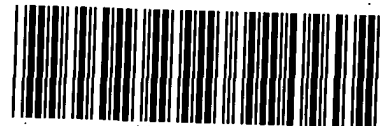


THE BANKERS INVESTMENT TRUST PLC

Annual Report 2014

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MANAGED BY

Henderson
GLOBAL INVESTORS

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Strategic Report

Investment Objectives

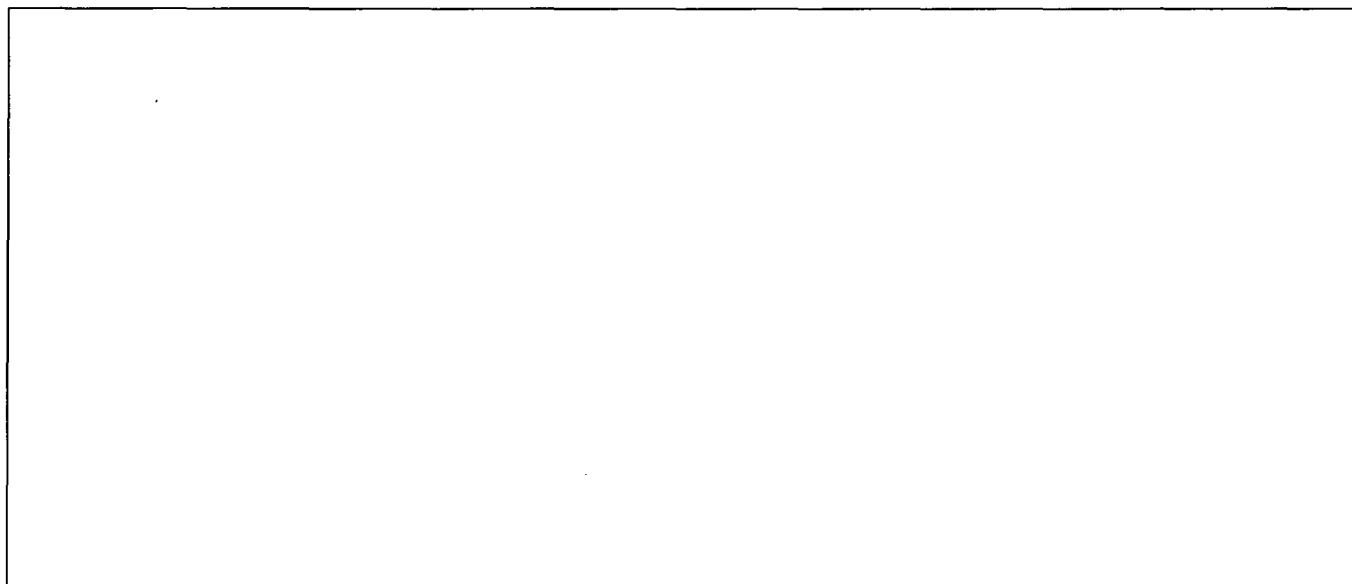
- To achieve long term asset growth in excess of the FTSE All-Share Index.
- To achieve regular dividend growth in excess of the increase in the Retail Prices Index.

Investment Policy

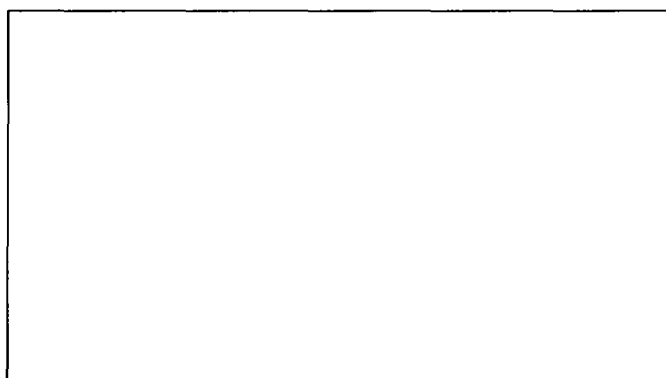
- To achieve both these objectives by investing in a broadly diversified international portfolio of shares.

Strategic Report: Performance Highlights

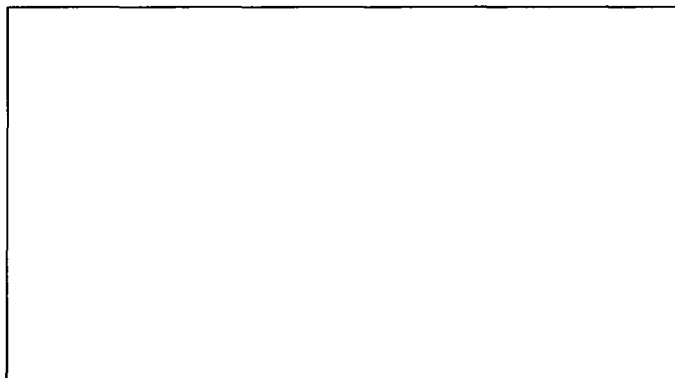
Total return performance for year to 31 October 2014



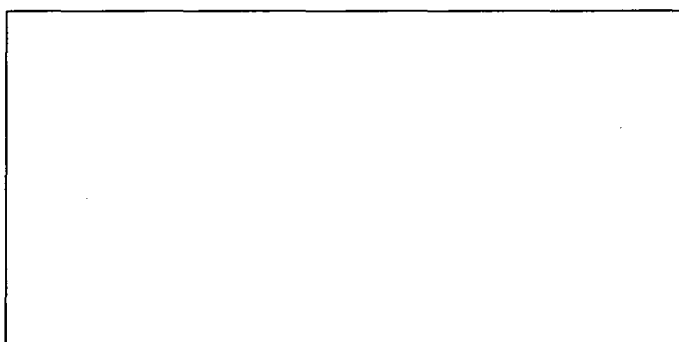
Historical dividend in pence



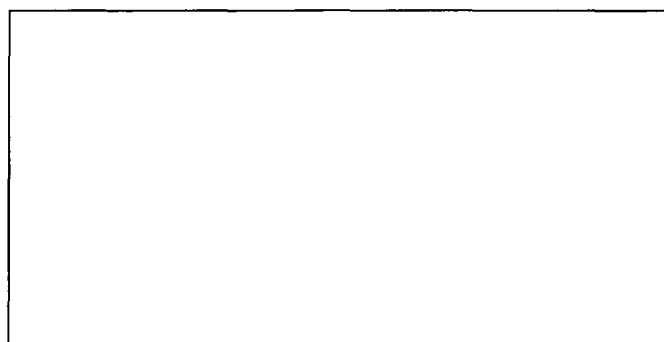
Market capitalisation of the companies in the portfolio at 31 October 2014



Ten year share price performance to 31 October 2014



NAV and share price performance versus the index over the year to 31 October 2014³



Strategic Report: Performance Highlights (continued)

NAV total return per share at year end¹

2014 **23.17p** **+4.2%**
Since 31 October 2013

FTSE All-Share Index total return at year end

2014 **5,380.7** **+1.0%**
Since 31 October 2013

Revenue return per share at year end

2014 **15.1p** **+4.2%**
Since 31 October 2013

NAV per share at year end

2014 **596.0p** **+1.5%**
Since 31 October 2013

Share price total return at year end

2014 **587.67p** **-0.4%**
Since 31 October 2013

Dividend for year⁶

2014 **14.8p** **+4.7%**
Since 31 October 2013

Dividend yield⁴

2014 **2.6%** 2013 **2.4%**

Net gearing at year end

2014 **2.6%** 2013 **0.2%**

Discount at year end

2014 **5.5%** 2013 **1.3%**

Total Assets (less current liabilities)

2014 **£693.2m** 2013 **£678.6m**

Ongoing charge for year⁵

2014 **0.53%** 2013 **0.45%**

Retail Prices Index increase over year

2014 **2.3%** 2013 **2.6%**

¹ Net asset value total return (including dividends reinvested)

² FTSE All-Share Index

³ Graph shows the Company's net asset value total return and share price total return compared to the total return of the Index over the year to 31 October 2014

⁴ Based on the share price at the year end

⁵ Calculated using published daily NAVs including current year revenue

⁶ This represents the ordinary dividends recommended or paid. See page 5 for more details

Sources: Morningstar for the AIC, Henderson, Datastream

Strategic Report: Business Model

Investment Objectives

The Company's objectives are to achieve long term asset growth in excess of the FTSE All-Share Index and regular dividend growth in excess of the increase in the Retail Prices Index.

Investment Policy

To achieve the investment objectives the Company's investment policy is to invest its assets in a portfolio primarily composed of international equities. The portfolio is broadly diversified by both geography and sector in order to reduce investment risk. The Manager has the flexibility to invest in any geographic region and has no set limits on individual country or sector exposures although the Board regularly monitors the Company's investments and the Manager's investment activity. The Manager primarily employs a bottom-up, value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends.

While the Company mainly invests in international equities there is the flexibility to invest in debt securities, such as convertibles, corporate bonds or sovereign debt if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Company in the pursuit of its objectives. The use of any derivative instruments, such as financial futures, options and currency hedges, will only be for the purposes of efficient portfolio management.

The Company will not invest more than 15% of its investment portfolio in any single investment on acquisition nor will it invest more than 15% of its investment portfolio in any other UK listed investment trusts or investment companies.

The Company will at times borrow money, both short and long term, in order to enhance performance. The draw down of borrowings may be in currencies other than sterling provided that the borrowings do not exceed the assets in that particular currency. The gearing range is between 0% and 20% and gearing will not exceed 20% of net asset value at the time of draw down of the relevant borrowings.

The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio which, at 31 October 2014, contained 204 (2013: 191) individual investments. At 31 October 2014, the largest single investment was BP, which accounted for 2.24% of total investments while the top 25 holdings totalled 29.04% of total investments.

Investment risk may be further reduced through the use of currency hedging, foreign borrowings and derivatives.

Information regarding the Company's investment exposures can be found on page 21.

Further information regarding investment risk and activity throughout the year can be found in the Fund Manager's Review and accompanying regional pages.

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.

Management

The Company has appointed Henderson Investment Funds Limited ('HIFL') to act as its Alternative Investment Fund Manager 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 Henderson 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 Tim Stevenson, Ian Warmerdam, Michael Kerley, Michael Woodmartin and Charlie Awdrey.

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 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 November 2013 the annual management fee is 0.45% per annum of the average net assets on the last day of October in each of the preceding two years, replacing the previous arrangements. From 1 November 2014 the management fee rate for net assets over £750m will fall to a rate of 0.4%.

Strategic Report: Chairman's Statement

The Chairman of the Company, Richard Killingbeck, reports on the year to 31 October 2014

- Net asset value increase of 1.5%.
- 48th consecutive year of dividend increases.
- Forecast increase in 2015 dividend of 4.7%.

Performance

In my report to shareholders last year I suggested that after the strong year in 2013 it might be sensible to be cautious for the prospects for global equity markets in the year ahead, albeit that many positive factors remained in place. As the above net asset value return suggests the confidence that I expressed has not been demonstrably translated into returns for shareholders despite a strong performance from the North American equity markets. Elsewhere the majority of global equity market returns, when adjusted for currency movements, have been negative for a sterling investor.

It is against this generally poor set of returns from global equity markets that the moderate increase in net asset value must be assessed. Our net asset value rose by 1.5% compared to a negative 2.3% return for the FTSE All-Share Index. Our Fund Manager has again been able to navigate the global equity markets successfully to generate not just a positive sterling return but also a further increase in the income generated from our portfolio. For this we must thank the fund management team responsible. Further detail as to individual geographic market reports can be found later on in the Fund Manager's Reports section.

Revenue and Dividends

The underlying portfolio has continued to demonstrate healthy revenue growth helped by a significant increase in the number of special dividends being paid by companies within our UK equity section. In continuing the policy of paying out to shareholders substantially all the distributable income, through the quarterly dividend, the Board is pleased to be able to recommend a final dividend of 3.8p per share. This increase, if approved by shareholders, will result in the total pay-out for the year rising to 14.8p, an increase of 4.7% which compares favourably to the RPI increase over the same period of 2.3%.

The strength of our revenue reserve is a key element in the Board's approach to dividend policy. During more 'normal' market conditions we are always seeking to distribute substantially all of our income for

the year in the knowledge that if we were to experience more difficult market conditions we would have the ability to pay out of reserves a maintained or increased dividend. This prudent approach to dividend policy over the years has created flexibility which, whilst not unique to Bankers, is a key strength of the Company. Reflecting this confidence the Board feels able to forecast a dividend per share for the year ahead of not less than 15.5p per share, an increase of 4.7%.

Share Buy-Back and Management Fee Changes

During the year the shares of the Company have, at times, traded at a premium to net asset value. This has allowed the Board to issue new shares when there has been the demand from the market so as to help provide extra liquidity. The Board recognises that when the shares trade at an attractive discount we will sanction the manager to repurchase shares at his discretion. We have not, nor do we intend to implement, a formal buy-back policy but I felt it important to re-iterate our stance on this important aspect of the Investment Trust structure.

In further discussion with Henderson we have refined our management fee arrangements as of 1 November 2014. The revised arrangements introduce a tiering scale of fees when the Company achieves a certain net asset value milestone. As such the management fee has been agreed as 0.45% of net assets up to a value of £750m and 0.4% on any net asset value above this threshold.

Board Changes

Richard Burns is approaching his tenth year on the Board having joined Bankers in 2005. Richard indicated to me in 2014 that, in deference to best Corporate Governance policy, he wished to step down from the Board at the forthcoming AGM. Richard has served the Board and shareholders impeccably over the years both as a member of the audit committee and, more recently, as the Senior Independent Director. Richard's knowledge of global equity markets and his perceptive views of key global issues will be a loss to the Company. On behalf of the Board and shareholders I would like to thank Richard for his contribution to the success of the Company during this period.

Strategic Report: Chairman's Statement (continued)

When someone of Richard's stature and knowledge leaves a Board it is always difficult to find a worthy successor. After a thorough review process by the Board, however, I am delighted that Julian Chillingworth has decided to join the Board. Julian is the current Chief Investment Officer of Rathbone Brothers PLC, a leading discretionary private client manager. Julian has had a long and successful career in the City, primarily on the investment side of the business, and thus ensures that the professional background of your Board remains both diverse and applicable to the underlying business of the Company. Julian's appointment will be subject to shareholder approval at the forthcoming AGM.

Audit Tender

At the last AGM shareholders gave approval for PricewaterhouseCoopers LLP to remain as Auditor until another audit firm could be appointed. After a review undertaken by the Audit Committee, Grant Thornton UK LLP has been appointed as our new Auditor. I would like to place on record my thanks to PricewaterhouseCoopers LLP and welcome Grant Thornton as our new Auditor. This is the first time that we have changed Auditor in our 126 year history.

Regulatory & Alternative Investment Fund Managers Directive ('AIFMD')

In accordance with the AIFMD the Company has appointed Henderson Investment Funds Limited to act as its Alternative Investment Fund Manager. BNP Paribas Securities Services has been appointed as the Company's Custodian and Depositary. The work associated with the implementation of the AIFMD was completed in due time with the support of Henderson.

Annual General Meeting ('AGM')

The AGM will this year be held at Trinity House, London, EC3N 4DH at 12 noon on 25 February 2015. 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. The Board and I look forward to seeing many of you at this meeting at which Alex Croke and his investment team will be making a presentation on their investment views and how these views are reflected in the composition of the Company's portfolio. Following the formal business of the meeting light refreshments will be served.

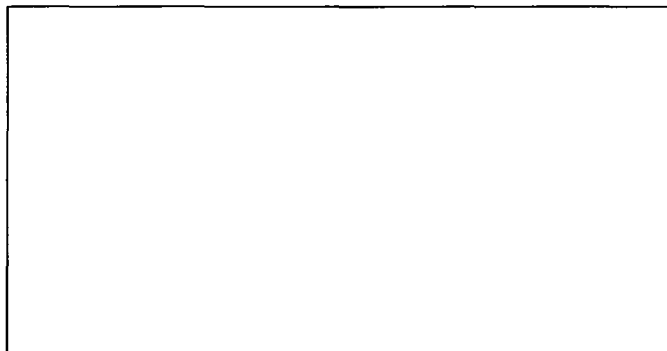
Outlook

The global economic outlook is more polarised than for some time. Strong growth is being witnessed in both North America and the United Kingdom whilst Continental Europe and many emerging markets continue to suffer downgrades to growth expectations. Japan seems to oscillate on a quarterly basis between growth and recession. The headwinds of deflation are now apparent to all central banks, albeit the policy response is far from uniform (if indeed it is in evidence at all). Corporate profit expectations for 2015 are slowly being reined in as these competitive pressures create an unhelpful backdrop for earnings growth. Valuations, even with flat market levels, are becoming more stretched as corporate profit warnings become more prevalent.

