# The Bankers Investment Trust PLC

## Annual Report 2023

Sophisticated global investing made effortless

aic DIVIDEND HERO

MANAGED BY Janus Henderson INVESTORS

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Singapore City, Singapore

# Performance Highlights

**Net asset value per ordinary share**
With debt at par[1, 2]

108.0p 2023

**105.1p (2022)**

**Dividend**
Per share for year[3]

2.56p 2023

**2.328p (2022)**

**Net asset value per ordinary share**
With debt at fair value[1, 2]

111.0p 2023

**105.0p (2022)**

**Dividend growth**

10.0% 2023

**7.0% (2022)**

**Share price at year end[4]**

93.5p 2023

**96.6p (2022)**

**(Discount)/premium at year end[2, 5]**

(13.4%) 2023

**(8.1%) (2022)**

**Net (gearing)/cash at year end[2, 6]**

(7.1%) 2023

**(5.4%) (2022)**

**Ongoing charge for year[2]**

0.50% 2023

**0.50% (2022)**

1 A glossary of terms can be found on page 93
2 The alternative performance measures can be found on pages 94 to 95
3 This represents the four ordinary dividends recommended or paid for the year (see page 80 for more details)
4 Share price is the mid-market closing price
5 Based on the mid-market closing price with debt at par
6 Net (gearing)/cash calculated in accordance with the gearing definition in the alternative performance measures on page 94

Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

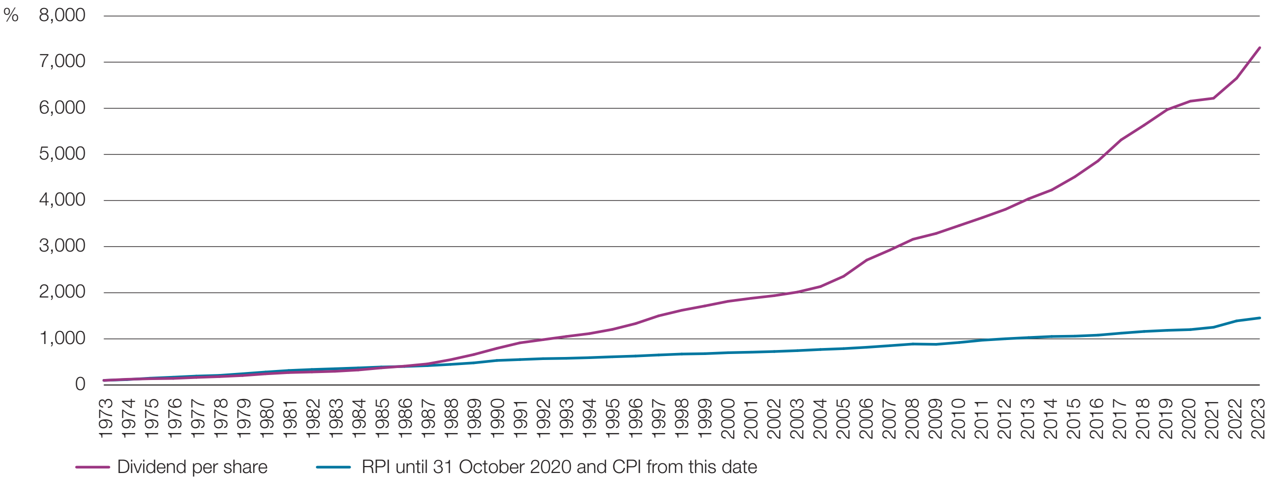
# Measuring our Performance

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager, Janus Henderson, over time, the Directors use the Key Performance Indicators ('KPIs') listed in the following table. Further information on KPIs, which are established industry measures, can be found in the alternative performance measures on pages 94 to 95. The KPIs are presented in the performance highlights on page 1 and in the 10-year historical record on page 26.

| KPI | Action |
|---|---|
| **Net asset value ('NAV') and share price** | At each Board meeting, the Board reviews the Company's NAV and share price performance (capital only and total return) and measures it against the benchmark index, the FTSE World Index. The Board also reviews the performance of the Company's regional portfolios and compares that against relevant regional indices. In addition, the Board considers NAV and share price total return performance against the Company's closest peers in the Association of Investment Companies ('AIC') Global sector and the average performance of the AIC Global sector and the open-ended Investment Association Global and Global Equity Income sectors. |
| **Share price discount/ premium to NAV** | The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC's formula. At each Board meeting, the Board monitors the level of the Company's share price discount/ premium to NAV and reviews the discount/premium against the Company's closest peers in the AIC Global sector and the sector average.<br><br>The Board considers the use of share buybacks and share issues to manage the supply and demand for the Company's shares and enhance shareholder value. |
| **Dividends per share** | At each Board meeting, the Board reviews a revenue forecast. These forecasts are used to determine the quarterly dividends. The Board measures dividend growth against the Consumer Price Index. |
| **Ongoing charge** | The Board regularly reviews the ongoing charge and monitors all of the Company's expenses. |

The Board reviews Environmental, Social and Governance ('ESG') analysis of the portfolio on a regular basis and, whilst we have not adopted any specific ESG-based KPIs, the Board will keep this under review.

