The power of investing differently.

Hansa Investment Company

Annual Report
31 March
2023

The power of investing differently.

We are globally diversified, multi-asset class investors who seek to identify compelling investment opportunities in both long funds, hedge funds, direct global equities and private assets. We operate without being constrained by benchmarks, but instead seek to conservatively grow capital over time through investing in a blend of best-in-class public and private equities balanced by more defensive all-weather investments.

Long-term, not short-term

In an investment world that is increasingly short-term in nature and momentum driven, we seek to invest for the longer-term, playing to our multi-generational roots.

Access to the world's elite, best-in-class managers

Our long-term outlook, combined with our desire to form lasting multi-year relationships, makes us an attractive partner to many of the world's elite funds, many of which are unavailable to large institutions and retail investors.

Dare to be different

Rather than seeking to replicate indices we look to identify those areas of the market that offer attractive upside, with careful consideration of risks that may incur a permanent impairment of capital, even if this means being unconventional. Importantly, we are nimble and act quickly when needed priding ourselves on being flexible and independently-minded, as illustrated by our investment in Ocean Wilsons Holdings Limited.

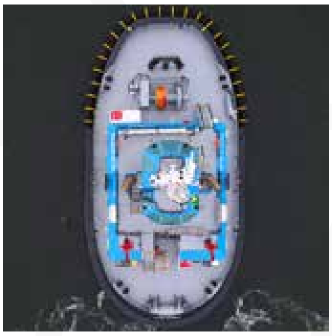
Operating outside the bureaucracies of a large institution

By virtue of being a smaller, dedicated fund management group with significant internal investment, we share an alignment of interest and, importantly, are not driven by asset gathering for the sake of profit maximisation.

To see more: www.hansaicl.com

Hansa Investment Company Limited
Registered in Bermuda company number: 54752

Contents



Financial summary

As at 31 March 2023

NAV per share
305.8p

Total assets
£367.0m

ORDINARY SHARES

Share price
174.0p

Discount
43.1%

Gross yield
1.8%

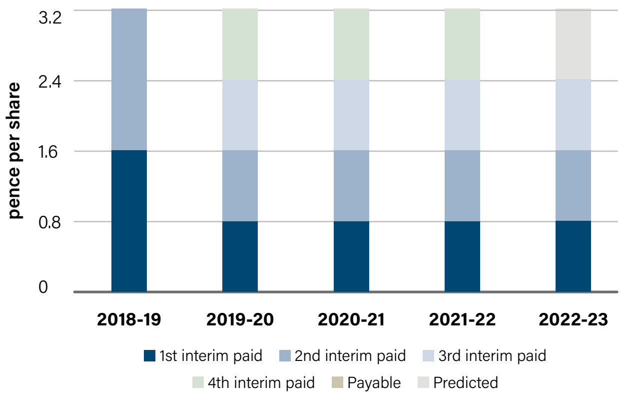
'A' NON-VOTING ORDINARY SHARES

Share price
170.5p

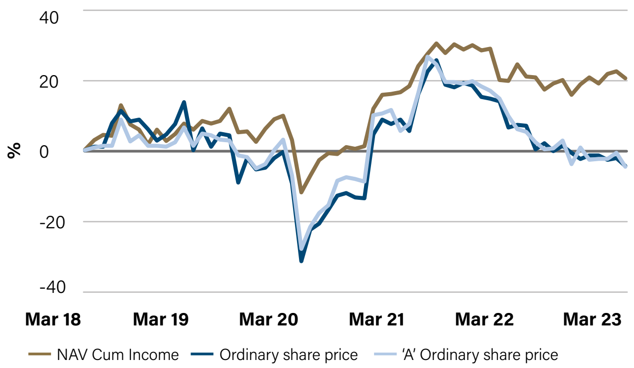
Discount
44.2%

Gross yield
1.9%

Annual dividend payments

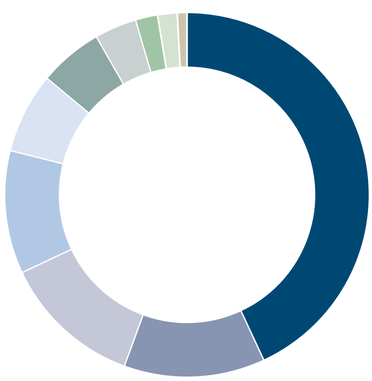


Five year total return cumulative performance



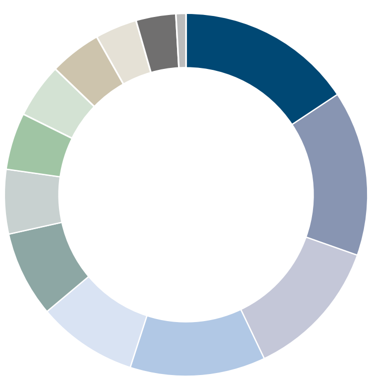
Graphs represent the combined results of the Company with Hansa Trust. To that end, prior to August 2019 where historic information relating to Hansa Trust is quoted on a 'per share' basis, it has been converted to be consistent with the number of HICL shares in issue. There is no benchmark to disclose.

Geographic exposure



- North America **43.1%**
- Diversified **12.5%**
- Asia Pacific ex Japan **12.4%**
- Developed Europe ex UK **10.9%**
- UK **7.1%**
- Japan **5.7%**
- Cash/Liquidity Funds **3.7%**
- Middle East & Africa **2.0%**
- Latin America **1.7%**
- Emerging Europe **0.9%**

Sector exposure



- Financials **15.7%**
- Information Technology **14.7%**
- Diversified **12.5%**
- Consumer Discretionary **12.1%**
- Industrials **8.9%**
- Health Care **7.6%**
- Materials **5.7%**
- Energy **5.1%**
- Communications Services **4.9%**
- Real Estate **4.6%**
- Cash/Liquidity Funds **3.7%**
- Consumer Staples **3.6%**
- Utilities **0.9%**

Chairman's report

Dear Shareholder

Jonathan Davie
Chairman

Introduction

I am pleased to present the refreshed format of our Annual Report, which is intended to give additional information and clarity.

Shareholder returns

Our Portfolio Manager, Alec Letchfield and his team at Hansa Capital Partners LLP ("HCP", "Hansa Capital Partners", "PM") have performed robustly on a relative basis in a very difficult market. The portfolio he manages – the Company's investment portfolio, excluding the holding in Ocean Wilsons Holdings Limited ("OWHL", "Ocean Wilsons") – achieved a gross time-weighted negative return of -1.1% in the past year (2021/22: gross time-weighted positive return of 1.1%). Our investment in OWHL generated a gross time-weighted negative return of -5.17% (2021/22: gross time-weighted positive return of 24.7%). Collectively, the entire Hansa Investment Company Limited ("HICL", "the Company") portfolio generated a gross time-weighted negative return of -2.0% for the 12 months ended 31 March 2023 (2021/22: gross time-weighted positive return 6.2%).

For the year ended 31 March 2023, the Net Asset Value ("NAV") Total Return has declined by 3.1%, reducing from 319.1p per share to 305.8p per share, whilst also returning 3.2p per share in dividends. Regrettably, consistent with much of the Investment Trust sector, during the past 12 months there has been an increase in the discount from 37.8% to 43.1% for the Ordinary shares and from 39.5% to 44.2% for the 'A' Ordinary shares. More detail on our results and the longer-term performance can be found on page 6, as well as in our Portfolio Manager's detailed review of markets and portfolio performance in his Report on page 8.

Prospects

I noted in my annual Chairman's Statement last year that I could not remember a more challenging time to be forecasting events with so many moving parts. I am not sure any of the clouds of uncertainty have disappeared, other than more clarity on the future sourcing of energy for Europe and positive signs on the future decline of inflationary pressures. A decline in job openings and easing of wage increases are beginning to become apparent in the US.

The levels of confusion can probably be best illustrated by several major investment bank's strategists' disagreeing as to whether either a recession is coming due to higher interest rates and additional quantitative tightening to defeat inflationary forces or, conversely, whether there will be a major decline in rates due to a banking crisis and a collapse in inflation creating a great new bull market!

At the time of writing, investor sentiment to both fixed income securities and equities seems to be holding up better than I had expected. However, to my mind, many obstacles still stand in the way of a substantial improvement in valuations.

These obstacles include the smaller US regional and local state banks which are overexposed to commercial lending and battling with their larger banking competitors and the Fed for deposits. I see the overabundance of office property in many parts of the world, partially created by the post Covid "work from home" activity, as a serious vulnerability for some banks struggling to improve net interest margins, an improvement which historically would be a given in a rising interest environment. They have not been helped by the obliteration of Contingent Convertible bonds from the Credit Suisse debacle, which will increase their cost of funding either through future bond issues or equity raises.

The overall net effects on the banking system should be de minimis – whilst creating a tightening of lending standards. I have been surprised that the signs of an oncoming recession have not become clearer, particularly with the shrinkage of the money supply. It is apparent that the generosity of government handouts as a result of the Covid

Our Portfolio Manager, Alec Letchfield and his team at Hansa Capital Partners LLP, have performed robustly on a relative basis in a very difficult market.

The Board, in consultation with our Portfolio Manager, has decided to commence investing into a portfolio of illiquid alternative assets, primarily in Private Equity.

pandemic were, in the round, so large that many recipients are still benefiting from this largesse and spending it quite slowly. This has deferred any recession and will probably slow the deceleration of inflation, with obvious consequences for the timing and speed of any future decline in interest rates.

Strategy

Alec Letchfield and his team, supported by the Board, have continued to take an increasingly defensive position during the year which has helped our overall performance. We do not hold any direct crypto type assets or real estate assets, other than our long-held investment in DV4. The Board, in consultation with Alec Letchfield, has decided to commence investing into a portfolio of illiquid alternative assets, primarily in Private Equity. We believe that, over time, this will differentiate HICL's investment portfolio and give shareholders exposure to an asset class and underlying investments they could not easily gain exposure to directly.

The long-term nature of Private Equity also fits well with our own long-term investment horizons. Our Portfolio Manager has significant experience investing in Alternative Assets and we are positive about this new development. By its nature, the Private Equity portfolio will take a number of years to mature. The plan is to build this illiquid segment over a period of time, to a level of around 10% of HICL's portfolio. Further details are set out in the Portfolio Manager's Report.

The Discount

Your Board is aware that the Company's discount to NAV for both share classes is in excess of 40%. The Board has listened to shareholder feedback and discusses this topic at Board meetings to consider what appropriate steps it could take up to help reduce the discount over the medium and long term.

The Board has considered a share buy-back policy but does not consider this would have a significant effect on the discount, at which the shares trade. In the opinion of the Board:

- it reduces the number of shares outstanding and therefore the liquidity of the shares in the marketplace; reduced liquidity may, in fact, cause a rise in the discount;
- it means a liquid investment portfolio needs to be maintained, compromising the ability to have a portfolio of special situations; the maintenance of the long-term investment policy and its portfolio takes precedence over the short-term discount policy; and
- the holding in OWHL would represent an even greater percentage of the portfolio and buying back shares would raise the relative exposure to Brazil, which the Board does not wish to do, giving preference to the return generation potential and benefits of diversification generated by the investment portfolio.

The primary objective of the Company is to generate a good economic return over the medium to long-term and create a compelling investment proposition for private investors, enabling them to gain access to investments not otherwise readily available. This, in due course, should increase demand for the Company's shares. Each Investment Trust must consider its own particular circumstances and objectives in assessing what is in the best interests at any particular point in time for the Company and its shareholders. Your Board continues to focus on the construction of a portfolio to create long-term value and it is in the light of this that it has decided to build an allocation to Private Equity.

We aim to promote the Company and its prospects through clear and transparent reporting to encourage demand for shares, particularly amongst private shareholders, thereby widening the shareholder base. With this in mind, we are revamping our website. We have refreshed this Annual Report and our regular communication with shareholders. We continue to work with Edison to produce appropriate marketing research reports and assist the Portfolio Manager in meeting with appropriate professionals. We will hold a hybrid meeting with shareholders in person and by video conference in London on 27 September this year. The Board has also considered whether the stubborn level of discount reflects a lack of understanding of the quality and liquidity of the portfolio and, therefore, the integrity of the NAV. It may be helpful to consider:

- 47.6% of the value of the portfolio at year end was derived from securities which are tradeable on an Exchange and as such, their value is based upon their respective market listed share prices. This includes the holding in Ocean Wilsons (traded on the London Stock Exchange) which accounts for 22.8% of the portfolio.
- 46.2% of the value of the portfolio at year end was derived from third party fund vehicles, whose value is based on prices received directly from the funds themselves, the price at which HICL's units could be sold for at that point in time.
- 3.7% was held in cash at the year end.
- Only 2.5% was held in illiquid vehicles (DV4, an evergreen holding).

Of the above, 91.3% of the total NAV has a pricing frequency of at least monthly, with 73.6% being daily or multiple times a day. Further, even if the Strategic holding in OWHL were considered illiquid, 68.5% of the total portfolio can be exited within a month, with 50.8% being daily. For these reasons, the Board considers that the values of the diverse investment portfolio are robust and do not reflect 'stale' values in a period of market volatility.

Dividends

Your Board has decided to continue with its existing dividend policy, which is to pay four similar interim dividends at the rate of 3.2p until it is fully covered by net revenue income and then increase it in line with any increase in the net revenue income of the Company. Currently the income generated by the portfolio is insufficient to meet this dividend commitment and the shortfall is made up from the Company's reserves. In principle, your Board does not believe it to be in the Company's best interests to use capital as a source from which to pay dividends.

Liquidity and investor base

The Board continues to work with our broker and Alec Letchfield to promulgate the HICL's story and investment opportunity. We are also continuing to enhance transparent and timely communication.

Investment in Ocean Wilsons Holdings Limited

The Board continues to focus on the investment in Ocean Wilsons. Ocean Wilsons itself has two assets. An investment portfolio, held through its subsidiary Ocean Wilsons (Investments) Limited and a circa 56% holding in their main asset Wilson Sons Holdings Brasil SA ("Wilson Sons"), an established and respected Brazilian shipping and maritime business. Encouragingly, Wilson Sons performed well in 2022 in Brazilian Real terms with a 6.2% increase in revenue and a 9.3% uplift in EBITDA. All this despite the continuing challenges of global supply chain bottlenecks in the early part of the year. During the year to 31 December 2022, the investment portfolio returned -13.8%, which was better than the MSCI ACWI & Frontier Markets Index which, in US$ terms was -18.4% for the same period.

The Board notes that, on 12 June 2023, OWHL announced it was undertaking a strategic review involving its investment in Wilson Sons and that it will consider all potential strategic options. The Board will follow the process with interest but notes from OWHL's announcement that it is currently at an early stage with no certainty as to its outcome.

Share classes

The current position of Ordinary and 'A' Ordinary share classes remains unchanged as the majority of Ordinary shareholders have informed the Board they do not wish to alter the present structure at this time.

Environmental, Social and Corporate Governance ("ESG") matters

As I mentioned in my Report in the Half-Year accounts, our Portfolio Manager is now a signatory to the UNPRI initiative.

The Board continues to offset the carbon created by flights to Bermuda for meetings. The amount offset in the past year is 237 tonnes (2022 - 198 tonnes). Further, during the year, the Board sought an environmental cause that has relevance to Bermuda, our country of domicile. Amongst many worthy organisations, we discovered the Blue Marine Foundation, an environmental charity dedicated to restoring the ocean to health by addressing overfishing, one of the world's biggest environmental problems. See more on page 44.

Annual General Meeting ("AGM") and Amendment to Bye-Laws

At the back of these Financial Statements, you will find a notice regarding our upcoming AGM to be held on 27 July 2023 in Bermuda. Within the notice you will find several resolutions that are presented annually. Additionally, you will note a one-off change the Company is proposing to its Bye-Laws requiring shareholders to supply, if requested, information relating to their tax residency. Globally tax authorities and government agencies require financial institutions, including investment companies, to collect and report certain tax information in relation to their shareholders. In principle, this should only affect a very small number of our shareholders who are personally on our share register – approximately 142 shareholders holding less than 1% of our share capital. Failure by those shareholders to supply the required information, will cause the Company to submit incomplete returns, with the consequent risk of penalties or censure by the authorities. The proposed Bye-Law changes enable the Company to take the necessary measures in relation to those few shareholders who refuse to provide the information required, so as to enable the Company to satisfy its reporting requirements.

Please see page 36 for more detail on the proposed changes and the more detailed reasoning behind the proposals.

Company Auditor

As at the Company's most recent AGM in August 2022, PricewaterhouseCoopers Ltd of Bermuda ("PwC") were appointed to audit the Company.

On behalf of the Board, I should like to extend our best wishes to you, our shareholders.

Jonathan Davie
Chairman
26 June 2023

The Board seeks to enhance and broaden the understanding of the Company in the market, with the ultimate objective of widening the shareholder base increasing demand and deepening the market for shares.

Long-term performance

Ten year company performance statistics

Year ended 31 March	Shareholders' Funds	Net Asset Value per share – Ordinary and 'A' Ordinary	Annual dividends	Share price (mid)		Discount/ (Premium)	
				Ordinary	'A' Ordinary	Ordinary	'A' Ordinary
2023	£367.0m	305.8p	3.2p	174.0p	170.5p	43.1%	44.2%
2022	£382.9m	319.1p	3.2p	198.5p	193.0p	37.8%	39.5%
2021	£367.9m	306.6p	3.2p	198.0p	198.5p	35.4%	35.3%
2020	£276.3m	230.2p	3.2p	130.9p	135.5p	43.1%	41.2%
2019	£337.3m	281.1p	3.2p	195.5p	195.0p	30.5%	30.6%
2018	£323.1m	269.3p	3.2p	198.5p	195.5p	26.3%	27.4%
2017	£307.5m	256.3p	3.2p	173.3p	169.6p	32.4%	33.8%
2016	£255.6m	213.0p	3.2p	146.0p	145.1p	31.5%	31.9%
2015	£273.3m	227.8p	3.2p	172.0p	165.5p	24.5%	27.3%
2014	£287.4m	239.5p	3.2p	175.9p	175.5p	26.6%	26.7%
2013	£259.9m	216.6p	3.0p	166.8p	163.0p	23.0%	24.7%

The table includes information relating to HICL and historic information relating to Hansa Trust. The years ended 2020-2023 notes HICL information. The historic year ends 2013-2019 all relate to Hansa Trust. So that data is consistent and comparable, the historic data in columns "Net Asset Value per Share", "Annual Dividends" and "Share Price (Mid)" have been restated to reflect that, as part of the redomicile of the business of Hansa Trust to HICL in August 2019, HICL issued five times as many shares in each share class of HICL as there were in Hansa Trust.

The Company's KPIs can be found further on in the Report.

To 31 March 2023	1 year	3 years	5 years	10 years
Total Return (%)				
Ordinary shares	(10.8%)	39.9%	(4.3%)	25.5%
'A' non-voting Ordinary shares	(10.1%)	32.4%	(4.7%)	26.1%
NAV	(3.1%)	37.2%	20.4%	60.7%

Portfolio Manager's Review

Portfolio Manager's report

The domino effect

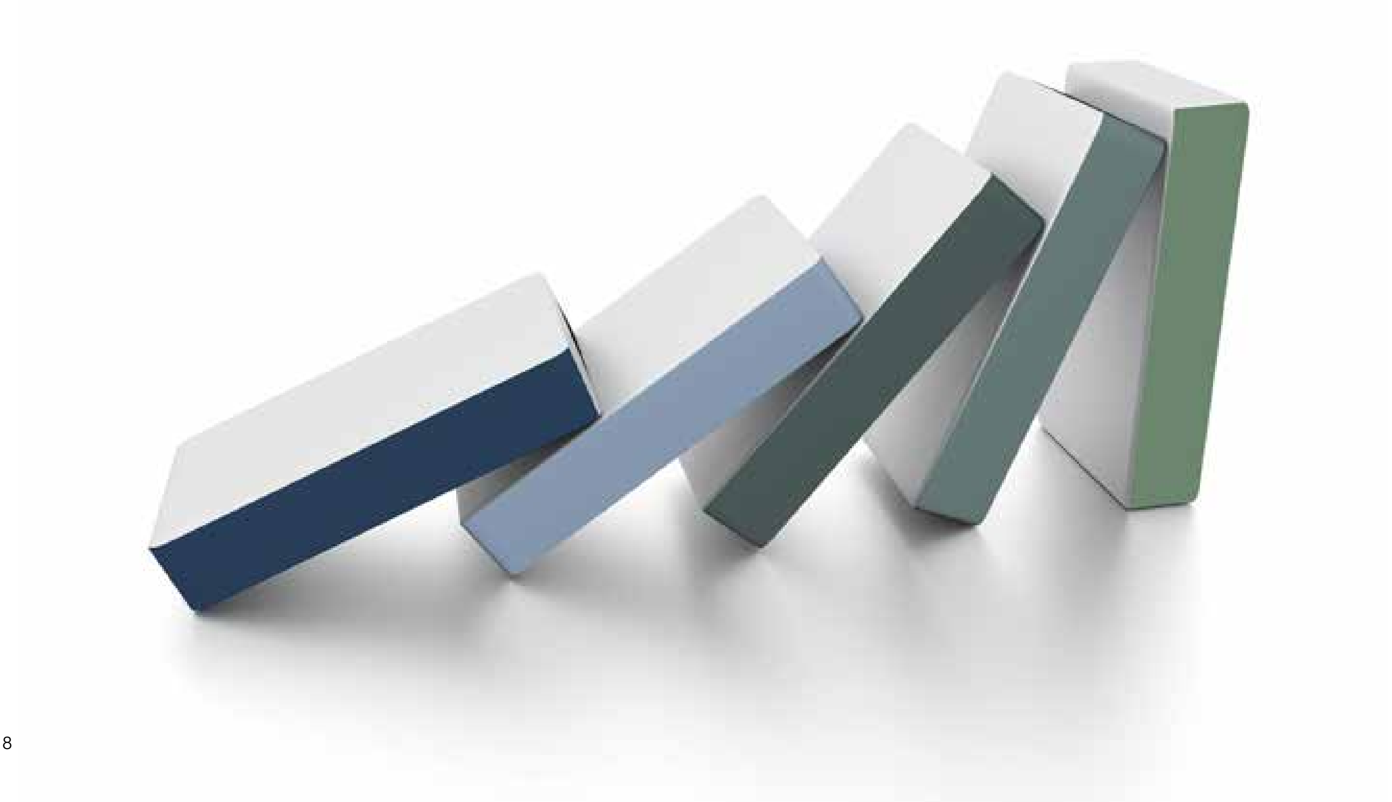
Alec Letchfield
Portfolio Manager

Year in review

Initially, the financial year to end March 2023 looked to be a rather middling year. Not great, with growth expected to slow and inflation above average albeit peaking in the middle of the year, but equally not disastrous. Something like a -/+10% year was our rough and ready view as we entered the year.

This view however was quickly overtaken by events. Russia's decision to invade Ukraine in February 2022 had set-off a domino effect unleashing a series of increasingly negative events and serving to push markets into a downward spiral. Initially, energy and commodity prices spiked with Ukraine and Russia being key producers of many global commodities. This added fuel to the already hot inflationary fire meaning that inflation, rather than falling from around the middle of the year as many expected, spiked to levels last seen in the 70's. Central bankers, having almost universally been in the camp that inflation was transitory, were forced to do an about-turn and acknowledge that inflation was increasingly structural in nature and necessitated both faster and larger rate rises. From an environment where rates were effectively anchored to zero and 25bp moves were deemed significant, we rapidly moved to a backdrop where central bankers were racing to outdo one another in an effort to look tough on inflation.

The next domino to fall was that of geopolitical stability. The war in Ukraine saw a line being drawn between the West and the BRIC countries. The West backed the sovereignty of Ukraine providing weaponry and financial support while the BRIC countries aligned with Russia in the belief that the sphere of influence of countries such as Russia and China extended beyond their national borders. Whereas previously countries such as



the US and China adopted a 'frenemies' approach to one another, they are now far more open with their hostility and, in particular, the desire of the US to stymie China's march to global economic dominance.

China also surprised on the downside. 2022 had been expected to be the year where it exited its zero-covid policy, providing a much-needed boost to global growth at a time when the developed economies were slowing. However, unlike the West, which balanced the impacts of COVID in terms of deaths and reopening economies, China continued to adopt a far tougher approach in the belief that deaths should be minimised even at the expense of their economy. At the end of the year it finally relented albeit not until there was civil unrest with the population rebelling against the severity of the lockdowns.

The domino that is yet to properly fall however is that of global growth. With many arguing that growth would start to fall sharply in the face of these challenges and given the extent of rate rises, growth has remained relatively resilient. In particular, employment has been remarkably stable much to the disappointment of central banks given its impact on wage inflation.

March 2023 saw a further surprise for investors as a mini banking crisis took hold in the US, beginning with a little-known bank called Silicon Valley Bank (SVB). SVB was in fact an essential part of the venture capital industry in the US, providing services ranging from a home for deposits to loans and credit facilities. Unfortunately the bank's business model unwound quickly when interest rates moved upwards, impacting its portfolio of bonds despite its policy of treating them as hold-to-maturity rather than marked-to-market. When depositors began withdrawing their cash, forcing the bonds to be realised at their current value, the model unwound quickly.

While the US Federal Deposit Insurance Corporation, whose role is to maintain stability and public confidence in the financial system, stepped in to backstop all depositors and found a buyer for the profitable parts of the bank, markets were already identifying other banks with similarly risky business models. This led to Signature Bank also being placed under the control of the FDIC, while the share price of First Republic Bank collapsed and was subsequently acquired by J.P. Morgan.

However, the woes of the US regional banks, whilst a worrying development, paled into insignificance compared to the trouble that Credit Suisse was in, given its much greater importance to the financial system. The Swiss government was therefore forced to intervene to ensure its quick sale to rival bank UBS. Although there were many questions asked about the mechanics of this transaction, the swift action of regulatory authorities on both sides of the Atlantic seemed, at least for now, to contain this crisis.

While the financial sector has been one of the worst performing parts of the equity market in the first quarter of 2023, markets were generally up for the quarter despite their falls in March. Fixed income markets have seen very volatile moves lately as yields moved up in February amid concerns of faster rate rises, only to fall swiftly in March as the trouble in the banking sector meant these were overtaken by worries about a wider slowdown in economic growth. However, these lower bond yields served to boost longer duration mega cap technology names that have been viewed somewhat as bond-proxies in recent years.