Against this broad macro economic scenario it is difficult for even the most optimistic of Chairmen to be more than cautiously optimistic for the year ahead. If policy makers do halt the advance of deflation, if the decline in the oil price does help western economic growth, if China is able to maintain its current GDP growth rates and if the various elections result in investor friendly governments then we could witness better markets next year, especially in the second half. The problem remains that there are a lot of 'ifs'. Patience and careful stock consideration will again be a key requisite for outperformance in the year ahead.

Richard Killingbeck
Chairman
19 January 2015

Strategic Report: Fund Manager's Report



The Fund Manager of the portfolio, Alex Crooke, reports on the year to 31 October 2014

After the strong stock market returns delivered in 2013 there was a high level of optimism amongst investors that 2014 would be the year when economic activity around the world recovered decisively. This confidence was well placed in America but the recovery remained elusive in most other regions. The overwhelming weight of national debt and a dysfunctional banking system in many areas resulted in stagnation in economic activity and an overall lack of demand kept inflation low. The absence of growth in mainland Europe, Asia and Japan affected many of the largest companies and therefore profit growth was scarce. The situation in America was markedly different as low energy prices and bank lending allowed consumers to increase spending and new jobs were created. The quantitative easing by the Federal Reserve undoubtedly aided the economy although it was all but curtailed by the end of October. The better economic conditions in America created the backdrop for the US equity market to move to new heights and the US returned nearly 17% over the year. We have pushed up the US exposure in the portfolio but, at 22%, it remains lower than both our peers and broader global indices. The US market, however, has never delivered a significant dividend yield and we have, in general, preferred to overweight Asian exposure, as that region trades on more attractive valuations and generates greater income, while also participating in US growth through exports. This strategy fell a little short this year but our Pacific equity performance still delivered the second highest return of our regional portfolios.

We have made two key strategic shifts in the portfolio this year. We switched the management of the US portfolio to Ian Warmerdam who has worked at Henderson for over thirteen years and currently manages global growth portfolios. This change was executed in February and since then performance has stabilised and is broadly in line with our US benchmark. The portfolio is now orientated towards companies with higher growth characteristics and in sectors where secular growth is expected to transform industries such as paperless payment systems and health care. In our opinion there are currently fewer opportunities available to a value orientated investment approach for US stock picking whereas overall returns for growth companies appear attractive. Although we have switched to a more growth investment style in the US we have maintained discipline in terms of the valuations we will tolerate and kept a focus on companies that can grow dividends.

Elsewhere the other major change has been to start investment directly into Chinese 'A' shares following the granting of a quota to participate in local markets by the Chinese authorities. The China 'A' share portfolio allows us to access more domestically exposed companies and participate, over time, in the growth of Chinese consumer spending. An initial \$25m investment was deployed over the first six months of our financial year and, after a volatile few months, we have been pleased with performance. The overall weighting within the portfolio allocated to China (Hong Kong and mainland China) is now 8% and, despite slowing economic growth, the market remains attractive due to the low valuations available.

Over the year the UK, Pacific and emerging market portfolios outperformed their respective benchmarks, adding value to the Company. We were fractionally behind the benchmark in Europe, while the US (for the full year) and Japan also lagged local indices. In terms of asset allocation, the overall NAV performance exceeded our objective of outperforming the FTSE All-Share Index but the strong performance of America, relative to other regions, overwhelmed all other tactical repositioning of the portfolio. Our gradual increase in the allocation to the US, Pacific, China and emerging markets, combined with a reduction in the UK and Europe added value. Generally, we were disappointed with the performance of the UK market which was clearly affected by the strengthening value of sterling and political pronouncements. At present though, UK domestic stocks do not look expensive and international companies listed in London trade on significant discounts to their peers. There will hopefully be better opportunities in the coming year to increase international exposure and reduce the UK portfolio.

We used gearing tactically during the year but it was rarely above 5%, reflecting the limited potential for share prices to appreciate. The short lived drop in prices during early October allowed us to increase net gearing, which ended the year at 2.6%. The Company has an expensive £10 million 10.5% debenture, maturing in October 2016, and in the coming year the Board and I will be considering what form of borrowings we should employ to replace this debenture. Current borrowing costs are significantly lower than those on this maturing debenture whether we borrow short or long. The revenue account will benefit from the restructuring of the debt facilities, and should offset some of the pressure exerted by sterling's strength over the last year. Despite the rise in sterling, and the increased allocation into the US, the revenue earnings per share rose by 4.2% which reflects our efforts to invest in companies with the potential to grow dividends and an increased level of special dividends. It is likely that special dividends will remain a feature of markets because many companies have steadily reduced levels of debt thus reducing gearing and are becoming more disposed to returning cash to shareholders.

Alex Crooke
19 January 2015

Statistical Record

Adjusted to present capital

Year ended 31 October	Gross revenue £'000	Earnings and dividends per 25p ordinary share			Total assets less current liabilities £'000	Net asset value per 25p ordinary share p	Market price per 25p ordinary share p	Indices of growth (rebased to 100)					
		Earnings net p	Total dividends net p	Ongoing charges ² %				Net asset value	Market price per 25p ordinary share	Dividend per 25p ordinary share net	FTSE All-Share Index	FTSE World Index (ex-UK)	UK Retail Prices Index
2004	12,902	8.05	7.47	0.68	406,277 ¹	304 ¹	262	100	100	100	100	100	100
2005	13,940	9.07	8.25	0.62	461,923 ¹	363 ¹	313	119	119	110	116	117	102
2006	14,972	10.13	9.48	0.60	540,363	443	386	146	147	127	137	129	106
2007	16,437	11.32	10.24	0.71	596,020	500	439	164	168	137	150	143	111
2008	18,613	12.76	11.06	0.47	410,661	341	305	112	116	148	95	105	115
2009	16,866	11.83	11.50	0.50	473,863	400	348	132	133	154	112	122	115
2010	16,478	12.26	12.10	0.42	526,955	452	380	149	145	162	128	140	120
2011	16,389	11.98	12.70	0.40	521,331	447	385	147	147	170	125	137	126
2012	18,593	13.84	13.33	0.42	551,214	475	433	156	165	178	132	146	130
2013	19,689 ³	14.45 ³	14.13	0.45	678,561	587	580	193	221	189	156	179	134
2014	20,748	15.05	14.80	0.53	693,196	596	563	196	215	198	152	192	137

1 Restated for changes in accounting policies in respect of valuation of investments and dividends payable

2 Years prior to 2011 are total expense ratio

3 Company only figures from 2013, following liquidation of subsidiary

Rates of Exchange

The principal exchange rates at 31 October were:

	2014	2013		2014	2013
US Dollar	1.5999	1.6066	Singapore Dollar	2.06	1.99
Japanese Yen	179.351	157.624	New Taiwanese Dollar	48.66	47.20
Euro	1.276	1.182	Danish Krone	9.505	8.814
Hong Kong Dollar	12.40	12.46	Swiss Franc	1.539	1.455
Australian Dollar	1.820	1.697	New Zealand Dollar	2.056	1.941

Distribution of Assets and Liabilities

at 31 October 2014

	Equities £'000	Fixed interest £'000	Current assets £'000	Total assets £'000	%	Total liabilities £'000	Currency exposure of net assets	
							£'000	%
United Kingdom	281,557	42	10,210	291,809	41.8	(26,216)	265,593	39.8
Europe (ex UK)	78,035	-	264	78,299	11.2	-	78,299	11.7
North America	153,925	-	243	154,168	22.1	(860)	153,308	22.9
Japan	60,287	-	721	61,008	8.8	(2,788)	58,220	8.7
Pacific (ex Japan)	92,489	-	1,159	93,648	13.4	-	93,648	14.0
Emerging markets	19,121	-	7	19,128	2.7	-	19,128	2.9
Total	685,414	42	12,604	698,060	100.0	(29,864)	668,196	100.0
	102.6%	0.0%	1.9%	104.5%		(4.5%)	100.0%	

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

Largest Investments

at 31 October 2014

The 25 largest investments (convertibles and all classes of equity in any one company being treated as one investment) were as follows:

Ranking 2014	Ranking 2013	Company	Valuation 2013 £'000	Purchases £'000	Sales proceeds £'000	Appreciation £'000	Valuation £'000
1	(1)	BP	16,486	–	–	(1,151)	15,335
2	(6)	British American Tobacco	9,621	–	–	311	9,932
3	(7)	Catlin	9,446	–	–	452	9,898
4	#	Walt Disney	–	7,184	–	2,102	9,286
5	(5)	Sports Direct International	9,847	–	–	(781)	9,066
6	#	Delphi Automotive	4,022	2,882	–	1,397	8,301
7	(4)	HSBC	10,435	–	(1,586)	(675)	8,174
8	(9)	Royal Dutch Shell	7,558	–	–	536	8,094
9	#	American Tower	3,875	3,306	(695)	1,604	8,090
10	(8)	Galliford Try	8,909	–	(1,501)	605	8,013
11	(10)	ITV	7,531	–	–	478	8,009
12	#	Barclays	3,682	4,285	–	(172)	7,795
13	#	Apple	4,255	6,389	(5,632)	2,623	7,635
14	#	BorgWarner	–	6,902	–	655	7,557
15	#	Comcast	–	6,908	–	607	7,515
16	#	AmerisourceBergen	–	7,611	(2,372)	2,227	7,466
17	#	BT	3,780	3,179	–	(84)	6,875
18	#	American Express	–	6,706	–	116	6,822
19	(13)	Prudential	6,029	–	–	770	6,799
20	(18)	Fisher (James) & Sons	5,755	–	–	1,004	6,759
21	(2)	GlaxoSmithKline	12,688	–	(4,354)	(1,758)	6,576
22	#	Oracle	–	5,878	–	513	6,391
23	(11)	Jardine Lloyd Thompson	6,628	–	–	(321)	6,307
24	(16)	Reckitt Benckiser	5,818	–	–	482	6,300
25	(24)	SK Telecom	5,331	–	–	749	6,080
			141,696	61,230	(16,140)	12,289	199,075

All securities are equity investments

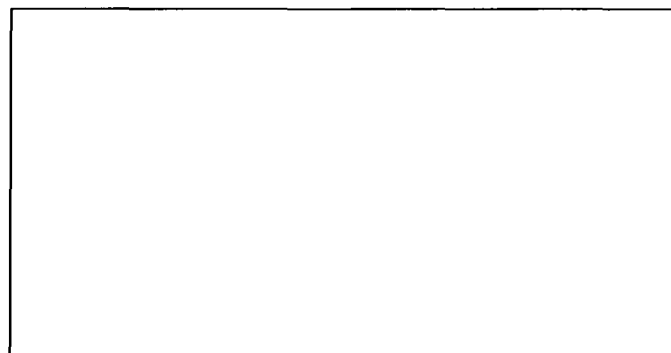
Not in top 25 last year

Changes in Investments

at 31 October 2014

Ranking 2014	Valuation 2013 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2014 £'000
United Kingdom	294,768	40,219	(48,249)	(5,139)	281,599
Europe	75,177	19,767	(13,714)	(3,195)	78,035
North America	133,924	179,096	(176,882)	17,787	153,925
Japan	63,293	12,525	(13,454)	(2,077)	60,287
Pacific (ex Japan)	73,094	59,270	(43,388)	3,513	92,489
Emerging Markets	14,752	8,847	(5,320)	842	19,121
	655,008	319,724	(301,007)	11,731	685,456

Strategic Report: United Kingdom



The Fund Manager of the UK portfolio, Alex Crooke, reports on the year to 31 October 2014

Review

The UK equity market struggled to make positive progress all year, maintaining a tight trading range throughout. This outcome was better than many European markets but was disappointing given the strong economic growth of the UK economy. A number of factors were at play including the uncertainty around the Scottish independence vote, downgrades to corporate profits due to sterling's strength and weakness within Europe depressing sales. The UK stock market is very exposed to international companies and therefore commodity prices, currency volatility and global economic activity can be of far more influence on share prices than conditions in the domestic economy. The level of economic growth this year looks as if it will exceed 3% compared to last year. The growth is generally emanating from the private sector as construction and the services side of the economy recover strongly. Government spending has continued to decline outside health and education. Lower levels of unemployment and falling inflation have also contributed to increased levels of consumer sentiment and spending.

The Bankers' UK portfolio again outperformed the FTSE All-Share Index, driven by performance in the more domestically exposed sectors such as consumer services, industrials and telecoms. Certain stocks delivered strong returns such as housebuilders Galliford Try and Persimmon, the food company Cranswick and the water stocks. Generally more defensive sectors such as pharmaceuticals, life assurance and tobacco performed best as investors sought to avoid earnings disappointment in the more international or economically sensitive sectors. New issuance was stronger than past years but many of the new listings did not meet our valuation criteria and we avoided the majority.

Financials were more mixed in terms of performance with the banking sector not progressing as much as we hoped. The degree of fines from regulators has not abated while a clearer understanding of capital requirements or leverage ratios has yet to materialise. Underlying operating profits have been improving but the sector seems to be stuck in a rut. Our performance relative to the index was enhanced by completely avoiding the food retailing sector's collapse in value and a limited exposure to the mining stocks also helped as the falling iron ore price continues to affect share valuations. It is pleasing to note how many small and mid-sized companies that were purchased a number of years ago occupy the top 20 holdings. Our strategy has always been to try to own good quality companies with the potential to grow market share consistently over long periods of time.

Total return (£) (year to 31 October 2014)	%
Bankers	2.4
FTSE All-Share Index	1.0

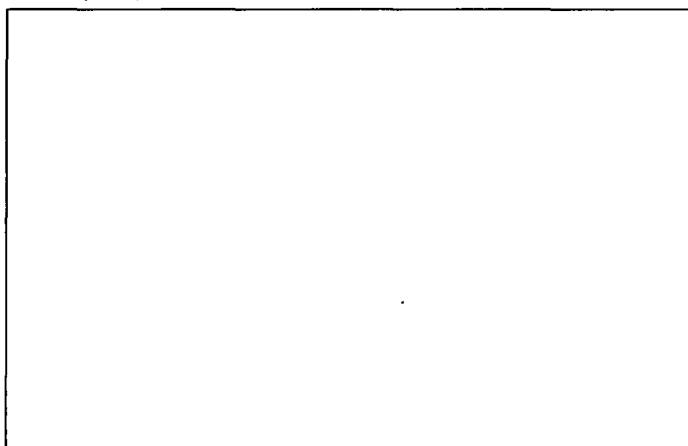
Activity

We have increased holdings of certain UK banks with purchases of Lloyds and Barclays but offset these by selling the entire holding of Standard Chartered. The latter has suffered from an increasing level of bad debts in Asia and it appears that conditions are still difficult. For the domestic banks, lending growth in the UK is improving in the mortgage market and we feel more comfortable with the level of regulatory capital in the industry. Underlying interest margins and profits have improved all year and at some point valuations should pick up to reflect the better results. New holdings include Rentokil, which is concentrating on its core pest control business, and Action Hotels, which is a developer of mid-market hotels in the Middle East. Elsewhere holdings of STV, BT and Standard Life were increased following good results. Sales included BG where fundamentals have been deteriorating and it is unclear how much investment is required in new gas fields. Other holdings such as Shire, Direct Line and Thomas Cook performed so well that we felt prices had got ahead of fundamentals, prompting their sale.

Outlook

The outlook for the UK economy still appears bright, although a General Election in May will bring uncertainty for some domestically exposed sectors. Generally growth is well established and despite further tightening in government spending we expect that lower food and petrol prices will lead to greater consumer spending this year. The key issue is whether this is enough to allow company profits to grow and hopefully share prices to rise. Profit margins are being eroded as costs rise and spare capacity is reduced by the growth, meaning more investment is required. For the market as a whole the pace of growth in Europe, America and Asia is key, as so much of the UK stock market is internationally exposed. The wider macro drivers behind growth are finely balanced and probably require continued central bank support.