**The Company's dividend growth as compared to the Retail Prices Index ('RPI') and Consumer Price Index ('CPI')**



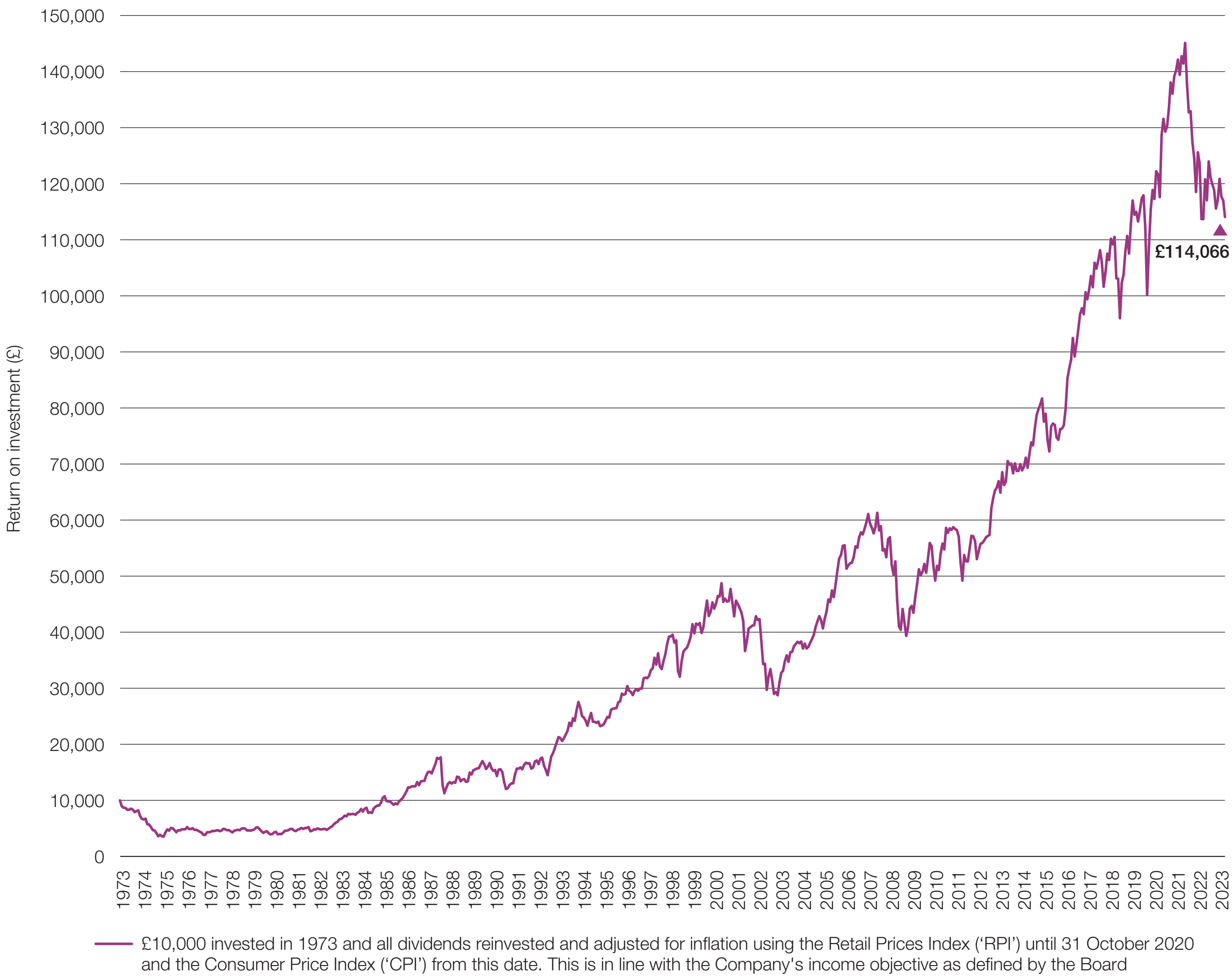

Source: LSEG Datastream, Morningstar Direct

# Measuring our Performance continued

## Long-term track record to 31 October 2023

| | 1 year % | 3 years % | 5 years % | 10 years % | 15 years % |
|---|---|---|---|---|---|
| **Capital return[1]** | | | | | |
| Net asset value[2,5] | 2.8 | 10.9 | 25.2 | 85.6 | 215.2 |
| Share price | -3.2 | -4.6 | 12.0 | 61.2 | 206.6 |
| FTSE World Index[3] | 3.3 | 27.5 | 41.7 | 66.3 | 173.1 |
| **Total return[4]** | | | | | |
| Net asset value[2,5] | 5.2 | 17.9 | 39.2 | 132.7 | 354.9 |
| Share price[5] | -0.7 | 1.9 | 25.1 | 103.7 | 352.5 |
| FTSE World Index[3] | 5.7 | 35.8 | 58.4 | 119.5 | 331.9 |
| Dividend increase | 10.0 | 18.8 | 29.8 | 81.2 | 131.5 |
| Consumer Price Index | 4.6 | 21.1 | 23.7 | 33.2 | 53.6 |