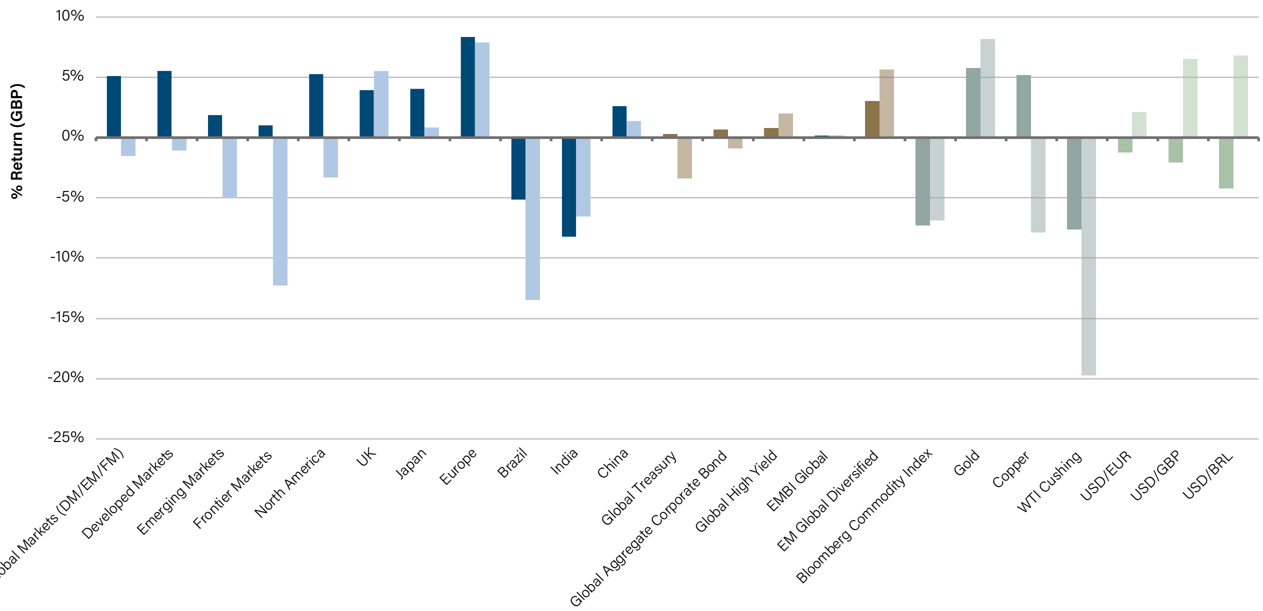
Relating this back to markets, we can see that the first quarter of the financial year, which was at the epicentre of the bad news flow, saw the worst falls, with global equities down some 14% at their trough. The second quarter began with a recovery that made back this loss before falling again in late summer. In the third and fourth quarters markets edged themselves higher albeit with setbacks along the way as investors started to anticipate a peak in inflation and were even looking to a point when interest rates could start to fall again. Overall, in sterling terms, global stock markets fell by 1.5% over the past twelve months which perhaps belies the severity of events as we passed through the year.

At the country level the most interesting factor to note was the underperformance of the US market, as the UK, Europe and Japan markets outperformed for the first time in many years. Over the year the US was down 3.3%, a little worse than the MSCI World Index, while the UK was up 5.5%, Europe was even stronger up 7.9% and Japan was just positive with a gain of 0.8%. Europe's relative strength is somewhat surprising given that it sits on the doorstep of the Russian-Ukrainian conflict and is most exposed to any energy shortages due to Russian oil and gas sanctions, although the mild winter experienced in Europe helped in this regard. The China market was a rollercoaster, being down 24% by end October but made this all back to end the year up 1.4%. Brazil was a poor performer being down 13.5% while India declined 6.5%.

At the core of this year's events however has been the bond market. Following years of zero interest rates and falling inflation, the bolt of inflation and the resultant rise in interest rates meant that bonds failed in their duty to offer defensive returns when equity markets were falling. Global Treasuries fell by 3.4%, which would have been more were it not for sterling weakness, while UK government bonds were down by as much as 16.3%. As a consequence the classic 60:40 portfolio of global equities and UK gilts, the mainstay of the private investor, was down by 7.4% over the year, which is likely to come

At the country level the most interesting factor to note was the underperformance of the US market, as the UK, Europe and Japan markets outperformed for the first time in many years.

Chart 2: Performance of countries, sectors, and asset classes



Dark bars represent 3 month returns to 31 March 2023. Light bars represent 12 month returns to 31 March 2023.

Source: Bloomberg.

as a shock to many when their annual portfolio valuations start to come through.

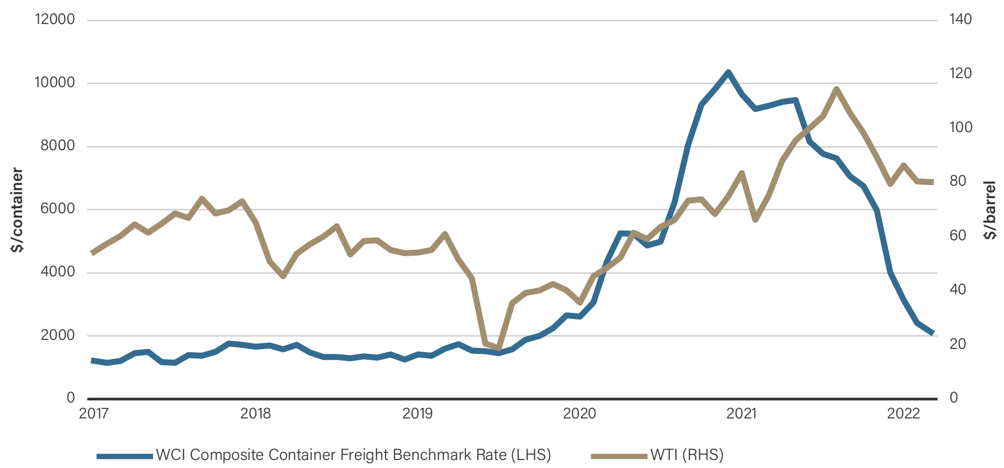
Amongst the alternative asset classes, there were heavy declines in energy prices as WTI oil, which had reached a high for the year in June at nearly $124 per barrel, ended the year below $80, while natural gas was another big faller. Metals such as iron and copper showed declines, while gold increased from $1,475/oz to nearly $1,900/oz. The broad commodity index declined 6.9% over the year. Hedge funds were on the whole somewhat better than equities, with the broad HFRI index up 4.2%, albeit macro and systematic funds struggled in the first quarter of 2023 having performed well prior to then.

The outlook for 2023

The current rally in markets is worth exploring, not least to determine if we are now past the peak in bad news and whether 2023 offers better prospects for investors.

Two factors seem to be exciting markets. First, the belief that we have seen the peak of inflation with the current double-digit levels expected to fall as we move into the first half of 2023. We have some

Chart 3: Energy prices and supply chains have eased sharply



Source: Bloomberg.

North America remains home to many of the world's leading technology, biotechnology and private equity companies.

Wage inflation, with unemployment at historically low levels, will likely be stickier and harder to remove, especially with trade unions flexing their muscles again.

sympathy with this view. A number of the more cyclical factors which have been driving inflation higher are indeed rolling over sharply with oil prices down from a peak of $124/barrel to $80/barrel now and container shipping prices down 80% to $2,120 now. With the mild autumn helping Europe rebuild its energy reserves, and hopefully mitigating its dependence on Russian oil, combined with the base effect as current high prices fall out the back end, this bodes well for the year ahead and with it a potential peaking of interest rates (and indeed central banks may even start to cut rates later in 2023).

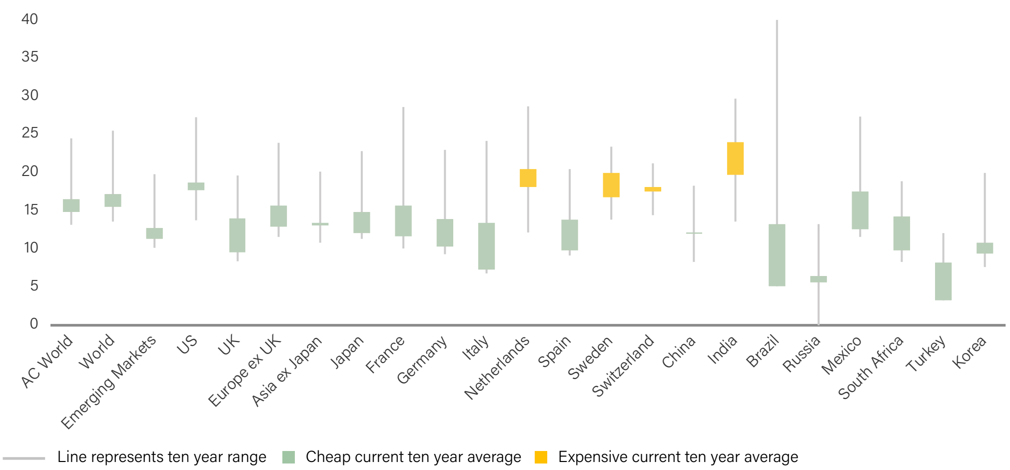
The second factor exciting markets has been China relaxing its zero-COVID policy. Following a period of widespread civil unrest throughout China and with the Chinese economy weakening, showing growth of just 3% in the first nine months of 2022 versus a 5.5% target for the year as a whole, President Xi is relenting on a number of his measures (presumably recognising that civil unrest and the danger that the population are pushed back into poverty are two key factors that dictatorships fear the most). The challenge now is the speed with which China returns to some kind of normality. In particular, China has to contend with a relatively high number of older people who are yet to be fully vaccinated, a vaccine that is less effective than those being used in the West, and a healthcare system that is unlikely to be able to cope with mass outbreaks, especially in its more rural regions. At this stage markets seem to be anticipating that the exit path will follow that of the West which, whilst a stop-start process, ultimately led to a return to normality. The fear in China's case however is that the outbreaks may be much more severe, especially as they have failed to build up any herd immunity as was the case in the West. Perversely such an outcome may lead to further unrest as the population views it as yet another example of the leadership's mismanagement of the crisis.

Combined with lower valuations in many markets (but certainly not all) it is perhaps unsurprising that markets, being forward looking discounting mechanisms, are trying to look through some of the more negative news flow to a point where the outlook is more positive.

So where do we stand? Well, we advocate some caution. We are yet to see a weakening of the economy or corporate earnings despite the events discussed above. Whilst the picture is a mixed one, many important economic indicators are still well into expansionary territory. GDP growth for the world is expected to come in at 2.7% in 2023, the US some 0.8% and Europe 0.3%. Whilst it is indeed possible that economies such as Europe are already in recession, with important metrics such as the ISM Services PMI measure coming in at 56.5 many areas are still very much in expansionary territory. Perhaps most worryingly, employment figures remain very strong in a number of key markets, hardly the stuff of recession. It's a similar picture in corporate earnings which again, whilst showing pockets of weakness, feels as though the worst is still to come.

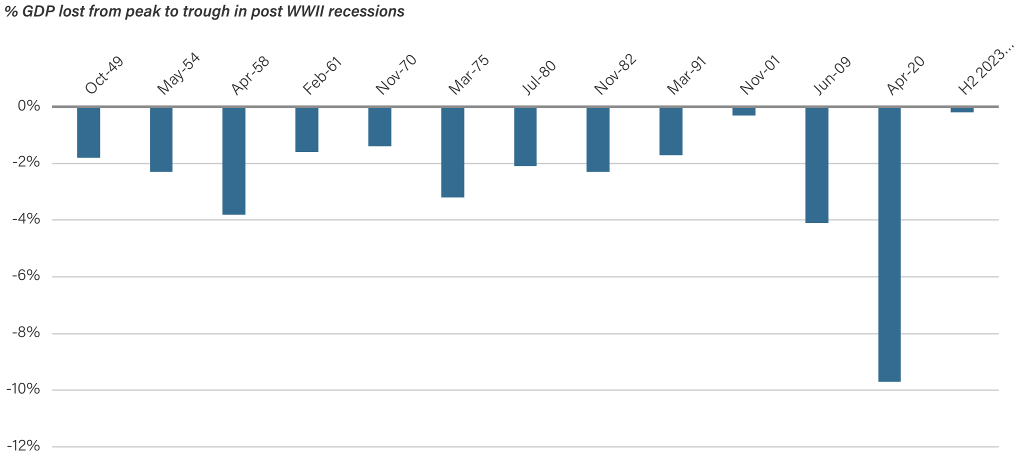
The second area where we would exercise some caution is that of inflation. Whilst it is encouraging that some of the more cyclical factors appear to be rolling over, and indeed we believe that the narrative for the coming months will be about inflation falling from currently extended levels, we worry that some of the more structural factors will be more persistent and challenging to eliminate. In particular, wage inflation, with unemployment at historically low levels, will likely be stickier and harder to remove, especially with trade unions flexing their muscles again.

Chart 4: Valuations are starting to look more reasonable



Source: Bloomberg.

Chart 5: Consensus expects the mildest recession in recent history



Source: DB

This combination of stronger than expected growth together with stickier inflation is likely to make it harder for central banks to cut rates. In all probability rates will stay higher for longer and under a worst-case scenario they may even have to push up to higher than anticipated levels to eliminate inflation from the system, even if this comes at the cost of a deeper, more protracted recession. Such an outcome is likely to lead to markets retreating sharply and even going much lower than the previous trough depending on the severity of the downturn. Even without this bad outcome, historically it is very unusual for markets to bottom and start the recovery process without being deeper into recession and the fuller impact on corporate earnings being felt.

It seems likely then that markets face a period of both push and pull as the bulls and bears wax and wane depending on news flow. It is certainly possible that the current rally has legs as we start the year with news flow dominated by inflation coming off its highs and global growth bolstered by the Chinese unlocking process. However, if, as seems likely, there is a growing realisation that inflation is stickier than many believe to be the case then this strength is likely to be short-lived. Indeed it may well be a case of bad news being good news (at least for stock markets) as weaker growth shows that central bank policy measures are working, and they can indeed take their foot off the brake. In contrast stronger growth, and with it stickier inflation, is likely to lead to central banks being more hawkish, forcing up rates even higher, and ultimately driving economies into a much deeper recession. Hence, at this stage, we feel little need to lean into the current market strength.

A new paradigm?

Whilst the coming months are likely to be dominated by the events discussed above, we fear that the real challenges that markets face are yet to come and will be more structural in nature. Although inflation is likely to fall from the current extremes, the real question is where does it settle in the medium to longer-term and what level of interest rate does this imply? We are not particularly worried by the more cyclical short-term factors influencing inflation which will undoubtedly drop out sooner or later, but we do worry that there is a regime shift taking place due to more deep-rooted inflationary factors. Globalisation, as noted in the past, now looks to be firmly in reverse as governments worry about security of supply more than its cost. As highlighted by recent news that TSMC is investing $40bn in building a new fabrication unit in the US, rather than in Taiwan or China, no longer are governments obsessed with achieving the cheapest prices for consumers but instead avoiding hostile nations holding their supply chains to ransom. Compounded by the higher labour costs in China, it feels very much like we are in the sunset of globalisation.

Similarly, the lack of investment into many commodities as capital markets got ahead of themselves in their desire to be seen to be green has meant that the supply of many essential commodities will struggle to meet demand in the years ahead. With commodities key components of inflation, again this makes inflation look stickier than has been the case in the past.

Finally, we now appear to be in a period of structurally much tighter labour markets. It is unclear at this point the degree to which this is a post-COVID anomaly that will ultimately normalise as COVID recedes into history, or if it is more persistent in nature. Certainly it feels more structural with COVID encouraging many older people to bring forward their retirement,

Although inflation is likely to fall from the current extremes, the real question is where does it settle in the medium to longer-term and what level of interest rate does this imply?

changing labour migration patterns and increasing competition for cheap labour in areas such as internet logistics which all serve to force up wage levels. For many years now commentators have been calling for a reversal in the trend towards corporate profits growing at the expense of the labour force and it is possible that this day has now arrived. Sticky wage inflation is much more worrying to central banks as it tends to be harder to eliminate once it becomes ingrained in the system.

The days of zero, or even negative inflation, seem long gone and with it the prospect of returning to a low interest rate environment.

Hence the days of zero, or even negative inflation, seem long gone and with it the prospect of returning to a low interest rate environment. Instead it is likely that inflation settles at higher levels – the key will be how much higher – and as a result we will enter a higher interest rate environment where quantitative tightening replaces quantitative easing. This is incredibly important for stock markets. Recent years have been dominated by an abundance of liquidity. This drove exceptional returns from bond markets as yields trended to zero, but also buoyed risk asset classes such as equities. Through a combination of excess cash in the financial system needing to find a home and with central banks able to throw liquidity at markets during periods of distress without the fear of creating inflation, we have experienced a golden period in stock markets over the last couple of decades. Instead, if higher inflation and interest rates are more persistent it seems likely that stock markets will be somewhat lower and cycles shorter especially given that the 'Fed Put' will no longer be an option in many cases.

The second structural change that we would highlight is in the geopolitical backdrop. In recent years, geopolitics was of little real concern for investors. The US hegemony prevailed, with the US adopting the ultimate market friendly economic model with developing economies expected to trend towards this model and ultimately were of little relevance from a market context in view of their small size.

Now however, this period of geopolitical stability appears to be changing. The developing markets are growing in economic power such that by 2050 the top five global economies are predicted to include China, India and Indonesia with the US being displaced by China as the most important economic nation. This growing strength is encouraging many of the developing countries to flex their muscles and, perhaps most worryingly, increasingly countries are aligning between the two sides with the East no longer prepared to be dictated to by the US.

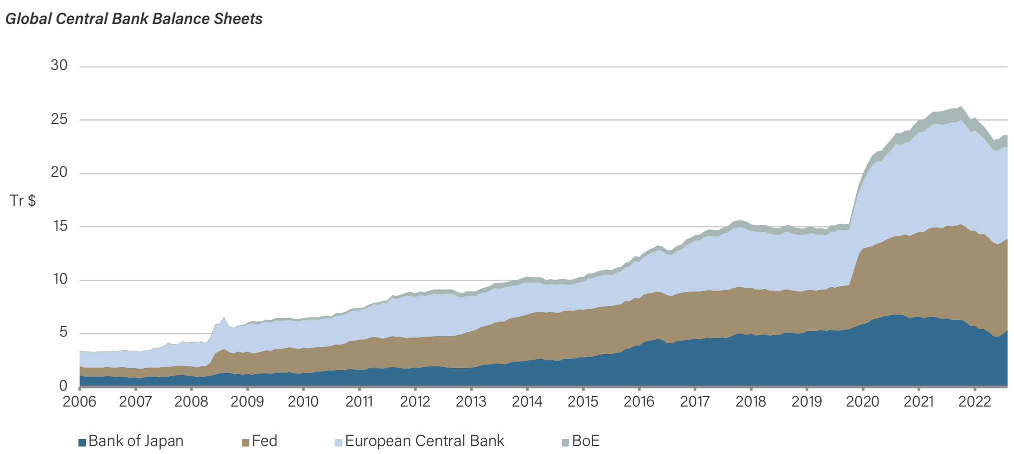
Hence having historically been able to largely ignore geopolitics, at least from an investment context, it is now becoming harder and harder to ignore. Instead we must factor into our thought process how the geopolitical landscape evolves and the risks that this may present. As highlighted in 2022 by Russia's invasion of Ukraine, the behaviour of many developing markets can be at best unpredictable and, at worst, extremely disruptive to world stock markets.

Positioning

So how do we position portfolios for the coming year and the period ahead? Well, without sounding trite, with some difficulty!

As detailed previously, whilst we see good reason for equities to continue to move higher in the near-term we are not overly inclined to chase this rally as we see challenges developing in the form of recession, stickier inflation and rates staying higher for longer. Instead, the main debate we

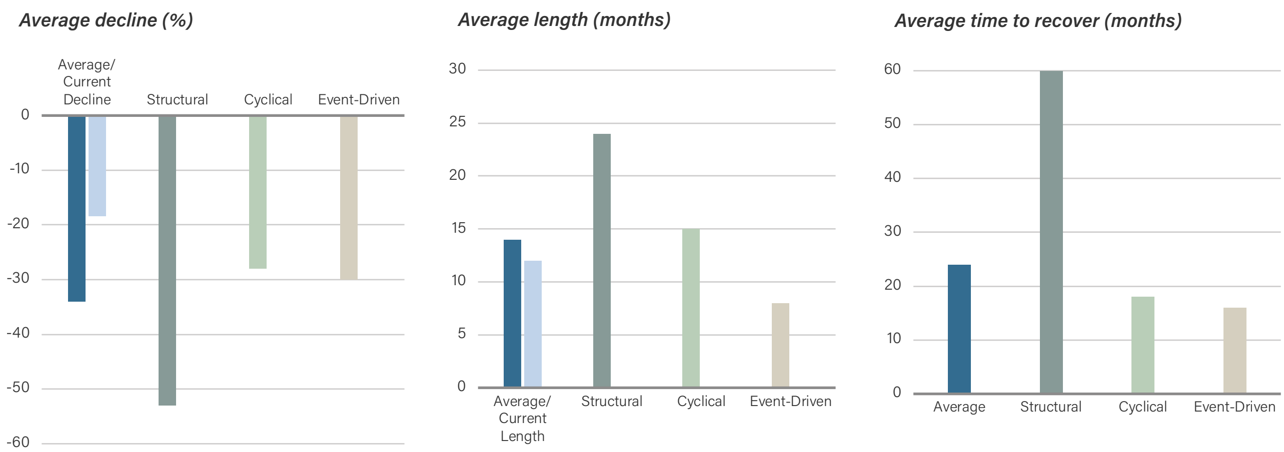
Chart 6: Quantitative easing has been a major driver of assets. What does this imply for quantitative tightening?



Source: Bloomberg

Developing markets are growing in economic power such that, by 2050, the top five global economies are predicted to include China, India and Indonesia.

Chart 7: US bear markets & recoveries since World War II



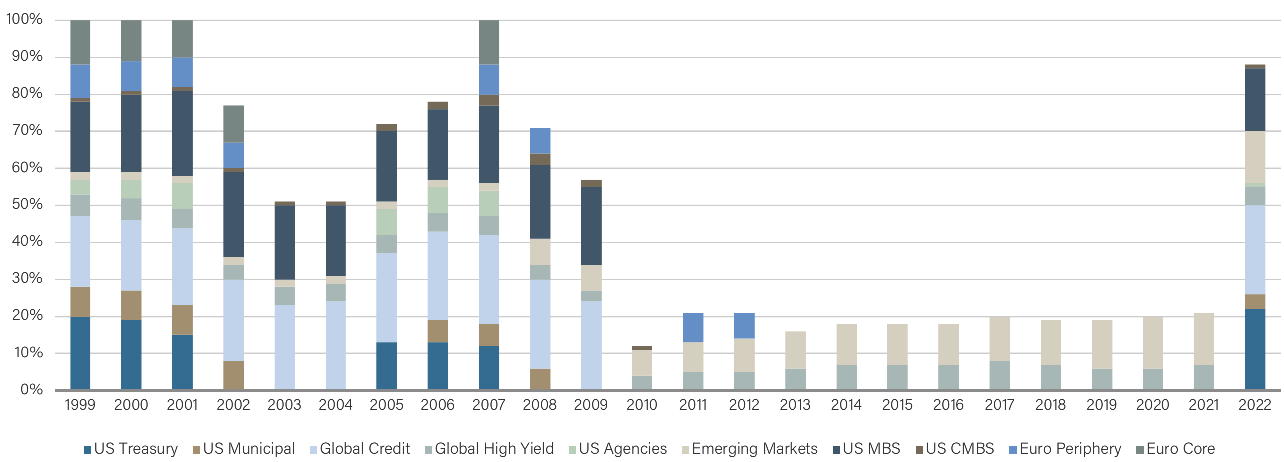
Source: Goldman Sachs

have internally is whether we should be using this strength to sell into and if we should take a more negative tilt. Largely this will be dependent on whether or not existing rate cuts are successful in their goal of dampening inflation and the more cyclical inflationary elements working their way out of the system. It certainly seems that the market has got ahead of itself and as highlighted by chart 7, if history is anything to go by, the falls experienced to date would be consistent with a soft-landing rather than the 35% or so decline for a typical cyclical bear market.

This changing backdrop has also led to a number of important intra-market changes. No longer is it a question of being purely focused on longer duration growth names. Instead, with interest rates unlikely to trend back to zero in the near-term, holding a blend of value, quality and growth seems more appropriate. Higher rates typically favour companies who generate more of their earnings in the near term and, if recession is around the corner, then quality companies with more predictable earning streams will likely command a premium. That's not to say we are anti-growth technology companies! They may well be part of the solution if companies seek to increase their productivity in the face of wage price pressure, but the more egregious valuations of recent times are unlikely to return any time soon. However these technology companies are likely to be under more pressure to become profitable rather than continually burning cash in the pursuit of market share growth.

Perhaps the area of most interest is the bond market. For a number of years now we have largely ignored the sector, viewing yields as too low and the risk from higher inflation and rates as too

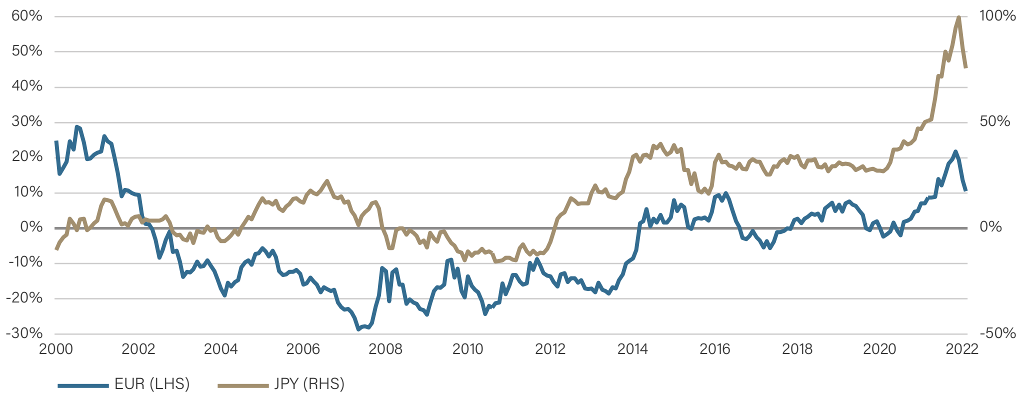
Chart 8: Fixed income assets yielding over 4%, 1999 to 2022



Source: BlackRock

Chart 9: The US dollar looks expensive on a purchasing power parity basis. Nearing a top?

The deviation from purchasing power parity value, USD vs selected currencies



Source: Bloomberg

high. Instead we have favoured equities which represented a more attractive risk return. Given the jump in yields that we have seen over the past year however, and with inflation now at cyclically high levels, parts of the bond market are starting to become more interesting again. Yields are now higher than equities in many parts of the bond market meaning we are increasingly shifting from TINA (There Is No Alternative to equities) to TARA (There Are Reasonable Alternatives). That's not to say however that we would be diving in with both feet, and in particular we worry that the high yield market still fails to reflect the dangers from rising default rates if recession starts to take hold, but nonetheless we are beginning to evaluate positions in areas such as shorter duration high quality investment grade credit.

Similarly the outlook for some sectors of the hedge fund space is again looking structurally much more attractive. An environment characterised by greater volatility, the need to be more tactical, and higher interest rates is exactly the kind of backdrop that macro and multi-strategy hedge funds thrive in. Equally, CTA funds, which trade price momentum rather than being fundamentally driven, again typically do much better in today's fast markets. After a period of more lacklustre returns, where many have struggled to justify their fees, this has reinforced the case for having macro and more systematic funds within a diversified multi-asset class portfolios especially with bonds failing in this role. We have significant exposure to both these areas.