UK portfolio classified by market value of company at 31 October 2014



Valuations at 31 October 2014 – all investments are shown

£'000	Investments by value	Sector	% of UK Portfolio
15,335	BP	Oil & Gas Producers	5.45
9,932	British American Tobacco	Tobacco	3.53
9,898	Catlin	Non-life Insurance	3.51
9,066	Sports Direct International	General Retailers	3.22
8,174	HSBC	Banks	2.90
8,094	Royal Dutch Shell	Oil & Gas Producers	2.87
8,013	Galliford Try	Construction & Materials	2.85
8,009	ITV	Media	2.84
7,795	Barclays	Banks	2.77
6,875	BT	Fixed Line Telecommunications	2.44
6,799	Prudential	Life Insurance	2.41
6,759	Fisher (James) & Sons	Industrial Transportation	2.40
6,576	GlaxoSmithKline	Pharmaceuticals & Biotechnology	2.34
6,307	Jardine Lloyd Thompson	Non-life Insurance	2.24
6,300	Reckitt Benckiser	Household Goods & Home Construction	2.24
5,859	Wetherspoon (J.D.)	Travel & Leisure	2.08
5,183	St James's Place	Life Insurance	1.84
4,994	Lancashire	Non-life Insurance	1.77
4,902	Petrofac	Oil Equipment Services & Distribution	1.74
4,867	Cranswick	Food Producers	1.73
4,853	Connect	Support Services	1.72
4,529	Jupiter Fund Management	Financial Services	1.61
4,498	WPP	Media	1.60
4,112	Legal & General	Life Insurance	1.46
3,996	Investec	Financial Services	1.42
3,985	Nationwide Building Society 10¼% Pref ¹	Banks	1.42
3,964	Rio Tinto	Mining	1.41
3,946	Rolls Royce	Aerospace & Defence	1.40
3,844	Glencore	Mining	1.37
3,806	GKN	Automobiles & Parts	1.35
3,802	Hansteen	Real Estate Investment Trusts	1.35
3,736	KCom	Fixed Line Telecommunications	1.33
3,524	STV	Media	1.25
3,440	BAE Systems	Aerospace & Defence	1.22
3,418	Imperial Tobacco	Tobacco	1.21
3,221	BHP Billiton	Mining	1.14
3,210	SSE	Electricity	1.14
3,200	Cobham	Aerospace & Defence	1.14
3,125	Diageo	Beverages	1.11
3,123	Intermediate Capital	Financial Services	1.11
3,035	Elementis	Chemicals	1.08
3,026	Smith (D. S.)	General Industrials	1.07
3,013	Hunting	Oil Equipment Services & Distribution	1.07
2,937	Phoenix	Life Insurance	1.04
2,926	Persimmon	Household Goods & Home Construction	1.04
2,912	Amec	Oil Equipment Services & Distribution	1.03
2,910	Severn Trent	Gas, Water & Multiutilities	1.03
2,895	Lloyds Banking	Banks	1.03
2,874	Centrica	Gas, Water & Multiutilities	1.02
2,840	Compass	Travel & Leisure	1.01
2,834	Rentokil Initial	Support Services	1.01
2,768	Land Securities	Real Estate Investment Trusts	0.98
2,593	Blackstar	Equity Investment Instruments	0.92
2,490	Blackstone GSO ²	Equity Investment Instruments	0.88
2,329	Amlin	Non-life Insurance	0.83
2,271	Johnson Matthey	Chemicals	0.81
2,047	Standard Life	Life Insurance	0.73
2,027	Carador Income Fund	Equity Investment Instruments	0.72
1,709	United Utilities	Gas, Water & Multiutilities	0.61
1,547	Premier Oil	Oil & Gas Producers	0.55
1,108	Hayward Tyler ³	Industrial Engineering	0.39
1,057	Action Hotels ³	Travel & Leisure	0.38
1,041	Dairy Crest	Food Producers	0.37
831	Renold	Industrial Engineering	0.30
468	International Oil & Gas Technology	Equity Investment Instruments	0.16
42	Lehman Brothers Hldgs 7.875% ⁴	Fixed Interest	0.01
281,599			100.00

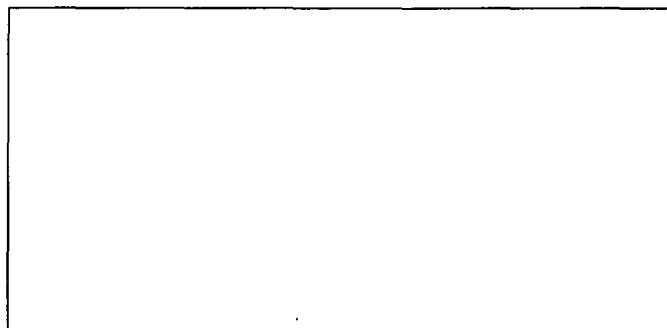
¹ Preference Share

² Specialist Fund Market

³ AIM

⁴ Fixed Interest

Strategic Report: Europe



The Fund Manager of the European portfolio, Tim Stevenson, reports on the year to 31 October 2014

Review

European markets have been frustrating in the period under review. The index in sterling terms has nothing to show (-0.6%) and we have undershot that with a decline of 1.4% for the Bankers' European holdings. In local currency the European markets have made some progress but this has been eroded away by an appreciation of sterling against the euro of just over 7%. Our holdings have underperformed primarily because they are seen as 'quality' names rather than the 'recovery' names (such as banks in Spain and Italy and cyclical). The investments we own tend to do better in an environment of low growth, which we believe to be the case for some years ahead.

Perhaps one way to understand the poor performance of the markets is to look at the starting point about a year ago when European markets became fashionable for many global investors. The primary reason for that was hope that the European Central Bank action to 'do all it takes' would move from saving the euro to actually stimulating growth in much the same way that quantitative easing has aided the US economy. In reality, European economic growth has been disappointing and forecast earnings growth for 2014 has slipped from over 10% to below 5%, not helped by an appreciation in calendar first half 2014 of the euro against the US dollar. This has subsequently reversed, and might perhaps be an early signal that earnings may start to recover in 2015. Sentiment however has deteriorated to very low levels with an enduring scepticism about whether Europe can ever reform labour markets effectively and compete on the world stage.

Activity

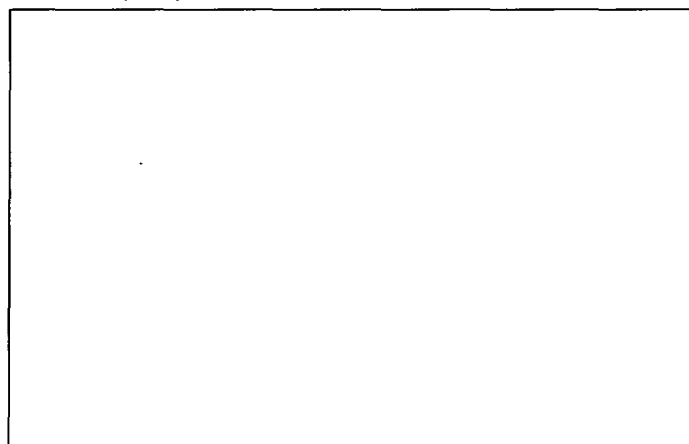
We have sold six positions during the year; Adidas, Nokia, ENI, Philips, Syngenta and Sandvik. In all cases we have become concerned about their growth prospects and, in most cases, we have made the correct decision. On purchases we have added Novo (healthcare – insulin), Continental (tyres and car components), Nordea (Swedish banking and financial services), Munich Reinsurance (which also has a good dividend yield) and UBS in Switzerland. We have therefore increased our exposure to quality financial names and also kept some sensitivity to a potentially better economic environment. The allocation to European markets decreased marginally to 11.4% from 11.5% of the overall fund.

Total return (£) (year to 31 October 2014)	%
Bankers	-1.4
FTSE All-World Developed Europe (ex UK) Index	-0.6

Outlook

There is little doubt that we are in a world of low growth and Europe is likely to remain at the bottom of that class for a while. That should not be a surprise. The issue we continue to wrestle with is that our companies are performing well in a tough environment but politics and economic news will likely stagger from one event (or non-event) to the next with markets swayed in their sentiment by the swings of the ever less patient global macro funds (usually hedge funds). Given the low growth environment we will continue to concentrate on those companies with better long term market positions and growth prospects. Invariably this means paying a premium for that quality. Over the long term this policy has paid off and we think will continue to do so given the extent of global uncertainty. However, after a number of years of repeated disappointment in terms of earnings growth there is a low level of confidence in making any upbeat forecasts for European markets. Europe should avoid a sustained period of deflation and we do think that it will transpire that the ECB has done enough to prevent an escalation of the crisis but there will inevitably be bumps in the road.

European portfolio classified by market value of company at 31 October 2014



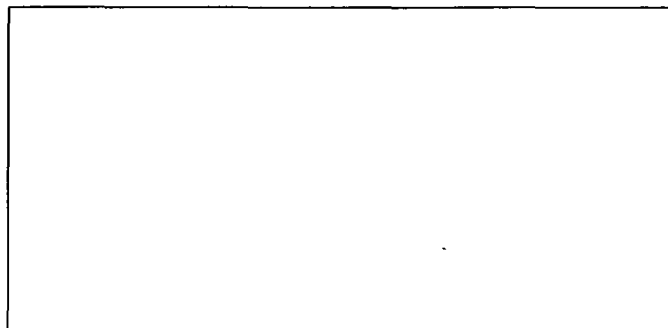
Valuations at 31 October 2014 – all investments are shown

£'000	Investments by value	Sector	Country	% of Europe Portfolio
4,908	Novartis	Pharmaceuticals & Biotechnology	Switzerland	6.29
4,642	Deutsche Post	Industrial Transportation	Germany	5.95
4,195	Christian Dior	Personal Goods	France	5.37
3,988	Roche	Pharmaceuticals & Biotechnology	Switzerland	5.11
3,358	Fresenius	Health Care Equipment & Services	Germany	4.30
3,018	Sodexo	Travel & Leisure	France	3.87
2,970	Nestlé	Food Producers	Switzerland	3.81
2,832	A P Moller-Maersk	Industrial Transportation	Denmark	3.63
2,818	Amadeus IT	Support Services	Spain	3.61
2,806	Deutsche Boerse	Financial Services	Germany	3.59
2,743	L'Oréal	Personal Goods	France	3.52
2,621	Koninklijke Philips	General Industrials	Netherlands	3.36
2,223	ABB	Industrial Engineering	Switzerland	2.85
2,164	Compagnie Financiere Richemont	Personal Goods	Switzerland	2.77
2,160	Deutsche Telekom	Mobile Telecommunications	Germany	2.77
2,143	Legrand	Electronic & Electrical Equipment	France	2.74
2,105	SGS	Support Services	Switzerland	2.70
2,066	Adecco	Support Services	Switzerland	2.65
2,042	Total	Oil & Gas Producers	France	2.62
2,009	Essilor	Health Care Equipment & Services	France	2.57
1,952	Linde	Chemicals	Germany	2.50
1,828	Allianz	Non-life Insurance	Germany	2.34
1,745	Inditex	General Retailers	Spain	2.24
1,715	Nordea Bank	Banks	Sweden	2.20
1,700	Zurich Insurance	Non-life Insurance	Switzerland	2.18
1,654	Munich Reinsurance	Non-life Insurance	Germany	2.12
1,599	Credit Suisse	Banks	Switzerland	2.05
1,498	Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	1.92
1,382	Brenntag	Chemicals	Germany	1.77
1,366	Continental	Automobiles & Parts	Germany	1.75
1,350	Airbus	Aerospace & Defence	France	1.73
1,341	Swedish Match	Tobacco	Sweden	1.72
1,094	UBS	Banks	Switzerland	1.40
78,035				100.00

European Geographical Distribution

	31 October 2014 %	31 October 2013 %
Switzerland	31.8	31.0
Germany	27.1	24.5
France	22.4	21.6
Spain	5.8	5.1
Denmark	5.6	4.2
Sweden	3.9	3.3
Netherlands	3.4	4.5
Italy	–	3.5
Finland	–	2.3
	100.0	100.0

Strategic Report: North America



The Fund Manager of the North America portfolio, Ian Warmerdam, reports on the year to 31 October 2014

Review

US markets performed well over the period and outperformed global equities. This was driven by the relative strength of the US economy which has shown stronger signs of ongoing recovery than other developed markets. This also manifested itself in US dollar strength which further boosted returns once translated into sterling.

The US fund manager was changed at the end of January 2014. Since then the portfolio has shown a return of 17.2% in sterling terms, broadly in line with the US index at 17.4%.

After the change the portfolio was re-orientated towards five growth themes – paperless payment, health care innovation, energy efficiency, internet disruption and global brands. These are all areas which we perceive to have strong, sustainable growth trends that are under-appreciated by the market. Our exposure towards health care innovation and paperless payment contributed positively to performance while the internet disruption theme detracted.

The health care sector outperformed and our portfolio holdings performed particularly well. Gilead, a large biotechnology firm, was buoyed by the successful launch of Sovaldi – a curative treatment for Hepatitis C. AmerisourceBergen (a drug distribution company) performed well driven by increasing prescription volumes in the US and successful take-on of a key new client. The Cooper Companies (contact lens manufacturer) also performed well driven by a well-timed acquisition that increases their exposure to the more profitable daily modality contact lens market.

Within our paperless payment theme both WEX and Fleetcor enjoyed particularly strong returns. These companies compete in the same area – offering payment products and services to petroleum distributors and companies who own fleets of vehicles. This sector has proven to be a strong growth area and these companies – through scale advantage and skilled management – are executing well and gaining market share.

The internet disruption theme detracted from performance. We did have some stock specific issues but the weakness in the area was broad based. Investors are losing patience with a general lack of operating leverage across the sector. Within the internet sector there is arguably a collective strategic mind-set developing, borne on the back of historic success at companies such as Amazon and Google, to forsake near term margins for the sake of long term opportunity. Investors are now proving to be less patient regarding 'jam tomorrow' strategies.

Total return (£) (year to 31 October 2014)	%
Bankers	13.7
FTSE World North America Index	16.7

Activity

We exited a number of positions on valuation grounds where strong price appreciation or more upside in alternative stocks led to a sale. These included Autozone, Mednax, Nike, Protolabs and TripAdvisor. Additionally, we exited Time Warner Cable after a takeover bid from Comcast became fully reflected in the price and Yahoo! after the Alibaba IPO (in which Yahoo! held a significant stake).

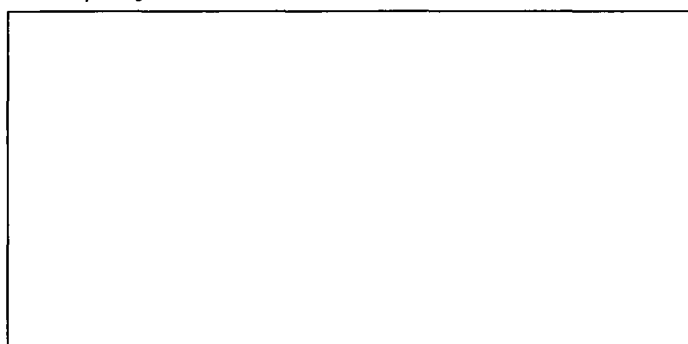
Our other exits were a result of concern around the underlying thesis. We sold Homeaway (a vacation rental website operator) as fundamentals were failing to live up to expectations thus giving us concern about the competitive situation. We sold Pandora Media (the internet radio company) on evidence that growth would not be as spectacular as we'd hoped thereby undermining our valuation thesis. We exited Symantec (a security software company) on evidence the turnaround in its business was not materialising.

These positions were replaced with favoured stocks sourced from our stock selection process most of which are tied to our core themes. These included American Express and Fidelity National (payment processor) which we see as beneficiaries of the paperless payment trend. We bought Covance (a contract research organisation) which is benefitting from the outsourcing trend at pharmaceutical companies. We also purchased FedEx which is benefitting from the e-commerce trend while also executing on a cost reduction program and Sandisk (a NAND memory chip producer) which is a beneficiary of strong growth in mobile devices and a more rational competitive backdrop.