## Inflation-adjusted return from an initial investment of £10,000




1 Capital return excludes all dividends
2 The net asset values shown for the periods up to 15 years include debt at fair value, whereas for 15 years it is shown with debt at par value
3 For 5, 10 and 15 years, this is a composite of the FTSE World Index and the FTSE All-Share Index
4 Total return assumes dividends reinvested
5 The alternative performance measures can be found on pages 94 to 95

Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

# Our Investment Philosophy

## About us

The Bankers Investment Trust PLC has a long history of providing growth and income returns for its shareholders through the peaks and troughs of the economy and markets.

The Company aims to be a core portfolio holding for its shareholders by focusing on finding the best investment ideas globally in a bid to deliver capital growth and inflation-beating income over the long-term.

The Company looks for the strongest opportunities across six regions, informed by the expertise and perspectives of specialist regional portfolio managers. Alex Crooke – the Company's Fund Manager – has managed it for 20 years and brings together the regional portfolios into a single, straightforward investment, offering shareholders unique access to local expertise without the need to individually allocate to these strategies.

The Company provides an effortless way to access a world of global equities, through a diversified and consistent approach to investing. An approach that has resulted in 57 years of consecutive dividend growth.

### Pragmatic stewards for our shareholders

The Company was founded in 1888 and this longevity is at its core. Its Manager, Janus Henderson, and Board aim to be stewards of investors' capital, offering a unique investment that focuses on value and consistency. The Company taps into the knowledge of over 340 investment professionals across Janus Henderson, with regional experts informing its investments across the globe. This is supervised by the Company's Fund Manager, Alex Crooke, who personally has over three decades of investing experience.

Meanwhile, the investment trust structure, including the oversight of the Company's independent Board, ensures that the Manager maintains a long-term perspective and centres the needs of shareholders.

The Company targets long-term dividend growth ahead of the Consumer Price Index. The Company's Board makes the most of the investment trust structure to meet this goal, retaining earnings in particularly buoyant years in order to ensure dividend growth can be maintained in leaner years.

The Board also prioritises adding value for shareholders by keeping the Company's ongoing charges at among the lowest in the global sector.

### Balanced global diversification

The Company draws on the expertise of a specialist portfolio manager in each of its six regions – UK, Europe (ex UK), North America, Japan, Pacific (ex Japan and China) and China. Their strategies are then blended into the core portfolio by the Fund Manager Alex Crooke.

Investors obtain access to the perspectives of local experts, tailored to the region in which they invest. We believe that looking further afield can provide an edge when seeking income, for example by participating in the growing shareholder engagement available in Japan. There are benefits in terms of investing in local brands rather than gaining exposure to consumer spending exclusively through global brands. As such, the Company aims to offer the benefits of allocating to each region within a single investment, simplifying global investing for its shareholders.

We believe that investing in this way should offer shareholders the risk-reducing benefit of diversification without compromising the investment conviction within the portfolio, due to the input of the regional portfolio managers.

This approach creates a core portfolio holding for investors, focused on trying to deliver a consistent return and income from global equities, without investors needing to regularly re-weight their allocations themselves.