Another area of potential change is that of the US dollar. Whilst by no means arguing that the role of the US dollar as the global reserve currency is under threat - with no real alternative to the liquidity and the stability of the fiscal and monetary backdrop provided by the US - the combination of US interest rates being raised earlier and more aggressively than other countries and the valuation of the dollar looking expensive, it is bringing us closer to the point where dollar strength is replaced by dollar weakness. With interest rates likely to turn earlier in the US compared to many other countries, and as the safety premium awarded to the dollar erodes, we would see investors moving out of the dollar and favouring other, non-dollar assets. In particular we would highlight emerging markets which typically do much better in a weaker dollar environment, especially in light of their more attractive current valuations.

Conclusion

The challenge facing markets and policy makers in the coming months will be untangling the drivers of inflation and growth in terms of which factors are cyclical and which are more structural in nature. Initially it looks like the more cyclical factors will hold sway which will likely support stock markets as inflation falls and investors try to look through the cycle to a point where interest rates start to turn and a new cycle begins. Whilst acknowledging this potential strength, we are inclined to sit tight, viewing markets as having got ahead of themselves and ignoring the looming economic and corporate sector weakness and the pressure on valuations that this will bring.

The challenge facing markets and policy makers in the coming months will be untangling the drivers of inflation and growth in terms of which factors are cyclical and which are more structural in nature.

The more difficult question is whether we should be actively selling into this strength and taking a more cautious position within portfolios. To a large degree this depends on whether any economic downturn proves worse than commonly anticipated, i.e. a hard landing as opposed to a soft landing or, even more worryingly, that economies and inflation remain more resilient than central bankers are comfortable with and they are forced into driving economies much lower to bring inflation back to acceptable levels.

In Japan, the Indus Japan Long Only made gains over the year, being up 2.2%, with positions such as Renesas Electronics and Food & Life Companies being top contributors.

Overlaying this is a growing sense that we may be nearing some broader paradigm shift. We do not say this lightly as paradigm shifts are rare and whilst being wonderful headline makers, are generally not great for fund managers' careers. Nonetheless, it feels that having lived through decades of diminishing inflation and interest rates and copious liquidity, we are entering one where liquidity is harder to come by and central banks can no longer ride to the rescue at points of market distress. Such a backdrop likely implies a period of lower returns, less protracted and shorter cycles and, as detailed above, greater balance in portfolios between different asset classes and a combination of value, growth and quality, something we feel well placed to offer our investors given our broad, multi-asset approach.

Portfolio review and activity

During what was a volatile year for global markets, your Company produced a commendable return of -3.1% on an NAV total return basis for the financial year. High inflation, and the interest rate increases that they implied, were significant concerns for investors throughout the year, although as time went on there were increasing fears of an economic slowdown, and finally a mini banking crisis that began in California and led to the downfall of Credit Suisse, precipitating a flight to safety. Of the three key performance indicators, two are negative over twelve months, with the MSCI ACWI NR Index (GBP) being down 1.5% and the FTSE UK Gilts All Stocks TR Index being down a steep 16.3%. Hence performance compared very favourably with the classic 60:40 equity/bond balanced portfolio which was down 7.5%. With inflation having been high over this period, the UK CPI has gained 9.2%. Although the position in Ocean Wilsons Holdings detracted with a loss of 5.2% for the year, we believe its investment portfolio offers very useful diversification benefits, and we note signs of improving sentiment towards Brazil which should be supportive of its Wilson Sons position, which will also be helped by increasing global trade as China continues its reopening post covid.

The Company's net asset value per share was 305.8 pence at the end of March 2023, down from 319.1 pence at the end of March 2022, while 3.2 pence per share has been paid out in dividends during the year.

Core and Thematic Funds

For the financial year the Core Regional silo declined 4.0% while the Thematic silo was down 8.7%.

Europe as a region has been stronger lately, and this has aided some of the portfolio's holdings. **Schroders Global Recovery**, first purchased in October 2022, has significant exposure to Europe, as well as the UK and Japan, while being underweight the US. The fund gained 7.0% in the final quarter of the financial year, leaving it up 13.7% since purchase. Companies which

The introduction of a private equity allocation to the portfolio has seen a commitment to TA Associates. Its technology investments include Cast & Crew, a leading international provider of software and tech-driven services to the entertainment production industry.

have performed well for it include Continental AG, the tyre company, and UniCredit, the Italian bank, which had a very strong quarter despite the turmoil in the wider financial sector. Elsewhere, the portfolio's passive holding in **iShares Core MSCI Europe** returned 9.4% for the year.

After a long period of leading performance in the portfolio, the North American holdings have been a little weaker versus other regions this year. **Select Equity** declined 9.4% and **Pershing Square Holdings** was down 4.3%. Pleasingly, the portfolio's largest holding outside Ocean Wilsons Holdings, **Findlay Park American**'s decline of just 0.4% is ahead of the North American index. Findlay Park has been actively pivoting the fund further away from mega cap companies towards more midcap companies (the majority of holdings added in the last two years have been in the $3-50bn range, including West Pharmaceuticals and United Rentals) where they are finding better opportunities and more attractive valuations. **Beutel Goodman US Value** was purchased in November 2022 to provide exposure to large cap value stocks. The fund is managed by a dedicated value investment team that has stuck admirably to their investment philosophy during a long period when markets have generally been dominated by growth companies. It registered a small decline of 0.6% during the final quarter of the financial year, as value stocks lagged, and its return since it was purchased in the portfolio has been -3.4%.

In Japan, the **Indus Japan Long Only** made gains over the year, being up 2.2%, with positions such as Renesas Electronics and Food & Life Companies being top contributors. **Goodhart Partners: Hanjo Fund**, which has a smaller cap focus, was down 0.3% for the year.

Emerging and frontier markets generally lagged developed markets over the year, but there were some relatively stronger performers in this part of the portfolio. **NTAsian Discovery** gained 1.7% for the year. Its top holding is BFI Finance, a consumer financing company in Indonesia, that has contributed positively over the last year. The manager likes its connection to the growing GDP per capita in the country and it is benefiting from digitalising its operations. Vietnam remains a significant exposure for the fund, although this detracted over the course of the year. **BlackRock Frontiers Investment Trust** has delivered positive returns, with a rise of 4.4% over the last quarter taking it to a return of 7.2% for the year, aided by some of its holdings in the Middle East which were buoyed by elevated oil prices, although these have come off more recently.

The thematic holdings have experienced mixed performance over the last year. Energy exposure through **iShares MSCI World Energy Sector ETF** has been a strong contributor, gaining 12.7%, although it fell back 5.3% in the last quarter. **GAM Star Disruptive Growth** has fallen 20.3% over the year, as the technology sector declined after many

BlackRock Frontiers Investment Trust has returned 7.2% for the year. Fertiglobe, the world's largest seaborne exporter of urea and ammonia combined, has been one of its outstanding performers.

Photo courtesy of Fertiglobe

years of leading market gains, although it bounced 7.7% in the final quarter. Healthcare returns were mixed, with **RA Capital International Healthcare** being the best performing over the year with a rise of 13.6%, while **Worldwide Healthcare Trust** declined 3.7% and **BB Biotech** fell 14.7%. In May 2022 the position in **SPDR MSCI World Financials ETF** was switched into the **Polar Capital Global Insurance Fund**, which has since outperformed and fared much better than the broad financials sector in the fallout from Silicon Valley Bank's failure. The Polar Insurance Fund is up 11.0% since purchase.

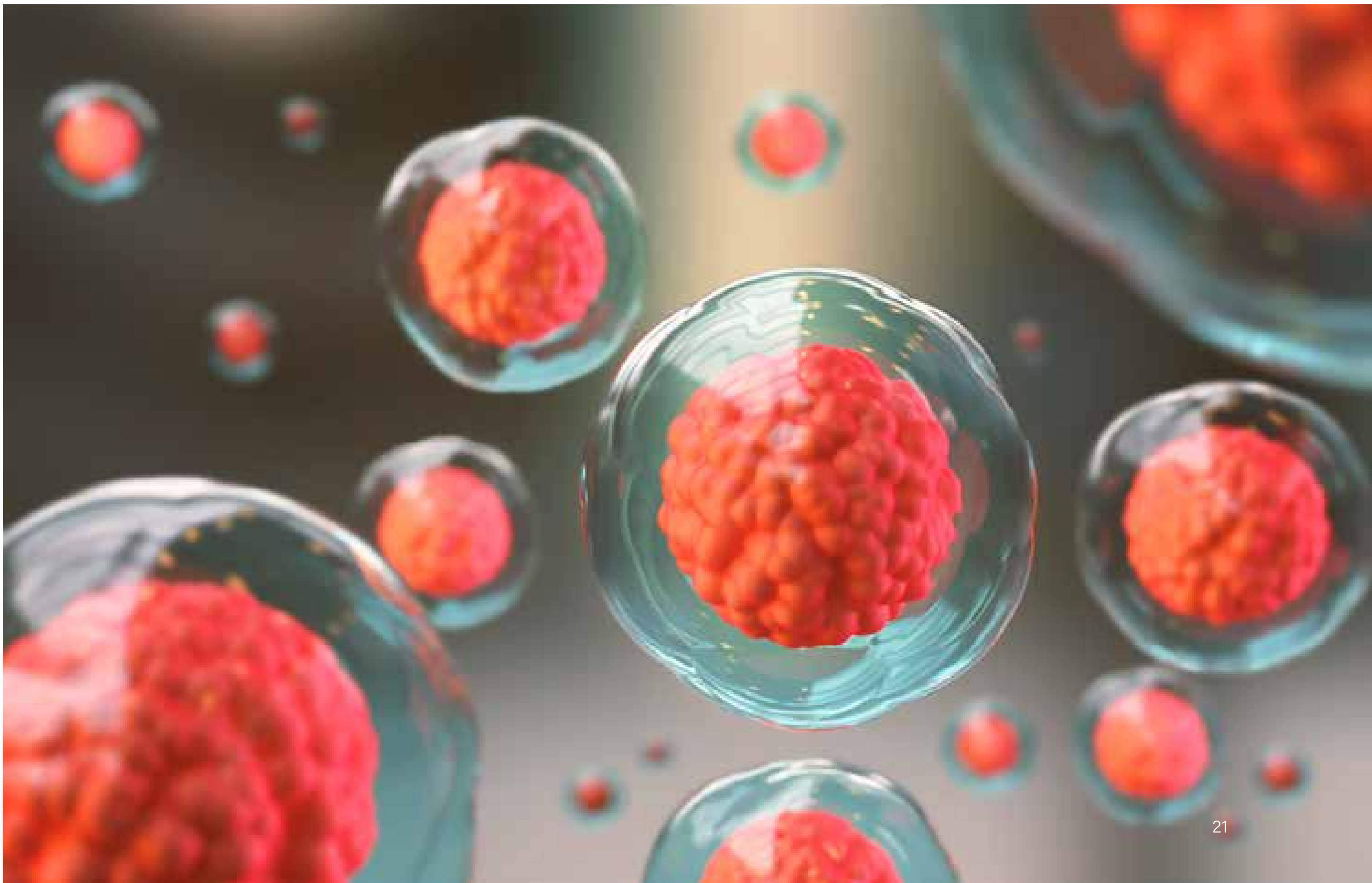
We recently agreed with the Board to introduce an allocation to private equity within the portfolio. This will provide access to investments that are not contained in the public markets, while benefiting from private equity's long-term nature that fits well with the Company's investment horizon. We have significant experience of investing with some of the world's best private equity firms, ranging from large blue-chip names to lesser-known specialist managers. A fully developed private equity programme will take many years to construct, but some early commitments have already been made. These include commitments to invest in funds managed by **Khosla** and **GGV**, two leading Silicon Valley venture capital groups that are very difficult to access. While recent events surrounding Silicon Valley Bank, combined with falling technology valuations have been difficult for the venture capital space, it is hoped that this could work well for funds beginning to invest money into the space now. A further commitment has been made to **TA Associates XV**, the next flagship fund from the leading US growth private equity firm, which has an excellent track record of investing across technology, healthcare and services sectors.

Diversifying Funds

The diversifying holdings have continued to provide an attractive alternative source of returns whilst dampening volatility and displaying low correlations to the equity market. They delivered a gain of 0.8% in the last twelve months, which is a very positive result in an environment of falling equity markets, and far ahead of the steep losses in the bond markets, where the UK gilt index fell 16.3%.

The two macro funds have again delivered steady returns this financial year, with **Hudson Bay International** rising 3.7% and **MKP Opportunity** up 4.5%. Some of the strongest performance over the year has come from within the fixed income part of the portfolio, although generally within more niche strategies as sovereign bonds have declined. **BioPharma Credit** has been particularly strong, delivering a 13.6% return for the year. A significant portion of this total return is derived from income, with the company continuing to meet its 7% annual dividend target. **Selwood Liquid Credit Strategy**

Life sciences specialist BioPharma Credit delivered a 13.6% return for the year.



benefited from a good final quarter, gaining 7.9%, to bring it to a return of 7.2% for the financial year.

Keynes Dynamic Beta Strategy pulled back in the last quarter, with a decline of 2.1% as its directional models detracted in both equities and bonds, but delivered a return of 7.1% for the year. **Schroder BlueTrend** suffered similarly in the last quarter with a decline of 12.8% that leaves it down 2.4% for the year, but the other CTA fund, **GAM Systematic Core Macro**, was less affected and remains up 4.1% for the year, partly thanks to its diversified, non-trend models.

Global Equities

The global equity silo returned 18.0% over the past year, with the biggest contributors being **Orion Engineered Carbons**, **Interactive Brokers** and **Arch Capital**. The biggest detractors were **CTT**, **CVS** and **ViaSat**.

Over the past year, our value investing approach within our Global Equities silo has allowed us to avoid the general declines in the equity markets.

Over the past year, our value investing approach has allowed us to avoid the general declines in the equity markets. However, in the preceding year, our risk-averse style struggled to keep up, which is not surprising. Our real challenge is to achieve satisfactory results during tough times, although it is impractical to accurately determine or anticipate when these times might occur. The cost of doing that can be to not keep pace with bull markets and if that means not buying over-valued stocks just to maintain relative performance to a benchmark, that is a price we are willing to pay.

Our process is focused on bottom-up stock picking, rather than regional or sector selection, and we are pleased to report that this approach has been the primary driver of our returns. When we wrote to you three years ago, we were optimistic about the long-term prospects of our global equity portfolio due to its 50% discount to its intrinsic value. Although the discount has narrowed to 35% since then, we still believe that the portfolio offers a substantial margin of safety.

Continuing our earlier discussion on banking, it's worth noting that our direct equity portfolio has a 40% weighting in the financial sector based on the Global Industry Classification Standard (GICS). However, we do not have any exposure to banks. Instead, we have invested in brokers, insurers, and an industrial holding company. Our largest position, Interactive Brokers (IBKR), suffered a 7% decline from March 8th to the end of the quarter, as the market sold off all financial stocks indiscriminately. However, the banking situation has left IBKR in a much stronger position, as it has showcased its financial strength to potential customers. Unlike its peers, IBKR offers the best interest rates on customer deposits, currently at 4.33% on USD balances compared to Charles Schwab's 0.45%, so is unlikely to see customers move their deposits. Additionally, it invests its cash in short-duration treasuries, which stood at 24 days at the end of March, a stark contrast to the asset-liability mismatch at other financial institutions. While the sell-side analysts have been frustrated with the conservative approach to the balance sheet in the past, over the long term it pays off to be invested alongside an owner-operator where the chairman and staff hold over 75% of the shares. Their long-term focus is summed up by the chairman in response to an analyst asking them about their balance sheet in January, well before the banking crisis made headlines. "It is a risk we cannot take because if you're right, we'll actually make extra money. But if we're wrong, we can lose a fortune because as rates go up, we have to raise the rate that we pay to our clients. And we don't want to be a situation where we are lent out on the long end and we're borrowing on the short term from our customers. So, we can get creamed that way, and we will not do that."

The relative strength of IBKR has been acknowledged, evidenced by a 31% drop in its peer, Schwab, over the same period. Moving forward, customers may re-evaluate the financial strength of their broker, resulting in a potential uptick in the pace of client wins, especially from Registered Investment Advisers. In addition, further client growth is anticipated to come from large international institutions that white label the IBKR platform. IBKR has already secured two significant customers who are expected to begin transferring their clients later in the year.

We believe it is quite possible that IBKR earns over $6 a share by 2025, which would be a 14% EPS CAGR from 2022. This conservative estimate is less than the 19% earnings CAGR they have achieved since our initial purchase in 2017 and represents a forward multiple of just 13x P/E.

During the year we initiated a new position in **Bergman & Beving**, added to our positions in **Coats**, **CTT**, **Grupo Catalana Occidente** and **ViaSat** and reduced our positions in **CK Hutchison**, **CVS**, **Dollar General**, **EXOR**, **Interactive Brokers** and **Subsea 7**.

Ocean Wilsons Holdings

As the largest integrated provider of port and maritime logistics in Brazil, we believe the Ocean Wilsons' subsidiary, Wilson Sons, is well-placed to perform in the coming years. The business has a strong competitive position, being the leading provider of towage services in Brazil with the largest and most modern fleet, as well as operating major container terminals in the north and south of the country: Rio Grande and Salvador. In recent times the company has seen several challenges, including political upheaval in Brazil and the disruption stemming from covid that significantly impacted global trade and hurt the energy sector that is an important part of the company's demand.

However, there are now signs that these factors are improving, which should be positive for the company going forward.

Recent results have begun to evidence this improvement, with earnings for 2022 being 6.2% higher than in 2021. There were still shortages of empty containers during the year stemming from global logistics bottlenecks, which particularly affected the terminal at Rio Grande, but this has started to improve in 2023, with volumes up 5.2% year-on-year for the first two months. Demand for offshore energy-linked services is improving, with vessel turnarounds in the offshore support bases increasing over 30% compared to 2021 and operating days rising by over 20%. Two new support base contracts were signed in the last quarter of 2022, while three platform supply vessels began operating under new four-year contracts with Petrobras.

The investment portfolio shares many characteristics with the portfolio held directly within Hansa Investment Company, with a preference for funds with clearly-defined strategies run by managers with skin in the game. The most recent portfolio report for the year 2022 shows encouraging relative performance, albeit with losses given the challenging market conditions. There was a decline over the calendar year of 13.8%, which was significantly ahead of the global equity and bond indices. Performance was helped by thematic exposures to energy and commodities, as well as the private market investments which have demonstrated resilience. Private equity holdings now make up 39.1% of the investment portfolio, and many of the funds returned significant capital during the year. Some of the largest private equity positions include venture capital funds of funds managed by Stepstone, US buyout funds managed by KKR and a financials-focused fund managed by Reverence Capital. The December 2022 portfolio valuation of $293.8m was down from $328.2m at the end of March 2022. During 2022 dividends of $5m, in two equal tranches, were paid out from the portfolio in May and July.

Alec Letchfield
Chief Investment Officer
April 2023

Orion Engineered Carbons was amongst the biggest contributors in global equities. Its carbon black chemical products are used in a multitude of industrial applications, from conductive coatings to prevent lightning damage in aircraft to engineered plastics in automotive interiors.

Wilson Sons achieved a 5% reduction in their total emissions in 2022, achieved through the adoption of state-of-the-art technologies bringing greater energy efficiencies.

The portfolio

As at 31 March 2023

Investments	Fair value £000	% of net assets
Core regional funds		
Findlay Park American Fund	24,514	6.7
iShares Core S&P 500 UCITS ETF	21,360	5.8
Select Equity Offshore Ltd	18,385	5.0
BlackRock Strategic Equity Hedge Fund	13,917	3.8
Schroder ISF Asian Total Return	10,598	2.9
Pershing Square Holdings Ltd	9,333	2.5
iShares Core MSCI Europe UCITS ETF	8,331	2.3
BA Beutel Goodman US Value Fund	7,966	2.2
Schroder ISF Global Recovery	7,942	2.2
Indus Japan Long-Only Fund	7,178	1.9
Egerton Long-Short Fund Ltd	6,653	1.8
Goodhart Partners: Hanjo Fund	6,422	1.8
KLS Corinium Emerging Markets Equity Fund	4,846	1.3
iShares Core EM IMI UCITS ETF	4,117	1.1
NTAsian Discovery Fund	4,071	1.1
BlackRock Frontiers Investment Trust PLC	3,539	1.0
	159,172	**43.4**
Strategic		
Ocean Wilsons Holdings Limited[1]	83,707	22.8
Wilson Sons	51,564	14.0
Ocean Wilsons (Investments) Limited	32,143	8.8
	83,707	**22.8**
Diversifying		
Global Event Partners Ltd	10,328	2.8
DV4 Ltd[2]	9,132	2.5
Hudson Bay International Fund Ltd	5,126	1.4
MKP Opportunity Offshore Ltd	3,336	0.9
GAM Systematic Core Macro (Cayman) Fund	3,122	0.8
Schroder GAIA BlueTrend	2,884	0.8
Keynes Dynamic Beta Strategy (Offshore) Fund Limited	2,660	0.7
Selwood AM - Liquid Credit Strategy	2,468	0.7
Apollo Total Return Fund	2,415	0.7
Prana Absolute Return Fund	1,939	0.5
Brevan Howard Absolute Return Government Bond Fund	1,731	0.5
Vanguard US Government Bond Index Fund	1,502	0.4
BioPharma Credit PLC	1,415	0.4
Lazard Convertible Global	715	0.2
	48,773	**13.3**

Investments	Fair value £000	% of net assets
Global equities		
Interactive Brokers Group Inc	4,478	1.2
Orion Engineered Carbons SA	4,434	1.2
Arch Capital Group Ltd	3,640	1.0
Subsea 7	3,120	0.8
Grupo Catalana Occidente SA	3,063	0.8
Exor NV	2,770	0.8
Coats Group PLC	2,524	0.7
CK Hutchison	2,432	0.7
Glencore PLC	1,672	0.5
Dollar General	1,473	0.4
Viaset Inc	1,466	0.4
Bergman & Beving	1,407	0.4
CTT Correios de Portugal	1,080	0.3
CVS Health Corp	481	0.1
	34,040	**9.3**
Thematic assets		
Polar Capital Insurance Fund	6,883	1.9
GAM Star Fund PLC - Disruptive Growth	5,548	1.5
Impax Environmental Markets Fund	3,570	1.0
Worldwide Healthcare Trust PLC	3,031	0.8
RA Capital International Healthcare Fund	2,643	0.7
iShares MSCI World Energy Sector UCITS ETF	2,184	0.6
BB Biotech AG	1,877	0.5
iShares MSCI Global Markets & Mining Producers ETF	1,834	0.5
	27,570	**7.5**
Total investments	**353,262**	**96.3**
Net current assets	13,703	3.7
Net assets	**366,965**	**100.0**

[1] Hansa Investment Company Limited owns 9,352,770 shares in Ocean Wilsons Holdings Limited ("OWHL"). OWHL operates through two assets: Wilson Sons S.A. and Ocean Wilsons Investments Ltd ("OWIL). These are shown separately above. The fair value of the Company's holding in OWHL has been apportioned across the two assets in the ratio of the latest reported NAV of OWIL, that being the NAV of OWIL shown per 31 December 2022 OWHL quarterly update, to the market value of OWHL's holding in Wilson Sons, that being the bid share price of Wilson Sons multiplied by the number of shares held by OWHL at 31 March 2023.

[2] DV4 Ltd is an unlisted Private Equity holding. As such, its value is estimated as a Level 3 Asset in note 19. All other valuations are either derived from information supplied by listed sources, or from pricing information supplied by third party fund managers.

Strategic Review

Investment objective, strategy and performance

Investment objective policy

The Company objective is to grow the net assets of the Company over the medium to long-term by investing in a diversified and multi-strategy portfolio.

The Company seeks to achieve its investment objective by investing in third-party funds, global equities and other international financial securities. The Company may invest in quoted and unquoted securities.

The Company currently holds a strategic position in the share capital of OWHL. The Company will not make further investments into OWHL.

The Company has no set maximum or minimum exposures to any asset class, geography or sector and will seek to achieve an appropriate spread of risk by investing in a diversified global portfolio of securities and other assets.

Investment strategy

The Portfolio Manager, engaged by and acting on behalf of the Company, seeks to build a multi-strategy portfolio by selecting investments across four key investment categories, in addition to the strategic investment in OWHL:

- Core – investments, typically through third-party funds, that the Company can expect to hold throughout the economic cycle.
- Thematic – investments, typically through third-party funds, that reflect key investment themes the Portfolio Manager believes will generate excess returns.
- Diversifying Assets – investments, typically through third-party funds and directly, that create asset diversification within the portfolio.
- Global Equities – a diversified portfolio of global equities identified by the Portfolio Manager as having long-term growth potential.

Although the Company has no set maximum or minimum exposures to any asset class, geography or sector, the Board establishes set guidelines which the Portfolio Manager adheres to. These can be adjusted by the Board. While the proportion of the portfolio represented by each of these categories will vary over time, the Board establishes parameters for the Portfolio Manager, based on its view of the global investment environment. The Board has set the following guidelines for each category as a percentage of the portfolio (including the strategic investment in OWHL):

- Core: 0-50%
- Thematic: 0-25%
- Diversifying Assets: 0-40%
- Global Equities: 0-40%

The Portfolio Manager has a strong focus on identifying investments with excellent fundamentals, taking a long-term approach to investing, good alignment and not seeking to replicate a benchmark. These investments range from those sectors benefiting from structurally higher growth, such as technology, to assets which the Company believes stand on unwarranted discounts to their intrinsic value.

During the year, following discussions between the Portfolio Manager and the Board considering ways to develop the portfolio further in the medium to long-term, HCP has been approved to introduce an allocation to Private Equity and Venture Capital within the Portfolio. This will be a multi-year programme to develop access to investments that are not available in public markets. The Portfolio Manager has significant experience investing in Private Equity and Venture Capital. The Board believes this new exposure will be seen as very attractive by existing and potential future shareholders. The long-term nature of private equity is aligned with the long-term investment horizon of the Company.

Borrowing limits

The Board considers whether returns may be enhanced if the Company introduces leverage at appropriate times. The Company has an unsecured lending facility through its Custodian, Banque Lombard Odier & Cie SA ("Lombard Odier"), in the amount of £30m, subject to there being sufficient value and diversity within the portfolio to meet the lender's borrowing requirements. The Portfolio Manager is able to utilise this facility as required up to the upper limit available. No amounts have been drawn from this facility during the year.

Investment monitoring and key performance indicators ("KPIs")

The investment strategy is designed for capital appreciation over the long-term achieved through diversified multi-asset class allocation. Returns are not replicated by movements in any single market index. Furthermore, the Board considers that the use of a single benchmark will not always offer shareholders the relevance and the clarity needed to measure the performance of the Company.