Outlook

We claim no ability to predict the short term direction of the overall stockmarket. However, through positioning the portfolio towards undervalued securities that are exposed to strong secular tailwinds of growth, we are confident in our ability to generate longer term returns. The current themes include: internet transformation, health care innovation, energy efficiency, global brands, and paperless payment. Our strategy remains to not make any major macroeconomic calls but to focus on companies with underappreciated growth or market positions with barriers to entry trading on attractive valuations.

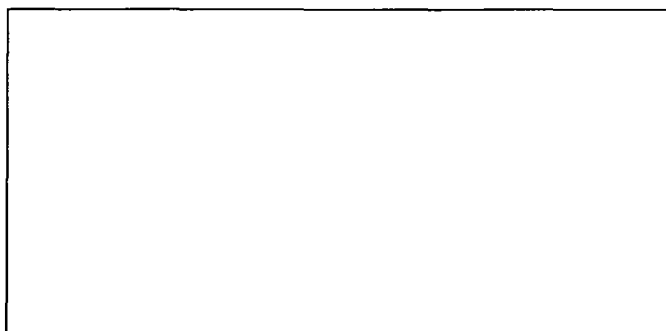
US portfolio classified by market value of company at 31 October 2014



Valuations at 31 October 2014 – all investments are shown

£'000	Investments by value	Sector	% of North America Portfolio
9,286	Walt Disney	Media	6.03
8,301	Delphi Automotive	Automobiles & Parts	5.39
8,090	American Tower	Real Estate Investment Trusts	5.26
7,635	Apple	Technology Hardware & Equipment	4.96
7,557	BorgWarner	Automobiles & Parts	4.91
7,515	Comcast	Media	4.88
7,466	AmerisourceBergen	Food & Drug Retailers	4.85
6,822	American Express	Financial Services	4.43
6,391	Oracle	Software & Computer Services	4.15
5,264	Gilead Sciences	Pharmaceuticals & Biotechnology	3.42
4,830	CVS Health	Food & Drug Retailers	3.14
4,546	The Cooper Companies	Health Care Equipment & Services	2.95
4,378	Verizon Communications	Fixed Line Telecommunications	2.85
4,360	Covance	Health Care Equipment & Services	2.83
4,292	Priceline	Travel & Leisure	2.79
4,279	Roper Industries	Electronic & Electrical Equipment	2.78
4,223	Google	Software & Computer Services	2.74
3,930	Accenture	Support Services	2.55
3,915	Applied Materials	Technology Hardware & Equipment	2.54
3,781	SanDisk	Technology Hardware & Equipment	2.46
3,279	Towers Watson	Support Services	2.13
3,191	FedEx	Industrial Transportation	2.07
3,085	DirecTV	Media	2.01
3,052	Fidelity National Information Services	Support Services	1.98
2,855	Visa	Financial Services	1.86
2,746	Cisco Systems	Technology Hardware & Equipment	1.79
2,583	MasterCard	Financial Services	1.68
2,574	Amazon	General Retailers	1.67
2,570	FleetCor Technologies	Support Services	1.67
2,427	Facebook	Software & Computer Services	1.58
2,371	CommScope	Technology Hardware & Equipment	1.54
2,321	WEX	Support Services	1.51
2,007	Cognex	Electronic & Electrical Equipment	1.30
2,003	F5 Networks	Technology Hardware & Equipment	1.30
153,925			100.00

Strategic Report: Japan



The Fund Manager of the Japanese portfolio, Michael Woodmartin, reports on the year to 31 October 2014

Review

It took some time for the stock market to register a gain after last year's stellar performance and this was only cemented by the actions of the authorities late in the period. The main indices rose by close to 14% in yen over the year generally outpacing the smaller company indices. The downside for sterling investors was the depreciation in the yen which following further easing measures by the Bank of Japan neutralised gains from the market. Economic activity reacted poorly to the increase in the sales tax (VAT) from 5% to 8% in April although it would appear that we are now at a level from which improvement should soon be seen. Encouragingly corporate profit momentum remains positive and the recent decline in the yen should further boost profitability.

Performance

Financial stocks, which performed strongly over the previous year, lagged the market's move whilst out of favour sectors such as pharmaceuticals enjoyed a much better time. Such an outcome did not suit the portfolio which remains committed to recovery in Japan and to the banking sector in particular. Hence the portfolio marginally underperformed the Japanese index. At a stock level Murata Manufacturing, a company which the portfolio has held for many years given its high regard within the mobile telecom industry, turned in a magnificent performance. Not far behind was Yamada Denki, an electrical retailer, which is staging a recovery having suffered a severe downturn in revenues over the past several years. Whilst some financial holdings dragged on performance the most disappointing was the position in Japan Display which was a new listing during the year. Japan Display manufactures the clever parts of high end smartphone screens but suffered severe price competition. Such conditions are not expected to persist and the company is confident that after an embarrassing start profits will recover.

Total return (£) (year to 31 October 2014)	%
Bankers	-1.3
FTSE World Japan Index	0.2

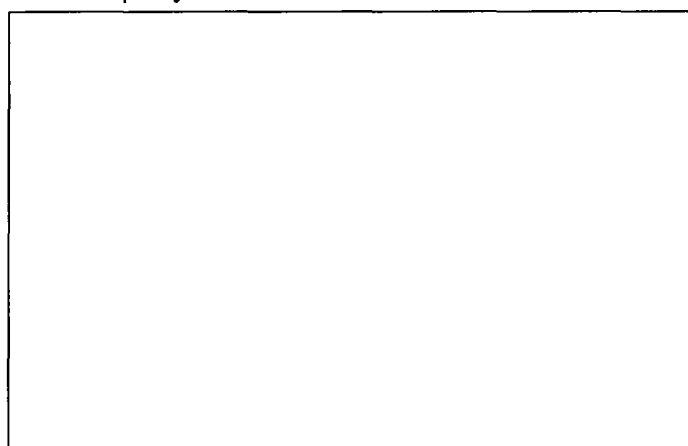
Activity

Whilst there was a slight change in portfolio emphasis, with the commitment towards the financial sector being increased while the service sector decreased, the overall thrust remains towards domestic recovery. Within the financial sector a new position was introduced through participation in a share offering. Dai-ichi Life is one of the few listed Japanese life insurers which was trading cheaply on offering and the share price is now considerably higher. Both Nitori and Shimamura (retailers) were sold from the portfolio partly as they had performed well and partly as the outlook for consumption remains challenged. Suzuki Motor was also sold having enjoyed a tremendous share price run. Toyota Motor was purchased as the company's operational and financial strength has yet to be fully recognised by investors.

Outlook

While the equity market has recovered strongly in recent months investors should not underestimate what the authorities in Japan are attempting to do or their resolve to achieve their aims. After years of lacklustre performance the 'new' management of Japan is committed to reflation activity and asset price inflation is very much part of this process. The decline in the yen is aiding a profit expansion while pressure is being increased on corporate managers to increase returns to shareholders. These factors give Japan a somewhat unique outlook which should be positive for equity investors. The impending election should further cement political commitment to rejuvenate Japan for several years to come.

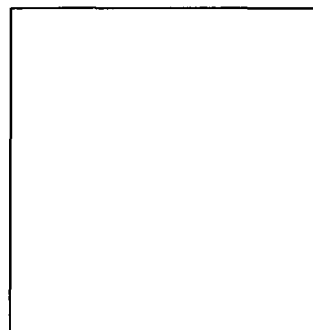
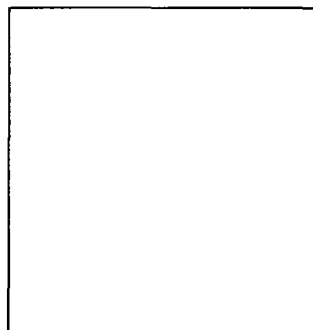
Japanese portfolio classified by market value of company at 31 October 2014



Valuations at 31 October 2014 – all investments are shown

£'000	Investments by value	Sector	% of Japan Portfolio
4,166	Mitsubishi UFJ Financial	Banks	6.91
3,044	Sumitomo Mitsui Financial	Banks	5.05
2,678	Tokio Marine	Non-life Insurance	4.44
2,672	Daiwa Securities	Financial Services	4.43
2,660	Keyence	Electronic & Electrical Equipment	4.41
2,524	Murata Manufacturing	Electronic & Electrical Equipment	4.19
2,509	Toyota Motor	Automobiles & Parts	4.16
2,454	Morant Wright Japan Fund	Equity Investment Instruments	4.07
2,430	Credit Saison	Financial Services	4.03
2,406	Canon	Technology Hardware & Equipment	3.99
2,391	Rakuten	General Retailers	3.97
2,381	Daiwa House Industry	Household Goods & Home Construction	3.95
2,348	Sekisui Chemical	Household Goods & Home Construction	3.90
2,311	Nippon Television	Media	3.83
2,241	Yamada Denki	General Retailers	3.72
2,092	Japan Airlines	Travel & Leisure	3.47
1,866	Inpex	Oil & Gas Producers	3.10
1,784	Sony Corp	Leisure Goods	2.96
1,772	Nintendo	Leisure Goods	2.94
1,599	Disco Corporation	Industrial Engineering	2.65
1,589	Mitsui O.S.K. Lines	Industrial Transportation	2.64
1,369	Dai-ichi Life Insurance	Life Insurance	2.27
1,339	Nippon Telegraph & Telephone	Fixed Line Telecommunications	2.22
1,333	Yamato	Industrial Transportation	2.21
1,287	Seven & I Holdings	General Retailers	2.13
1,277	Suntory Beverage & Food	Beverages	2.12
1,231	Nomura Research Institute	Software & Computer Services	2.04
983	Sankyo	Travel & Leisure	1.63
952	NS Solutions	Software & Computer Services	1.58
599	Japan Display	Electronic & Electrical Equipment	0.99
60,287			100.00

Strategic Report: Pacific (ex Japan)



The Fund Managers of the Pacific (ex Japan) and China 'A' shares portfolio, Michael Kerley and Charlie Awdrey, report on the year to 31 October 2014

Review

Asia once more posted positive returns in the year with the Bankers' Asian portfolio rising more than the index. Performance was enhanced by a positive contribution from stock selection as SK Telecom, Petrochina, Hyundai Motor, TSMC and Amcor all produced above market returns. The portfolio also benefited from the underperformance of Australia, where the weakness in the currency was notable, while the underweight position in India was detrimental as this was by far the best performing market over the period.

Asian markets started the period strongly. Ongoing recovery in the US and some green shoots in Europe provided a supportive backdrop. In November 2013 the 3rd Plenum of the 18th Chinese Communist Party Central Committee unveiled reforms designed to dictate the quantity and quality of Chinese growth in the years to come. A move towards a more market orientated economy allowing private companies to compete alongside state owned enterprises in some of the more protected sectors was widely applauded.

Elsewhere in the region political developments dominated. In May 2014 the Indian elections produced the first majority government for 30 years. The Bharatiya Janata Party (BJP) led by Narendra Modi was elected on a reformist agenda which was well received by the market. Elections were also held in Indonesia where the former governor of Jakarta Joko Widodo was elected after a close run contest although the narrow margin of the victory and a minority position in the House of Representatives has subsequently tempered expectations. A prolonged political stand-off in Thailand was ended in May 2014 when the military launched a coup d'état against the ruling caretaker government. The uncertainty initially impacted local market performance but it recovered strongly as the ruling junta addressed issues on investment and subsidies which had been held back by the longstanding political malaise.

Activity

The focus of the portfolio remained broadly unchanged over the period with the heavy weighting to China increased by the new investment into Chinese 'A' shares during December through the qualified foreign institutional investor (QFII) channel.

The investment strategy for mainland stocks is to seek out the strongest operators in attractive industries that have previously been unavailable to foreign shareholders who were limited to the Hong Kong markets. Stocks that fit this category are thermal coal railway

Total return (£) (year to 31 October 2014)	%
Bankers	8.6
FTSE All-World Asia Pacific (ex Japan) Index	5.1

owner Daqin Railway, China International Travel a leading player in the duty free shopping industry and hydropower producer China Yangtze Power. Chinese retail investors dominate the 'A' share markets and they favour fashionable, rapid growth small capitalisation stocks which has allowed us to acquire shares in unloved, industry-leading large capitalisation companies trading on historically cheap valuations such as SAIC Motor, which is China's largest automobile company and JV partner of both VW and GM. The foundation of the investment case in China is the growth of consumption and so we look for stocks that can use this opportunity trading at valuations that don't reflect future profit growth prospects and with the ability to grow dividends such as Ford's JV partner Chongqing Changan Auto and home appliance brand Qingdao Haier.

On the Hong Kong exchange, new positions were initiated in Beijing Capital Airport and Shimao Property, both companies have strong valuation support and growing dividends. Hong Kong telecom company HKT was also added while the Macau casino exposure was switched from SJM to Sands China in preference for the latter's greater exposure to the mass market. Towards the end of the period we added Indian automobile company Tata Motors to the portfolio to gain exposure to the recovery in the domestic Indian auto market as well as the strong growth of Jaguar and Land Rover internationally.

Sales included Myer in Australia, Lenovo in China and Sembcorp Marine in Singapore which all saw deterioration in their fundamentals over the period.

Outlook

We remain positive on the outlook for the region in the medium to long term but recognise that market direction will be dictated by macro factors in the short term. Valuations in Asia remain attractive relative to their own history and other world markets while companies are cash rich with tremendous potential to increase dividend pay outs over time. We will use any market volatility as an opportunity to acquire quality high yielding or high dividend growth companies at attractive prices.

Pacific (ex Japan) portfolio classified by market value of company at 31 October 2014

Valuations at 31 October 2014 – all investments are shown

£'000	Investments by value	Sector	Country	% of Pacific (ex Japan) Portfolio
6,080	SK Telecom	Mobile Telecommunications	South Korea	6.57
5,956	Amcor	General Industrials	Australia	6.44
5,802	PetroChina	Oil & Gas Producers	China & Hong Kong	6.27
5,687	Bank Of China	Banks	China & Hong Kong	6.15
4,654	Sands China	Travel & Leisure	China & Hong Kong	5.03
4,532	Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	Taiwan	4.90
4,502	Tata Motors	Industrial Engineering	India	4.87
3,903	Shimao Property	Real Estate Investment Services	China & Hong Kong	4.22
3,838	HKT	Fixed Line Telecommunications	China & Hong Kong	4.15
3,766	Hyundai Motor	Automobiles & Parts	South Korea	4.07
3,633	Charoen Pokphand Foods	Food Producers	Thailand	3.93
3,553	Wharf	Real Estate Investment Services	China & Hong Kong	3.84
3,400	Mapletree Greater China	Real Estate Investment Trusts	Singapore	3.68
3,198	Santos	Oil & Gas Producers	Australia	3.46
3,180	Kasikornbank	Banks	Thailand	3.44
3,051	Shanghai Industrial	General Industrials	China & Hong Kong	3.30
2,947	Scentre	Real Estate Investment Trusts	Australia	3.19
2,556	Beijing Capital International Airport	Industrial Transportation	China & Hong Kong	2.76
2,366	Daqin Railway*	Industrial Transportation	China & Hong Kong	2.56
2,100	SAIC Motor*	Automobiles & Parts	China & Hong Kong	2.27
2,042	Fuyao*	Automobiles & Parts	China & Hong Kong	2.21
2,004	GD Power Development*	Electricity	China & Hong Kong	2.16
1,968	CITIC Securities*	Financial Services	China & Hong Kong	2.13
1,705	Qingdao Haier*	Household Goods & Home Construction	China & Hong Kong	1.84
1,609	Tong Hsing Electronic Industries	Technology Hardware & Equipment	Taiwan	1.74
1,555	Chongqing Changan Automobile*	Automobiles & Parts	China & Hong Kong	1.68
1,470	China International Travel Service*	Travel & Leisure	China & Hong Kong	1.59
1,432	China Yangtze Power*	Electricity	China & Hong Kong	1.55
92,489				100.00

* China 'A' Shares

Pacific (ex Japan) Geographical Distribution

	31 October 2014 %	31 October 2013 %
China & Hong Kong	53.7	35.6
Australia	13.1	21.2
South Korea	10.6	15.3
Thailand	7.4	7.8
Taiwan	6.6	10.1
India	4.9	–
Singapore	3.7	9.7
Indonesia	–	0.3
	100.0	100.0

Strategic Report: Emerging Markets

Review

The emerging markets universe continues to be hampered by concerns over the withdrawal of the US Federal Reserve's quantitative easing programme which has caused weakness across all emerging market currencies. At the same time, many economies have slowed owing to a combination of government missteps and weaker demand for commodities. On a positive note deteriorating terms of trade are putting pressure on some governments to reform and diversify their economies. We are conscious of the short-term risks but continue to recognise the long term potential from population growth, a rising middle class and infrastructure spending. A more challenging economic environment will allow the best managed companies to prove their competitive edge and better control costs whilst still capturing secular growth opportunities.