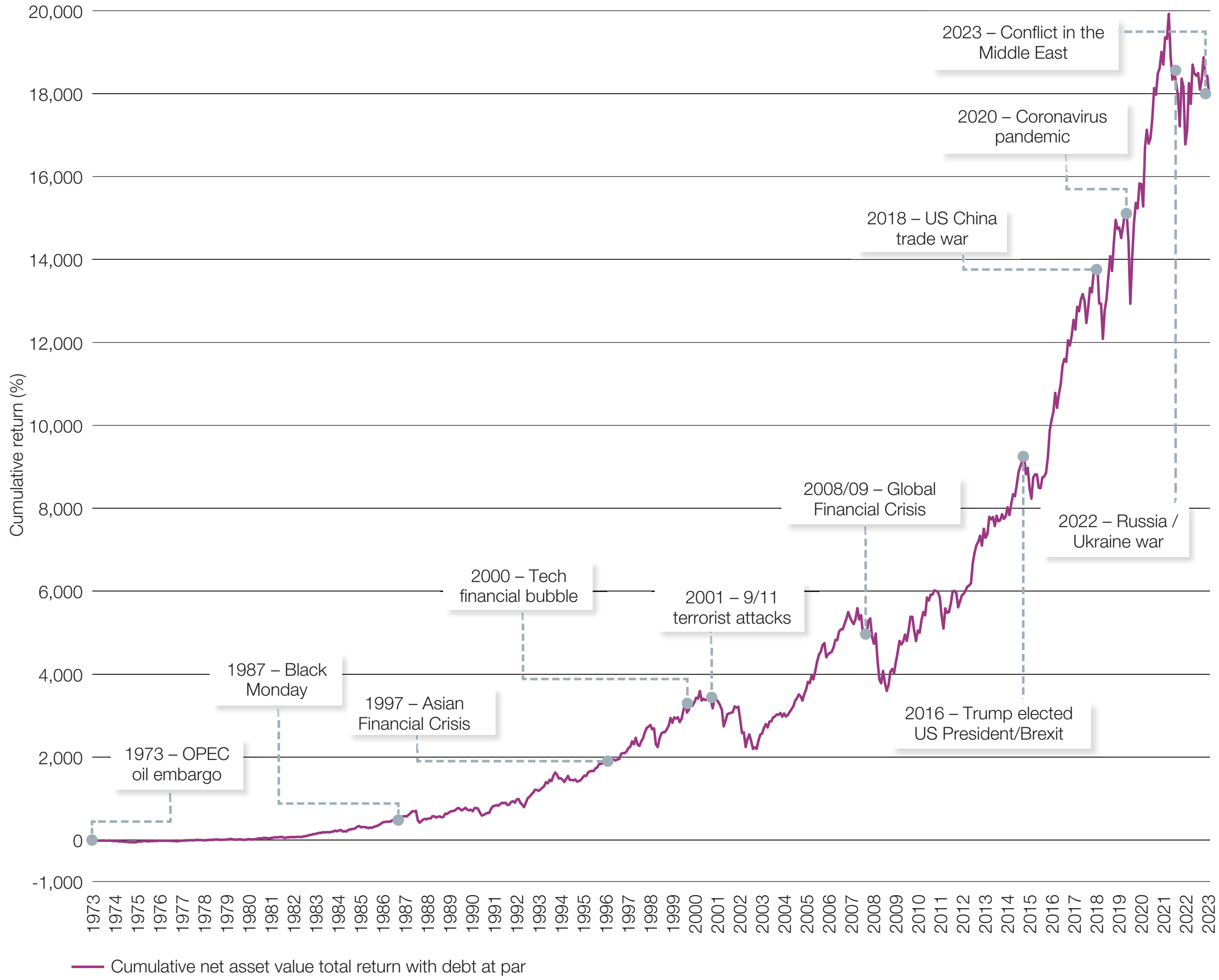
## Delivering consistent value

While drawing on the expertise of its regional portfolio managers, at the core of the Company's approach is an emphasis on sourcing companies with attractive cash generation. This cash allows companies to invest in themselves, which should in turn fuel future growth and ultimately drive dividends upwards – which the Company can then pass on to shareholders, as it has done throughout its history.

Equally important is the valuation at which the Company pays for a stock. While the Company does not take a 'value' approach, we believe that being value-conscious is vital, so will only buy a stock when there is a clear rationale for growth. Further, the Company prioritises time in the market over timing the market, on the understanding that stock markets are fundamentally unpredictable over the short term. We believe that staying invested in good quality companies is more likely to produce good returns over the long-term.

Together, this investing philosophy has seen the Company through booms, busts and wars, with Alex Crooke managing it for the past 20 years, and the regional portfolio managers having many decades of experience between them.

**The Company's net asset value total return as compared to key events over the same period**




Source: LSEG Datastream, Morningstar Direct

# Chair's Statement

## Dear shareholder

**Simon Miller,** Chair

### Performance

Throughout the year economists worldwide have predicted a recession in the western world caused principally by sharply rising interest rates. The real data have shown a more robust picture with employment remaining near historic highs, inflation falling and, particularly in the US, healthy economic activity. The arrival this year of ChatGPT bringing to the fore generative Artificial Intelligence ('AI') was a seminal moment in the free usage of AI.

Your Company has delivered a net asset value total return over the year ended 31 October 2023 of 5.2% (2022: -11.3%) just narrowly underperforming the FTSE World Index total return of 5.7% (2022: -2.8%) and a share price total return of -0.7% (2022: -13.4%). Over the year, performance relative to the AIC Global peer group placed Bankers at eighth position on share price total return performance out of 13 comparable trusts and similarly sixth position out of 13 on net asset value total return.

The principal reason for poor performance against the benchmark over three years was on account of our comparatively low exposure (40% vs 68% in the benchmark) to the US market and in particular the largest technology companies which now dominate the US market. Often called the 'Magnificent Seven' (Microsoft, Apple, Amazon, Alphabet, Meta, Nvidia and Tesla), these stocks collectively increased in value by 64% during the twelve months to the end of October 2023. This was in stark comparison to the performance of the remaining 493 stocks in the US S&P 500 index, which barely moved, combined only increasing in value by +0.5% in the year.