The Board's primary goal is for the Company to generate long-term returns for shareholders and so we compare the Company's performance against that of a safe return from an appropriate government bond – for this the Board has elected to follow the FTSE Gilts All Stocks TR Index (Bloomberg: FTFIBGT). The Board's second goal is for the Company to achieve returns that are higher than inflation and use the UK's CPI (Bloomberg: UKRPCHVJ) as the KPI for comparison. Finally, the Board compares the Company's returns with those of an appropriate equity index – for which the Board has elected to follow the performance in GBP of the MSCI All Country World Index excluding Frontier Markets (Bloomberg: NDUEACWF). In discussions between the Board and the Portfolio Manager, returns are compared with a number of measures, including the return of a government bond, using the 10 year UK Gilt Return (FTSE All Stocks Gilts Total Return Index); to the rate of inflation (real returns are important to shareholders) and with those of appropriate indices for different elements of the portfolio.

The Board regularly, and at least quarterly, reviews the returns and the performance of the Company with the Portfolio Manager, including an analysis using the KPIs.

Additionally, whilst not specifically KPIs, the cost of managing the Company is monitored against the NAV (the ratio between costs and NAV is also known as the 'ongoing charges percentage per annum ratio'); and the discount/premium the shares sell at in relation to the NAV are likewise monitored.

The Board of Directors monitors the returns made in absolute (firstly) and relative (secondly) terms against the KPIs established. The comparisons are made over 1, 3, 5 and 10 year time horizons.

i) Shareholders and company – total returns

To 31 March 2023	1 year	3 years	5 years	10 years
Share price total return				
Ordinary shares	(10.8%)	39.9%	(4.3%)	25.5%
'A' non voting Ordinary shares	(10.1%)	32.4%	(4.7%)	26.1%
Portfolio NAV	(3.1%)	37.2%	20.4%	60.7%

ii) Discount/premium

A comparison is made between the (discount)/premium of the Company's two classes of shares and of the AIC average.

To 31 March 2023	1 year average	3 years average	5 years average	10 years average
Share price total return				
Ordinary shares	(40.0%)	(36.7%)	(33.7%)	(30.4%)
'A' non voting Ordinary shares	(41.0%)	(36.8%)	(34.5%)	(31.5%)
AIC (%)	(10.7%)			

Note: AIC only produces an AIC average for one year.

Whilst there are investment trusts that exhibit one or more similarities to the Company, the Board does not consider the Company to have any direct peers.

iii) Key performance indicators

The following are the KPIs the Board uses to assess the returns of elements of the portfolio and of the Company as a whole.

To 31 March 2023	1 year	3 years	5 years	10 years
NAV Total Return	(3.1%)	37.2%	20.4%	60.7%
NAV Total Return (Ex OWHL)	(2.7%)	29.8%	24.9%	73.2%
FTSE UK Gilts All Stocks TR Index	(16.3%)	(24.9%)	(14.4%)	5.1%
UK CPI Inflation	10.1%	18.7%	22.8%	31.4%
MSCI ACWI NR (GBP)	(1.5%)	54.1%	58.7%	167.1%

iv) Expense ratios

To 31 March 2023	1 year	3 years	5 years	10 years
Ongoing annual charges (%)	1.2	1.1	1.1	1.1

To comply with the Packaged Retail and Insurance-based Investment Products Regulation ("PRIIP"), the Company has issued a PRIIP's Key Information Document ("KID") for each of its two share classes. In the PRIIP, KID regulations are very prescriptive as to how costs are calculated and presented. In particular, in addition to the costs of the Company itself noted above, the PRIIP calculation also incorporates the costs of the directly held fund investment vehicles themselves, but not those for directly held equities. Based upon the financial results for the year to 31 March 2023, the PRIIP KID cost ratio is 1.81% per annum.

Shareholder profile

Capital structure

The Company has 40,000,000 Ordinary shares of 1p (1/3 of the total capital) and 80,000,000 'A' non-voting Ordinary shares of 1p (2/3 of the total capital) each in issue. The Ordinary shareholders are entitled to one vote per Ordinary share held. The 'A' non-voting Ordinary shares do not entitle the holders to vote or receive notice of meetings, but in all other respects they have the same rights as the Company's Ordinary shares. See also Note 13 in the Notes to the Financial Statements.

Shareholder profile

The Company's shares owned at 31 March 2023 are as follows:

	Ordinary shares		'A' non-voting ordinary shares	
Institutional and wealth managers	16,021,382	40.05%	72,715,872	90.90%
Directors	11,220,745	28.05%	3,817,123	4.77%
Private individuals	12,591,202	31.48%	3,467,005	4.33%
Other	166,671	0.42%	0	0.00%
	40,000,000		**80,000,000**	

Substantial shareholders

As at 31 March 2023, the Directors were aware of the following interests in the Ordinary shares of the Company, which exceeded 3% of the voting issued share capital of that class.

	No. of voting shares	% of voting shares
Nomolas Ltd	10,347,125	25.9%
Victualia Limited Partnership	10,347,125	25.9%
Sky Hill Limited	1,690,000	4.23%

These holdings are correct as of 31 March 2023 and have not changed as at the signing date of these Financial Statements.

Hansa Investment Company traces its origins back to 1912 when the Alto Paranà Development Company was launched to develop forestry in Brazil. Having become an investment trust company in the late-1940s, the Company became closely associated with the Salomon Family, initially through Sir Walter Salomon, whose family trusts became substantial shareholders. The late-1950s also saw the acquisition of a significant shareholding of Ocean Wilsons Holdings Limited through the issuance of the 'A' non-voting Ordinary shares by the Company's predecessor, Hansa Trust. Over the following decades, the Salomon family helped to build the publicly-owned and independently run investment company we know today, with its focus on delivering reliable long-term asset growth for shareholders.

The wider Salomon family remain significant investors in the Company. William Salomon, Sir Walter's son, a director of HICL and Senior Partner of the Company's Portfolio Manager, is interested in 10,347,125 of the shares held by Victualia Limited Partnership, representing 25.9% of the voting share capital. In addition, William Salomon has further interests in the Company's shares; the total interest is detailed in the Directors' Interests section. Other members of the wider Salomon family, who are also descendants of Sir Walter, are interested in a further 12m shares in the Company.

Restrictions associated within the share classes

The giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's powers to buy back shares are set out in the Notice of the Annual General Meeting.

There are: no restrictions concerning the transfer of securities in the Company; no agreements between holders of securities regarding their transfer known to the Company; and no agreements between the Company and its Directors concerning compensation for loss of office. Notwithstanding the foregoing, the Company can require any holder of the Ordinary voting shares to transfer some or all of its shares (or otherwise refuse to register any transfer of shares) to avoid the Company, if the Company were a company which was resident for tax purposes in the UK, being regarded as a "close company" as defined in s.414 of the UK Income and Corporation Taxes Act 1988, to another person whose holding of such shares, in the sole and conclusive determination of the Board, would not cause the Company to be a close company. Additionally, the Company's Bye-Laws provide for the voting rights of Ordinary shares to be automatically reallocated to other shareholders to prevent the Company becoming a close company. At the forthcoming AGM, the Company is proposing a one-off change to its Bye-Laws requiring shareholders to supply, if requested, information relating to their tax residency. Globally tax authorities and government agencies require financial institutions, including investment companies, to collect and report certain tax information in relation to their shareholders. In principle, this should only affect a very small number of our shareholders who are personally on our share register – approximately 142 shareholders holding less than 1% of our share capital. Failure by those shareholders to supply the required information, will cause the Company to submit incomplete returns, with the consequent risk of penalties or censure by the authorities. The proposed Bye-Law changes enable the Company to take the necessary measures in relation to those few shareholders who refuse to provide the information required so as to enable the Company to satisfy its reporting requirements.

As at 26 June 2023, the date of signing of the Annual Financial Statements, there have been no disclosures to the Company of changes of interests under DTR 5.

Board and management shareholdings

Directors' Interests

The interests of Directors and their connected parties in the Company at 31 March 2023 are shown below:

	Ordinary shares of 1p each		'A' non-voting ordinary shares of 1p each		Nature of interest
W Salomon	11,169,345	27.92%	3,587,123	4.48%	Beneficial
J Davie	45,000	0.11%	230,000	0.29%	Beneficial
S Heidempergher	6,400	0.02%	–	–	Beneficial
Total	**11,220,745**	**28.05%**	**3,817,123**	**4.77%**	

As at 26 June 2023, the date of signing the Annual Financial Statements, there were no changes to report to the Directors' holdings.

William Salomon is the senior partner of Hansa Capital Partners LLP. Fees payable to Hansa Capital Partners LLP amounted to £2,824,000 (including Portfolio Management and Additional Administrative Services Provider ("AASP") functions). The fees outstanding at the year end amounted to £240,793. During the year, no rights to subscribe for the shares of the Company were granted to, or exercised by Directors, their spouses or infant children.

Portfolio manager's interests

As at 26 June 2023, the date of signing of this Annual Report, the management and staff of the wider Portfolio Manager's group (Hanseatic Asset Management LBG, an Investment Manager and AIFM located and regulated in Guernsey), excluding the holding of William Salomon, shown above, were interested in circa 10.3m shares in the Company – a mixture of Ordinary and 'A' non-voting Ordinary shares.

Stakeholder engagement

Requirements of Section 172 UK Companies Act

As required by the AIC Code, the Board describes below how it has met the requirements of Section 172 of the UK Companies Act, as applicable to the Company. This includes an explanation of how the Board has sought to promote the Company for the benefit of its members, how it has taken into account the likely long-term consequences of decisions and how it fosters relationships with stakeholders. The Company is an investment company with an appointed Portfolio Manager. As a result, it has no direct employees or customers. The Board has identified the Company's shareholders, its Portfolio Manager (as well as the Additional Administrative Services Provider, "AASP"), its other key service providers as its key stakeholders.

STAKEHOLDER	INTERACTION
Shareholders	The shareholder base is a mixture of private investors, wealth managers and asset managers across both classes of the Company's shares. The Board monitors changes in the shareholder base at its Board meetings. The Company communicates through the publication of Annual and Half-Year Financial Statements, through detailed quarterly and monthly factsheets, as well as through the Company's website. The Company also holds periodic shareholder presentations incorporating presentations by the Board and key service providers to keep shareholders informed. The Board seeks to understand the opinions of a wide variety of shareholders. The Company maintains a dedicated email address for shareholders to contact the Board (HICLenquiry@hansacap.com) and shareholder correspondence and feedback is a regular item of discussion at Board meetings. The Company continues to meet shareholders and other interested parties facilitated by its broker, as well as through direct contact. The Portfolio Manager also runs an outreach programme in conjunction with an investor relations specialist. Investors are also kept informed through paid-for editorial pieces and discussion with media organisations. As a result of the Covid pandemic, the Board used online shareholder presentations to enable shareholders to meet with the Board and Portfolio Manager. Whilst the Board believes there is still a place for face-to-face shareholder updates, the strong attendance at the online events encourages the Board that these online events will remain a feature of the Company's shareholder outreach. The next shareholder event is planned for 27 September 2023 as a hybrid online and physical meeting.
Portfolio Manager and AASP	The Board's main working relationship is with the staff of HCP as the Portfolio Manager and the AASP. HCP is responsible for the Company's portfolio management (including asset allocation, stock and sector selection in accordance with guidelines established by the Board). It is also responsible for administrative and operational functions including day-to-day oversight of the other key service providers (Administrators, Custodians, Registrar and Company Secretarial). Successful management of shareholders' assets by the Portfolio Manager is crucial to enable the Company to deliver its investment strategy and meet its objective. The AASP also assists with the preparation of the Annual and Half-Year Financial Statements as well as Factsheets and website updates. The Board works closely with the AASP to approve disclosures made via these publications.
Other key service providers	Key service providers are the Company's Administrator (Maitland Administration Services Limited), Custodian (Lombard Odier) and Registrar (Link Market Services (Guernsey) Limited). Whilst the Board looks to the Portfolio Manager and the AASP to keep a day-to-day oversight of these providers, they are contracted directly to the Company. As such, the Board retains ultimate responsibility for their roles. The AASP reports regularly on operational matters. The Board seeks to visit each provider at least annually for a face-to-face meeting to discuss service levels, operations and future developments. The Company is in the process of changing its Registrar. From late-September 2023, Computershare will replace Link as the Company's Registrar. New contact details will be made available on the Company's website at that time. The new Registrar will hold all the historic information currently retained by Link.

Main areas of engagement

KEY AREA	TOPIC	ENGAGEMENT AND OUTCOMES
Investment strategy and ESG matters	The Investment Strategy incorporates appropriate ESG considerations. For clarity, the Company does not purport to be a "Green" fund. However, through its ESG disclosures and reporting the actions of its Portfolio Manager, it seeks to give clarity to the processes around assessing the Environmental, Social and/or Governance aspects to its investment decisions and ongoing monitoring.	The Board has engaged with the Portfolio Manager and encouraged them to develop a responsible investment policy. The Board notes that the Hanseatic Group, of which the Portfolio Manager is a member, has become a signatory to the UNPRI during the financial year. The Board wholeheartedly supports this policy. See page 43 for further information.
Discount management and share buybacks	It is a great frustration to the Board that the discount has not tightened over the past year. It is also noted that there has been general widening of investment trust spreads due to market volatility and declining retail participation in the markets.	The Board is mindful of, and regularly considers, the share price compared to the NAV and related discount. The Board is of the view that providing transparency and clarity to investors, as well as promoting demand for the Company's shares, should create a positive impact on the discount for the medium to longer-term. To this end, the Board has redeveloped the Company's website, its Annual and Half-Year Financial Statements and its factsheets and quarterly reviews. The Board continues to develop the Company's branding and communications strategy with shareholders and potential shareholders alike. The aim is to enhance and broaden the understanding of the Company, with the ultimate objective of widening the shareholder base and deepening the market for shares. The primary objective of the company is to generate a good economic return over the medium to long-term and create a compelling investment proposition for private investors enabling them to gain access to investments that are not readily available. This in due course should increase demand for the company's shares. Each investment trust must consider its own particular circumstances and objectives in assessing what is in the best interests at any particular point in time for the company and its shareholders. Your Board continues to focus on the construction of a portfolio to create long-term value and it is in the light of this that it decided to build an allocation to Private Equity. The Board has considered a share buy-back policy but does not consider that this would have a significant effect on the discount, at which the shares trade. In the opinion of the board: ▪ it reduces the number of shares outstanding and therefore the liquidity of the shares in the marketplace; reduced liquidity may, in fact, cause a rise in the discount; ▪ it means a liquid investment portfolio needs to be maintained, compromising the ability to have a portfolio of special situations; the maintenance of the long-term investment policy and its portfolio takes precedence over the short-term discount policy; and ▪ the holding in OWHL would represent an even greater percentage of the portfolio and buying back shares would raise the relative exposure to Brazil, which the Board does not wish to do, giving preference to the return generation potential and benefits of diversification generated by the investment portfolio.

Capital structure	The Company has two separate share classes, both of which are traded on the LSE. The Ordinary shareholders are entitled to one vote per Ordinary share held. The 'A' non-voting Ordinary shares do not entitle the holders to vote or receive notice of meetings, but in all other respects they have the same rights as the Company's Ordinary shares. Consideration has been given to whether the two share classes could be merged in some way.	The current position of Ordinary and 'A' Ordinary share classes remains unchanged as the majority of Ordinary shareholders have informed the Board that they do not wish to alter the present structure at the present time.
Dividends	The Board continues to support maintaining the dividend at 3.2p until it is fully covered by net income. At that time it plans to increase it in line with any increase in the net income of the Company.	The portfolio held by the Company is currently constructed for long-term capital appreciation rather than income generation. As a result, the income generated by the portfolio is insufficient to meet this dividend commitment and the shortfall is made up from the Company's reserves. In principle, your Board does not believe it to be in the Company's best interests to use capital as a source from which to pay dividends.
Maintaining levels of service from service providers	The Company does not have direct employees. Rather, its operations are conducted by several key service providers. The Company enters into service-level agreements with each provider. The Board oversees these services to ensure that best practice is followed and that the Company is receiving a comprehensive service and value for money.	The independent members of the Board annually review the performance of the Portfolio Manager. Additionally, the day-to-day performance of other key service providers (Administrator, Custodian and Registrar) are monitored by the AASP on behalf of the Board. In addition, there is an annual review of service providers' annual Controls Audit Reports. Members of the Board also visit each key service provider annually to review performance and understand any changes in their businesses.

Notice period for general meetings

The Company's Bye-Laws permit that the Company's general meetings (other than AGMs) may be held on 14 days' notice.

Annual general meeting

The Company's Notice of Annual General Meeting is included in this Report.

Authority to repurchase 'A' non-voting Ordinary shares

A resolution will be proposed at the forthcoming AGM, seeking shareholder approval for the renewal of the authority for the Company to repurchase its own 'A' non-voting Ordinary shares. The Board believes the ability of the Company to repurchase its own 'A' non-voting Ordinary shares in the market could potentially benefit all equity shareholders of the Company in the long-term.

The Company's Bye-Laws are drafted in such a way that the Company may from time to time purchase and cancel its own shares. However, the Company requires that shareholders' approval to repurchase shares be sought. At the AGM the Company will therefore seek the authority to purchase up to 11,992,000 'A' non-voting Ordinary shares (representing 14.99% of the Company's issued 'A' non-voting Ordinary share capital, the maximum permitted under the FCA Listing Rules), at a price not less than 1p per share (the nominal value of each share) and not more than 5% above the average of the middle-market quotations for the five business days preceding the day of purchase or, where a series of transactions have taken place the higher of the last independent trade and current highest independent bid on the trading venue where the purchase(s) will be carried out. The authority being sought, the full text of which can be found in the Notice of Meeting, will last until the date of the next AGM.

The Company is seeking authority to use its realised capital reserve to allow repurchase of shares in the market. The decision as to whether the Company repurchases any shares will be at the absolute discretion of the Board. Any shares purchased will be cancelled.

The Directors consider that all the resolutions to be proposed at the forthcoming AGM, as set out in the Notice of AGM, are in the best interests of shareholders as a whole and unanimously recommend all shareholders to vote in favour. Guidance on how to vote at the AGM can be found in the notes to the Notice of AGM.

If the Board considers a significant proportion of votes have been cast against a resolution at the AGM, the Company will explain, when announcing the results of voting, what action it intends to take to understand the reasons behind the results of the vote.

Bye-Laws

The Company seeks shareholder approval to adopt new Bye-Laws (the "New Bye-Laws") in order to update the Company's current Bye-Laws (the "Existing Bye-Laws"). The resolution will be proposed as a special resolution.

Requirement for certain shareholders to supply information for tax authorities, governments and regulatory reporting purposes

The proposed amendments are being introduced in the New Bye-Laws primarily to:

- enable the Company to meet its reporting obligations under the Foreign Account Tax Compliance Act ('FATCA'), the Common Reporting Standard or any similar law or regulation, by introducing an obligation for shareholders to provide the required FATCA or Common Reporting Standard information within a reasonable timeframe, or to provide for the mandatory sale of shares if the required information is not provided;
- provide the Company with more flexibility in dealing with untraced shareholders; and
- increase the maximum annual remuneration of the Directors to US$600,000 per annum. Thus, it is proposed to amend Bye-Law 44.1(a) to replace the text "not exceed US$400,000 per annum" with "not exceed US$600,000 per annum". Further details are given in the Directors' Remuneration Report on page 54.

In more detail, the key proposed changes are as follows:

a) Obligation to provide information to the Company
The FATCA rules which require certain non-US financial institutions to report information about shareholders and other "account holders" are underpinned by a special US withholding tax, which applies to both the income and gross proceeds of sale derived from US investments. To avoid the withholding tax, a financial institution must comply with its FATCA due diligence and reporting obligations, whether imposed under a direct agreement between the financial institution and the IRS, or under the domestic law of the jurisdiction in which the financial institution is established. In addition, the financial institution may be subject to financial penalties under its domestic law if it fails to comply with the relevant due diligence and reporting obligations. In order to meet its reporting obligations under FATCA, the Common Reporting Standard, or any similar law or regulation, the Company must collect and provide certain information on its shareholders. Where the Company's shareholders fail to provide the required information ("Non-Responders"), the Company's reporting is deficient, and the Company may be subject to negative intervention from the authorities in Bermuda, including finding itself subject to financial penalties. There are a number of shareholders whose whereabouts are not known or do not respond to requests for information. In order to resolve this, the Company requires a mechanism to obtain the required information or remove the Non-Responders from the Company's register of members. A new Bye-Law has therefore been introduced to enable the Company to provide for the mandatory sale of shares of any shareholder that fails to provide the required FATCA or Common Reporting Standard information within a reasonable timeframe following a formal request from and due process being followed by the Company.

b) Untraceable Shareholders
The Company is also taking this opportunity to consider its dealings with Untraceable Shareholders. In line with what other companies are doing, the Company is seeking to reduce the current period to determine a shareholder untraceable to six years. This proposal is to help the Company manage the shareholder register in connection with its reporting obligations under FATCA, the Common Reporting Standard, or any similar law or regulation and also more generally to remove longstanding untraced shareholders and where appropriate, require a compulsory transfer of shares, all having followed due process to trace shareholders. These Proposals should enable the Company to provide an accurate account of the shareholder information of the Company, by removing untraced shareholders including shareholders who may have passed away and shareholders who have consistently failed to respond to the Company's requests for information.

A summary of the principal amendments being introduced in the New Bye-Laws which the Board considers will be of most interest to shareholders is set out in the AGM Notice on page 80.

Principal risks

The Company has risk management processes in place which enables the Board to identify, assess and manage the principal risks faced by the Company. Consistent with the AIC Code and UK Corporate Governance Code, these risks are considered to have the potential to threaten the Company's business model, future performance/returns, solvency, liquidity, reputation, or regulatory status. An integral part of this process is the maintenance and ongoing evaluation of the Company's Risk Assessment & Controls ("RAC") Matrix, which identifies both the risks and associated controls operating within the Company and relevant third-party service providers. To ensure emerging risks are assessed on an ongoing basis, the Board reviews the RAC Matrix at each Board meeting, considering HICL's current and future anticipated risk environment. The Board also receives updates at each meeting from the Portfolio Manager and the AASP on operational risk matters. Additionally, as part of the risk management processes, the Company also annually reviews the Custodian, Administrator and Registrar assurance reports of their internal controls (e.g. AAF 01/06, AAF 01/20, ISAE 3402). The impact of any exceptions are considered by the Board.

Consideration of the Company's principal risks and uncertainties, is made in the context of the Company's stated objective of generating superior, but sustainable, long-term growth in shareholder value. The main risk being that over the long-term (determined as greater than five years), shareholders do not make a return from investing in the Company. The Company's closed-ended fund structure is also considered to be in alignment with its stated objective, especially within extremely volatile market conditions. This is due to the portfolio not having to be managed and maintained to manage potential significant redemptions or short-term liquidity needs as open-ended funds would. Additionally, the closed-ended structure can take advantage of less liquid market opportunities as part of Its portfolio holdings.

The principal risks and uncertainties identified and associated controls in place to manage these risks are described below:

PRINCIPAL RISKS – EXTERNAL	CONTROLS TO MITIGATE RISKS
Market risk – long-term company share performance *Market risk includes interest rate, currency, equity, credit, inflation, concentration, liquidity and macro geopolitical risks.*	The Board: ▪ has appointed an appropriate PM whose performance for the Company is reviewed and challenged on a quarterly basis; ▪ has set investment guidelines and restrictions, which are reported against by the PM on a monthly basis; ▪ operates an asset allocation model, which is regularly reviewed and discussed with the PM; and ▪ monitors and discusses portfolio construct and performance quarterly.
Performance risk, share price, liquidity and discount monitoring *Low market trading volumes of Company shares and the discount to the NAV becoming inherent in the share price.*	The Board: ▪ regularly reviews the share price, discount level and portfolio performance; ▪ maintains periodic oversight on shareholder-base; ▪ actively seeks feedback both directly from shareholders and indirectly through the Company's Broker or specific outreach programmes involving the Portfolio Manager; ▪ has the ability to buy-back non-voting shares of the Company; and ▪ initiates strategies to reduce discount over the medium term.
Tax, accounting, legal and regulatory risks *Adverse outcomes resulting from legislative changes to tax, legal and regulatory requirements. Adverse outcomes from not meeting ESG expectations.*	The Board: ▪ obtains regular updates and advice from relevant professional advisers; ▪ maintains oversight and receives regular reporting on the legislative and regulatory changes, which impact HICL, as monitored by the PM; ▪ maintains the Company's membership with the Association of Investment Companies; ▪ has adopted the PM's responsible investing policy; ▪ has set explicit expectations on the integration of ESG considerations within the investment process; ▪ continues to develop ESG disclosures in compliance with reporting regulations; and ▪ receives documented confirmation of the PM's adherence to relevant regulatory requirements and emerging sanction risks.
Reputational risk *Negative behaviours, publications or market sentiment impacting the reputation of the Company.*	The Company: ▪ requires the annual selection of Board members, all of whom must have a commitment to governance; ▪ has direct oversight of PM; ▪ communicates with investors and the public in a clear and transparent manner; and ▪ has set pre-approval procedures for accuracy and reliability of such information.

PRINCIPAL RISKS – INTERNAL	CONTROLS TO MITIGATE RISKS
Operational risk *Risks associated with process, system and control failures including those associated with the Company's third-party service providers.* *Operational areas considered includes Liquidity, Safeguarding of Assets and Reliability of Financial Reporting.*	▪ Pre-approval processes are in place prior to the publication of any financial information. ▪ Identification and certification of key controls by AASP compliance team. ▪ Due diligence is undertaken prior to appointing all service providers. Regular performance reviews of third-party providers are made and, where relevant, the Company annually requests independent service provider assurance reports on the operating effectiveness of their internal controls. ▪ An overdraft facility provides a contingency for any short-term liquidity shortfall. A pre-approval payment process is in place as part of an overall cash management process. ▪ An independent Custodian is appointed to safeguard the Company's assets. This Custodian is bound by regulatory and legal contractual obligations and liabilities. Regular reconciliations are undertaken to ensure accuracy of records.
Gearing/balance sheet risk *Risk of over-gearing the balance sheet and creating financial stress on the Company.*	▪ A maximum limit on the overdraft facility is in place. ▪ Any increase in overdraft or credit facility requires Board pre-approval.

Insurance

The Company through its Bye-Laws has indemnified its Directors and Officers to the fullest extent permissible by law. During the year the Company also purchased and maintained liability insurance for its Directors and Officers.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the Chairman's Statement and the Portfolio Manager's Report within this Annual Report.

After due consideration of the Balance Sheet, estimated liabilities for the 12 months following the signing of this Report and having made appropriate enquiries, the Directors have concluded the Company is a going concern and has adequate resources to continue in operational existence for at least 12 months. Assets of the Company consist of securities, the majority of which are traded on recognised stock exchanges, or open-ended funds run by established managers. The Financial Statements are prepared on a going concern basis.

Longer-term viability statement

In addition to the Statement of Going Concern, the Directors are also required to make a statement concerning the longer-term viability of the Company. The Directors consider 12 months to be a relatively short time frame when considering performance and look to the longer-term for both the performance and risks associated with the Company. The Directors consider a period of five years to be a more representative period, which aligns with the Portfolio Manager's longer-term horizon. This period is sufficiently long to manage short-term market volatility and allow longer-term performance to work through. The Board continually monitors the Investment Strategy and Investment Guidelines issued to the Portfolio Manager and directs the Portfolio Manager to target long-term capital preservation. Further, whilst the Board has sanctioned the use of gearing, the facility available to the Portfolio Manager is relatively small compared to the NAV of the Company. Finally, a number of the more significant costs in each financial year are contracted to be calculated on the basis of the underlying NAV of the Company. As such, in a period of negative portfolio performance, the cost base should also fall.