Performance during the period was boosted by the resilient share prices of Brazilian holdings Embraer, Banco Bradesco and Cielo. Embraer continues to benefit from the weaker Brazilian real whilst a strong focus on cost control and secular growth of the payments industry was supportive of Bradesco and Cielo respectively. In addition, performance was aided by a lack of exposure to the Russian equity market where the Ukrainian situation and subsequent economic sanctions has caused significant weakness in the Russian rouble.

Total return (£) (year to 31 October 2014)	%
Bankers	8.0
FTSE All-World Emerging (ex Asia) Index	-4.8

Activity

During the year, we undertook a process of diversifying the Bankers' emerging markets portfolio taking the number of holdings from 6 up to 11. In Brazil we added Cielo, a provider of credit and debit card payment solutions with a dominant market position. The developing world has lagged the developed world in the adoption of electronic payments but is quickly catching up resulting in the number of transactions growing at a double digit rate. In Mexico we added Grupo Mexico, a copper producer, as we see an outlook for limited supply growth in the copper market compared to other commodity markets and Fibra Uno, a real estate owner and developer. Elsewhere, we added Bank Pekao in Poland. Poland's long term economic outlook is supported by the regular dispersal of funds from the EU budget and this will feed through into accelerating loan growth for the banking sector. Finally, we bought MTN, the South African-based telecoms operator. The company has a strong franchise in its more mature domestic market coupled with strong positions in various small but fast growing markets in the rest of Africa.

Valuations at 31 October 2014 – all investments are shown

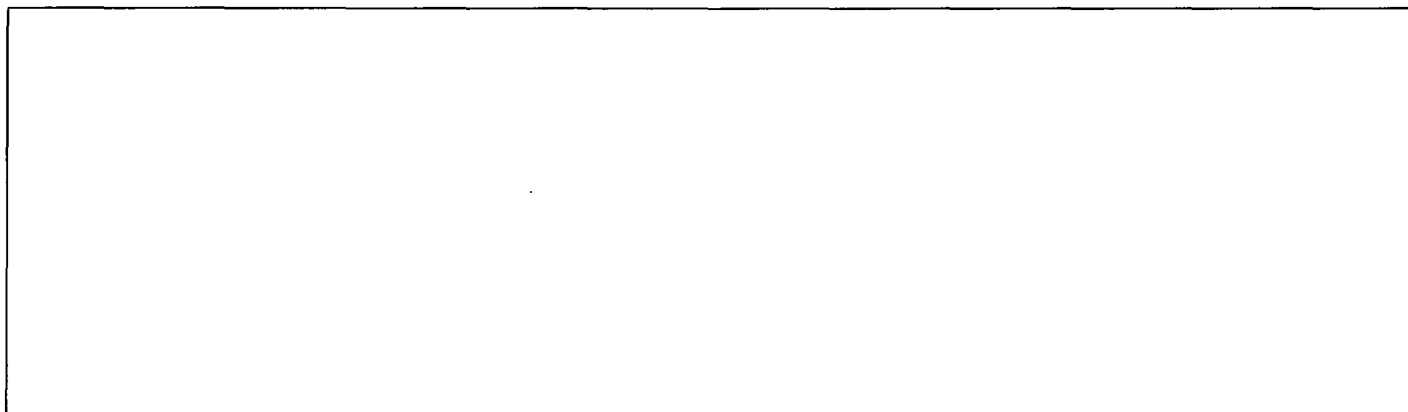
£'000	Investments by value	Sector	Country	% of Emerging Markets Portfolio
2,773	Banco Bradesco	Banks	Brazil	14.50
2,595	Embraer	Aerospace & Defence	Brazil	13.57
1,996	MTN	Mobile Telecommunications	South Africa	10.44
1,775	Fomento Economico Mexicano	Beverages	Mexico	9.28
1,655	Cielo	Financial Services	Brazil	8.65
1,560	Grupo Aval Acciones Y Valores	Financial Services	Colombia	8.16
1,504	Grupo Mexico	Industrial Metals & Mining	Mexico	7.87
1,459	Credicorp	Banks	Peru	7.63
1,375	Bank Pekao	Banks	Poland	7.19
1,227	Petroleo Brasileiro	Oil & Gas Producers	Brazil	6.42
1,202	Fibra Uno Administracion	Real Estate Investment Trusts	Mexico	6.29
19,121				100.00

Emerging Markets Geographical Distribution

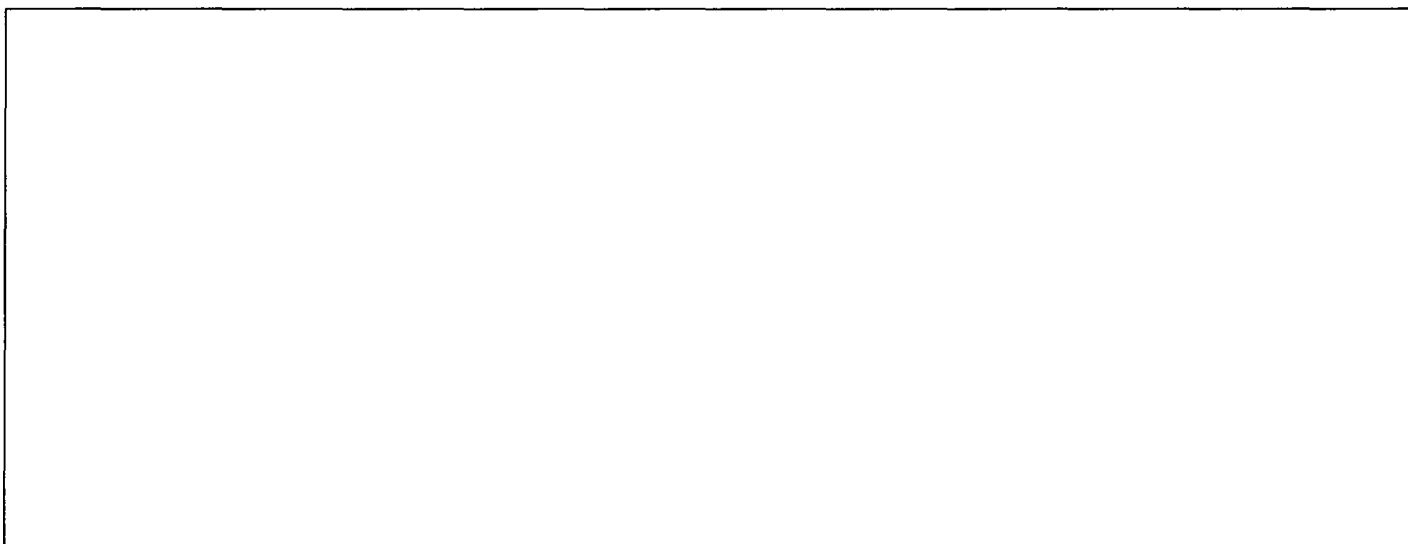
	31 October 2014 %	31 October 2013 %
Brazil	43.1	50.2
Mexico	23.5	24.6
South Africa	10.4	–
Colombia	8.2	11.4
Peru	7.6	13.8
Poland	7.2	–
	100.0	100.0

Strategic Report: Portfolio Structure at 31 October 2014 and 2013

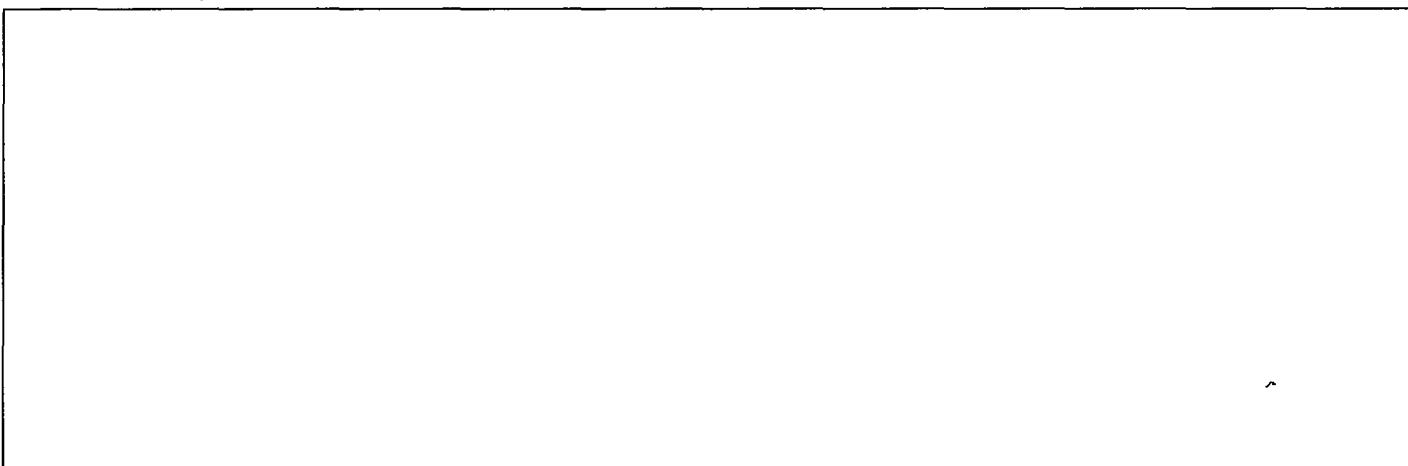
Geographical Analysis¹



Geographical Total Return Analysis of the Portfolio against each FTSE Stock Market¹ (indices shown below)



Sector Analysis¹



¹ Sources: Henderson Global Investors Limited, Datastream, Factset

Strategic Report: Key Information

Directors

The Directors appointed to the Board and the date of their appointment are:

Richard Killingbeck

Position: Chairman of the Board and of the Nominations and Management Engagement 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 26 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.

Richard Burns

Position: Senior Independent Director

Date of appointment: 24 February 2006 (Senior Independent Director 25 September 2013)

Richard is a non-executive Director of Euronova European Smaller Companies Fund, JPMorgan Indian Investment Trust plc, Mid Wynd International Investment Trust plc and Standard Life Equity Income Trust plc. He is a former joint senior partner of Baillie Gifford & Co and former fund manager of Monks Investment Trust plc. From 1999 to 2006 he was a Director of the AIC.

Matthew Thorne

Position: 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 was Group Finance Director of McCarthy & Stone plc and also Investment Director of Beazer plc. A Chartered Accountant, he has significant experience as a Finance Director, predominantly in the property sector.

Susan Inglis

Position: Director

Date of appointment: 1 November 2012

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.

All Directors are independent of Henderson and are members of the Audit Committee (except the Chairman) and Management Engagement Committee. The Chairman, Richard Burns and Susan Inglis are members of the Nominations Committee.

Strategic Report: Key Information (continued)

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

Depository and Custodian

BNP Paribas Securities Services
55 Moorgate
London EC2R 6PA

Independent Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

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: 0871 384 2472 (or +44 121 415 7049 if calling from overseas). Calls to this number cost 8p per minute plus network extras. Lines are open 8.30 am to 5.30 pm, Monday to Friday.

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

Financial Calendar

Annual results	announced January 2015
Ex dividend date	29 January 2015
Dividend record date	30 January 2015
Annual General Meeting ¹	25 February 2015
Final dividend payable on	27 February 2015
1st interim dividend payable on	29 May 2015
Half year results	announced June 2015
2nd interim dividend payable on	28 August 2015
3rd interim dividend payable on	30 November 2015

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 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 Henderson's investment expertise.

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



Follow the Henderson Managed Investment Trusts on Twitter

To get the latest updates follow us on Twitter @HGiTrusts

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 08457 225525, email henderson@halifax.co.uk or visit their website www.halifax.co.uk/sharedealing. Henderson ISA holders can contact the Henderson ISA department at PO Box 10665, Chelmsford CM99 2BF, telephone 0800 856 5656.

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.

Strategic Report: Corporate Information

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 ('the Act'), is registered in England and Wales and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'), is subject to the UK Listing Authority's Rules and is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company has obtained approval from HM Revenue & Customs ('HMRC') of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

Principal Risks and Uncertainties

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 are as follows:

Portfolio and market

Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move sharply. 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 Board reviews the portfolio at each meeting and mitigates this risk through diversification of investments in the portfolio.

Investment activity and performance

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 its borrowings.

Tax and regulatory

A breach of Section 1158 of the Corporation Tax Act 2010 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 2006 could lead to criminal proceedings. Any such breaches could also lead to financial or reputational damage. The Company must also ensure compliance with the listing rules of the New Zealand Stock Exchange. Henderson has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Henderson on a quarterly basis which confirmed regulatory compliance during the year.

Financial

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. Details of these risks and how they are managed are contained in Note 16 to the Financial Statements on pages 52 to 59.

Operational

Disruption to, or failure of, Henderson's accounting, dealing or payment systems or the custodian'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 suppliers may not provide the required level of service. Details of how the Board monitors the services provided by Henderson and its other suppliers and the key elements designed to provide effective internal control are explained further in the internal controls section on pages 34 and 35.

Borrowing

The Company has a loan facility in place which provides increased borrowing on improved terms and allows it to borrow as and when appropriate. Up to £30 million is available under this facility. The maximum amount drawn down in the period under review was £9.9 million (2013: £13.5 million) with borrowing and non-utilisation costs for the year totalling £125,000 (2013: £158,000). £2.8 million (2013: £nil) of the facility was in use at the year end. Actual gearing at 31 October 2014 was 2.6% (2013: 0.2%) of net asset value.

Future Developments

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

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager the Directors take into account the following key performance indicators:

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.

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.

Strategic Report: Corporate Information (continued)

The Board considers the use of share buy-backs and share issues to enhance shareholder value. During the financial year no shares were bought back (2013: nil). The Company issued 850,000 shares at a premium to NAV (2013: 350,000).

Performance against the Company's peer group

In addition to comparison against the various indices the Board also considers the performance of its AIC peer group and its open-ended equivalent, the IMA Growth Sector, at each Board meeting.

Ongoing charge

The ongoing charges are a measure of the total expenses incurred by the Company, including those charged to capital, expressed as a percentage of the average shareholders' funds over the year. The ongoing charge, before borrowing costs amounted to 0.53% (2013: 0.45%) of the assets of the Company. The Board regularly reviews the ongoing charges and monitors all the Company's expenses. As explained on page 4 the management fee was changed with effect from 1 November 2013.

Corporate Responsibility

Responsible investment

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

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is considered by Henderson's risk team but investments are not ruled out on social and environmental grounds only.

Voting Policy and the UK Stewardship Code

Henderson'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 and its policy on proxy voting. The policy also sets out how Henderson implements the Stewardship Code. The Company has reviewed the policy and has delegated responsibility for voting to Henderson. The Board receives regular reports on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on Board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Fund Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefore are fed back to the investee company prior to voting.

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

The Henderson responsible investment policy and further details of Henderson's responsible investment activities can be found on the Henderson website, www.henderson.com.

Employees, Social, Community, Human Rights and Environmental Matters

The Company has no employees and its core activities are undertaken by Henderson which has implemented environmental management practices including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these or social, community or human rights issues.

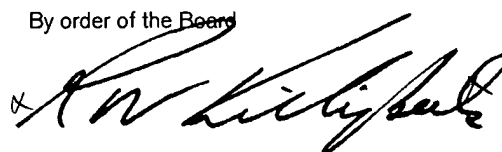
Henderson's corporate responsibility statement is included on the website www.henderson.com. In 2012 it was granted CarbonNeutral Company status which it has committed to maintain at least until the end of 2015.

The Company's annual and half year reports are printed on carbon balanced paper whereby the carbon impact of the production and distribution process has been balanced, or offset, by the World Land Trust, an international conservation charity.