The Asian and Chinese portfolios underperformed partially due to the late lifting of Covid restrictions and in China in particular due to the continued weakness in the property market impacting consumer sentiment. European and Japanese portfolios performed well and the UK portfolio made a modest contribution.

The Board has long set a twin objective to grow capital and dividends. The US market is increasingly dominated by zero yielding stocks, which is causing problems for income investors, with five of the Magnificent Seven not paying a dividend. We therefore only own two of these seven companies. Other funds and in particular some in our peer group hold all seven and this is reflected in their performance this year. Our investment style has long focussed on those growth stocks that pay dividends. The size and scale of these companies that probably have little prospect of paying a dividend now means we need to be more flexible with revenue reserves to enable a broader investment pool. However, history has taught us we must be careful of not being blind to valuation, that the technology space is disruptive and has previously been vulnerable to over-exuberance.

The Fund Managers' report on pages 9 and 10 contains more detailed information regarding performance, together with market commentary.

### Borrowings

The £15 million 8% Debenture Stock matured on 31 October 2023 and was repaid in full. The Company continues to have longer term debt in the form of the loan notes which were issued in 2015 and 2021 at lower interest rates than the debenture stock. Following repayment of the debenture, the Company's overall cost of borrowing has fallen to 2.7%, in line with the dividend yield on the portfolio. The Company has historically only fair valued the debenture in the published daily net asset value but having reviewed best practice and that of our peer group, daily fair value net asset values will be published incorporating a revaluation of the loan notes based on equivalent dated government bond yields plus a margin.

### Revenue, dividends and share buybacks

Revenue earnings per share of 2.72p (2022: 2.34p) exceeded expectations for the year and has enabled a greater increase in the dividend than the Board had forecast this time last year. One of the Company's key objectives is to achieve long-term dividend growth in excess of inflation, measured by the UK Consumer Price Index ('CPI'). This objective has been challenging in recent years but inflation has now started to moderate and CPI rose by 4.6% for the year to 31 October 2023 (2022: 11.1%).

The Board is therefore recommending a final quarterly dividend of 0.66p per share, resulting in total dividends per share for the year of 2.56p (2022: 2.328p), an increase over last year of 10%. The final dividend will be paid on 29 February 2024 to shareholders on the register of members at the close of business on 26 January 2024. This will be the Company's 57th successive year of annual dividend growth.

For the current financial year, the Board expects to recommend dividend growth of at least 5%, which would equate to a full year dividend of 2.69p per share.

In common with the investment trust sector, the Company's shares have traded at a wide discount to net asset value but we have taken advantage of this opportunity to buyback shares from the market. This activity is beneficial to ongoing shareholders, as shares are only purchased when the Company's shares are trading at a discount thereby enhancing shareholder value; in this last year increasing the net asset value by 0.5%. A total of 60,618,929 shares were bought back in the year ended 31 October 2023 (2022: 18,219,870 shares were repurchased). The Company will continue to buyback shares to be held in treasury as appropriate.

# Chair's Statement continued

## The Board and Manager

Ankush Nandra, joined the Board on 1 September 2023 and is Chair of the renamed Audit and Risk Assurance Committee. His appointment increases the diversity and skill set of the Board. Ankush is a qualified accountant with extensive financial management and accounting experience gained through several roles in industry. He has over 20 years' experience mainly in the pharmaceutical industry. He is currently Vice President Finance and Chief Financial Officer (CFO) International Region and Enabling Units at AstraZeneca.

Julian Chillingworth, our Senior Independent Director, who joined the Board in 2015 is to retire at the conclusion of the 2024 Annual General Meeting when he will have served for nine years. I would like to take this opportunity to thank Julian for his outstanding contribution and commitment to the Company and his wise counsel during his long association with the Company.

To ensure a greater focus on marketing the Company, the Board has established a Marketing Committee, which is chaired by Hannah Philp. The role of the Committee will be to support and scrutinise the increased marketing efforts of the Manager.

Recently our Deputy Fund Manager, Mike Kerley, has indicated he will be retiring in 2024 and in due course a replacement will be announced. The Board would like to thank Mike for his contribution to the Company since taking on the Asian Pacific portfolio in 2006. Sat Duhra, who has worked alongside Mike for the past eleven years, will be taking over the portfolio management of the Asian Pacific portfolio.

## Annual General Meeting ('AGM')

The Company's AGM is scheduled to take place at 12 noon on Thursday, 22 February 2024 at the offices of Janus Henderson Investors at 201 Bishopsgate, London EC2M 3AE and I very much look forward to welcoming you. Light refreshments will be served. All voting will be on a poll and therefore we would ask that you submit your proxy votes in advance of the meeting.

If you are unable to attend in person, you can watch the meeting live on the internet by visiting **www.janushenderson.com/trustslive**. If you have any questions about the Annual Report, the Company's performance over the year, the investment portfolio or any other matter relevant to the Company, please write to us via email at **ITSecretariat@janushenderson.com** in advance of the AGM.