Barring unforeseen circumstances and taking account of the Company's current position, the principal risks, the longer-term strategy for the portfolio, including a diversified and liquid asset base and the lack of gearing, the Directors confirm they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due for the next five years.

Governance

The Board of Directors

The Directors who served the Company during the year to 31 March 2023 are:

Jonathan Davie
Chairman

Jonathan became Chairman of Hansa Investment Company in June 2019. He was a director of Hansa Trust from January 2013 until its liquidation in November 2021. He is also a partner of First Avenue Partners, an alternatives advisory boutique.

Jonathan qualified as a Chartered Accountant and then joined George M. Hill and Co. and became an authorised dealer on the London Stock Exchange. The firm was acquired by Wedd Durlacher Mordaunt and Co. where Jonathan became a partner in 1975. He was the senior dealing partner of the firm on its acquisition by Barclays Bank to form BZW in 1986.

Jonathan developed BZW's Fixed Income business prior to becoming chief executive of the Global Equities Business in 1991. In 1996 he became deputy chairman of BZW and then vice chairman of Credit Suisse First Boston ("CSFB") in 1998 on their acquisition of most of BZW's businesses. He focused on the development of CSFB's Middle Eastern business. He retired from CSFB in February 2007.

Simona Heidempergher
Remuneration Committee Chair

Simona became a Director of the Company in June 2019. Simona has extensive experience as an executive and non-executive director in a range of companies, including listed companies, investment funds and research organisations, across multiple jurisdictions.

For the past 20 years, she has been a director of Merifin Capital, an established European privately owned investment company. Prior to this she had roles as VP Investments at CDB Web tech, a listed investment vehicle, and as research associate at Heidrick & Struggles, a leading executive-level search and leadership consultancy firm and as project coordinator at Ambrosetti Group, an Italian consulting company. Currently, Simona is the chair of the board of directors of the Stramongate Group, a Luxembourg public company, director of The European Smaller Companies Trust, a Janus Henderson Asset Management Investment Trust listed on the London Stock Exchange and director of Industrie Saleri Italo S.p.A. an Italian private company in the automotive supplier sector.

Richard Lightowler
Audit Committee Chairman

Richard became a Director of the Company in June 2019. Richard has 26 years' experience in public accounting being partner of KPMG in Bermuda for 19 years. He was head of the KPMG Insurance Group in Bermuda for 15 years, a member of the firm's Global Insurance Leadership Team and Global Lead Partner for a number of large international insurance groups listed on the New York and London Stock Exchanges.

Richard has significant regulatory experience, previously advising the Bermuda Monetary Authority and working with clients regulated by the PRA, FRC and FCA, as well as other international regulators. He also has extensive experience in risk and corporate governance and significant transaction experience. Richard is based in Bermuda. Richard also holds non-executive directorships with Aspen Insurance Holdings, Geneva Re and Oakley Capital Investments.

William Salomon

William became a Director of the Company in June 2019. He was a Director of Hansa Trust from 1999 until its liquidation in November 2021. He has a significant, long standing, investment in the Company.

William's experience in investments and finance is important to the Board in developing and monitoring investments in special investment themes and in the Company's strategic investment through Ocean Wilsons Holdings Limited in Wilson Sons.

William is the senior partner of Hansa Capital Partners LLP, the Portfolio Manager and Additional Administrative Services Provider, deputy chairman of Ocean Wilsons Holdings Limited and a director of its Brazilian listed subsidiary Wilson Sons Holdings Brasil S.A.. He is also a shareholder representative on the investment advisory committee for DV4 Ltd ("DV4"). William was formerly the vice chairman of Close Asset Management Limited and chairman of the merchant bank Rea Brothers PLC.

Nadya Wells

Nominations Committee Chair and Senior Independent Director

Nadya became a Director of the Company in June 2019. Nadya has 28 years' experience in emerging and frontier markets as a long-term investor and corporate governance specialist. She spent 13 years as portfolio manager with the Capital Group investing in Global Emerging Markets and prior to those five years with INVESCO Asset Management Limited, investing in public and private equity managing a closed ended fund. She started her career in management consultancy with Ernst & Young.

She holds a non-executive directorship at Baring Emerging EMEA Opportunities plc where she is senior independent director. Nadya is an independent non-executive director on the boards of various Luxembourg SICAVs managed by large global asset managers. She also works in academia conducting research and consulting in the public and private sector on financing in Global Health. She holds an MBA from INSEAD, France.

Board members are selected based on their individual and complementary skills and experience and their ability to commit sufficient time to drive the Company's success. All Directors will retire at each AGM and offer themselves for consideration for re-election.

The Board recommends the re-appointment of each of the Directors, based on their continuing contribution to the Company and its shareholders. The service contracts between the Company and each of the Directors do not allow for any compensation payment in the event of loss of office.

Organisation and objectives

This section explains how the Board has organised the Company and seeks to deliver its objectives.

Board committees and roles

The Directors consider that, in order to fulfil their responsibilities as the Directors of the Company, they should all be members of every sub-committee where possible. Where a Director cannot be a member of a committee, they should attend the meetings unless a conflict exists and it would be inappropriate for them to be present.

Audit Committee

Richard Lightowler is the Chairman of the Audit Committee. The Audit Committee consists of all independent Directors of the Board. The Audit Committee exists to assist the Board in the financial and narrative reporting of information relating to the Company, the review of the Internal Controls and Risk Management systems, the oversight of the Company's annual audit and in the liaison with, and assessment of, the Company's external Auditor PricewaterhouseCoopers Ltd. The Committee meets at least twice a year – timed to review the Annual and Half-Year Financial Statements prior to their approval and release.

The AIC Code of Corporate Governance ("the AIC Code") indicates that all independent Directors can be members of the Audit Committee including, if agreed by the Board, the Chairman of the Board. The Board is of the opinion that, particularly as the Company has relatively few Directors, shareholders benefit from the views of all Directors. Therefore, Jonathan Davie, as Chairman of the Company, is also a member of this Committee. The Board further acknowledges that the AIC Code states all Committee members should be independent. Therefore, William Salomon is not a member of the Committee although attends as a non-member. The Committee reports its recommendations to the Board for final approval.

See page 53 for the Audit Committee Report

Nomination Committee

The Committee is chaired by Nadya Wells. All independent members of the Board are members of the Nomination Committee. William Salomon attends the Committee but is not a member.

The Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board and makes recommendations to the Board with regard to any changes, as necessary. It also considers succession planning of directors, taking into account tenure and performance of board members as well as challenges and opportunities facing the Company, and what skills and expertise are, therefore, needed on the Board in the future. If a skills-gap or pending vacancy is identified, the Committee is responsible for identifying and nominating candidates to fill Board vacancies as and when they arise.

See page 58 for the Nomination Committee Report.

Management Engagement Committee

The Committee is chaired by Jonathan Davie. All independent members of the Board are members of the Management Engagement Committee. The Committee has two primary roles. Firstly, to review the functional and operational performance of the Portfolio Manager with the Company's investment policy. Secondly, to review annually the performance of any other key service providers to the Company.

The level of management fees, level of service provided and the performance of the Portfolio Manager are reviewed on a regular basis to ensure these remain competitive and in the best interests of shareholders. The Board, after the annual recommendation of this Committee, considers whether the engagement of the Portfolio Manager is in the best interests of the shareholders. The Committee members also carry out periodic visits to the key service providers as well as seeking feedback on the performance of other service providers from the Portfolio Manager in its capacity as Additional Administrative Service Provider.

The Committee reports its recommendations to the Board for final approval.

Remuneration Committee

The Committee is chaired by Simona Heidempergher. All independent members of the Board are members of the Remuneration Committee. William Salomon attends the Committee but is not a member. The Committee is responsible for the broad policy for the remuneration of the Company's Chairman and non-executive Directors pursuant to the Company's Bye-Laws. The Committee takes into account all factors which it deems necessary. When setting the remuneration policy for Directors, the Committee reviews remuneration trends across the wider industry, including the use of external independent surveys, and considers the ongoing appropriateness and relevance of the remuneration policy. The level of directors' fees should be set at a level which attracts and retains high calibre candidates. Fees are monitored against external benchmarks taking specific note of each Director's duties, time commitments to properly fulfil all obligations and duties and also relative to other comparable companies in comparable currencies. No Director sets their own individual remuneration.

The Committee reports its recommendations to the Board for final approval.

See page 54 for the Directors' Remuneration Report.

Senior Independent Director ("SID")

During the Company's financial year, Nadya Wells was appointed to act as the Company's Senior Independent Director. The SID acts as a sounding board for the Chairman as well as to serve as an intermediary between the Chairman and the views of the other Directors, shareholders, other key stakeholders and the Company's Portfolio Manager when necessary.

Long-term impact of decisions – ESG matters

In the natural positive progression of HCP's commitment to further integrating ESG and climate relevant considerations within its investment process, the Hanseatic Group, of which HCP is a member, has become a signatory of the United Nations supported Principles for Responsible Investment ("UNPRI").

With ever-growing global concerns and developments surrounding matters such has climate change, social inequalities and ethical corporate strategy and governance, the Board believes there is a communal duty for meaningful and effective action to be taken and are committed to doing so. It is the Board's belief that responsible investing and a well-run sustainable business model aids in generating superior long-term returns.

The Board is responsible for the Company's ESG policy. In 2020, the Board adopted the Portfolio Manager's Responsible Investment Policy, which is applied to all Company investments in funds and companies, in both public and private markets. In line with the evolving nature of ESG's integration within financial services, the PM continues to review and develop their policy of responsible investing within their investment process. This involves ensuring environmental, social and governance factors are integrated throughout the investment management process, including within the due diligence, decision-making and investment monitoring processes.

As long-term investors, HCP has a natural desire to be a responsible investor and a good corporate citizen. HCP's approach begins by communicating its expectations to fund and company investments that they should take ESG issues seriously, clearly report on them, be responsible owners and to continuously show positive indicators of aspiring to do the right thing.

HCP does not operate an exclusionary policy, as excluding whole sectors or countries is not a sustainable, or reasonable approach to its investment activities. Each fund manager or company is assessed as an individual, taking into account the sector and country within which they operate and their direction of travel in ESG enhancements.

HCP seeks to ensure that all investee managers and companies are thinking longer term and that they are also thinking about their longer-term impacts across the spectrum of their business. This certainly includes the negatives – such as understanding how companies are lowering their carbon emissions, ensuring they are not using forced or child labour in their supply chains, taking care not to deplete natural resources, or be involved in deforestation. But it also includes the positive impacts, for example, knowing if a company is taking advantage of the opportunities it may have from climate change by developing greener energies, recycling used clothing, or designing biodegradable fabrics. HCP's involvement with the managers and companies is ongoing and pushes them to manage the risks and take advantage of the opportunities in a tailored and considered manner. A manner that reaps longer-term benefits for the Company, as well as the environment and the greater society.

Fund investments

HCP seeks to invest in funds who are responsible owners of their investee companies, have specific consideration as to how their investee companies manage their ESG responsibilities and seek to engage with those company boards, if they are failing in their duties. Where a manager is not living up to these standards, HCP will first seek to engage the management team and encourage improvement. If the managers engagement is weak, or if the communicated concerns are not sufficiently addressed and their positive commitment to do so is not apparent, HCP's ultimate action would be to reduce current investment, exit, or not invest in the first place. Whilst HCP does not seek to exclude fund managers that invest in sectors such as energy or countries such as China, it would, however, expect such managers to properly articulate how they operate in such areas and manage the potential ESG considerations. HCP's investment philosophy favours those fund managers who are typically long-term in their approach and seeks to invest in high-quality, well-managed companies that are often higher-returning. As a result, although we do not set limits, there is a natural bias away from these companies and sectors that score less well on ESG metrics.

Company investments

When considering direct equity investments HCP seeks to ensure that company management teams are responsible custodians of their businesses, report clearly on ESG metrics and seek to improve on those areas in which they are lagging.

Taskforce on Climate-Related Financial Disclosures

As a closed-ended investment company, HICL is exempt from the annual reporting requirement to publish statements in line with the Taskforce on Climate-Related Disclosures' ("TCFD") framework of recommendations and recommended disclosures. However, considering the Board and the PM's approach to responsible investing and the Company's core investment objective to generate superior, but sustainable, medium to long-term growth in shareholder value, we have elected to provide relevant information on our approach to the TCFD recommendations.

Governance

Strong corporate governance practices are intrinsic to how the Board operates. The Board oversees a long-term and sustainable approach to business strategy of the Company. This in part is done by adopting a Responsible Investment Policy, which aims to integrate sustainability, climate-related risks and opportunities, social responsibility and strong governance into the Company's investment process. This is consistent with HCP's approach to its ESG assessment of fund managers and company investments.

Risk Management

Climate-related risks within the Company's investments are identified, assessed and managed by HCP as the Portfolio Manager. As part of the portfolio risk management and monitoring process, HCP's combines long-term and purpose-driven engagement with underlying fund managers and companies, active voting and setting a clear escalation framework. This approach aims to identify and address climate-related issues and minimise systemic risks that may impact the assets within the portfolio. Engagement can take several forms, including regular and ad hoc meetings with management, formal written correspondence, or the Portfolio Manager participating in relevant shareholder votes for current investments.

Strategy

The Company's strategic objective is to grow its net assets over the medium to long-term by investing in a diversified and multi-strategy portfolio. In line with this objective, the Board are responsible for pursuing the growth of shareholder value. Responsible investment and the integration of ESG risks and opportunities within the investment process is aligned with the Company's values and heritage. HCP becoming a signatory to UNPRI is part of our overall strategy.

Metrics and targets

In relation to the Portfolio Manager's investment process, a more holistic approach is taken by assessing an investment by their intent and direction of travel, rather than purely by specific targeted metrics. The ESG assessment of a fund manager or company will involve HCP developing a view by utilising their published ESG reporting, the information received through the due diligence and engagement processes and other external research. The Company has no material information to report in relation to metrics and targets.

Ocean Wilsons Holdings Limited

OWHL has two investments – Ocean Wilsons Investments Ltd, an investment portfolio and a holding in Wilson Sons Holdings Brasil S.A., a Brazilian maritime business. From an ESG standpoint, our Portfolio Manager is also the investment advisor to the Ocean Wilsons Investments' portfolio. The Board understands that our Portfolio Manager is engaging with Ocean Wilsons Investments' board on their Responsible Investing Policy. As a Board we receive periodic updates from Wilson Sons, an operating business with several thousand employees, regarding their business including issues relevant to ESG considerations. Wilsons Sons is listed on the Novo Mercado ("New Market") B3 listed segment and is a member of the Carbon Disclosure Project which, in partnership with companies and governments, aims to build a truly sustainable economy, by measuring and understanding the environmental impact. In 2022, Wilson Sons achieved a grade B performance in the climate change questionnaire for the maritime transportation segment. This was an improvement from the grade C performance achieved in 2021, making Wilson Sons in line with 44% of companies in the maritime sector that publicly disclose their data to CDP. Wilson Sons continues to be proud of their focused approach to health & safety, staff wellbeing and the preservation of the environment and communities they operate in. This continued focus was awarded through the "Great Place to Work" certification, which is a standard of excellence for work environments, and have been ranked in the top quintile of the S&P Global 2022 Corporate Sustainability Assessment. As in many heavy industries, there is a focus on safety and improving working practices to minimise staff injuries. To this end, Wilson Sons has a non-negotiable commitment to ensuring the health and safety conditions of all employees, customers and third parties at their facilities. Their commitment to maintaining an increasingly safe working environment is reflected by their continuous trend of reduction in lost-time injuries, which in 2022 was reduced to a frequency rate of 0.45 incidents per one million hours worked. This rate exceeds the world-class benchmark. Additionally, the reduction of Greenhouse Gas emissions remain a focus for Wilson Sons, who achieved a 5% reduction in their total emissions in 2022, achieved through the adoption of state-of-the-art technologies such as replacing diesel equipment with electrically powered alternatives at their container ports. Additionally, the company has maintained Its commitment to proactively publish its Greenhouse Gas Emissions Inventory ("GHG") in the public emissions registry, a platform managed by the Brazilian GHG Protocol Programme. In 2022, Wilson Sons maintained their gold seal by the programme. Further information can be seen in their 2022 Sustainability Report, published on their website.

Carbon offset and charitable support

Each year, there are a number of flights for individual Directors to attend Board meetings in Bermuda. Therefore, the Board has elected to offset the carbon impact of its travel on behalf of the business though a relationship with Greenfleet Australia (www.greenfleet.com.au). This year, circa 237 tonnes of carbon dioxide has been offset. Greenfleet Australia runs a tree planting offset programme.

Additionally, during the year the Board looked for an environmental cause to sponsor that has direct relevance to Bermuda, our country of domicile. Given its island status, Bermudians are more aware than most of the marine environment. Marine life is under threat from climate change, acidification of the sea, pollution and invasive species. But these threats are compounded by overfishing, which strips the ocean of life, and so reduces its capacity to produce oxygen, absorb carbon dioxide and regulate the climate. It's estimated that almost 94% of commercial fish stocks are fully or overexploited and 90% of large, predatory fish are gone. Overfishing therefore represents a major threat for the food security of millions and could have devastating consequences for Earth's climate if these ecosystems fail. Amongst many worthy organisations, we discovered the Blue Marine Foundation, an environmental charity dedicated to restoring the ocean to health by addressing overfishing and supporting marine conservation projects. The ocean is the world's largest carbon sink: by combating overfishing and the associated impact on the wider marine environment, Blue Marine aims to help life in the ocean perform its vital function of stabilising the Earth's climate. By partnering with Blue Marine, the Company supports their work around the world ultimately benefiting us all and, in particular, maritime communities like Bermuda. The Company has committed to a charitable gift of £10,000 per annum towards Blue Marine's work.

Streamlined Energy and Carbon Reporting ("SECR") and Greenhouse Gas Emissions ("GGE")

The Company has no direct greenhouse gas emissions to report from the day-to-day operations of its business. However, as noted above, the attendance of Directors at Board meetings in Bermuda means travel related carbon emissions which are "Scope 3 Indirect Emissions" for the purposes of the SECR. The Board has further estimated the emissions associated with the flights to be in the region of 237 tonnes of $CO2$ in any 'normal' year.

Social, community, human rights, employee responsibilities policy

The Company does not have any employees. The Company has no direct social, community or human rights impact. Its principal responsibility to shareholders is to ensure the investment portfolio is properly invested and managed.

Service providers

Service Provider Policy

The Company has no employees and operates through third party service providers. The Board has contractually delegated to external organisations the management of the investment portfolio, the custodial services which include safeguarding of the assets and the day-to-day accounting and company secretarial requirements. Each of these contracts is only entered into after proper consideration of the quality and cost of services, which are regularly reviewed and monitored.

The key service provider relationship to the Company is Hansa Capital Partners as the Portfolio Manager and Additional Administrative Services Provider ("AASP") to the Company.

The Board carries out the following activities as part of its oversight of third party service providers:

Monitors performance, costs and commitment to a successfully implemented controls environment

The Board, at its regular meetings, reviews reports prepared by both the Portfolio Manager and the Administrator, which enable it to monitor the performance and costs of the third-party suppliers to the Company. The Additional Administrative Services Provider has an ongoing dialogue with each provider to monitor their processes and systems and, in addition, members of the Board meet with key providers at least annually to discuss performance.

Monitors Portfolio Manager performance

The Board reviews reports prepared by the Portfolio Manager at its regular meetings, which enables it to monitor the investment performance, risks and returns. The Portfolio Manager attends each Board meeting where there is an active dialogue on performance, process, risks and opportunities and governance matters.

The Board identifies key controls and regularly monitors them through compliance reports on control effectiveness.

Determines investment strategy, guidelines and restrictions

The Board determines the investment strategy in conjunction with the Portfolio Manager. The strategy is monitored regularly with adjustments made as required.

The Board issues formal investment guidelines and restrictions; compliance with these is reported by the Portfolio Manager's compliance officer quarterly and is also monitored independently by the Administrator.

Determines gearing levels and capital preservation through the use of hedging instruments

The Board, taking account of advice from the Portfolio Manager, determines the maximum level of borrowings the Company will undertake. The Company will not invest in derivatives for speculative gain, but may use derivatives for efficient portfolio management and hedging purposes.

The providers

Portfolio Manager & Additional Administrative Services Provider

Hansa Capital Partners LLP is the Portfolio Manager for the Company. It is responsible for all assets in the portfolio, other than the Company's investment in OWHL. The Board is in regular contact with the investment management team at HCP which is led by Alec Letchfield. Additionally, Alec Letchfield is invited to quarterly meetings of the Board to formally present portfolio updates and discuss market trends. The Portfolio Manager's detailed review of the year can be found on page 8.

HCP charges a portfolio management fee at an annual rate of 1% of the net assets of the Company (after any borrowings), after deducting the value of the investment in OWHL, on which no fee is payable. The Portfolio Manager has charged £2,824,000 for the year ended 31 March 2023 (year ended 31 March 2022: £3,010,000). Hanseatic Asset Management LBG, a company connected to Hansa Capital Partners and which is also the AIFM, separately charges an investment management fee to the investment subsidiary of OWHL.

The terms of the Portfolio Management Agreement permit either party to terminate the agreement by giving to the other not less than 12 months' notice, or such shorter period as is mutually acceptable. There is no agreement between the Company and the Portfolio Manager concerning compensation in respect to the termination of the agreement. In its annual assessment of the Portfolio Manager, the Board concluded that, because of the skills and experience of the management team it is in the best interest of shareholders that the Portfolio Manager remains in place under the present terms. Details of the fees paid to the Portfolio Manager can be found in Note 3 to the Financial Statements.

HCP also acts as the AASP to the Company. This role ensures a number of the day-to-day processes for the Company are carried out, as well as providing oversight of, and a liaison between, a number of the Company's service providers and the Company itself. HCP is paid £115,000 per annum for this service (year ended 31 March 2022: £115,000).

Auditor

The Company's Auditor is PricewaterhouseCoopers Ltd, a Bermudan registered firm. The Board is satisfied with the quality of work performed by PwC. The reappointment of PwC as Auditor to the Company will be proposed at the forthcoming AGM.

Auditor independence rules restrict the amount and type of non-audit related work that can be performed by a company's Auditor. Any non-audit related work must be pre-approved by the Board. PwC did not provide any non-audit services in the year.

Company Secretary

The Company has engaged Conyers Corporate Services (Bermuda) Ltd ("Conyers") as its Company Secretary. During the year to 31 March 2023, Conyers has charged £38,275 (year ended 31 March 2022: £32,713).

Alternative Investment Fund Manager

As a Bermudan resident, the Company is defined as a UK Alternative Investment Fund ("AIF") under the UK Alternative Investment Fund Manager's Directive ("UK AIFMD"). As such, the Company and the AIFM are subject to a more limited set of UK AIFMD requirements, which are largely in relation to marketing the Company's shares into the UK. The Company appointed Hanseatic Asset Management LBG, with effect from 29 August 2019, to act as its AIFM, with responsibilities for the Portfolio Management and Risk Management functions. The AIFM has delegated the provision of Portfolio Management services to Hansa Capital Partners LLP but remains responsible for the Risk Management function. The AIFM does not charge a direct fee for its services, although it does recharge any third-party fees incurred.

Administrator

The Company has engaged Maitland Administration Services Limited as its Administrator. The Administrator has charged £149,722 for the year ended 31 March 2023 (year ended 31 March 2022: £155,289). On 9 January 2023 Apex Group Ltd announced the completion of its acquisition of the fund services and third-party management company businesses of Maitland International Holdings plc, which includes our Administrator.

Custodian

The Company has engaged Banque Lombard Odier & Cie SA as the Company's Custodian. During the year to 31 March 2023, Lombard Odier charged £180,335 for the custodial service (year ended 31 March 2022: £184,868).

Registrar

The Company's Registrar is Link Market Services (Guernsey) Limited ("Link"). The Registrar has charged £91,728 for the year ended 31 March 2023 (year ended 31 March 2022: £89,001). During the year, following a review of services received by the Company's Management Engagement Committee, it has been decided to change registrar. From 25 September 2023, the Company's new Registrar will be Computershare Investor Services (Bermuda) Limited ("Computershare"). The Directors thank Link for their work with the Company and its predecessor, Hansa Trust, and look forward to working with Computershare.

Report of the Directors

The Directors have chosen to report on some items within the body of the Strategic or Governance Reports, while others remain within the Report of the Directors.

Items included within Strategic or Governance reports

The following items are listed within the Strategic or Governance Reports:

- Statement of the existence of qualifying indemnity provisions for Directors.
- Dividend policy and payments made during the year.
- Names of Directors, at any time in the year and the Directors' details and attendance at Company meetings.
- Streamlined Energy & Carbon Reporting and Greenhouse Gas Emissions.
- Stakeholder Engagement – while the Company has no employees, suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders and service providers. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the Strategic Report.

Items reported within the Directors' Report

Disclosure to the Auditor of Relevant Audit Information

The Directors confirm that, so far as they are aware, having made such enquiries and having taken such steps as they consider they reasonably ought, they have provided the Auditor with all the information necessary for it to be able to prepare its Report. In doing so each Director has made themself aware of any information relevant to the audit and established that the Company's Auditor is aware of that information. The Directors are not aware of any information relevant to the audit of which the Company's Auditor is unaware.

Board composition and diversity

The Board recognises and is supportive of the new FCA Listing Rules (LR 9.8.6R(9)) which aim to improve transparency on the diversity of company boards and executive management teams and was implemented for accounting periods starting on or after 1 April 2022. Accordingly, boards are required to annually report on whether the specific three FCA targets have been met, and if they have not been met, the reasons why. These three targets are:

(i) at least 40% of the individuals on its board of directors are women;
(ii) at least one of the following senior positions (Chair CEO, Senior Independent Director, CFO) on its board of directors is held by a woman; and
(iii) at least one individual on its board of directors is from a minority ethnic background;

The tables below set out the gender and ethnic diversity composition of the Board as at 31 March 2023. The Board is pleased to report that it is compliant with each of the three FCA targets. Two of the five Directors are women (40%), one of whom holds the senior position of SID, and one of the five Directors is from a minority ethnic background. There have been no changes made to the composition of the Board, or the roles the Directors have been appointed, between the year end and approval of this Annual Report.

As per LR 9.8.6R(10), numerical data is disclosed in the tables below, which shows the Company's compliance with these three FCA targets.

Gender Diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
Men	3	60%	2
Women	2	40%	1
Other	-	-	-
Not specified/prefer not to say	-	-	-

Ethnic Diversity	**Number of Board members**	**Percentage of the Board**	**Number of senior positions on the Board**[1]
White British or other White (including minority-white groups)	4	80%	2
Mixed/Multiple Ethnic Groups	1	20%	1
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/ prefer not to say	-	-	-

[1] Note, the format and information supplied in the above tables are as prescribed by the FCA's Listing Rules. HICL is an externally managed closed-ended investment company and as such does not have any employees or appoint executive board positions. Accordingly, the senior board positions which the Company defines as applicable are Chairman, Audit Committee Chairman and SID.