Gender Representation

As set out on page 22 at the year end one of the Company's Directors was female and the other four were male. The Directors consider diversity when making appointments to the Board, taking into account relevant skills, experience, knowledge and gender. However, it is not considered appropriate to have set targets in relation to diversity. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

By order of the Board



Richard Killingbeck
Chairman
19 January 2015

Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed 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

With effect from 22 July 2014 AIFs are 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. 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 will be disclosed ex-dividend.

Dividend Yield

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

Gearing

The gearing percentage reflects the amount of borrowings (ie bank loans or overdrafts) the Company has used to invest in the market. This figure indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This is calculated by taking the difference between non-current asset investments and equity shareholders' funds divided by equity shareholders' funds and multiplied by 100.

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.

Net Asset Value ('NAV') per Ordinary Share

The value of the Company's assets (ie investments and cash held) less any liabilities (ie bank borrowings and debt securities) 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 is published daily.

Premium/Discount

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

Total Return Performance

This is the return on the share price or NAV taking into account both the rise and fall of the share price or NAV respectively and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

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 2013 to 31 October 2014. 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' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 31 and 32 provides information on the remuneration and interests of the Directors.

Directors' Conflicts of Interest

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

Related Party Transactions

The Company's current related parties are its Directors and Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were 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 Henderson, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with Henderson affecting the financial position of the Company during the year under review. More details on transactions with Henderson, including amounts outstanding at the year end, are given in note 23 on page 61.

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 25p each. The voting rights of the shares on a poll are one vote for £1 nominal held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of 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 of the Company (including accumulated revenue 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 31 October 2013, there were 111,256,839 shares in issue. During the year, 850,000 new ordinary shares were issued. The number of ordinary shares in issue on 31 October 2014 was 112,106,839, with 28,026,710 voting rights. As at 17 January 2015 the total voting rights were unchanged.

The Directors seek annual authority from the shareholders to allot new shares, to disapply pre-emption rights and to buy-back shares for cancellation or to be held in treasury. At the AGM held in February 2014 the Directors were granted authority to buy-back 16,677,400 shares. At 31 October 2014 no shares had been bought back using this authority. The Directors have remaining authority to purchase 16,677,400 shares. This authority will expire at the conclusion of the 2015 AGM. The Directors intend to renew this authority subject to shareholder approval at the AGM in 2015.

Holdings in the Company's Shares

Declarations of interests in the voting rights of the Company as at 31 October 2014 in accordance with the UK Listing Authority's Disclosure and Transparency Rules were as follows.

	% of voting rights
Investec Wealth & Investment	8.9
F&C Asset Management	5.0
Rensburg Shepherd Investment Management	4.0

Since 1 November 2014 Investec Wealth & Management have notified the Company that their holding had changed however, as at 17 January 2015 they continue to have an interest in 8.9% of the voting rights of the Company.

At 31 October 2014, 13.1% of the issued ordinary shares were held on behalf of participants in the Halifax Share Dealing products, and 0.3% were held on behalf of participants in Henderson products. The participants in these schemes 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.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reviewing the position as at the date of this report, the Board has considered the 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', published by the Financial Reporting Council in October 2009.

Annual General Meeting ('AGM')

The AGM will be held on Wednesday 25 February 2015 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 letter being sent to shareholders with this Report.

Report of the Directors (continued)

Corporate Governance

The Corporate Governance Statement on pages 33 to 35 forms part of the Report of the Directors.

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 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.

Global Greenhouse Gas Emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 31 October 2014 (2013: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, Part 7, (as amended in August 2013), previously the (Strategic Report and Directors' Reports) Regulations 2013.

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.

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
19 January 2015

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.

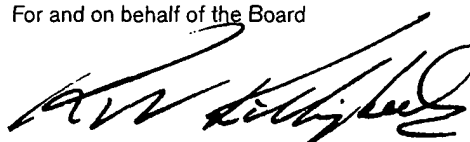
Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement of Directors' Responsibilities under DTR 4.1.12

Each of the Directors, who are listed on page 22, 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
19 January 2015

The financial statements are published on the **www.bankersinvestmenttrust.com** website, which is a website maintained by the Company's Manager, Henderson. The maintenance and integrity of the website maintained by Henderson or any of its subsidiaries is, so far as it relates to the Company, the responsibility of 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.

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.

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 on 25 February 2015.

The Company's remuneration policy was approved by shareholders at the Annual General Meeting ('AGM') in 2014 under Section 439A of the Act. No changes to policy are currently proposed and it will continue in force until the Annual General Meeting in 2017.

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 appointed 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 enable candidates of high calibre to be recruited. 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 and a Director may resign by notice in writing to the Board at any time; there are no set notice periods.

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 2013 and also on 1 November 2014, 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 other 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 2014	1 November 2013
Beneficial interest:		
Richard Killingbeck	30,000	30,000
Richard Burns	65,000	65,000
Susan Inglis	5,000	5,000
Matthew Thorne	23,750	23,750
David Wild ¹	4,400	–
Non beneficial interest:		
Richard Burns	33,000	33,000

¹ David Wild was appointed on 26 February 2014

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There were no changes since the year end to the date of this report.

In accordance with the Company's Articles of Association no Director is required to hold shares of the Company by way of qualification.

Directors' Remuneration Report (continued)

Directors' Fees and Expenses (audited)

The fees and expenses paid to the Directors who served during the years ended 31 October 2014 and 31 October 2013 were as follows:

	Year ended 31 October 2014 Total salary and fees £	Year ended 31 October 2013 Total salary and fees £	Year ended 31 October 2014 Total expenses and taxable benefits £	Year ended 31 October 2013 Total expenses and taxable benefits £	Year ended 31 October 2014 Total £	Year ended 31 October 2013 Total £
Richard Killingbeck ¹	36,500	25,153	–	–	36,500	25,153
Richard Brewster ²	–	31,607	–	593	–	32,200
Richard Burns	25,000	22,238	1,321	631	26,321	22,869
Susan Inglis	23,000	22,000	–	–	23,000	22,000
Peter Sullivan ³	–	14,667	–	–	–	14,667
Matthew Thorne	25,000	24,000	563	777	25,563	24,777
David Wild ⁴	15,589	–	–	–	15,589	–
TOTAL	125,089	139,665	1,884	2,001	126,973	141,666

Notes:

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.

1 Chairman. 2 Highest paid Director and former Chairman retired on 25 September 2013. 3 Resigned on 19 June 2013. 4 Appointed on 26 February 2014.

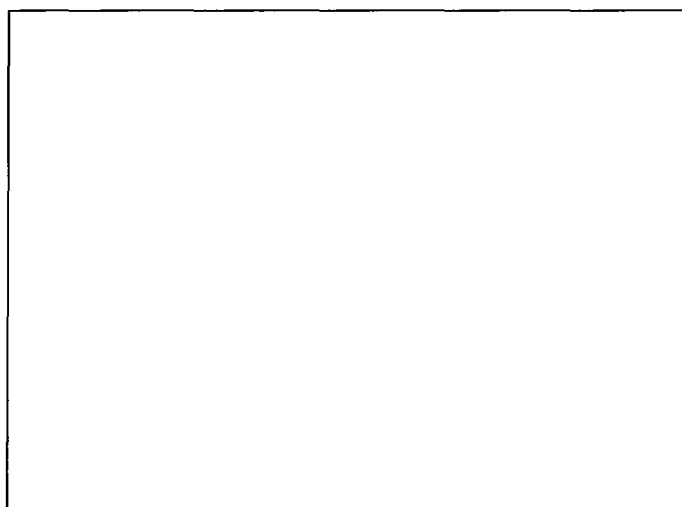
No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them. Julian Chillingworth is to be appointed on the same terms as the other Directors.

The fees paid to the Directors during the year were as follows (previous rates are shown in brackets): Chairman £36,500 (£35,000), Audit Committee Chairman and Senior Independent Director £25,000 (£24,000) and Director £23,000 (£22,000). With effect from 1 November 2014 the fees were increased to Chairman £37,000, Audit Committee Chairman and Senior Independent Director £25,500 and Director £23,500.

Performance

The Company's performance is 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 six year period ended 31 October 2014 with the FTSE All-Share Index over the same period.



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 2014 £	31 October 2013 £	Change £
Total remuneration	126,973	141,666	(14,693)
Ordinary dividend paid	16,209,000	15,149,000	1,060,000
Buy-backs of ordinary shares	–	–	–

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

At the 2014 AGM 7,113,755 votes (95.1%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 273,518 (3.7%) were against, 91,489 (1.2%) were discretionary and 145,510 were withheld. In relation to the approval of the remuneration policy 7,122,407 (95.1%) were received voting for the resolution, 278,462 (3.7%) were against and 88,359 (1.2%) were discretionary and 135,045 were withheld. The percentage of votes excludes votes withheld.

For and on behalf of the Board

Richard Killingbeck
Chairman

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') 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 February 2013 (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 AIC Code comprises 21 principles. 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.

Directors

Board composition

The Articles of Association provide that the total number of Directors shall not be less than three nor more than eight; the Board currently consists of five non-executive Directors. The biographies of the Directors holding office at the date of this report, which are set out on page 22, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors.

Directors' 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.

The Articles of Association require all Directors to retire at each AGM, in accordance with the corporate governance policy adopted. All the current Directors, with the exception of Richard Burns, will therefore retire and, being eligible, have stated that they will offer themselves for re-appointment.

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.

Board 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 2014, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of Henderson. Richard Burns is the Company's Senior Independent Director. There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

Directors' professional development

When a new Director is appointed he or she receives an induction seminar which is held by Henderson at the request of the Chairman. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors' also regularly participate in relevant training and industry seminars. Directors' individual training requirements are considered as part of the annual evaluation process which is led by the Chairman of the Board.

Directors' insurance and indemnification

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

The Board

Responsibilities of the Board and its Committees

During the year seven 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.

Corporate Governance Statement (continued)

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 objective and is responsible for setting asset allocation, investment and gearing limits within which Henderson has discretion to act. The Board has responsibility for the approval of any investments in in-house funds managed or advised by Henderson. 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.

The Board has three 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.

Audit Committee

The Audit Committee is chaired by Matthew Thorne. The Report of the Audit Committee can be found on pages 36 and 37.

Nominations Committee

Richard Killingbeck, Richard Burns and Susan Inglis 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 was 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 may also use 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 UK 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 with the Company's Manager and to review the services provided by Henderson.

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 carried out by Lintstock Limited in 2013. The evaluation for the current year was also undertaken by Lintstock Limited. The evaluation concluded that the Board has a good balance of skills and experience.

Board 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 2014.

	Board	Audit Committee	Nominations Committee	Management Engagement Committee
Number of meetings	7	4	1	1
Richard Killingbeck	7	n/a	1	1
Richard Burns	6	4	1	1
Susan Inglis	7	4	1	1
Matthew Thorne	7	4	n/a	1
David Wild ¹	5	2	n/a	1

¹ David Wild was appointed on 26 February 2014

The Directors and Committees of the Board also met during the year to undertake business such as the approval of the Company's results and new agreements required by the Alternative Investment Fund Managers Directive.

Internal Controls and Risk Management

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process has been in place since 2000 and is subject to regular review by the Board. Up to the date of this report the process accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ('the Turnbull Guidance').

The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 October 2014. During the course of its review of internal controls the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

Corporate Governance Statement (continued)

Henderson has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by Henderson's compliance and risk department on a continuing basis. The Board receives a formal report from Henderson each quarter detailing the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Henderson, and which reports the details of any known internal control failures. Each year the Board receives from Henderson a report on its internal controls which includes a report from Henderson's auditors on the control policies and procedures in operation. Steps will continue to be taken to embed the system of internal control and risk management into the operation and culture of the Company and its key suppliers.

Accountability and Relationship with Henderson

As all of the Company's management functions are delegated to third parties and the Board monitors the controls in place through Henderson's internal audit function department, the Board feels there is no current need for an internal audit function.

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

Henderson takes decisions as to the purchase and sale of individual investments. Henderson also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Henderson 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 Henderson operate in a supportive, co-operative and open environment.

Henderson and BNP Paribas Securities Services, which acts for Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 30, and the statement of going concern on page 28.

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, 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 that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Continued Appointment of Henderson

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 Henderson and the fees payable are contained on page 4.

The Board reviews investment performance at each Board meeting and a formal review of Henderson is conducted annually. As part of the annual review in September 2014 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 Henderson to the Company, such as accounting, company secretarial and administration services and Henderson's activities in promoting and marketing the Company. The Board noted Henderson'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 Henderson 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 28.

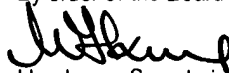
Relations with Shareholders

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 and a monthly fact sheet which is available on the website.

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 Corporate Secretary at the address given on page 23.

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

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
19 January 2015

Report of the Audit Committee

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. The biographies of the Audit Committee members are shown on page 22.

Meetings

The Audit Committee met four times during the year under review. The Company's auditor is invited to attend meetings as necessary. Representatives of Henderson and BNP Paribas Securities Services 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:

- a review of the half year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- 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 Henderson;
- consideration of the appropriate level of dividend to be paid by the Company;
- consideration of the internal controls in place at Henderson and BNP Paribas Securities Services ('BNP') as administrator and Henderson's policies in relation to cyber risk and business continuity, meeting with representatives of Henderson'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;
- 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 34;
- consideration of the Auditors' independence and objectivity and the provision of any non-audit services (as explained further on page 37);
- consideration of the whistle blowing policy that Henderson 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 management fee calculation; and
- consideration of the allocation of fees between investment management and administration, following which from 1 November 2014 all expenses and interest payable including accounting, secretarial and administration fees will be capitalised in accordance with note 1e) on page 45.

Audit for the Year Ended 31 October 2014

In relation to the Annual Report for the year ended 31 October 2014 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Investments that are unquoted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both Henderson's fair value pricing committee and by the Directors. Ownership is verified by reconciliation to the custodian's records.
Recognition of income	Income received is accounted for in line with the Company's accounting policy (as set out on page 45) and is reviewed by the Committee at each meeting.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times.
Maintaining internal controls	The Committee receives regular reports on internal controls from Henderson and its delegates and has access to the relevant personnel of Henderson who have a responsibility for risk management and internal audit.

Report of the Audit Committee (continued)

The Committee is satisfied that the Annual Report for the year ended 31 October 2014, 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.

Audit Tendering

As a Public Interest Entity listed on the London Stock Exchange, the Company will in future be subject to the mandatory auditor rotation requirements of the European Union. Subject to the detailed implementation of the European requirements in the UK, this is likely to mean that the Company will put the external audit out to tender at least every ten years, and change auditor at least every twenty years. The Committee will, however, continue to consider annually the need to go to tender for audit quality or independence reasons.

During the year the Company tendered its audit and upon consideration of the tenders received the Board decided to appoint Grant Thornton UK LLP.

External Audit, Review and Auditor Reappointment

The Committee discusses the audit process with the Auditor without representatives of Henderson present and considers the effectiveness of the audit process after each audit. This is the first year Grant Thornton UK LLP have audited the Company's Annual Report and financial statements. The Audit Committee is satisfied with the effectiveness of the audit provided by Grant Thornton UK LLP. The Committee is satisfied that the Auditor is independent of the Company. The Auditor is required to rotate partners every five years and this is the first year that the current partner has been in place.

Grant Thornton UK LLP have indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of Grant Thornton UK LLP as Auditor to the Company, and to authorise the Directors to determine their remuneration, will be proposed at the AGM.

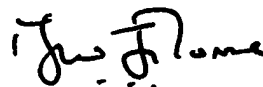
Fees paid or payable to the Auditor are detailed in note 6 on page 49.

Policy on Non-Audit Services

The provision of non-audit services by the Company's Auditor is considered and approved by the Audit Committee on a case by case basis. The policy set by the Audit 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:

- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the Auditors' 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 never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.



Matthew Thorne
Audit Committee Chairman
19 January 2015

Independent Auditors' Report to the members of The Bankers Investment Trust PLC

We have audited the financial statements of The Bankers Investment Trust PLC for the year ended 31 October 2014 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Cash Flow Statement and the related notes. 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.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Auditor Commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and relevant third-party service providers, and inspecting records and documents held by the Company and third-party service providers. This included a review of reports on the description, design and operating effectiveness of internal controls at relevant third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information, would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £6,682,000 which is 1% of the Company's net assets. For the revenue column of the Statement of Comprehensive Income we determined that misstatements of a lesser amount than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information, would have been changed or influenced by a misstatement or omission. Accordingly, we established materiality for the revenue column of the Income Statement to be £1,671,000.