## Outlook

A key element will be to attract new investors who have yet to learn the benefits of long-term investing in a Company such as Bankers Investment Trust, with an established record of dividend and capital growth over generations of shareholders. This will be achieved by greater focus on potential retail investors through a variety of channels including advertisements in publications and an enhanced website.

The Fund Manager is currently reviewing portfolio construction in the light of the low exposure in particular to US non-yielding stocks. This includes assessing how the Company's revenue reserves and the investment trust structure can better serve the ability to pay a progressive dividend and yet invest in a wider range of stocks.

Now that inflation is moderating, there is an expectation that interest rates in western markets will be cut in 2024. It remains to be seen whether central banks can engineer a soft landing, not impacting growth while reducing inflation.

Equity markets have been driven higher by a small set of companies supported by investors' enthusiasm for the transformative power of generative AI. In the rush to invest in the US and these few leaders, the vast bulk of quoted companies are trading on undemanding valuations and look attractively priced for patient investors, like ourselves.

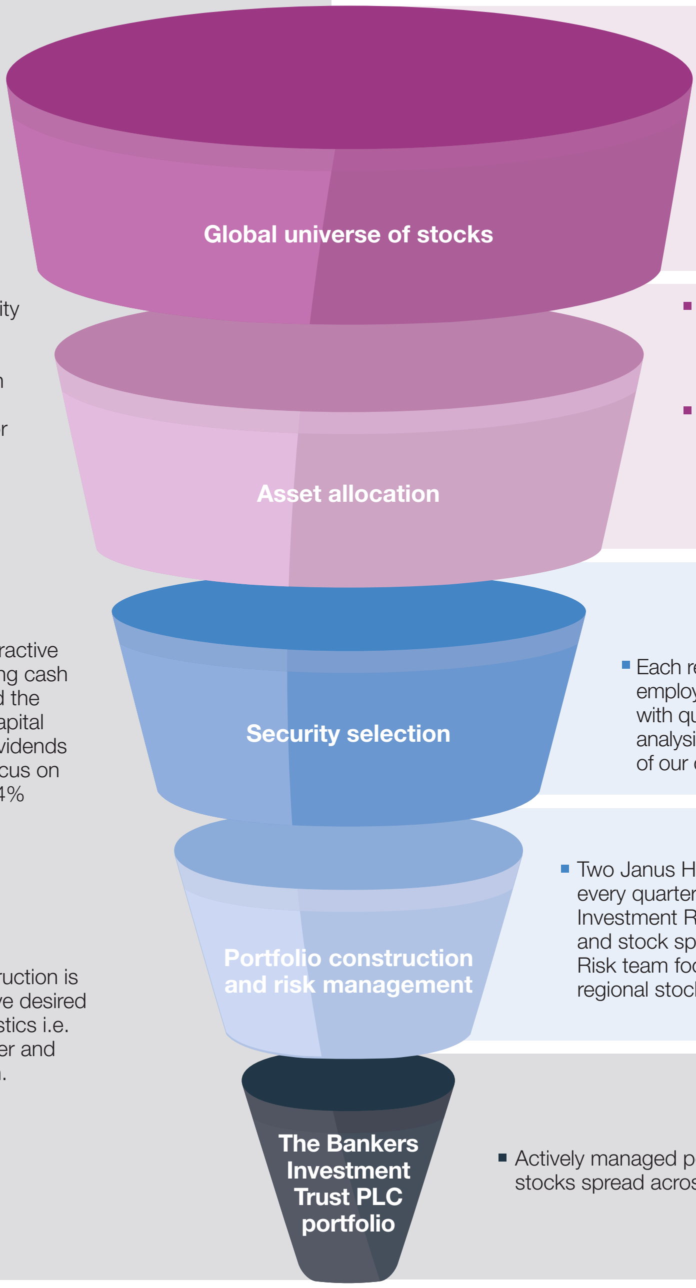
**Simon Miller**
Chair
17 January 2024

# Our Investment Process

## Investment process – how we approach stock selection around the world

**Investment objective**

Over the long-term, the Company aims to achieve capital growth in excess of the FTSE World Index and dividend growth greater than inflation, as measured by the UK Consumer Prices Index ('CPI'), by investing in companies listed throughout the world.




- Our team undertakes its own analysis and accesses shared research globally within Janus Henderson.

- We have the flexibility to invest in any geographic region and any sector with no sector limits on individual country or sector exposures.

- Macro and micro conditions are considered by the Fund Manager Alex Crooke and the Board.
- Capital is allocated to each regional portfolio manager: UK, US, Europe (ex UK), Japan, Pacific (ex Japan and China) and China with performance targets.

- We look for quality companies with attractive dividend yield, strong cash flow generation and the potential to grow capital via earnings and dividends in the future. We focus on companies with 2-4% yield.

