital	–	(5,103)	–	(5,103)
Purchase of own shares into treasury	–	(8,206)	–	(8,206)
At 31 October 2016	**12,489**	**453,780**	**313,537**	**767,317**

21 Revenue reserve

	2017 £'000	2016 £'000
At start of year	37,405	35,052
Net revenue profit after tax for the year	25,119	20,829
Dividends paid	(22,183)	(18,476)
At end of year	**40,341**	**37,405**

22 Contingent commitments

At 31 October 2017 there were no contingent liabilities in respect of underwriting participations (2016: £6,000,000). Subsequently to the year end, the Company was not required to take up shares in respect of underwriting commitments.

23 Transactions with the Manager

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 2017 were £3,374,000 (2016: £3,196,000), of which £281,000 is included in accruals at 31 October 2017 (2016: £348,000).

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 2017 amounted to £123,000 (2016: £80,000), of which £38,000 was outstanding at 31 October 2017 (2016: £30,000).

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 24) 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 24).

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 will have to be 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 USA) to file yearly reports on their non-USA 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 USA reportable accounts to HMRC, as required.

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 24).

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

Share Price Listings

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

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

Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Corporate Secretary or the Registrar at the numbers provided on page 24.

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 2017 are detailed below.

Global Data

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

Stock lending 2017		
Market value of securities on loan £'000	% of lendable assets	% of assets under management
28,166	2.56	2.61

Stock lending 2016		
Market value of securities on loan £'000	% of lendable assets	% of assets under management
30,184	3.17	3.26

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 31 October 2017 and 2016 are disclosed below:

Issuer	2017 Market value of collateral received £'000	2016 Market value of collateral received £'000
Government of Japan	22,317	7,325
Government of France	7,108	9,205
Government of Germany	1,013	9,480
UK Treasury	928	23
Canada Housing Trust	–	2,049
Government of Belgium	–	1,753
Government of Finland	–	981
Government of Austria	–	941
US Treasury	–	357
Government of Canada	–	18
	31,366	**32,132**

The top ten counterparties of each type of securities financing transactions as at 31 October 2017 and 2016 are disclosed below:

Counterparty	2017 Market value of securities on loan £'000	2016 Market value of securities on loan £'000
Merrill Lynch	7,221	915
BNP Paribas	6,041	11,240
Deutsche Bank	5,470	6,041
Société Générale	5,132	166
Bank of Nova Scotia	2,605	1,974
Citigroup	1,083	3,015
Morgan Stanley	614	–
ING Bank	–	3,499
J.P. Morgan	–	3,004
ABN AMRO	–	330
	28,166	**30,184**

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:

Stock lending 2017							
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	2,740
BNP Paribas	France	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	8,108
Citigroup	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	1,139
Deutsche Bank	Germany	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	5,750
Merrill Lynch	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	7,583
Morgan Stanley	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	648
Société Générale	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	5,398
							31,366

Stock lending 2016							
Counterparty	**Counterparty country of origin**	**Type**	**Quality**	**Collateral currency**	**Settlement basis**	**Custodian**	**Market value of collateral received £'000**
ABN AMRO	Netherlands	Corporate Bond	Investment Grade	Euro	Tri-party	BNP Paribas	2
		Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	348
Bank of Nova Scotia	Canada	Corporate Bond	Investment Grade	Euro	Tri-party	BNP Paribas	2,049
		Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	32
BNP Paribas	France	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	12,068
Citigroup	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	3,205
Deutsche Bank	Germany	Corporate Bond	Investment Grade	Euro	Tri-party	BNP Paribas	17
		Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	6,330
ING Bank	Switzerland	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	3,679
J.P. Morgan	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	3,279
Merrill Lynch	US	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	965
Société Générale	France	Government Bond	Investment Grade	Euro	Tri-party	BNP Paribas	180
							32,154

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
£127,000	£19,000	15	£108,000	85

2016: The gross amount of lending income was £98,000 with direct and indirect expenses deducted of £15,000.

The Bankers Investment Trust PLC
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