We have determined the threshold at which we communicate misstatements to the Audit Committee to be £334,100. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

Investments

The Company's business is investing in a focused and internationally diversified portfolio of securities to provide a rising level of dividends as well as capital appreciation over the long-term. Accordingly, the investment portfolio is a significant, material item in the financial statements. We therefore identified the recognition, existence and measurement of the investment portfolio as a risk that requires particular audit attention.

Our audit work included, but was not restricted to: obtaining an understanding of management's processes to recognise and measure investments, including ownership of those investments; obtaining a confirmation of investments held at the year end directly from the independent custodian; testing the reconciliation of the custodian records to the records maintained by the Company's administrator; testing a selection of investment additions and disposals shown in the Company's records to supporting documentation; and agreeing the valuation of quoted investments to an independent source of market prices.

Independent Auditors' Report to the members of The Bankers Investment Trust PLC (continued)

The Company's accounting policy on the valuation of quoted investments is included in note 1 and its disclosures about investments held at the year end are included in note 11.

Investment income is the Company's major source of revenue and is a significant item in the Statement of Comprehensive Income. Accordingly, we identified the recognition of revenue from investments as a risk that requires particular audit attention.

Our audit work included, but was not restricted to, assessing whether the Company's accounting policy for revenue recognition is in accordance with the Statement of Recommended Practice: 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'; obtaining an understanding of management's processes to recognise revenue in accordance with the stated accounting policy; testing whether a sample of revenue transactions has been recognised in accordance with the policy; and for a sample of investments held in the period, confirming that income that should have been received and recorded, and assessing whether any of the dividends receivable should have been treated as capital receipts.

The Company's accounting policy on the recognition of revenue from investments is shown in note 1 and the components of that revenue are included in note 3.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2014 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.

Other reporting responsibilities

Opinion 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;
- 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.

Matters on which we are required to report by exception We have nothing to report in respect of the following:

- Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:
 - materially inconsistent with the information in the audited financial statements; or
 - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
 - otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that were communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required 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.
- Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 28, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Julian Bartlett (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor and Chartered Accountants
London
19 January 2015

Statement of Comprehensive Income

Notes		Year ended 31 October 2014			Year ended 31 October 2013		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
	Gains on investments held at fair value through profit or loss	–	11,615	11,615	–	126,782	126,782
2	Investment income	20,577	–	20,577	19,515	–	19,515
3	Other operating income	171	–	171	174	–	174
4	Total income	20,748	11,615	32,363	19,689	126,782	146,471
	Expenses						
5	Management fees	(1,726)	(929)	(2,655)	(1,282)	(690)	(1,972)
6	Other expenses	(720)	–	(720)	(791)	–	(791)
	Profit before finance costs and taxation	18,302	10,686	28,988	17,616	126,092	143,708
7	Finance costs	(685)	(1,598)	(2,283)	(691)	(1,612)	(2,303)
	Profit before taxation	17,617	9,088	26,705	16,925	124,480	141,405
8	Taxation	(775)	–	(775)	(896)	–	(896)
	Profit for the year and total comprehensive income	16,842	9,088	25,930	16,029	124,480	140,509
9	Earnings per ordinary share – basic and diluted	15.05p	8.12p	23.17p	14.45p	112.18p	126.63p

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.

Statement of Changes in Equity

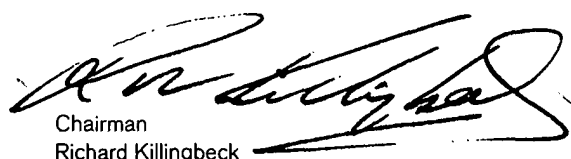
		Year ended 31 October 2014					
Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total equity £'000
	Total equity at 1 November 2013	27,814	2,352	12,483	578,656	32,256	653,561
	Total comprehensive income:						
	Profit for the year	–	–	–	9,088	16,842	25,930
	Transactions with owners, recorded directly to equity:						
18	Issue of 850,000 ordinary shares	213	4,701	–	–	–	4,914
10	Ordinary dividends paid	–	–	–	–	(16,209)	(16,209)
	Total equity at 31 October 2014	28,027	7,053	12,483	587,744	32,889	668,196

		Year ended 31 October 2013					
Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total equity £'000
	Total equity at 1 November 2012	27,727	452	12,483	454,176	31,376	526,214
	Total comprehensive income:						
	Profit for the year	–	–	–	124,480	16,029	140,509
	Transactions with owners, recorded directly to equity:						
18	Issue of 350,000 ordinary shares	87	1,900	–	–	–	1,987
10	Ordinary dividends paid	–	–	–	–	(15,149)	(15,149)
	Total equity at 31 October 2013	27,814	2,352	12,483	578,656	32,256	653,561

Statement of Financial Position

Notes		At 31 October 2014 £'000	At 31 October 2013 £'000
	Non-current assets		
11	Investments held at fair value through profit or loss	685,456	655,008
	Current assets		
12	Investments held at fair value through profit or loss	3,896	21
13	Other receivables	3,685	17,800
	Cash and cash equivalents	5,023	14,130
		12,604	31,951
	Total assets	698,060	686,959
	Current liabilities		
14	Bank loans	(2,788)	–
14	Other payables	(2,076)	(8,398)
		(4,864)	(8,398)
	Total assets less current liabilities	693,196	678,561
	Non-current liabilities		
15	Debenture stocks	(25,000)	(25,000)
	Net assets	668,196	653,561
	Equity attributable to equity shareholders		
18	Share capital	28,027	27,814
19	Share premium account	7,053	2,352
20	Capital redemption reserve	12,483	12,483
	Retained earnings:		
20	Other capital reserves	587,744	578,656
21	Revenue reserve	32,889	32,256
	Total equity	668,196	653,561
17	Net asset value per ordinary share (pence) – basic and diluted	596.0p	587.4p

The financial statements on pages 40 to 61 were approved by the Board of Directors on 19 January 2015 and signed on its behalf by:


 Chairman
 Richard Killingbeck

Cash Flow Statement

Notes	Reconciliation of profit before taxation to net cash flow from operating activities	At 31 October 2014 £'000	At 31 October 2013 £'000
2	Profit before taxation	26,705	141,405
	Add interest payable ('finance costs')	2,283	2,303
	Less gains on investments held at fair value through profit or loss	(11,615)	(126,782)
	(Increase)/decrease in accrued income	(345)	239
	Decrease/(increase) in other receivables	12	(9)
	Increase in other payables	50	167
	Purchases of investments	(319,724)	(137,900)
	Sales of investments	301,007	156,843
	Purchases of current asset investments	(24,770)	(1,500)
	Sales of current asset investments	20,895	2,780
	Decrease/(increase) in securities sold for future settlement	14,553	(16,147)
	(Decrease)/increase in securities purchased for future settlement	(6,373)	7,153
	Net cash inflow from operating activities before interest and taxation	2,678	28,552
	Interest paid	(2,282)	(2,303)
	Taxation on investment income	(880)	(733)
	Net cash (outflow)/inflow from operating activities	(484)	25,516
10 18	Financing activities		
	Equity dividends paid	(16,209)	(15,149)
	Share issue	4,914	1,987
	Drawdown/(repayment) of loan	2,874	(1,000)
	Amounts received from subsidiary undertaking	–	205
	Net cash outflow from financing activities	(8,421)	(13,957)
	(Decrease)/increase in cash	(8,905)	11,559
	Cash and cash equivalents at start of the year	14,130	2,825
	Exchange movements	(202)	(254)
	Cash and cash equivalents at end of the year	5,023	14,130

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The financial statements for the year ended 31 October 2014 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. IFRSs 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 International Accounting Standards Committee ('IASC') 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 measurement at fair value of investments. The principal accounting policies adopted are set out below and 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 January 2009 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.

Accounting Standards

(i) New and amended standards adopted by the Company:

- IAS 1 (amendment), Presentation of Financial Statements – amendments regarding other comprehensive income. No impact on financial statements.
- IFRS 13, 'Fair Value Measurement' (effective for financial periods beginning on or after 1 January 2013) – aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

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

- IFRS 7 (amendment), Financial Instruments – Disclosures (effective for annual periods beginning on or after 1 January 2014) – amendments enhancing disclosures about offsetting financial assets and financial liabilities.
- IAS 32 (amendment), Financial Instruments – Presentation (effective for annual periods beginning on or after 1 January 2014) – amendment that updates the application guidance in IAS 32, 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the Statement of Financial Position.
- IAS 39 (amendment), Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2014) – amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).
- IFRS 9, 'Financial Instruments' (effective for financial periods beginning on or after 1 January 2018) and not yet EU adopted – addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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

- IFRS 1 (amendments), First Time Adoption of International Financial Reporting Standards
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interest in Other Entities
- IAS 12 (amendment), Income Taxes
- IAS 19, Employee Benefits
- IAS 27, Separate Financial Statements
- IAS 28, Associates and Joint Ventures

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 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. In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, net capital returns may be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

d) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Income from fixed interest debt securities is recognised using the effective interest rate method. Bank deposit interest and stock lending income are accounted for on an accruals basis.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Statement of Comprehensive Income. Net losses arising from these derivatives, where actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

e) Expenses

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Taxation

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

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

j) Borrowings

Interest-bearing bank loans, overdrafts and debentures are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

l) Capital reserves

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

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

The following are accounted for in the 'Capital reserve arising on investments held':

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

m) 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.

n) 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 and subsequently measured at amortised cost using the effective interest rate method.

o) Payables

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

p) 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 (Henderson, with oversight from the Board) 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, for the convenience of investors, disclosure by geographical segment has been provided in note 3 and in the Fund Manager Reports on pages 10 to 20. 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.

Notes to the Financial Statements (continued)

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

	2014 £'000	2013 £'000
Gains on sales of investments based on historical cost	43,954	41,631
Revaluation gains recognised in previous years	(58,523)	(30,201)
(Losses)/gains on investments sold in the year based on carrying value at previous statement of financial position date	(14,569)	11,430
Revaluation of investments held at 31 October	26,300	115,606
Exchange losses	(116)	(254)
	11,615	126,782

3 Investment income

	2014 £'000	2013 £'000
UK dividend income – listed	8,490	8,459
UK dividend income – special dividends	638	333
Overseas dividend income – listed	11,115	10,308
Overseas dividend income – special dividends	206	186
Property income distributions	128	133
Income from subsidiary undertaking	–	96
	20,577	19,515
Analysis of investment income by geographical region:		
UK	11,119	9,857
Europe (ex UK)	2,271	2,679
North America	1,734	2,550
Japan	1,304	1,123
Pacific (ex Japan)	3,666	3,062
Emerging markets	483	244
	20,577	19,515

4 Other operating income

	2014 £'000	2013 £'000
Bank interest	19	18
Underwriting income	69	87
Stock lending revenue	83	69
	171	174

At 31 October 2014 the total value of securities on loan by the Company for stock lending purposes was £31,281,000 (2013: £12,134,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2014 was £38,547,000 (2013: £38,775,000). The Company's agent held collateral at 31 October 2014 with a value of £32,955,000 (2013: £12,871,000) in respect of securities on loan. The value of securities held on loan is reviewed on a daily basis, comprising CREST Delivery By Value ('DBVs') and Government Bonds with a market value of 105% (2013: 106%) of the market value of any securities on loan.

5 Management fees

	2014			2013		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment management	398	929	1,327	296	690	986
Accounting, secretarial and administration	1,328	–	1,328	986	–	986
	1,726	929	2,655	1,282	690	1,972

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

Notes to the Financial Statements (continued)

6 Other expenses

	2014 £'000	2013 £'000
Directors' fees and expenses (see page 32)	127	142
Auditors' remuneration:		
– for audit services	24	22
– for non-audit services (relating to tax advice) paid to the previous Auditor	1	58
Expenses payable to Henderson (relating to marketing services)	33	90
Bank/custody charges	146	109
Depository fees	19	–
Registrar fees	47	49
AIC subscriptions	23	25
Printing expenses	44	48
Legal fees	9	–
Overseas compliance fees	21	–
Listing fees	46	46
Loan non-utilisation fees	92	105
Irrecoverable VAT	9	22
Other expenses	79	75
	720	791

The compensation payable to key management personnel in respect of short term employment benefits was £127,000 (2013: £142,000) which relates wholly to the fees and expenses payable to the Directors in respect of the year.

7 Finance costs

	2014			2013		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
On bank loans and overdrafts repayable within one year	10	23	33	16	37	53
Interest on debentures repayable wholly or partly after five years						
– between one and five years	315	735	1,050	315	735	1,050
– after five years	360	840	1,200	360	840	1,200
	685	1,598	2,283	691	1,612	2,303

8 Taxation

a) Analysis of the charge for the year

	2014			2013		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Overseas tax suffered	906	–	906	964	–	964
Overseas tax reclaimable	(131)	–	(131)	(68)	–	(68)
Taxation	775	–	775	896	–	896

Notes to the Financial Statements (continued)

8 Taxation (continued)

b) Factors affecting the tax charge for the year

The differences are explained below:

	2014			2013		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Profit before taxation	17,617	9,088	26,705	16,925	124,480	141,405
Corporation tax for the year at 21.83% (2013: 23.42%)	3,846	1,984	5,830	3,964	29,153	33,117
Non taxable UK dividends	(1,970)	–	(1,970)	(2,055)	–	(2,055)
Non taxable scrip dividends and other income	(2,422)	–	(2,422)	(2,420)	–	(2,420)
Income taxable in different years	(2)	–	(2)	(7)	–	(7)
Overseas withholding tax suffered	775	–	775	896	–	896
Excess management expenses and loan relationships	548	552	1,100	518	539	1,057
Capital gains not subject to tax	–	(2,536)	(2,536)	–	(29,692)	(29,692)
	775	–	775	896	–	896

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 company, 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 of £5,374,000 (2013: £4,362,000) arising as a result of having unutilised management expenses of £9,658,000 (2013: £6,834,000) and loan relationship deficits of £17,210,000 (2013: £14,983,000). These expenses will only be utilised, to any material extent, if 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.

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at the effective rate of tax of 21.83%.

9 Earnings per ordinary share

The total earnings per ordinary share is based on the net profit attributable to the ordinary shares of £25,930,000 (2013: £140,509,000) and on 111,898,962 ordinary shares (2013: 110,958,620), being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2014 £'000	2013 £'000
Revenue profit	16,842	16,029
Capital profit	9,088	124,480
Profit for the year	25,930	140,509
Weighted average number of ordinary shares	111,898,962	110,958,620
Revenue earnings per ordinary share	15.05p	14.45p
Capital earnings per ordinary share	8.12p	112.18p
Earnings per ordinary share	23.17p	126.63p

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

Notes to the Financial Statements (continued)

10 Dividends on ordinary shares

Dividends on ordinary shares	Record date	Payment date	2014 £'000	2013 £'000
Third interim dividend (3.30p) for year ended 31 October 2012	26 October 2012	30 November 2012	–	3,660
Final dividend (3.43p) for the year ended 31 October 2012	1 February 2013	28 February 2013	–	3,804
First interim dividend (3.465p) for the year ended 31 October 2013	2 May 2013	31 May 2013	–	3,842
Second interim dividend (3.465p) for the year ended 31 October 2013	29 July 2013	31 August 2013	–	3,843
Third interim dividend (3.60p) for year ended 31 October 2013	25 October 2013	29 November 2013	4,005	–
Final dividend (3.60p) for the year ended 31 October 2013	31 January 2014	28 February 2014	4,020	–
First interim dividend (3.60p) for the year ended 31 October 2014	2 May 2014	30 May 2014	4,036	–
Second interim dividend (3.70p) for the year ended 31 October 2014	25 July 2014	29 August 2014	4,148	–
			16,209	15,149

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.