- Each regional portfolio manager employs their own investment style with qualitative and quantitative analysis. ESG[1] factors form part of our due diligence.

- Two Janus Henderson risk teams meet every quarter to assess the risks: the Investment Risk team assesses the sector and stock specific risk and the Financial Risk team focuses on the risk in global and regional stock markets.

- Our portfolio construction is optimised to achieve desired portfolio characteristics i.e. zero stock crossover and position duplication.

- Actively managed portfolio of 183 stocks spread across six regions.

1 ESG = Environmental, Social and Governance

# Fund Manager's Report



**Alex Crooke,** Fund Manager

## This year has seen a titanic battle between rising interest rates and, at least initially, stubbornly high inflation.

Central banks have few tools to reduce inflation other than by raising interest rates, which drains cash from the economy through the higher cost of mortgages and loans. A major challenge is that not all consumers or companies are affected in the same way. Pensioners with cash deposits have benefitted from higher rates, whilst younger mortgagees on variable rates faced a sharp rise in payments. There is also a one to two-year lag as fixed term lending gradually rolls over. It is difficult to tell whether the recent moderation in inflation is simply down to supply bottlenecks easing rather than higher rates reducing demand. For the past year G7 economies in general have worn higher interest rates rather well since there has not been much economic growth but neither has there been a recession nor a significant increase in unemployment. The reasons behind this perfect slowdown are down to increased government spending, propping up investment into reshoring supply chains. In addition, consumers have benefitted from high demand for workers driving wage growth while they also are dipping into their savings, which were boosted by Covid payments, all helping to maintain their confidence and ability to spend. The former can keep going as long as investors support record government debt issuance but spending savings is finite.

The global bond markets have experienced a bear market as yields have increased to reflect the increase in interest rates and their initially modest impact on inflation. Meanwhile equity markets recovered from the lows in 2022 when many investors worried about a recession which never materialised. However, on more careful examination of the global indices, it is clear that relatively few stocks are driving forward the level of the indices. These key companies, now named the Magnificent Seven, rather than FAANG, comprise the largest technology companies listed in the US (Microsoft, Apple, Amazon, Meta, Nvidia, Alphabet and Tesla). Since the launch of ChatGPT in November 2022, they have caught the imagination of investors. The advent of computer systems so powerful that they can replicate human thought through generative Artificial Intelligence ('AI') lit the touchpaper on the share price of any companies involved in AI.

These seven companies now comprise over 30% of the US market valuation and nearly 20% of our benchmark, the FTSE World Index. Our belief in the long-term attractiveness of companies that pay a dividend is being tested by the continued performance of these seven companies, only two of which pay shareholders a dividend. The valuation of the Magnificent Seven is high, an average of 32x price to earnings ratio (P/E), compared to a P/E of 19x for the rest of the US market. Cutting costs and raising margins through charging higher prices supported the earnings this year for these companies but their revenues will need to increase rapidly on the back of selling AI. We are still at an early point in the adoption of AI and there remains a large degree of uncertainty in terms of evaluating the risks, opportunities and even potential regulation of the technology.

The contribution to performance from asset allocation was positive this year despite having a lower percentage of assets in North America compared to the index. Japan has been a standout performer with corporate profits surprising positively and improving corporate governance leading to greater returns for shareholders. Although the Japanese Yen weakened, this helped many of the exporters and local returns more than offset the translation reduction into sterling. The allocation to Europe also benefitted performance as share prices bounced from an oversold position in 2022 and the anticipated recession was narrowly avoided. Stock selection was more challenging in the year, principally in North America where we only owned two of the Magnificent Seven companies referenced above. The impact of not owning Nvidia has alone reduced performance of the total portfolio by 1.50% relative to the benchmark. Stock selection was positive in Europe, UK and Japan as quality and defensively positioned businesses performed better than the market. In the Pacific and China, consumer orientated companies, which comprise the bulk of our investments in these regions, performed very well at the start of the year as China reopened from Covid restrictions. However, the positive effects of freedom to move around soon gave way to fears of a property market crash which dampened consumer spending. The Company's net asset value total return was 0.5% behind the benchmark over the year, as the benefits of Japan, Europe and the UK just failed to offset the disappointing Chinese equity market and limited exposure to the highly valued US technology sector.

I have rarely seen markets so narrowly focussed on a few winners where the decision to own one or two stocks has meant the difference in under or outperforming the index. The last time this occurred was at the height of the TMT (technology-media-telecoms) bubble, led by Vodafone in the UK, which did not end well for them and now they trade nearly 80% down from their peak in 2000. In the last decade the proportion of our benchmark represented by zero yielding stocks has risen from under 10% to 20%. This year we have seen performance impacted by not owning zero dividend yielding stocks and we are reviewing how to deliver progressive dividend growth while allowing greater investment into zero yielding companies. Outside the large technology stocks, it is apparent that investor demand for equities is weak. Market flows have been impacted by the opportunity cost to investors of owning cash, yielding a risk free 5%. This opportunity cost is impacting demand for equities generally across the world and is likely to remain a negative until interest rates are meaningful cut from their current levels.