This data was provided by the individual Directors, at the request of the Committee, asking them to indicate how the Company should categorise their ethnic background for the purposes of the FCA requirements of Board diversity.

Capital Structure

The Company's Capital Structure is described in the "Shareholder Profile and Engagement" section.

Corporate Governance Report

The Corporate Governance Report, including the Financial Risk Management Review of the Company, is included in this Report.

Future Developments and Post Balance Sheet Events

On 12 June 2023, OWHL announced it was undertaking a strategic review involving its investment in Wilson Sons and the Board notes from the announcement that it is currently at an early stage with no certainties as to the outcome.

Approval of the Directors

The Directors consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further details demonstrating the Company's performance, business model and strategy have been included within the Strategic Report.

For and on behalf of the Board

Jonathan Davie
Chairman
26 June 2023

Corporate Governance Report

Corporate governance code

Internal Controls

The UK Corporate Governance Code ("UK Code"), requires the directors of UK listed companies to review the effectiveness of the company's risk management and system of internal controls on an annual basis. The Board is committed to sound corporate governance, robust risk management processes and effective systems of internal controls. The Board reviews and considers the effectiveness of internal controls regularly and review exception reporting at least quarterly. The Directors, through the procedures outlined below, keep the system of risk management and internal controls under review.

The Board recognises its ultimate responsibility for the Company's system of risk management and internal controls and for monitoring their effectiveness. In order to perform this responsibility the Board receives regular reports on all aspects of risk management and internal control from the Company's service providers (including financial, operational and compliance controls, risk management and relationships with other service providers); the Board will instigate necessary action in response to any significant failings or weaknesses identified by these reports.

Financial Reporting

The Board has a responsibility to present a fair, balanced and understandable assessment of annual, half-year and other price sensitive public reports and reports to regulators, as well as to provide information required to be presented by statutory requirements. To ensure this responsibility is fulfilled, all such reports are reviewed and approved by the Board prior to their issue.

The Board confirms there have been no specific events since 31 March 2023, of which the Board is aware, which would have a material impact on the Company.

Compliance with the provisions of the UK Corporate Governance Code

The Board of Hansa Investment Company has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC in the UK, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Association of Investment Companies Code

The AIC Code has 17 principles. The Company sets out below how it has complied with the Principles and Provisions:

Board Leadership and Purpose

A. *A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.*

The Board is formed of five Directors with a complementary mix of skills and experience to lead the Company. Two Directors served on the board of the Company's predecessor, Hansa Trust, whilst three Directors were appointed at the formation of HICL. All have significant and relevant experience. All Directors are focused on generating long-term value for shareholders and there is significant share ownership in the Company's shares amongst the Directors. The Board engages at least quarterly with its Portfolio Manager challenging performance, process, risk, cost and strategy.

B. *The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.*

The Board believes that the Company's purpose, values and strategy are clear: to create long-term growth of shareholder value. The Board fosters a culture that is open to new ideas and is able to influence its service providers through effective challenge and regular robust review of performance. The Board sets the standard for openness and professionalism that the Company's key service providers follow. In particular, there is regular interaction between the Board and the Company's Portfolio Manager and also the AASP for day to day liaison with other service providers.

C. *The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.*

The Board, through the work of its Committees and regular Board meetings ensures regular measurement against the Company's objectives. The adequacy and effectiveness of internal controls is considered at each Board meeting.

D. *In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.*

The Board considers its stakeholders to be its shareholders and its key service providers. The Board is committed to transparent reporting in all its communications. It actively engages with shareholders via an annual general meeting, periodic shareholder presentations, the next of which will be held on 27 September 2023, quarterly factsheets, website communication and with feedback also received through outreach programmes by the Company's broker and Portfolio Manager, as well as direct one-to-one correspondence. The Board engages with other key service providers through the operations of its AASP on a day to day basis, as well as via at least one annual meeting with each to ensure accountability and value-added performance. The Board has also established the role of Senior Independent Director. The SID acts as a sounding board for the Chairman as well as to serve as an intermediary between the Chairman and the views of the other Directors, shareholders, other key stakeholders and the Company's Portfolio Manager when necessary.

Principle E is omitted by the AIC Code.

Division of Responsibilities

F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The Chairman is Jonathan Davie. The Chairman promotes and encourages active participation from all Directors at Board meetings. Further, whilst adhering to membership guidelines, sub-committees also seek to include as many Directors as possible to ensure a broad range of views. All Directors receive regular monthly and quarterly information prepared by the Portfolio Manager and Administrator, as well as portfolio performance presentations from the Portfolio Manager.

G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.

The Board consists of five Directors. All have a financial background but each also brings individual specialisms and experience that are complimentary. Their biographies are noted earlier on in the Report. Four Directors are deemed independent. The fifth, William Salomon, is the Senior Partner of the Company's Portfolio Manager and, therefore, is deemed non-independent. All Directors are actively involved in decisions and committees unless conflicts exist which preclude this. Accordingly, Mr Salomon does not participate in the evaluation of the performance of the Portfolio Manager due to his role as senior partner of that firm. Nor does he participate in decisions regarding the Company's largest asset (by value) OWHL, due to him being a director of that company. Finally, Mr Salomon is not a member of the Audit, Nominations or Remuneration Committees due to his non-independent status, although he does attend meetings of those Committees. The culture of open and honest communication and forthright discussion means no individual or small group dominate decision making.

H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.

The Directors confirm they have sufficient time to meet their responsibilities. Directors consult with the Company before accepting other appointments, to confirm capacity to do so and that no conflict exists. In considering appointments and potential conflicts of interests the Board considers the available time each Director has to commit to the Company. A formal calendar exists for the Board meetings and sub-committees. Ad-hoc meetings may be arranged without advance materials for time-sensitive matters. The Portfolio Manager and AASP report to scheduled Board meetings, giving the Directors the opportunity to challenge performance, raise issues and offer guidance.

I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The Company Secretary and AASP support the Board in identifying and monitoring all governance matters. Additionally, Directors are able to consult external professional advisors to assist them in the performance of their duties as and when required. Board reporting and materials are refined on an ongoing basis.

Composition, succession and evaluation

J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Board has appointed a Nominations Committee chaired by Nadya Wells. The Nominations Committee conducts a formal due diligence process on all appointments and considers annually the continued suitability and performance of directors. The Company believes a diverse Board brings many benefits and, as such, there is no restriction placed on Board membership. Inclusivity, diversity, variety of experience and personal strengths are all incorporated in the decision making for director selection and succession planning.

K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

The Directors have a broad range of backgrounds including investment management, finance and banking as well as operational experience. Biographies of all Directors are shown earlier on in the Report. Each director retires and is subject to re-election at the AGM. The decision to propose directors for Nomination at the AGM is made by the Nomination Committee. The Nominations Committee is tasked with maintaining a broad range of skills and experiences at times of succession.

L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

The Nominations Committee is responsible for the ongoing consideration of Board composition and to identify any skills gap, now or in the future. The Nomination Committee considers Board effectiveness annually.

Audit, risk and internal control

M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board has specifically delegated the appointment and monitoring of the Company's external Auditor to its Audit Committee. The Company's Auditor was formally appointed in November 2019. The tender process was led by the Chairman of the Audit Committee. The Audit Committee considers the independence and effectiveness of the external Auditor at least annually. The Company's Auditor does not provide other services to the Company. The Company rigorously follows policy and procedure to ensure effectiveness of the external audit and integrity of financial reporting. Refer also to the Audit Committee Report.

N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.

The Board considers and approves all relevant shareholder communications. The Annual and Half-Year Reports are reviewed by the Board to ensure they present a fair and balanced view including commentary on going concern and long-term viability. The Audit Committee considers the fairness of the Financial Statements before recommending them to the Board for approval.

The Annual and Half-Year Reports provide fair, balanced and understandable commentary on the Company's performance and prospects.

O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Principal risks are identified by the Board and risk appetite established against these risks. Day to day risk management is undertaken by the Portfolio Manager and AASP within the parameters established by the Board. The Board meets with the Portfolio Manager at each scheduled Board meeting where there is opportunity to discuss particular aspects of the portfolio and associated risks. Operational risk and compliance reporting are also regularly discussed by the Board. Emerging risks are monitored and incorporated into the risk appetite framework as they arise.

Remuneration

P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.

The remuneration of Directors is overseen by the Remuneration Committee, chaired by Simona Heidempergher. The Directors each receive a fixed annual fee and do not receive any additional element based on performance of the Company. Additionally, Directors offer themselves annually for re-election at the Company's AGM.

Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The Directors' Remuneration Report notes that each Director is paid a fixed fee representative of their roles and additional responsibilities on the Board. This fee level is reviewed by the Remuneration Committee annually considering performance, time commitments and market conditions. Recommendations are made to the Board for approval. Further detail is provided in the Remuneration Committee Report.

R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Performance, individual contribution and market conditions are all considered when setting directors' fees.

Compliance with The Financial Conduct Authority Listing Rules

The Directors are responsible for ensuring that:

- Adequate accounting records are kept, that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements are consistent with the relevant requirements under the UK Companies Act 2006.
- The assets of the Company are safeguarded; and for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- The Report of the Directors and other information included in the Annual Report is prepared in accordance with Company Law in the UK. The Directors are also responsible for ensuring the Annual Report includes information required by the Listing Rules of the FCA.
- The Company has effective internal control systems, designed to ensure that adequate accounting records are maintained; and that financial information on which the business decisions are made, which is issued for publication, is reliable. Such a system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.
- The Company Financial Statements for each financial year are prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS means standards and interpretations issued (or adopted) by the International Accounting Standards Board ("IASB"). The Directors must not approve the Financial Statements unless they are satisfied they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume the Company will continue in business.

Under the FCA Listing Rules and the UK Code, the Board is responsible for:

- disclosing how it has applied the principles and complied with the provisions of the AIC Code and, thereby, the UK Code, or where not, to explain the reasons for divergence.
- reviewing the effectiveness of the Company's systems of risk management and internal controls.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website: www.HansaICL.com. Visitors to the website need to be aware that legislation governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

Responsibility statement

The Directors confirm that:

- The Financial Statements are prepared in accordance with applicable international accounting standards and present fairly, in all material respects, the financial position of Hansa Investment Company.
- The Strategic Report, including the Chairman's Statement and the Report of the Directors 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 it faces.

The Directors consider the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable. Further commentary demonstrating the Company's performance, business model and strategy has been included within the Annual Report.

For and on behalf of the Board

Jonathan Davie
26 June 2023

Audit Committee Report

The Audit Committee comprises solely independent Directors, as required by the AIC Code and endorsed by the FRC. It is chaired by Richard Lightowler. Given the size of the Board and the range of experience they bring, all non-committee Directors are invited to attend the Audit Committee meetings. However, only the independent member Directors are able to vote. Recommendations of the Audit Committee are brought before the whole Board for discussion and ratification.

The Audit Committee ensures fair, balanced and understandable reporting of Company results.

The principal roles of the Audit Committee are to ensure that:

- the integrity of financial reporting within the Annual and Half-Year Reports taken as a whole are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business model and strategy;
- the independence, objectivity and effectiveness of the external Auditor is maintained and monitored. The Committee also reviews the external Auditor performance in terms of quality and value;
- the financial reporting internal controls system of the Company are adequate and effective.

Financial Reporting and Internal Controls

In discharging its duties and, in particular, matters relating to the approval of the Annual Report, Half-Year Report and the review of the Company's internal controls, the Committee considers reports and presentations made by the Company's Auditor, Administrator, Company Secretary, Additional Administrative Services Provider (including those of its Compliance Officer) and Legal Advisers.

In its review of the Financial Statements, the Committee pays particular attention to the ownership of assets, the valuations of the portfolio and recognition of income. In this regard we receive regular reporting from the Portfolio Manager and AASP, including reports on the effectiveness of internal controls in these areas. In addition, the Committee discusses with, and receives reports from, the Auditor on the nature and scope of work performed on valuation and ownership of assets and on income recognition.

The Company's Custodian confirms title of all assets in its custody. In its consideration of valuations, the Committee notes that 75% of the Investment portfolio by value is held in assets that are either traded or listed on an exchange or are cash. Further, of the remaining 25% unquoted fund investments, the majority primarily hold traded securities. Valuations for these funds are supplied by third party managers. The Audit Committee recognises that 57% of the total portfolio assets are Level 1 and 40% are Level 2 securities. Given the significant level of externally valued assets, the Committee is satisfied with the valuation process. There is very limited management judgement in determining valuations. Revenue recognition does not involve significant judgement or the use of estimates.

The Audit Committee also considers the potential need for an internal audit function on an annual basis, recognising the FRC guidance on proportionality. The Audit Committee considers internal compliance testing at the Administrator and Portfolio Manager to be sufficiently independent and robust to negate the need for a standalone internal audit function.

No material control weaknesses or incidents of potential fraud were identified. The Company's service providers implement clear whistleblowing, anti-bribery and corruption policies. The Company received direct reporting from service providers on internal controls and audit reports on their internal controls.

The Committee is authorised by the Board to investigate any activity within its terms of reference, to seek any information it requires from any officer or service provider to the Company, to obtain outside legal or other independent professional advice and to secure the attendance of third parties with relevant experience and expertise if it considers this necessary.

The Chairman of the Audit Committee formally reports to the Board following each Audit Committee meeting and on other occasions as requested by the Board.

The Audit Committee confirmed to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Audit: Independence and quality

The Audit Committee considers the external Auditor's independence, objectivity, scope of work engagement team experience, compliance with relevant ethical and professional standards and overall quality of service through a process of feedback from the Company advisors, including the AASP, the Portfolio Manager and direct discussion with the Auditor. The Committee also meets with the Auditor in an executive session at least annually. The current audit partner is Scott Watson-Brown who has led the audit since the Company's inception in June 2019 and the appointment of PricewaterhouseCoopers Ltd as its Auditor.

Auditors' remuneration and terms of engagement are approved by the Audit Committee. Any non-audit services must be pre-approved by the Audit Committee to ensure objectivity and independence of the audit is not compromised. No non-audit services are provided by PricewaterhouseCoopers Ltd to the Company. Further information on fees paid to the Auditor is contained in "Other Expenses" within Note 4 of the Financial Statements.

For and on behalf of the Audit Committee.

Richard Lightowler
Audit Committee Chairman
26 June 2023

Directors' Remuneration Report

Annual statement

The Company has five non-executive Directors. The Board has appointed a Remuneration Committee. The Chairman of this Committee is Simona Heidempergher. All independent members of the Board are members of the Remuneration Committee. William Salomon attends the Committee but is not a member.

Each Director was initially appointed during June 2019 following the creation of the Company. Each Director presents themselves for annual re-election at the Company's AGM.

Policy on Directors' remuneration

The Board's policy is that the remuneration of non-executive Directors should be a fixed-fee only. This fee should reflect the experience of each director, time commitment required to fulfil the role, market conditions, financial and reputational risks undertaken and additional responsibilities. The remuneration does not include a performance related element and Directors do not receive bonuses, share options, pensions or long-term incentive schemes. The aggregate remuneration of the Board will be kept within the limits set out in the Company's Bye-Laws, as amended from time to time.

In assessing current and future levels of director compensation, the Remuneration Committee seeks external comparative information, such as the use of independent external surveys. This includes the fees paid by other similar companies (both industry and jurisdiction), seeking input from recruitment specialists familiar with the external market, assessing the time commitment for each of the Directors in their appointed roles and considering the responsibilities their roles bring. The increasing demands being placed on all NEDs by shareholders, regulators and markets are also factored.

The fees for the non-executive Directors are within the limits (maximum total fee of $400,000) as set out in the Company's Bye-Laws. The maximum is set as a USD amount. The equivalent is £325,203 if translated at the applicable rate on 31 March 2023. The Board has reviewed the current maximum annual fee for director remuneration and will seek shareholder approval to increase this to $600,000 per annum (£487,804 if translated at the applicable rate on 31 March 2023) at the upcoming AGM. The increase is for two reasons:

- During the year, the Remuneration Committee has assessed, and increased, Director remuneration for the first time since the Company's formation in June 2019. Considering the criteria noted above, the Committee increased director remuneration to the annual equivalent of $375,000 (£304,870 if translated at the applicable rate on 31 March 2023) effective 1 October 2022. This is broken out by Director in the remuneration table below.
- Subsequent to the change in the current level of remuneration, the increased limit is sought to allow sufficient headroom over the current fees payable to existing directors to appoint another director if required, including as part of board succession planning, as well as allow capacity to permit future remuneration reviews in the coming years.

Directors' service contracts

It is the Board's policy that every Director has a service contract. None of the service contracts is for a fixed term. The terms of appointment provide that a Director shall retire and be subject to re-election at the first AGM after appointment. The Board has decided each Director will retire annually at the AGM and seek re-election as appropriate. The terms also provide that either party may give three months' notice. In certain circumstances a Director may be removed without notice and compensation will not be due on leaving office. There are no agreements between the Company and its Directors concerning compensation for loss of office.

Policy for notice periods

The current Directors' service contracts stipulate three months' written notice to be given by either the Director or the Company to terminate the services of a Director. The Board consider this is sufficient notice to ensure an orderly hand over between the parties.

Shareholders' views on remuneration policy

The formal views of unconnected shareholders have not been sought in the preparation of this policy.

Employees

The Company does not have any employees, only non-executive Directors.

Annual report on remuneration

Directors' Emoluments (Audited)

The Company does not have any employees, only non-executive Directors who receive only a basic fee, plus repayment of expenses incurred in the course of performing their duties. Therefore, the use of the detailed remuneration table, as prescribed in the legislation, is not appropriate here. A condensed table showing the information relevant to the Directors' remuneration is shown in its place.

The Directors who received fees during the year received the following emoluments in the form of fees. For clarity, these amounts are quoted in the currency as per their service contract. The Director's remuneration is set in USD, as is common for most Bermudan companies. The following table notes the Directors current annual fee as at 31 March 2023. It also notes their fee, in USD, for the current and prior financial years. For each financial year, the equivalent Sterling fee is shown converted at the relevant year-end exchange rate respectively:

	2023 fee $000	2023 fee £000	2022 fee $000	2022 fee £000
Jonathan Davie (Chairman)	85	72	70	53
Simona Heidempergher	65	55	50	38
Richard Lightowler	75	63	60	46
William Salomon[3]	25	21	25	19
Nadya Wells	65	55	50	38
	315	**266**	**255**	**194**

The annual fee paid to each Director, in USD, was reviewed, as noted above, and increased from their previous amount effective 1 October 2022. Prior to that date, their fees remained unchanged from the date of their appointments in June 2019. The above table compares the current year to prior year fees in USD versus Sterling. Approximately 1/3 of the increase in the Sterling equivalent is due to the movement in the USD/Sterling exchange rate between the two periods.

The Company also pays the expenses of the Directors to attend the Board meetings. Directors' travel costs incurred during the year were £141,000 (2022: £48,000).

Statement of shareholder voting

Votes in respect of the resolution to approve the Directors' Remuneration Report at the Company's AGM in August 2022 were cast as follows:

	No. of shares voted	% of votes cast
Votes cast in favour	22,335,068	99.55
Votes cast against	100,000	0.45
Total votes cast	22,435,068	100.00
Votes withheld	0	

Directors' interests (audited)

Directors must seek permission from the Chairman before trading in shares, taking note of any Closed Periods. Other than that, there are no specific rules on Directors' shareholdings.

The interests of Directors and their connected parties in the Company at 31 March 2023 are shown below:

	Ordinary shares of 1p each		'A' non-voting ordinary shares of 1p each		
	2023	2022	2023	2022	Nature of interest
Jonathan Davie	45,000	45,000	230,000	230,000	Beneficial
William Salomon	11,169,345	11,169,345	3,587,123	3,508,723	Beneficial
Simona Heidempergher	6,400	6,400	–	–	Beneficial

As at 26 June 2023, the date of signing of these Annual Financial Statements, there were no changes to report to the Directors' holdings.

William Salomon is the senior partner of Hansa Capital Partners LLP. Fees payable to Hansa Capital Partners LLP amounted to £2,824,000 (including Portfolio Management and AASP functions). The fees outstanding at the year end amounted to £240,793. During the year, no rights to subscribe for the shares of the Company were granted to, or exercised by Directors, their spouses or infant children.

Your company's performance

The graph below shows the ten-year cumulative total return to shareholders:

Directors' attendance

The Directors meet as a Board on a quarterly basis and at other times as necessary and the table below sets out the number of operational meetings and the attendance at them by each Director.

	Board[1]	Strategy Day	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Number of Meetings	**13**	**1**	**2**	**2**	**2**	**2**
Jonathan Davie	8	1	2	2	1	2
Simona Heidempergher	12	1	2	2	2	2
Richard Lightowler	10	-	2	2	-	2
William Salomon[2]	8	1	2	2	2	2
Nadya Wells	8	1	2	2	2	2

[1] "Board" includes full meetings of the Board, of which there were five held during the year, as well as periodic 'other' meetings and Board calls to consider and approve operational requirements for the Company, such as quarterly dividends. These 'other' meetings are arranged as and when required and require the meeting to be quorate but not necessarily attended by all Directors.

[2] William Salomon is deemed to not be independent. Therefore, he attends as an observer of the Audit and Remuneration Committees but is not a committee member. Further, he attends the Management Engagement Committee when the majority of Service Providers are discussed but exempts himself when the performance of the Portfolio Manager is discussed due to his position as its Senior Partner.

On behalf of the Board, I confirm that the above Report on Directors' Remuneration summarises, as applicable, for the year ended 31 March 2023:

(a) the major decisions on Directors' remuneration;
(b) any substantial changes relating to Directors' remuneration made during the year; and
(c) the context in which those changes occurred and decisions have been taken.

An Ordinary resolution for the approval of this Report will be put to shareholders at the forthcoming AGM.

For and on behalf of the Board

Simona Heidempergher
Chairman of the Remuneration Committee
26 June 2023

Nominations Committee Report

The Committee is chaired by Nadya Wells. All independent members of the Board are members of the Nomination Committee. William Salomon attends the Committee but is not a member.

Role

The Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board and makes recommendations to the Board with regard to any changes, as necessary. It also considers succession planning of directors, taking into account tenure and performance of board members as well as challenges and opportunities facing the Company, and what skills and expertise are, therefore, needed on the Board in the future. If a skills-gap or pending vacancy is identified, the Committee is responsible for identifying and nominating candidates to fill Board vacancies as and when they arise.

Appointments are made after consideration of the skills and experience needed by the Board and against objective criteria in accordance with the AIC Code. The Board considers it is of paramount importance to shareholders that, after consideration of the skills and experience needed by the Board, candidates are chosen on the basis of their contribution to the Company's needs and that there should be no discrimination in the choice of Directors for any reason. The Nominations Committee pays due regard to the final rules published by the Financial Conduct Authority in April 2022 in respect of diversity and inclusion on company boards and executive management. The Company believes a diverse Board brings many benefits and, as such, there is no restriction placed on Board membership. Selection and appointment will continue to be based on merit and against a skills matrix to ensure the overall composition of the Board has an appropriate balance of knowledge and experience, whilst remaining cognisant of the relevant geographic and diversity considerations. The Board has determined that all Directors will retire and offer themselves for re-election each year at the AGM and this policy includes any Directors appointed during the year. The Committee reports its recommendations to the Board for final approval.

Activities during the year

The Nomination Committee has met twice during the year. The Committee has developed a Skills Matrix to summarise the knowledge, skills, experience and overall competence of each Director. This included anonymised feedback from the other Board members as well as feedback from each individual Director themselves. The Skills Matrix considers a wide range of relevant factors when assessing individual and collective competence including knowledge, skills, experience, diversity, geographic considerations, other time and business commitments, as well as their overall performance and contribution during the period in relation to their specific role. Following its review, and in line with the small size, structure and nature of the Company, the Committee concluded that each Director continued to contribute as required, and the Board continued to operate effectively.

The current Directors were all originally appointed in June 2019. There have been no resignations during the year and all Board members have indicated their desire to stand for re-election at the forthcoming AGM. Following the annual review of Board Skills, the Nomination Committee is supportive of re-appointing the Directors to the Board within the 2023 AGM.

While the Nomination Committee did not recommend the appointment of new Directors within the Company's financial year, during the year, the Committee decided to appoint a Senior Independent Director ("SID"). The role of the SID is to act as a sounding board for the Chairman, as well as to serve as an intermediary between the Chairman and the views of the other Directors, Shareholders, other key stakeholders and the Company's Portfolio Manager if necessary. Nadya Wells offered to take on this additional responsibility and was appointed to act as the Company's Senior Independent Director ("SID").

Succession planning

No new appointments to the Board are proposed at this time. As part of the Skills Matrix utilised to evaluate Board composition, the Board notes the number of years each Director has served and their expected date of retirement. While the Board does not consider the length of tenure to have a direct negative correlation to the Directors' performance and contribution, the Nomination Committee remains cognisant of the AIC recommendations and therefore still considers this element as part of its overall succession planning.

For and on behalf of the Board

Nadya Wells
Chairman of the Nomination Committee
26 June 2023

Financial Statements

Independent auditor’s report

To the Board of Directors and Shareholders of Hansa Investment Company Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hansa Investment Company Limited (the Company) as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

What we have audited

The Company’s financial statements comprise:

- the balance sheet as at 31 March 2023;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

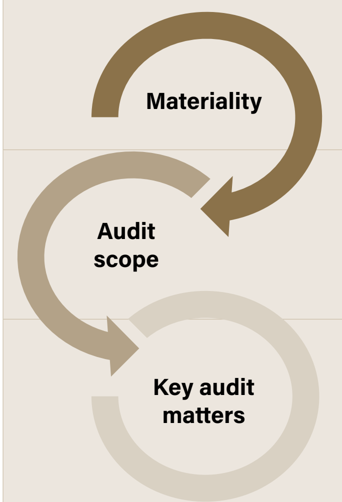
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Our audit approach

Overview



Materiality	Overall materiality: £3,669,000 based on approximately 1% of net assets.
Audit scope	In addition to determining materiality, amongst other factors, the following were assessed in designing our audit: ▪ the risk of material misstatement in the financial statements ▪ significant accounting estimates ▪ the risk of management override of internal controls
Key audit matters	▪ Valuation and existence of investments ▪ Accuracy, occurrence and completeness of investment income

Audit scope

As part of designing our audit, the risks of material misstatement in the financial statements, were assessed and materiality was determined. In particular, consideration was given to where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, the risk of management override of internal controls was addressed, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit was tailored in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, certain quantitative thresholds for materiality were determined, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	£3,669,000
How we determined it	Approximately 1% of net assets
Rationale for the materiality benchmark applied	This benchmark was applied as a generally accepted audit practice for investment company audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £183,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation and existence of investments *Refer to notes 1(c) and 8 to the financial statements for disclosures of related accounting policies and balances.* The investment portfolio at the year end was comprised of listed equity investments valued at £264 million (75%) and unquoted investments valued at £90 million (25%). We focused on the existence of both listed and unquoted investments, as listed investments comprise the majority of the investments balance and unquoted investments are, individually and in aggregate, material to the financial statements. We focused on the valuation of listed equity investments because listed investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements. We also focused on the valuation of the unquoted investments as the valuation of these investments is material to the Company.	Listed equity investments: We tested the existence of the listed investment portfolio by agreeing the holdings for investments to an independent custodian confirmation. We tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third-party sources. Unquoted investments: We understood and evaluated the controls around the pricing of unquoted investments including the final approval of the valuation by the Manager and the Board. ▪ We obtained direct confirmation of the existence of investments held and the price from each fund administrator. We used these two key inputs to recalculate the valuation applied by management. This recalculation was performed for 100% of the unquoted investments. ▪ We obtained an understanding of the underlying methodology applied to each unquoted investment through review of their most recently available audited financial statements to evaluate whether it was based on fair value. Based on the procedures detailed above, no misstatements were identified which required reporting to those charged with governance.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accuracy, occurrence and completeness of investment income *Refer to notes 1(e) and 2 to the financial statements for disclosures of related accounting policies and balances.* Investment income consists of dividend income of £6.9 million. As part of our procedures, we focused on the accuracy, occurrence and completeness of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for income recognition along with its allocation and presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to evaluate whether income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested, for a sample of investment holdings in the portfolio, that all dividends declared in the market by investment holdings had been recorded. We tested occurrence by confirming that all dividends recorded in the period had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We also tested the allocation and presentation of investment income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Based on the procedures detailed above we did not identify any misstatements which required reporting to those charged with governance

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

UK Corporate Governance Code

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules of the FCA, for review by the auditors.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Watson-Brown.