	2014 £'000	2013 £'000
Revenue available for distribution by way of dividend for the year	16,842	16,029
First interim dividend (3.60p) (2013: 3.465p)	(4,036)	(3,842)
Second interim dividend (3.70p) (2013: 3.465p)	(4,148)	(3,843)
Third interim dividend (3.70p) paid on 28 November 2014 (2013: 3.60p paid on 29 November 2013)	(4,148)	(4,005)
Final dividend (3.80p) payable on 27 February 2015 (2013: 3.60p paid on 28 February 2014)	(4,260)	(4,020)
Revenue surplus for section 1158 purposes	250	319

11 Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Valuation at start of year	655,008	546,915
Investment holding gains at start of year	(212,767)	(127,362)
Cost at start of year	442,241	419,553
Acquisitions at cost	319,724	137,900
Disposals at cost	(257,053)	(115,212)
Cost at end of year	504,912	442,241
Investment holding gains at end of year	180,544	212,767
Valuation of investments at end of year	685,456	655,008

Included in the total investments are unquoted investments shown at the Directors' fair valuation of £42,000 (2013: £75,000). See note 16.5 on page 58.

At 31 October 2014 convertible or fixed interest securities held in the portfolio were £42,000 (2013: £75,000).

Purchase and sale transaction costs for the year ended 31 October 2014 were £412,000 and £253,000 respectively (2013: transaction costs of purchases £331,000; transaction costs of sales £262,000). These comprise mainly stamp duty and commission.

The Company has interests of 3% or more of any class of capital in 3 investee companies, Blackstar, Hayward Tyler and International Oil & Gas Technology (2013: Blackstar and International Oil & Gas Technology). None of these investments are considered material in the context of these accounts.

Notes to the Financial Statements (continued)

12 Current asset investment

The Company has a holding in Deutsche Bank Liquidity Fund (formerly Henderson Liquid Assets 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 2014 this holding had a value of £3,896,000 (2013: £21,000).

13 Other receivables

	2014 £'000	2013 £'000
Securities sold for future settlement	1,744	16,297
Other taxes recoverable	342	237
Prepayments and accrued income	1,594	1,249
Other receivables	5	17
	3,685	17,800

14 Current liabilities

	2014 £'000	2013 £'000
Bank loans	2,788	–
Securities purchased for future settlement	1,604	7,977
Accruals	349	298
Other payables	123	123
	4,864	8,398

The Company entered into a two year £30m loan facility with Commonwealth Bank of Australia on 1 June 2014.

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

	2014 £'000	2013 £'000
Borrowings: Debenture stocks (secured):		
10½% debenture stock 2016	10,000	10,000
8% debenture stock 2023	15,000	15,000
	25,000	25,000

The 10½% debenture stock 2016 and the 8% debenture stock 2023 are 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 10½% debenture stock 2016 and the 8% debenture stock 2023 are redeemable at par on 31 October 2016 and 31 October 2023 respectively.

16 Risk management policies and procedures

As an investment trust the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated on page 4. In pursuing its investment objectives, the Company is exposed to a variety of financial risks that could result in either a reduction in its net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Henderson coordinate the Company's risk management and there are various risk management systems in place as detailed below.

- Straight-through processing via a deal order and management system ('OMS') is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services.
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises Hiportfolio software.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

- The IT tools to which the Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
 - Charles River Compliance module for investment restrictions monitoring;
 - Arc Logics operational risk database;
 - Riskmetrics for VaR statistics, stress-testing and back-testing;
 - UBS Delta, Style Research, Finanalytica and Barra Aegis for market risk measurement;
 - Bloomberg for market data and price-checking; and
 - Hiportfolio for portfolio holdings and valuations.

These are supplemented by in-house developments: derivatives risk and compliance database ('DRAC') and counterparty exposure ('CER') reports.

The Board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. *The policies for the management of risk have not changed from the previous accounting period.*

16.1 Market risk

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

Management of the risk

The Board of Directors manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from Henderson. Investment performance is reviewed at each Board meeting. The Board monitors 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:

	2014 £'000	2013 £'000
Equities	685,414	654,933
Fixed interest	42	75
	685,456	655,008

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% (2013: 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 reasonable based on observation of current market conditions.

	2014		2013	
	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	(401)	401	(341)	341
Capital return	136,875	(136,875)	130,818	(130,818)
Change to profit after tax for the year and net assets	136,474	(136,474)	130,477	(130,477)

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

Henderson monitors the Company's exposure to foreign currencies on a regular basis and reports to the Board at each Board meeting. 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 rate 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.

	US \$ £'000	Euro £'000	Japanese Yen £'000	Hong Kong \$ £'000	Other £'000
2014					
Other receivables	242	13	721	70	357
Cash and cash equivalents	1	–	–	–	990
Current liabilities	(860)	–	(2,788)	–	–
Total foreign currency exposure on net monetary items	(617)	13	(2,067)	70	1,347
Investments at fair value through profit or loss that are equities	185,375	48,324	57,833	33,046	84,264
Total net foreign currency exposure	184,758	48,337	55,766	33,116	85,611
2013					
Other receivables	87	14	378	–	1,911
Cash and cash equivalents	2	–	–	–	–
Current liabilities	(331)	–	–	–	–
Total foreign currency exposure on net monetary items	(242)	14	378	–	1,911
Investments at fair value through profit or loss that are equities	165,793	46,191	60,791	23,917	66,914
Total net foreign currency exposure	165,551	46,205	61,169	23,917	68,825

The above amounts are not necessarily representative of the exposure to risk during each year, as levels of monetary foreign currency exposure change significantly throughout the year.

Foreign currency sensitivity

The table opposite 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% (2013: 10%). euro/sterling +/- 10% (2013: 10%). Japanese yen/sterling +/- 10% (2013: 10%).
Hong Kong dollar/sterling +/- 10% (2013: 10%).

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.2 Currency risk (continued)

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:

	2014				2013			
	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	455	121	105	101	363	124	104	105
Capital return	20,564	5,361	6,416	3,666	18,392	5,124	6,744	2,653
Change to profit after tax for the year and net assets	21,019	5,482	6,521	3,767	18,755	5,248	6,848	2,758

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

	2014				2013			
	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	(210)	(99)	(86)	(83)	(297)	(102)	(85)	(86)
Capital return	(16,825)	(4,385)	(5,249)	(2,999)	(15,048)	(4,192)	(5,518)	(2,171)
Change to profit after tax for the year and net assets	(17,035)	(4,485)	(5,335)	(3,082)	(15,345)	(4,294)	(5,603)	(2,257)

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 the fixed interest investments.

Management of the risk

The Company finances part of its activities through borrowings at levels approved and monitored by the Board.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

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. For floating interest rates exposure is by reference to when the interest rate is due to be re-set.

	2014			2013		
	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	5,023	–	5,023	14,130	–	14,130
Current asset investment	3,896	–	3,896	21	–	21
Exposure to fixed interest rates:						
Fixed interest investments	–	42	42	–	75	75
Bank loans	(2,788)	–	(2,788)	–	–	–
Debentures	–	(25,000)	(25,000)	–	(25,000)	(25,000)
	6,131	(24,958)	(18,827)	14,151	(24,925)	(10,774)

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 (2013: same).
- Interest paid on debentures 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 investment, fixed income investment portfolio and bank loans. The sensitivity of each exposure is as follows:

- Cash – Cash balances vary throughout the year. Cash balances at the year end were £5,023,000 (2013: £14,130,000) 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 £50,000 (2013: £141,000).
- Current asset investment sensitivity – The Company's interest bearing current asset investment at the year end was £3,896,000 (2013: £21,000) 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 £39,000 (2013: £210).
- Fixed income investment sensitivity – The Company's fixed income portfolio at the year end was valued at £42,000 (2013: £75,000), and is not currently paying interest and therefore there is no modified duration (interest rate sensitivity) (2013: no modified duration).
- Loan sensitivity – Borrowings vary throughout the year as a result of the Company's borrowing policy. Borrowings at the year end were £2,788,000 (2013: nil) (note 14) and, if that level of borrowings was maintained for a full year, then a 100 basis point change in LIBOR (up or down) would decrease or increase the total net return on ordinary activities after taxation by approximately £28,000 (2013: nil).

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 a multi-currency loan facility of £30,000,000 with Commonwealth Bank of Australia (2013: £30,000,000) and 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 facilities are subject to regular review. The Company also has two debentures, details of which can be found in note 15 on page 52.

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

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.2 Liquidity risk (continued)

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

Liquidity risk exposure

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

	2014			2013		
	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 stocks	–	2,250	35,650	–	2,250	37,900
Bank loans	2,788	–	–	–	–	–
Other payables	2,076	–	–	8,398	–	–
	4,864	2,250	35,650	8,398	2,250	37,900

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 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 by 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 value of the securities on loan at the year end, and the collateral held can be found in note 4 on page 48.

Other than stock lending transactions, 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 during settlement. The credit ratings of brokers are reviewed periodically by Henderson, and limits are set on the amount that may be due from any one broker.

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

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.3 Credit and counterparty risk (continued)

Credit risk exposure

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

	2014 £'000	2013 £'000
Fixed interest securities	42	75
Cash and cash equivalents	5,023	14,130
Receivables:		
Securities sold for future settlement	1,744	16,297
	6,809	30,502

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, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the multi-currency loan facility). The par value of the debenture stocks can be found in note 15. The fair value of the debenture stocks at 31 October 2014 was £30,277,000 (2013: £31,022,000). The fair values are calculated using prices quoted on the exchange on which the instruments trade.

16.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using the 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.

	2014			2013		
	Level 1 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 3 £'000	Total £'000
Equity investments	685,414	–	685,414	654,933	–	654,933
Fixed interest investments	–	42	42	–	75	75
Current asset investments	3,896	–	3,896	21	–	21
	689,310	42	689,352	654,954	75	655,029

There were no Level 2 investments at 31 October 2014 (2013: none). There were no transfers during the year between any of the levels. A reconciliation of fair value movements within Level 3 is set out below

	2014 £'000	2013 £'000
Level 3 Investments at fair value through profit or loss		
Opening balance	75	179
Disposal proceeds	(48)	(96)
Total gains/(losses) included in the Statement of Comprehensive Income – on assets held at year end	15	(8)
	42	75

The total value of unquoted investments as at 31 October 2014 was £42,000 (2013: £75,000).

The total carrying value of loans and receivables, as stated in notes 13 and 14, is a reasonable approximation of their fair value as at the year end date. The total carrying value of financial liabilities measured at amortised cost as disclosed in note 15 is a reasonable approximation of their fair value as at the year end date.

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 0.006% (2013: 0.011%) of the total portfolio and which are held at Directors' fair value.

The Company's capital at 31 October 2014 comprised its equity share capital, reserves and debt that are shown in the statement of financial position at a total of £695,984,000 (2013: £678,561,000).

The Board, with the assistance of 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, which takes account of the difference between the net asset value per share and the share price (ie 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:

- under the multi-currency facility total borrowings not to exceed 30% of net asset value and net asset value not to fall below £150,000,000. These are measured in accordance with the policies used in the annual financial statements;
- 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; and
- the terms of the debenture trust deeds have various covenants which prescribe that moneys borrowed should not exceed 20% to 100% of the adjusted total of capital and reserves as defined in the debenture trust deeds. These are measured in accordance with the policies used in the annual financial statements.

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 £668,196,000 (2013: £653,561,000) and on 112,106,839 ordinary shares in issue at 31 October 2014 (2013: 111,256,839). 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:

	2014 £'000	2013 £'000
Net assets attributable to ordinary shares at start of year	653,561	526,214
Total net profit on ordinary activities after taxation	25,930	140,509
Dividends paid	(16,209)	(15,149)
Issue of ordinary shares	4,914	1,987
Net assets attributable to ordinary shares at end of year	668,196	653,561

Notes to the Financial Statements (continued)

18 Called up share capital

	2014 £'000	2013 £'000
Authorised, allotted, issued and fully paid: 112,106,839 (2013: 111,256,839) ordinary shares of 25p each	28,027	27,814

During the year, 850,000 ordinary shares were issued for net proceeds of £4,914,000 (2013: 350,000 issued for net proceeds of £1,987,000). Further details can be found on page 28.

19 Share premium account

	2014 £'000	2013 £'000
At start of year	2,352	452
Premium on shares issued	4,701	1,900
	7,053	2,352

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 2013	12,483	365,889	212,767	578,656
Transfer on disposal of assets	–	58,523	(58,523)	–
Net (losses)/gains on investments	–	(14,569)	26,300	11,731
Net (losses)/gains on foreign exchange	–	(202)	86	(116)
Expenses and finance costs allocated to capital	–	(2,527)	–	(2,527)
At 31 October 2014	12,483	407,114	180,630	587,744

	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 2012	12,483	326,814	127,362	454,176
Transfer on disposal of assets	–	30,201	(30,201)	–
Net gains on investments	–	11,430	115,606	127,036
Net losses on foreign exchange	–	(254)	–	(254)
Expenses and finance costs allocated to capital	–	(2,302)	–	(2,302)
At 31 October 2013	12,483	365,889	212,767	578,656

Notes to the Financial Statements (continued)

21 Revenue reserve

	2014 £'000	2013 £'000
At start of year	32,256	31,376
Net revenue profit after tax for the year	16,842	16,029
Dividends paid	(16,209)	(15,149)
At end of year	32,889	32,256

22 Contingent commitments

As at 31 October 2014 there were no contingent commitments in respect of sub-underwriting for the Company (2013: none).

23 Transactions with Henderson

Under the terms of an agreement effective from 22 July 2014 (which replaced the agreement dated 23 June 2006 in order to reflect the appointment of an Alternative Investment Fund Manager in accordance with the requirements of the Alternative Investment Fund Managers Directive), the Company has appointed wholly owned subsidiaries of Henderson Group plc ('Henderson') to provide investment management, accounting, administrative and secretarial services. 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 Report on page 4. The total fees paid or payable under this agreement to Henderson in respect of the year ended 31 October 2014 were £2,655,000 (2013: £1,972,000), of which £221,000 is included in accruals at 31 October 2014 (2013: £170,000).

In addition to the above services, Henderson has provided the Company with marketing services during the year. The total fees paid or payable for these services for the year ended 31 October 2014 amounted to £33,000 (2013: £90,000), of which £7,000 was outstanding at 31 October 2014 (2013: £32,000).

24 Operating segments

The Directors consider that the Company has one operating segment, which invests in shares and securities primarily for capital appreciation in accordance with the Company's published investment objective. See note 1(p) on page 47.

General Shareholder Information

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 23) 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.

Disability Act

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, Equiniti Limited, 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 0871 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.

FCA Restrictions

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.

ISA

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

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 and the discount.

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

Performance Details/Share Price Information

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

Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Equiniti Limited.

Calls to this number cost 8p per minute plus network extras. Lines are open 8.30 am to 5.30 pm, Monday to Friday.

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.

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 and Henderson ISAs receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

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 Registrar, Equiniti Limited, 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 Company Secretary or the Registrar at the numbers provided on page 23.

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Henderson and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a Key Investor Information Document ('KIID') which can be found on the Company's website www.bankersinvestmenttrust.com. There have been no material changes to the disclosures contained within the KIID since publication in July 2014.

The periodic disclosures to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report and note 16 to the accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Henderson.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. It is therefore anticipated that the Henderson Remuneration Policy and associated financial disclosures will be made with the Company's Annual Report from 2016.

Leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed below. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Association. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or

techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities.

Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Henderson is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- include derivative instruments which are converted into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable.

Alternative Investment Fund Managers

Directive Disclosures (Unaudited) (continued)

Exposure values under the commitment method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The calculation of leverage assumes that a leverage percentage of 100% equates to zero leverage. A percentage below 100% would mean that the portfolio included uninvested cash whilst a percentage above 100% would mean that the portfolio had leverage to the percentage amount above 100%.

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	As a percentage of net assets	
	Gross method	Commitment method
Maximum level of leverage	175%	175%
Actual level at 31 October 2014	103%	104%

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement.

Changes to the information contained either within this Annual Report or the KIID in relation to any special arrangements in place, the maximum level of leverage which Henderson may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

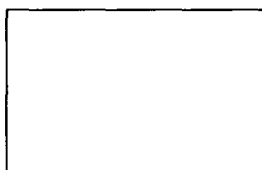
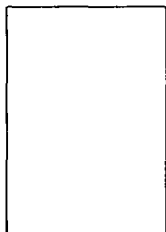
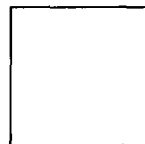
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