PricewaterhouseCoopers Ltd

PricewaterhouseCoopers Ltd.
Chartered Professional Accountants
Hamilton, Bermuda
26 June 2023

Income Statement

For the year ended 31 March 2023

		Year ended 31 March 2023			Year ended 31 March 2022		
	Note	**Revenue £000**	**Capital £000**	**Total £000**	**Revenue £000**	**Capital £000**	**Total £000**
(Losses)/gains on investments held at fair value through profit or loss	8	-	(14,924)	(14,924)	-	17,065	17,065
Foreign exchange gains		-	327	327	-	80	80
Investment income	2	6,892	-	6,892	5,904	-	5,904
		6,892	**(14,597)**	**(7,705)**	**5,904**	**17,145**	**23,049**
Portfolio management fees	3	(2,824)	-	(2,824)	(3,010)	-	(3,010)
Other expenses	4	(1,527)	-	(1,527)	(1,227)	-	(1,227)
		(4,351)	**-**	**(4,351)**	**(4,237)**	**-**	**(4,237)**
Income/(losses) before finance costs		**2,541**	**(14,597)**	**(12,056)**	**1,667**	**17,145**	**18,812**
Finance costs	5	(1)	-	(1)	-	-	-
Income/(losses) for the period		**2,540**	**(14,597)**	**(12,057)**	**1,667**	**17,145**	**18,812**
Return per Ordinary and 'A' non-voting Ordinary share	7	2.1p	(12.2)p	(10.1)p	1.4p	14.3p	15.7p

The Company does not have any income or expense not included in the above Statement. Accordingly the "Income/(losses) for the Year" is also the "Total Comprehensive Income/(losses) for the Year", as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

The total column of this Statement represents the Income Statement, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

All revenue and capital items in the above Statement derive from continuing operations.

The accompanying notes on pages 68 to 78 are an integral part of this Statement.

Balance Sheet

As at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Investments held at fair value through profit or loss	8	353,262	379,986
		353,262	**379,986**
Current assets			
Trade and other receivables	10	128	201
Cash and cash equivalents	11	13,987	3,043
		14,115	**3,244**
Current liabilities			
Trade and other payables	12	(412)	(368)
Net current assets		**13,703**	**2,876**
Net assets		**366,965**	**382,862**
Capital and reserves			
Called up share capital	13	1,200	1,200
Contributed surplus	14	323,799	324,759
Retained earnings	15	41,966	56,903
Total equity shareholders' funds		**366,965**	**382,862**
Net asset value per Ordinary and 'A' non-voting Ordinary share	16	**305.8p**	**319.1p**

The Financial Statements of Hansa Investment Company Limited, registered in Bermuda under company number 54752, set out on pages 64 to 67 were approved by the Board of Directors on 26 June 2023 and were signed on its behalf by

Jonathan Davie
Chairman

The accompanying notes on pages 68 to 78 are an integral part of this Statement.

Statement of Changes in Equity

For the year ended 31 March 2023	**Note**	**Share capital £000**	**Contributed surplus reserve £000**	**Retained earnings £000**	**Total £000**
Net assets at 1 April 2022		1,200	324,759	56,903	382,862
Losses for the period		-	-	(12,057)	(12,057)
Dividends	6	-	(960)	(2,880)	(3,840)
Net assets at 31 March 2023		**1,200**	**323,799**	**41,966**	**366,965**

For the year ended 31 March 2022	**Note**	**Share capital £000**	**Contributed surplus reserve £000**	**Retained earnings £000**	**Total £000**
Net assets at 1 April 2021		1,200	326,019	40,671	367,890
Profit for the year		-	-	18,812	18,812
Dividends	6	-	(1,260)	(2,580)	(3,840)
Net assets at 31 March 2022		**1,200**	**324,759**	**56,903**	**382,862**

The accompanying notes on pages 68 to 78 are an integral part of this Statement.

Cash Flow Statement

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Cash flows from operating activities before finance costs for the year			
(Loss)/income*		(12,056)	18,812
Adjustments for:			
Realised gains on investments	8	(5,571)	(5,440)
Unrealised losses/(gains) on investments	8	20,495	(11,625)
Foreign exchange		(327)	(80)
Decrease/(increase) in trade and other receivables	10	73	(24)
Increase/(decrease) in trade and other payables	12	44	(20)
Purchase of non-current investments		(78,568)	(30,840)
Sale of non-current investments		90,368	33,187
Net cash inflow from operating activities		**14,458**	**3,970**
Cash flows from financing activities			
Interest paid		(1)	-
Dividends paid	6	(3,840)	(3,840)
Net cash outflow from financing activities		**(3,841)**	**(3,840)**
Increase in cash and cash equivalents		**10,617**	**130**
Cash and cash equivalents at start of period		3,043	2,833
Effect of foreign exchange rate changes		327	80
Cash and cash equivalents at end of year	11	**13,987**	**3,043**

*Includes dividends received of £6,810,000 (2022: £5,918,000) and interest received of nil (2022: nil)

The accompanying notes on pages 68 to 78 are an integral part of this Statement.

Notes to the Financial Statements

1 Accounting policies

Hansa Investment Company Limited is a company limited by shares, registered and domiciled in Bermuda with its registered office shown on page 85. The principal activity of the Company is as an investment vehicle.

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards. IFRS means standards and interpretations issued (or adopted) by the International Accounting Standards Board (they comprise: International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations developed by the IFRS Interpretations Committee or the former Standing Interpretations Committee ("SIC")).

These Financial Statements are presented in sterling because that is the currency of the primary economic environment in which the Company operates.

The Financial Statements have been prepared on an historical cost and going concern basis in line with the assertion of the Board on page 38. The Financial Statements have also been prepared in accordance with the AIC Statement of Recommended Practice ("SORP") for investment trusts, issued by the AIC in July 2022, to the extent that the SORP does not conflict with IFRS. The principal accounting policies adopted are set out below.

(b) Presentation of Income Statement

In order to better reflect the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature, has been presented alongside the Income Statement.

(c) Non-current investments

As the Company's business is investing in financial assets, with a view to profiting from their total return in the form of income received and increases in fair value, investments are classified at fair value through profit or loss on initial recognition in accordance with IFRS 9. The Company manages and evaluates the performance of these investments on a fair value basis, in accordance with its investment strategy and information about the investments is provided on this basis to the Board of Directors.

Investments are recognised and de-recognised on the trade date. For listed investments fair value is deemed to be bid market prices, or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange's electronic trading service, covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 constituents, along with some other securities.

Fund investments are stated at fair value through profit or loss as determined by using the most recent available valuation which is considered to be fair value at the Balance Sheet date. In some cases, this will be by reference to the most recent valuation statement supplied by the fund's manager. In other cases, values may be available through the fund being listed on an exchange or via pricing sources such as Bloomberg.

Private equity investments are stated at fair value through profit or loss as determined by using various valuation techniques, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. In the absence of a valuation at the balance sheet date, additional procedures to determine the reasonableness of the fair value estimate for inclusion in the financial statements may be used. These could include direct enquiries of the manager of the investment to understand, amongst others, the valuation process and techniques used, external experts used in the valuation process and updated details of underlying portfolio. In addition, the Company can obtain external independent valuation data and compare this to historic valuation movements of the asset. Further, recent arms-length market transactions between knowledgeable and willing parties where available might also be considered.

Unrealised gains and losses, arising from changes in fair value, are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the Capital Reserves.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term deposits and cash funds with an original maturity of three months or less and are subject to an insignificant risk of changes in capital value.

(e) Investment Income and return of capital

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Dividends and Real Estate Investment Trusts' ("REIT") income are all stated net of withholding tax. In many cases, Bermudan companies cannot recover foreign incurred taxes withheld on dividends and capital transactions. As a result, any such taxes incurred will be charged as an expense and included here.

When an investee company returns capital to the Company, the amount received is treated as a reduction in the book cost of that investment and is classified as sale proceeds.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement.

(g) Taxation

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes being imposed and will be exempted from such taxes until 31 March 2035.

(h) Foreign Currencies

Transactions denominated in foreign currencies are recorded in the local currency, at the actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates, subsequent to the date of the transaction, is included as an exchange gain or loss in the capital or revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature respectively.

(i) Retained Earnings

Contributed surplus

The following are credited or charged to this reserve via the capital column of the Income Statement:
- gains and losses on the disposal of investments;
- exchange differences of a capital nature;
- expenses charged to the capital column of the Income Statement in accordance with the above accounting policies; and
- increases and decreases in the valuation of investments held at the balance sheet date.

Revenue Reserves

The following are credited or charged to this reserve via the revenue column of the Income Statement:
- net revenue recognised in the revenue column of the Income Statement.

Under Bermudan Company Law, Retained earnings and Contributed Surplus Reserve are both distributable.

(j) Significant Judgements and Estimates

The key significant estimate to report, concerns the Company's valuation of its holding in DV4 Ltd. DV4 is valued using the most recent estimated NAV as advised to the Company by DV4, adjusted for any further drawdowns, distributions or redemptions between the valuation date and 31 March 2023. The most recent valuation statement was received on 21 March 2023 stating the value of the Company's holding as at 31 December 2022. In the absence of a valuation for 31 March 2023 from DV4, the Company performed additional procedures to determine the reasonableness of the fair value estimate for inclusion in the Financial Statements. Direct enquiries of the manager of DV4 were made to understand, amongst others, valuation process and techniques used, external experts used in the valuation process and updated details of underlying property portfolio. It has been confirmed with DV4's manager that the valuation procedures discussed in the prior year are still the same used now. In addition, the Company has compared the historic valuation movements of DV4 to the FTSE350 Real Estate Index. Based on the information obtained and additional analysis performed the Company is satisfied that DV4 is carried in these Financial Statements at an amount that represents its best estimate of fair value at 31 March 2023. It is believed the value of DV4 as at 31 March 2023 will not be materially different, but this valuation is based on historic valuations by DV4, does not have a readily available third party comparator and, as such, is an estimate. There are no significant judgements.

(k) Adoption of new and revised standards

At the date of authorisation of these Financial Statements the following standards and amendments to standards, which have not been applied in these Financial Statements, were in issue, but not yet effective:
- Amendments to IAS1 'Classification of liabilities as current or non-current' (effective for accounting periods beginning on or after 1 January 2023).
- IFRS 17, 'Insurance contracts' (effective for accounting periods beginning on or after 1 January 2023).
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective for accounting periods on or after 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective for accounting periods on or after 1 January 2023).
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective for accounting periods on or after 1 January 2023).

The Company does not believe that there will be a material impact on the financial statements or the amounts reported from the adoption of these standards.

In the current financial period the Company has applied to the following amendments to standards:
- Minor amendments to IAS 16, 37 and 41 and IFRS 4, 7, 9, and 16 (effective for annual periods beginning on or after 1st January 2022).

There is no material impact on the Financial Statements or the amounts reported from the adoption of these amendments to the standards.

(l) Operating Segments

The Company considers it has one operating segment for the purposes of IFRS8.

2 Investment income

	Revenue Year ended 31 March Revenue 2023 £000	Revenue Year ended 31 March Revenue 2022 £000
Income from quoted investments		
Dividends	6,892	5,904
Total income	**6,892**	**5,904**

3 Portfolio management fee

	Revenue Year ended 31 March 2023 £000	Revenue Year ended 31 March 2022 £000
Portfolio management fee	2,824	3,010
Total management fee	**2,824**	**3,010**

4 Other expenses

	Revenue Year ended 31 March 2023 £000	Revenue Year ended 31 March 2022 £000
Administration fees	150	155
Directors' remuneration	262	188
Auditor's remuneration for:		
- audit of the Company's Annual Accounts	68	76
Printing fees	36	30
Directors' liability insurance	67	69
Marketing	140	127
Registrar's fees	93	82
Banking charges	38	15
Secretarial services	153	167
Travel expenses	217	80
Broker fees	25	26
Stock Exchange listing fees	50	46
Safe custody fees	180	185
Management fee rebate from GAM	(28)	(138)
Other	76	119
Total other expenses	**1,527**	**1,227**

5 Finance costs

	Revenue Year ended 31 March 2023 £000	Revenue Year ended 31 March 2022 £000
Interest payable	1	-
Total finance costs	**1**	**-**

6 Dividends paid

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Amounts recognised as distributed to shareholders in the year are as follows:		
Fourth interim dividend for 2022 (paid 27 May 2022): 0.8p (2021: 0.8p)	960	960
First interim dividend for 2023 (paid 26 August 2022): 0.8p (2022: 0.8p)	960	960
Second Interim dividend for 2023 (paid 25 November 2022): 0.8p (2022: 0.8p)	960	960
Third Interim dividend for 2023 (paid 24 February 2023): 0.8p (2022:0.8p)	960	960
Total dividends paid	**3,840**	**3,840**

Set out below are the total dividends paid and proposed in respect of the current financial year. Where there has been no revenue available for distribution by way of dividend for the year, dividends have been paid from capital reserves, specifically contributed surplus which is permitted by Bermudan company law.

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
First interim dividend for 2023 (paid 26 August 2022): 0.8p (2022: 0.8p)	960	960
Second Interim dividend for 2023 (paid 25 November 2022): 0.8p (2022: 0.8p)	960	960
Third Interim dividend for 2023 (paid 24 February 2023): 0.8p (2022:0.8p)	960	960
Fourth interim dividend for 2023 (payable 26 May 2023):0.8p 2022 (0.8p)	960	960
Total dividends paid & proposed	**3,840**	**3,840**

The Board has announced four interim dividends, each of 0.8p per Ordinary and 'A' non-voting Ordinary share, relating to the year ended 31 March 2023. No final dividend is proposed for the year ended 31 March 2023. .

7 Return on ordinary shares (equity)

	Revenue year ended 31 March 2023	Capital year ended 31 March 2023	Total year ended 31 March 2023	Revenue year ended 31 March 2022	Capital year ended 31 March 2022	Total year ended 31 March 2022
Returns per share	2.1p	(12.2)p	(10.1)p	1.4p	14.3p	15.7p

Returns

Revenue return per share is based on the revenue attributable to equity shareholders of £2,540,000 (2022: £1,667,000).

Capital return per share is based on the capital loss attributable to equity shareholders of £14,597,000 (2022: profit of £17,145,000).

Total return per share is based on a combination of revenue and capital returns attributable to equity shareholders, amounting to net loss of £12,057,000 (2022: profit of 18,812,000).

Both revenue and capital return are based on 40,000,000 Ordinary shares and 80,000,000 'A' non-voting Ordinary shares, in issue throughout the year.

8 Investments held at fair value through profit or loss

	Listed £000	Unquoted £000	2023 Total £000	2022 Total £000
Cost at 1 April	250,660	74,267	324,927	321,834
Investment holding gains at 1 April	39,611	15,448	55,059	43,434
Valuation as at 1 April	**290,271**	**89,715**	**379,986**	**365,268**
Movements in the year:				
Purchases at cost	72,138	6,430	78,568	30,840
Sales – proceeds	(84,501)	(5,867)	(90,368)	(33,187)
Movement in investment holding (losses)/gains	(13,948)	(976)	(14,924)	17,065
Valuation as at 31 March	**263,960**	**89,302**	**353,262**	**379,986**
Cost as at 31 March	242,560	76,138	318,698	324,927
Investment holding gains	21,400	13,164	34,564	55,059
Valuation as at 31 March	**263,960**	**89,302**	**353,262**	**379,986**

	2023 £000	2022 £000
Gains on sales	5,571	5,440
Movement in investment holding (losses)/gains	(20,495)	11,625
(Losses)/gains on investments held at fair value through profit or loss	**(14,924)**	**17,065**

Transaction costs

During the year expenses were incurred in acquiring and disposing of investments classified as fair value through profit or loss.

These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	2023 £000	2022 £000
Purchases	38	14
Sales	18	23
	56	**37**

9 Significant holdings

The Company's holdings of 10% or more of any class of shares in investment companies and 20% or more of any class of shares in non-investment companies as at 31 March 2023 are detailed below:

				Exc. Minority Interest		
	Country of incorporation or registration	Class of Capital	% of class held	Latest available accounts	Total capital and reserves	Profit after tax for the period
Ocean Wilsons Holdings Limited	Bermuda	Ordinary	26.5	31.12.2022	$554,608,000	($18,675,000)

Ocean Wilsons Holdings Limited is included as part of the investment portfolio in accordance with IAS 28 - Investment in Associates.

10 Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

	2023 £000	2022 £000
Prepayments and accrued income	128	201
	128	**201**

11 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank	13,987	3,043
	13,987	**3,043**

12 Trade and other payables

	2023 £000	2022 £000
Other creditors and accruals	412	368
	412	**368**

13 Called up share capital

	2023 £000	2022 £000
40,000,000 Ordinary shares of 1p	400	400
80,000,000 'A' non-voting Ordinary shares of 1p	800	800
	1,200	**1,200**

The 'A' non-voting Ordinary shares do not entitle the holders to receive notices or to vote, either in person or by proxy, at any general meeting of the Company, but in all other respects rank pari passu with the Ordinary shares of the Company.

14 Contributed surplus

	2023 £000	2022 £000
Opening balance at 1 April	324,759	326,019
Dividend paid	(960)	(1,260)
Closing balance at 31 March	**323,799**	**324,759**

15 Retained earnings

	Reserves				Reserves			
	Revenue 2023 £000	**Capital - other 2023 £000**	**Capital - investment holding profit 2023 £000**	**Total retained earnings 2023 £000**	**Revenue 2022 £000**	**Capital - other 2022 £000**	**Capital - investment holding profit 2022 £000**	**Total retained earnings 2022 £000**
Opening balance at 1 April	(2,024)	3,868	55,059	56,903	(1,111)	(1,652)	43,434	40,671
Profit/(loss) for the year	2,540	5,898	(20,495)	(12,057)	1,667	5,520	11,625	18,812
Dividend paid	(2,880)	-	-	(2,880)	(2,580)	-	-	(2,580)
Closing balance at 31 March	**(2,364)**	**9,766**	**34,564**	**41,966**	**(2,024)**	**3,868**	**55,059**	**56,903**

16 Net asset value

	2023 £000	**2022 £000**
NAV per Ordinary and 'A' non-voting Ordinary share	**305.8p**	**319.1p**

The NAV per Ordinary and 'A' non-voting Ordinary share is based on the net assets attributable to equity shareholders of £366,965,000 (2022: £382,862,000) and on 40,000,000 Ordinary shares (2022: 40,000,000) and 80,000,000 'A' non-voting Ordinary shares (2022: 80,000,000) in issue at 31 March 2023.

17 Commitments and contingencies

The Company has made two commitments during the year to Private Equity vehicles totalling $2.4m as at the year end (2022: £nil). As at the year end, no amount has been drawn against either of those commitments.

18 Financial instruments and associated risks

The Company's financial instruments comprise securities, cash balances, debtors and creditors. These assets are classified in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The financial assets held at amortised cost include trade and other receivables, cash and cash equivalents.

Risk Objectives and Policies

The objective of the Company is to achieve growth of shareholder value commensurate with the risks taken, bearing in mind that the protection of long-term shareholder value is paramount. The policy of the Board is to provide a framework within which the Portfolio Manager can operate and deliver the objectives of the Company. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets and/or a reduction of the profits available for dividends.

These risks include those identified by the accounting standard IFRS 7, being market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' approach to the management of these is set out below. The Board, in conjunction with the Portfolio Manager and Company Secretary, oversees the Company's risk management.

Foreign currency risk

Foreign currency risks arise in two distinct areas which affect the valuation of the investment portfolio. 1) the direct exposure where an investment is denominated and paid for in a currency other than Sterling; and 2) the indirect exposure where an investment has substantial non-Sterling underlying investment and/or cash flows. The Company does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions. Some of the fund investments into which the Company invests will, in part or in whole, hedge some of their underlying currency risk, but this will be known at the time of investment and will form part of the investment decision. In those cases, the hedging will not remove the exposure to the underlying country or market sector. The Portfolio Manager monitors the effect of foreign currency fluctuations through the pricing of the investments by the various markets.

	Direct foreign currency risk 2023 £000	No direct foreign currency risk 2023 £000	Total 2023 £000	Direct foreign currency risk 2022 £000	No direct foreign currency risk 2022 £000	Total 2022 £000
Investments	115,139	238,123	353,262	115,858	264,128	379,986
Other receivables including prepayments	72	56	128	29	172	201
Cash at bank	-	13,987	13,987	24	3,019	3,043
Current liabilities	-	(412)	(412)	-	(368)	(368)
	115,211	**251,754**	**366,965**	**115,911**	**266,951**	**382,862**

Note: Direct foreign currency risk includes direct exposure to USD and Euro currencies.

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit/loss for the year and the shareholders' funds in regard to the Company's financial assets and financial liabilities. It assumes a 10% depreciation of Sterling against foreign currencies at 31 March 2023 and 31 March 2022. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's monetary foreign currency financial instruments held at each balance sheet date.

If sterling had weakened by 10% against the currencies shown, this would have had the following effect on the Company:	US$ 2023 £000	Euro 2023 £000	Other 2023 £000	US$ 2022 £000	Euro 2022 £000	Other 2022 £000
Income statement - profit/(loss)	918	(328)	(204)	785	(331)	(191)
Equity shareholders funds	9,228	692	1,601	8,536	1,453	1,600
	10,146	**364**	**1,397**	**9,321**	**1,122**	**1,409**

Note: Other includes exposure to foreign currencies excluding US dollar and Euro.

A 10% strengthening of Sterling against the above currencies would result in an equal and opposite effect on the above amounts.

Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate borrowings.

The Company has banking facilities amounting to £30m (2022: £30m) which are available for the Portfolio Manager to use in purchasing investments; the costs of which are based on the prevailing interest rate, plus an agreed margin. The Company does not normally hedge against interest rate movements affecting the value of the investment portfolio, but takes account of this risk when an investment is made utilising the facility. The level of banking facilities used is monitored by both the Board and the Portfolio Manager on a regular basis. The impact on the returns and net assets of the Company for every 1% change in interest rates, based on the amount drawn down at the Year-End under the facility, would be £nil (2022: £nil). The level of banking facilities utilised at 31 March 2023 was £1,000 (2022: £nil).

Interest rate changes usually impact equity prices. The level and direction of change in equity prices is subject to prevailing local and world economic conditions as well as market sentiment, all of which are very difficult to predict with any certainty. The Company has floating rate financial assets, consisting of bank balances and cash funds that have received average rates of interest during the year of 0% on bank balances.

	Cash flow interest rate risk 2023 £000	No interest rate risk 2023 £000	Total 2023 £000	Cash flow interest rate risk 2022 £000	No interest rate risk 2022 £000	Total 2022 £000
Investments	-	353,262	353,262	-	379,986	379,986
Other receivables including prepayments	-	128	128	-	201	201
Cash at bank	13,987	-	13,987	3,043	-	3,043
Current liabilities	-	(412)	(412)	-	(368)	(368)
	13,987	**352,978**	**366,965**	**3,043**	**379,819**	**382,862**

Other price risk

By the nature of its activities, the Company's investments are exposed to market price fluctuations. NAV is calculated and reported daily to the London Stock Exchange. The Portfolio Manager and the Board monitor the portfolio valuation on a regular basis and consideration is given to hedging the portfolio against large market movements.

The Company's investment in Ocean Wilsons is large both in absolute terms, £83.7m as valued at 31 March 2023 (2022: £93.5m) and as a proportion of the NAV, 22.8% (2022: 24.4%). Shareholders should be aware that if anything of a severe and untoward nature were to happen to this company, it could result in a significant impact on the NAV and share price. However, it should also be noted that the exposure of Hansa Investment Company to the currency, country and market- based risk exposure of Ocean Wilsons is, to an extent, mitigated by the diverse nature of the two investments within Ocean Wilsons. Wilson Sons, corresponding to 61.6% of Ocean Wilsons' NAV, has a direct exposure to the Brazilian economy, whereas Ocean Wilsons Investments has a diverse Investment portfolio and corresponds to the other 38.4%. It is an investment the Board pays close attention to and it should be pointed out that the risks associated with it are very different from those of the other companies represented in the portfolio. The Board itself regularly undertakes a thorough review of its business and prospects and has determined that its future holds a lot of promise. As a consequence the Board believes the risk involved in the investment is worthwhile.

The performance of the portfolio as a whole is not designed to correlate with that of any market index. Should the portfolio of the Company, as detailed on pages 25 and 26, rise or fall in value by 10% from the year end valuation, the effect on the Company's profit and equity would be an equal rise or fall of £35.3m (2022: £38.0m).

Credit risk

The Company only transacts with regulated institutions on normal market terms, which are trade date plus one to three days in the case of equities. Fund investment settlement periods will vary from fund to fund and are defined by the individual managers. The levels of amounts outstanding from brokers and fund managers are regularly reviewed by the Portfolio Manager. The duration of credit risk associated with the investment transactions is the period between the date the transaction took place, the trade date, the date the stock and cash were transferred and the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction. The amounts due to/(from) brokers at 31 March 2023 are shown in Note 10 and Note 12 on page 73.

The Company's maximum exposure to credit risk on cash is £14.0m (2022: £3.0m) and on cash funds is £nil (2022: £nil). Surplus cash is on deposit with the Depositary/Custodian.

Liquidity risk

The liquidity risk to the Company is that it is unable to meet its obligations as they fall due, as a result of a lack of available cash and an inability to dispose of investments in a timely manner. A substantial proportion of the Company's portfolio is held in liquid quoted investments; however, there is a large, Strategic, holding in Ocean Wilsons of 22.8% (2022: 24.4%), unquoted equity investments of 2.6% (2022: 2.3%) and investments into open-ended investment funds with varying liquidity terms of 58.6% (2022: 61.7%).

The Portfolio Manager takes into consideration the liquidity of each investment when purchasing and selling, in order to maximise the returns to shareholders, by placing suitable transaction levels into the market. Special consideration is given to investments representing more than 5% of the investee company. A detailed list of the investments, split by silo, held at 31 March 2023 is shown on pages 25 and 26. This can be used broadly to ascertain the levels of liquidity within the portfolio, although liquidity will vary with each investment – particularly the funds.

Capital management

The Company considers its capital to be its issued share capital and reserves and whilst the Company has access to loan facilities it is not considered or used as core capital, but primarily to meet the cash timing requirements of opportunistic investment strategies and thereby enhance shareholder returns. The Board regularly monitors its share discount policy and the level of discounts and whilst it has the option to repurchase shares, it considers the best means of attaining a good rating for the shares is to concentrate on good shareholder returns.

However, the Board believes the ability of the Company to repurchase its own 'A' non-voting Ordinary shares in the market may potentially enable it to benefit all equity shareholders of the Company. The repurchase of 'A' non-voting Ordinary shares, at a discount to the underlying NAV, would enhance the NAV per share of the remaining equity shares and might also enable the Company to address more effectively any imbalance between supply and demand for the Company's 'A' non-voting Ordinary shares.

19 Fair value hierarchy and financial liabilities

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability not based on observable market data (unobservable inputs).

The financial assets and liabilities, measured at fair value, in the Statement of Financial Position, grouped into the fair value hierarchy and valued in accordance with the accounting policies in Note 1, are detailed below:

31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Quoted equities	136,942	-	-	136,942
Unquoted equities	-	-	9,132	9,132
Fund investments	37,826	169,362	-	207,188
Fair Value	**174,768**	**169,362**	**9,132**	**353,262**

31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Quoted equities	136,771	-	-	136,771
Unquoted equities	-	-	8,917	8,917
Fund investments	27,328	206,970	-	234,298
Fair Value	**164,099**	**206,970**	**8,917**	**379,986**

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer to occur.

A reconciliation of fair value measurements in Level 3 is set out in the following table:

	31 March 2023 equity investments £000	31 March 2022 equity investments £000
Opening Balance	8,917	11,234
Dissolution of Hansa Trust	-	(3,179)
Sales (Capital Distribution)	-	(648)
Total gains or losses included in gains on investments in the Income Statement:		
on assets held at year end	215	1,510
Closing Balance	**9,132**	**8,917**

Note: Hansa Trust Limited was dissolved on 9 November 2021. As a result, the remaining equity investment was cancelled at this time as well as the Intercompany loan balance with the subsidiary of the same value. More information can be found in the prior year accounts.

As at 31 March 2023, the investment in DV4 has been classified as Level 3. This is because the investment has been valued using the most recent estimated NAV as advised to the Company by DV4, adjusted for any further drawdowns, distributions or redemptions between the valuation date and 31 March 2023. The most recent valuation statement was received on 21 March 2023 and relates to the DV4 portfolio at 31 December 2022. Additionally, the underlying assets of DV4 are all Real Estate in nature and, as such, there is not a readily comparable market of identical assets for valuation purposes. In the absence of a valuation for 31 March 2023 from DV4, the Company performed additional procedures to determine the reasonableness of the fair value estimate for inclusion in the Financial Statements. Direct enquiries of the manager of DV4 were made to understand, amongst others, valuation process and techniques used, external experts used in the valuation process and updated details of underlying property portfolio. In addition, the Company has obtained external independent valuation data and compared the historic valuation movements of DV4 to that data. It has been confirmed with DV4's manager that the valuation procedures discussed in the prior year are still the same used now. In addition, the Company has compared the historic valuation movements of DV4 to the FTSE350 Real Estate Index. Based on the information obtained and additional analysis performed the Company is satisfied that DV4 is carried in these Financial Statements at an amount that represents its best estimate of fair value at 31 March 2023. It is believed the value of DV4 as at 31 March 2023 will not be materially different, but this valuation is based on historic valuations by DV4, does not have a readily available third party comparator and, as such, is an estimate. If the value of the investment was to increase or decrease by 10%, while all other variables remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2023 would have increased or decreased by £913,000 (2022: £892,000). The Board considers 10% to be a potential movement between valuation periods borne out by historic valuation trends. However, this does not preclude the valuation moving a greater amount than 10% in the future. In the prior year, the subsidiary was valued taking into account the latest assets and liabilities remaining In Hansa Trust.

20 Related parties and transactions with the portfolio manager

William Salomon is a Director of the Company and Senior Partner of the Company's Portfolio Manager. Details of the relationship between the Company and Hansa Capital Partners LLP, including amounts paid during the year and owing at 31 March 2023, are disclosed in the Governance Section – Service Providers on pages 45 to 46 and in Note 3 on page 70. Details of the relationship between the Company and the Directors, including amounts paid during the period to 31 March 2023, are disclosed in the Governance Section – The Board on page 40 and also in the Directors' Remuneration Report on pages 54 to 57.

21 Controlling parties

At 31 March 2023 Victualia Limited Partnership and Nomolas Ltd each held 25.9% of the issued Ordinary shares. Additional information is disclosed in the Strategic Review – Substantial Shareholders on page 31.

22 Post balance sheet events

There are no significant events that have occurred after the end of the reporting year to the date of this report which require disclosure.

Additional Information

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of the Company will be held at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda on Thursday 27 July 2023 at 9:00 a.m. (Bermuda time) for the following purposes:

Agenda

1. To appoint a chairperson of the meeting.
2. To confirm notice.

Resolutions

3. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditor for the year ended 31 March 2023.
4. To re-elect Jonathan Davie (a biography and Board endorsement can be found earlier on in the report) as a Director of the Company.
5. To re-elect Richard Lightowler (a biography and Board endorsement can be found earlier on in the report) as a Director of the Company.
6. To re-elect Nadya Wells (a biography and Board endorsement can be found earlier on in the report) as a Director of the Company.
7. To re-elect William Salomon (a biography and Board endorsement can be found earlier on in the report) as a Director of the Company.
8. To re-elect Simona Heidempergher (a biography and Board endorsement can be found earlier on in the report) as a Director of the Company.
9. To approve the Directors' Remuneration Report.
10. To approve the Directors' Remuneration Policy and authorise the Board to determine the remuneration of the Directors.
11. To approve the Company's Dividend Policy as can be found earlier on in the Annual Report.
12. To appoint PricewaterhouseCoopers Ltd as Auditor of the Company and to authorise the Directors to determine the remuneration of the Auditor.
13. Approval to repurchase up to 14.99% of the 'A' non-voting Ordinary shares of 1p each in the issued shares capital of the Company (the "Shares").

THAT the Company be and hereby is unconditionally authorised to make market purchases up to an aggregate of 11,992,000 shares at a price (exclusive of expenses) which is:

- not less than 1p per share; and
- not more than the higher of: i) 5% above the average of the middle-market quotations (as derived from and calculated by reference to the Daily Official List of the London Stock Exchange) for 'A' non-voting Ordinary shares of 1p each in the five business days immediately preceding the day on which the share is purchased; and ii) the higher of the last independent trade and the then current highest independent bid.

AND

THAT the approval conferred by this resolution shall expire on the date of the next AGM (except in relation to the purchase of shares, the contract for which was concluded before such date and which might be executed wholly or partly after such date) unless the authority is renewed or revoked at any other general meeting prior to such time.

14. Special Resolution
    Approval to adopt new Bye-Laws (the 'New Bye-Laws') in order to update the Company's current Bye-Laws (the 'Existing Bye-Laws').

Summary of proposed amendments to the bye-laws

Set out below is a summary of the principal amendments which will be made to the Company's Existing Bye-Laws through the adoption of the New Bye-Laws proposed at the AGM if approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Bye-Laws which will be available for inspection at the Company's registered office, [also being the venue of the AGM] and also at the registered office of Hansa Capital Partners LLP being 50 Curzon Street, London, England, W1J 7UW, in each case from the date of the AGM Notice until the close of the AGM. The new Bye-Laws will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM and on the Company website https://www.hansaicl.com/shareholder-information/regulatory-information.aspx

1.1 - Interpretation

A definition of "Common Reporting Standard" has been included. This is used in Bye-Law 83 (Obligation to provide information to the Company).

A definition of "FATCA" has been included. This is used in Bye-Law 83 (Obligation to provide information to the Company).

A definition of "Hansa Trust" has been included. This is used in Bye-Law 15.4 (Untraced Shareholders).

A definition of "US Tax Code" has been included. This is used in Bye-Law 83.1.3 (Obligation to provide information to the Company).

15.1 (a) – Untraced Shareholders

Bye-law 15 sets out the current provisions in relation to Untraceable Shareholders and adopts the historic provisions of the articles of association of Hansa Trust plc which were incorporated into the Company's Bye-laws. Under Bye-law 15, the Company is entitled to sell shares held by any shareholders that remain untraceable for a period of 12 years. Shareholders are held to be untraceable if they have failed to claim any dividends within the 12-year period. In line with what other companies are doing, we are seeking to reduce the current 12-year period to six years to help the Company tidy up the shareholder register in connection with its reporting obligations under FATCA, the Common Reporting Standard or any relevant law or regulation and also more generally to remove longstanding untraced shareholders, having followed due process.

The language has been updated to include a reference to distributions in respect of the shares that have become payable.

Language has been included to note that the Company will be entitled to sell shares held by Untraceable shareholders if the shareholder has been uncontactable for a period of two calendar years within the six-year period (being the last two calendar years of the six year period).

15.1 (b) – Untraced Shareholders

The language that referred to the Company's method of circulating an advertisement in national newspapers in order to notify Untraced Shareholders that their shares are to be sold has been amended to reflect the Company's more direct approach to notification including sending a notice to a shareholder's last known address and showing that reasonable efforts have been made to trace a shareholder,
such as engaging a professional asset reunification company.

These changes reflect current practice of third party registrar service providers.

Language has been included to note that where the Company has no record of the address of a shareholder, the Company is not required to send a notice but must demonstrate that reasonable efforts have been used to trace the shareholder including, if necessary, appointing a professional asset reunification company.

15.1 (c) - Untraced Shareholders

The language has been updated to reflect the changes to Bye-Law 15.1(a) relating to the six-year period for Untraced Shareholders and the notice requirements relating to Untraced Shareholders noted in Bye-Law 15.1(b).

15.2 - Untraced Shareholders

The language has been updated to reflect the six-year period for Untraced Period noted in Bye-Law 15.1(a).

15.3 - Untraced Shareholders

Language has been included to note that the net proceeds of sale of shares of untraced shareholder shall be forfeited and will belong to the Company. Language relating to the obligation of the Company to account to the Untraced Shareholders for an amount equal to such proceeds has been removed to correspond with the addition noted above.

These changes are to enable the Company to comply with its reporting obligations under FATCA, the Common Reporting Standard or any relevant law or regulation.

15.4 - Untraced Shareholders

Given the long term nature of some of the untraced shareholders in comparison to the relatively recent re- domiciliation of the investment company to Bermuda in 2019, this Bye-Law has been included to provide the Board with discretion to include, in the calculation of the six-year period for Untraced Shareholders, the time the Untraced Shareholder held shares in Hansa Trust, being the long standing predecessor to the Company.

19.3 – Method of Payment

This Bye-Law has been updated to clarify that the period for which dividends of unclaimed shares are to be forfeited from the date when payment became due is six-years rather than 12-years to correspond with Bye-Law 15.1.(a).

44.1 – Directors Fees

This Bye-Law has been updated to increase the current upper annual limit of Directors' remuneration from $400,000 to $600,000 as explained in the Directors' Remuneration Report.

81.2 – Definition applicable to Bye-Laws 82, 83 and 84

This Bye-Law has been updated to include definitions of "Information" in terms of Bye-Law 83.1, "Relevant Laws" in terms of Bye-Law 83.1.1.

83.1 – Obligations to provide information to the Company

A new Bye-Law 83.1 has been included to provide that the Company may serve a written notice on any holder to request that any information, representations, certificates, waivers, documents or forms relating to the holder is provided to the Company. This has been included to provide the Company with the ability to satisfy the requirements under FATCA, the Common Reporting Standard or any relevant laws or regulations of any jurisdiction or territory to which the Company is subject.

The inclusion of this Bye-Law will provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information to comply with the Company's international tax reporting obligations.

83.2 – Obligations to provide information to the Company

A new Bye-Law 83.2 has been included to provide that the Company is entitled to hold and process the information noted above, and to disclose any information as required to the relevant government division or department and to any person or entity in order to comply with the relevant laws or regulations and for the purposes of carrying out the business of the Company.

83.3 – Obligations to provide information to the Company

A new Bye-Law 83.3 has been included to provide that where any holder of the Company fails to provide the requested information within the period set out in Bye-Law 83.1, being 30 days, then the Company will issue a further notice with a specified period of 21 days, failing which if the Company receives no response, they shall be entitled to sell or transfer the holder's shares.

83.4 – Obligations to provide information to the Company

A new Bye-Law 83.4 has been included to provide that, if the requirements in Bye-Laws 83.3.1 or 83.3.2 noted above are not satisfied, then the holder will have been deemed to have agreed to the sale and transfer of their shares.

83.5 – Obligations to provide information to the Company

A new Bye-Law 83.5 has been included to provide that the holder shall execute any documents, opinions, instruments, and certificates as requested by the Company in order for the Company to exercise their rights and entitlements under Bye-Law 83.

83.6 – Obligations to provide information to the Company

A new Bye-Law 83.6 has been included to provide that the inclusion of new Bye-Law 83 in the Company Articles will not restrict the Company from withholding or deducting any taxes or other sums required to be withheld or deducted by the Company in accordance with FATCA, the Common Reporting Standard or any relevant law or regulation.

83.7 – Obligations to provide information to the Company

The inclusion of a new Bye-Law 83.7 provides that where any monies received by the Company become subject to any tax deductions, the Company is not required to compensate or make good the holders, and the holders will receive no credit or refund in relation to the deduction.

83.8 – Obligations to provide information to the Company

In order for the Company to comply with reporting obligations under FATCA, the Common Reporting Standard or any relevant law or regulation, a new Bye-Law 83.8 provides that if the holder undergoes any material change which effects their status, the holder must immediately notify the Company so that the relevant records can be updated.

For and on behalf of Conyers Corporate Services (Bermuda) Limited

Vida Kam
Secretary
26 June 2023

Notes for Shareholders

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company 48 hours before the Annual General Meeting (i.e. by close of business UK time on 25 July 2023) (or if the Meeting is adjourned, in the register of members of the Company 48 hours before the date and time of the adjourned meeting) (the "Meeting") shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

2 Registered members of the Company may vote at the Meeting (whether by show of hands or poll) in person or by proxy or corporate representative. A member may appoint one or more persons as his proxy to attend and vote at the Meeting on his behalf. A proxy need not be a member. Where more than one proxy is appointed the instrument of proxy must specify the number of shares each proxy is entitled to vote.

3 The appointment of a proxy will not affect the right of a member to attend and vote in person at the Meeting or adjourned meeting. A member that is a corporation may appoint a representative to attend and vote on its behalf at the Meeting by delivering evidence of such appointment to the Company's registrar no later than 48 hours before the time fixed for the Meeting (i.e. by 1:00pm UK time on 25 July 2023) or any adjourned meeting.

4 In order to be valid, the proxy appointment (together with any power of attorney or other authority (if any) under which it is signed, or a notarised certified copy of that authority) must be returned by one of the following methods, in each case so as to arrive no later than 1:00pm UK time on 25 July 2023 or, in the case of an adjourned meeting, not less than 48 hours before the time appointed for holding such adjourned meeting (ignoring for these purposes non-working days) or (in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned meeting) for the taking of the poll at which it is to be used: via www.signalshares.com by logging on and selecting the 'Proxy Voting' link. If you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code ("IVC"), (which can be found on your share certificate), family name and postcode (if resident in the UK); or

in hard copy form by post, by courier or by hand to the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

If you need help with voting online or need to request a proxy form, please contact our Registrars, Link Group, on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. They are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email Link at shareholderenquiries@linkgroup.co.uk.

Notes for Depositary Interest Holders

1 You will not receive a form of direction for the Annual General Meeting in the post. Depositary Interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID RA10 by 1:00pm UK time on 24 July 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST, in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

2 In the case of Depositary Interest Holders, a form of direction may be requested and completed in order to instruct Link Market Services Trustees Limited, the Depositary, to vote on the holder's behalf at the Meeting by proxy or, if the Meeting is adjourned, at the adjourned meeting. Requests for a hard copy should be sent Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL (telephone number: 0371 664 0300).

3 To be effective, a valid form of direction (and any power of attorney or other authority under which it is signed) must be received electronically or delivered to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by no later by 1:00pm UK time on 24 July 2023 or 72 hours before any adjourned Meeting.

4 The Depositary will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote

or abstain from voting as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the meeting.

5 The 'Vote Withheld' option is provided to enable you to abstain from voting on the resolutions. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

6 Depositary Interest holders wishing to attend the meeting should contact the Depositary at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL or by email by using nominee.enquiries@linkgroup.co.uk by no later than by 1:00pm UK time on 24 July 2023.

All holders

1 The quorum for the Annual General Meeting shall be two or more shareholders present in person or by proxy. If within two hours from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the next business day at the same time and place or to such other time and place as the Directors may determine, and if a quorum is not present at any such adjourned meeting, the meeting shall be dissolved.

2 As of 26 June 2023 the Company's total number of shares in issue is 40,000,000 Ordinary shares of 1p each and 80,000,000 'A' non-voting Ordinary shares of 1p each in issue. The Ordinary shareholders are entitled to one vote per Ordinary share held. The 'A' non-voting Ordinary shares do not entitle the holders to vote or receive notice of meetings, but in all other respects they have the same rights as the Company's Ordinary shares.

3 A copy of this notice and other information can be found at https://www.hansaicl.com/shareholder-information/financial-and-investment-reporting/year-2023.aspx#2023

Investor information

Company information

The Company currently manages its affairs so as to be a qualifying investment company for ISA purposes, for both the Ordinary and 'A' non-voting Ordinary shares. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products. In addition, the Company currently conducts its affairs so shares issued by Hansa Investment Company Limited can be recommended by independent financial advisers 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 excluded securities as defined in the FCA Handbook Glossary. Finally, Hansa Investment Company Limited is registered as a Reporting Financial Institution with the US IRS for FATCA purposes.

Capital structure

The Company has 40,000,000 Ordinary shares of 1p each and 80,000,000 'A' non-voting Ordinary shares of 1p each in issue. The Ordinary shareholders are entitled to one vote per Ordinary share held. The 'A' non-voting Ordinary shares do not entitle the holders to vote or receive notice of meetings, but in all other respects they have the same rights as the Company's Ordinary shares.

Secretary and registered office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street PO Box HM666
Hamilton HM CX Bermuda

Investor disclosure

AIFMD

Hansa Investment Company Limited's AIFMD Investor Disclosure document can be found on its website. The document is a regulatory requirement and summarises key features of the Company for investors.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")

The Company's AIFM, Hanseatic Asset Management LBG, is responsible for applying the product governance rules defined under the MiFID II legislation on behalf of Hansa Investment Company Limited. Therefore, the AIFM is deemed to be the 'Manufacturer' of Hansa Investment Company's two share classes. Under MiFID II, the Manufacturer must make available Key Information Documents ("KIDs") for investors to review if they so wish ahead of any purchase of the Company's shares.

Links to these documents can be found on the Company's website: www.hansaicl.com.

Service providers

Independent Auditor

PricewaterhouseCoopers Ltd

Solicitors – Bermuda

Conyers Dill & Pearman Limited

Solicitors – UK

Dentons UK and Middle East LLP

Custodian

Banque Lombard Odier & Cie SA

Stockbroker

Winterflood Investment Trusts

Administrator

Maitland Administration Services Limited

Alternative Investment Fund Manager

Hanseatic Asset Management LBG

Financial calendar

Company year end
31 March

Annual Report sent to shareholders
June

Annual General Meeting
July/August

Announcement of half-year results
November

Half-year Report sent to shareholders
December

Interim dividend payments
August, November, February and May

Share price listings

The price of your shares can be found on our website. In addition, share price information for Ordinary shares / 'A' non-voting Ordinary shares can be found via the following codes:

ISIN
BMG428941162 / BMG428941089

SEDOL
BKLFC18 / BKLFC07

Reuters
HAN.L / HANA.L

Bloomberg
HAN LN / HANA LN

TIDM
HAN / HANA

Legal Entity Identifier
213800RS2PWJXS2QDF66

Further information about Hansa Investment Company Limited, including monthly fact sheets, stock exchange announcements and shareholder presentations, can be found on the Company's website: www.hansaicl.com

Please contact the Portfolio Manager, as below, if you have any queries concerning the Company's investments or performance.

Portfolio Manager and additional administrative services provider
Hansa Capital Partners LLP
50 Curzon Street
London
W1J 7UW
Telephone: +44 (0) 207 647 5750
Email: hiclenquiry@hansacap.com
Website: www.hansagrp.com

Please contact the Registrars, as below, if you have a query about a certificated holding in the Company's shares.

Registrar
Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH
Email: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

If you do not have internet access you can call the Shareholder Support Centre on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

The Registrars are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Register for updates
To receive the latest news and views on the Company, please register at www.hansaicl.com

Glossary of terms

Association of Investment Companies ("AIC")

The Association of Investment Companies is the UK trade association for closed-ended investment companies (www.theaic.co.uk). Despite the Company not being UK domiciled, the Company is UK listed and operates in most ways in a similar manner to a UK Investment Trust. Therefore, the Company follows the AIC Code of Corporate Governance and the Board considers that the AIC's guidance on issues facing the industry remains very relevant to the operations of the Company.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD is a regulatory framework for alternative investment fund managers ("AIFMs"), including managers of hedge funds, private equity firms and investment trusts. Its scope is broad and, with a few exceptions, covers the management, administration and marketing of alternative investment funds ("AIFs"). Its focus is on regulating the AIFM rather than the AIFs.

Annual Dividend / Dividend

The amount paid by the Company to shareholders in dividends (cash or otherwise) relating to a specific financial year of the Company. The Company's dividend policy is to announce its expected level of dividend payment at the start of each financial year. Barring unforeseen circumstances, the Company then expects to make four interim dividend payments each year – at the end of August, November and February during that financial year and at the end of May following the end of the financial year.

Bid Price

The price at which you can sell shares determined by supply and demand.

Capital Structure

The stocks and shares that make up a company's capital i.e. the amount of ordinary and preference shares, debentures and unsecured loan stock etc. which are in issue.

Closed-ended

A company with a fixed number of shares in issue.

Depositary/Custodian

A financial institution acting as a holder of securities for safekeeping.

Discount

When the share price is lower than the NAV, it is referred to as trading at a discount. The discount is expressed as a percentage of the NAV.

Expense Ratio

An expense ratio is determined through an annual calculation, where the operating expenses are divided by the average NAV. Note there is also a description of an additional PRIIPs KID Ongoing Charges Ratio explained in the 31 March 2022 Annual Report.

Five Year Rolling NAV Return (per annum)

The rate at which, compounded for five years, will equal the five year NAV total return to end March, assuming dividends are always reinvested at pay date.

Five Year NAV and Share Price Total Return

Rebased from 0% at the start of the five year period, this is the rate at which the Company's NAV and share prices would have returned at any period from that starting point, assuming dividends are always reinvested at pay date. The Company will continue to quote results from its predecessor, Hansa Trust Ltd, as part of that reporting so shareholders can see the longer-term performance of the portfolio.

Gearing

Gearing refers to the level of borrowing related to equity capital.

Hedging

Strategy used to reduce risk of loss from movements in interest rates, equity markets, share prices or currency rates.

Issued Share Capital

Issued share capital is the total number of shares subscribed to by the shareholders.

Key Information Document ("KID")

This is a document of a form stipulated under the PRIIPs Regulations. It provides basic, pre-contractual, information about the Company and its share classes in a simple and accessible manner. It is not marketing material. The UK regulatory authorities have introduced legislation from 1 January 2023 to amend some of the disclosures in the KID for UK shareholders. The Company's AIFM will be producing both UK KIDs and European KIDs going forward.

Key Performance Indicators ("KPIs")

A set of quantifiable measures a company uses to gauge its performance over time. These metrics are used to determine a company's progress in achieving its strategic and operational goals and also to compare a company's finances and performance against other businesses within its industry. In the case of historic information, the KPIs will be compared against data of both the Company and, prior to the Company's formation, from Hansa Trust Ltd.

Market Capitalisation
The market value of a company's shares in issue. This figure is found by taking the stock price and multiplying it by the total number of shares outstanding.

Mid Price
The average of the Bid and Offer Prices of a particular traded share.

Net Asset Value ("NAV")
The value of the total assets minus liabilities of a company.

Net Asset Value Total Return
See Total Return.

Offer Price
The price at which you can buy shares determined by supply and demand.

Ordinary Shares
Shares representing equity ownership in a company allowing investors to receive dividends. Ordinary shareholders have the pro-rata right to a company's residual profits. In other words, they are entitled to receive dividends if any are available after payments to financial lenders and dividends on any preferred shares are paid. They are also entitled to their share of the residual economic value of the company should the business unwind.

Hansa Investment Company Limited has two classes of Ordinary shares – the Ordinary shares (40 million shares) and the 'A' non-voting Ordinary shares (80 million shares). Both have the same financial interest in the underlying assets of the Company and receive the same dividend per share, but differ only in that only the former shares have voting rights, whereas the latter do not. They trade separately on the London Stock Exchange, nominally giving rise to different share prices at any given time.

Premium
When the share price is higher than the NAV it is referred to as trading at a premium. The premium is expressed as a percentage of the NAV.

Packaged Retail and Insurance-based Investment Product ("PRIIP")
Packaged retail investment and insurance-based products ("PRIIPs") make up a broad category of financial assets that are regularly provided to consumers in the European Union. The term PRIIPs, created by the European Commission to regulate the underlying market, is defined as any product manufactured by the financial services industry, to provide investment opportunities to retail investors, where the amount repayable is subject to fluctuation because of exposure to reference values, or the performance of underlying assets not directly purchased by the retail investor. See also Key Information Document ("KID").

Shareholders' Funds/Equity Shareholders' Funds
This value equates to the NAV of the Company. See NAV.

Spread
The difference between the Bid and Ask price.

Tradable Instrument Display Mnemonics ("TIDM")
A short, unique code used to identify UK-listed shares. The TIDM code is unique to each class of share and to each company. It allows the user to ensure they are referring to the right share. Previously known as EPIC.

Total Return
When measuring performance, the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends and distributions realised over a given period of time.

Total Return – Shareholder
The Total Return to a shareholder is a measure of the performance of the company's share price over time. It combines share price appreciation/depreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage. In the case of historic information, the Total Return will include data against data of both the Company and, prior to the Company's formation, from Hansa Trust Ltd.

Hansa Investment Company Ltd
Clarendon House
2 Church Street
PO Box HM666
Hamilton HM CX Bermuda

+44 (0) 207 647 5750
hiclenquiry@hansacap.com
www.hansaicl.com