### Environmental, social and governance factors

As mentioned in previous reports, we do not exclude sectors or stocks purely for environmental, social and governance (ESG) reasons, as we feel ultimately that excluding them will not lead to improvements in their behaviour. Our preferred strategy is through engagement with company management to encourage change and invest in safer or more environmentally sustainable processes. A sample of some of the engagement that Janus Henderson conducted on our behalf last year is listed on pages 28 and 29.

Our favoured measure of the environmental impact of the portfolio is its Carbon Intensity, which calculates the absolute carbon emissions divided by the revenues generated by the companies. We consider this measure useful in comparing companies, as it is less volatile than others and should reduce if companies find ways to be more efficient in how they produce goods or operate. At the year-end we had a carbon intensity 37% lower than the benchmark. This is principally due to a lower exposure to utilities, materials and energy compared to the benchmark. However, the exposure to energy has increased in the year as there are now clearer and more realistic investment plans from the oil majors, however we remain below the benchmark weight due to uncertainty over the future demand for oil.

The collection of data relating to ESG factors has clearly improved in recent years, although understanding the assumptions behind various figures can be challenging. Companies continue advancing the quality and scope of this data which now gives us the confidence to publish a TCFD report in 2024, giving greater detail of the portfolio company's environmental impact and expanding on other governance and social factors.

## Income

The level of investment income from the portfolio increased by 7% over the year, driven by a continuation of special dividends and underlying growing dividends. Inflation has had a positive impact on some companies who can pass on higher prices and grow their margins. The US portfolio grew its dividends by 57% year on year through an increased allocation of the total portfolio and stock selection favouring strongly growing dividend payers. Europe and the Pacific were negatively impacted by a lower proportion of financials and the lack of economic growth. China also saw a decrease in dividends as we sought out more defensively orientated companies in healthcare and alternative energy providers which yield less than the market.

The outlook for income is largely dependent on economic growth improving, which might be challenging in the coming year unless interest rates are materially reduced. We are endeavouring to favour companies that have the scope to raise the proportion of profits they pay out and are well positioned compared to their competitors. The repayment of the 2023 debenture also saves the Company £1.2m annually in interest costs which should allow more of the investment income to be distributed to shareholders.

## Gearing

The Company's £15 million 8% debenture was repaid at the end of the financial year, which will reduce the Company's overall average borrowing cost to 2.7%; the next loan stock is not due for repayment until 2035. The current outstanding loan stock issuance results in a maximum gross gearing of 9.3% at the year-end. If the cash balances are netted off, then net gearing at the year-end was 7.1%. We view our default geared position as being close to the maximum gross gearing with a small cash balance to manage transitioning between trades. To determine whether we fully gear the Company, or hold tactical cash, we have a number of statistics such as excess money supply, the rate of corporate profit growth and valuations relative to historical levels that we review. We have maintained a fairly full level of gearing this year, which has been beneficial, but in the latter part of the year have started to raise cash, reducing net gearing. The key indicator of global excess money supply has turned negative, impacted by rising interest rates and increased bond sales from central banks.

## Outlook

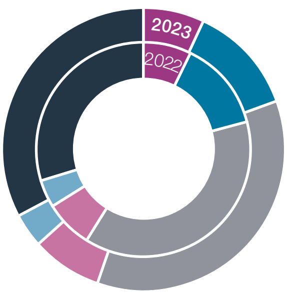
Leading indicators for the global economy continue to point to fading growth, and in particular a contraction in Europe where money supply is negative and the highest interest rates starting to bite. The more positive news is that the valuation of most stocks appears to be now factoring in a mild recession. Forecasts for profit growth are modest with the exception of the companies associated with the Artificial Intelligence boom, where the bubble continues to inflate. The declining inflation numbers are also good news but it is hard to judge when central banks will start cutting rates as inflation approaches or subsides below their 2% targets. We feel that inflation could surprise on the downside as China is now in outright deflation and, barring an energy crisis, most goods and services are in surplus.

As we look forward, employment is key to the direction of both the economy and, importantly, sentiment. So far into this interest rate cycle employment has held up very well, as many companies remember recent times when labour was hard to find so are consequently reluctant to shed labour as the economy slows. The market consensus view has swung towards a soft landing scenario led by the US, in which interest rates are cut in the early summer of 2024 and provide the stimulus to offset fading demand. We are a little more cautious as this type of soft landing has rarely been engineered successfully by central banks and we expect some overshoot to the downside.

US companies increasingly see share buybacks as their preferred method to return cash to investors and less companies in the US now pay dividends. We have undoubtedly missed some opportunities in the US market through our preference for dividend paying companies. We intend to widen our focus in the coming year although we will maintain our preference for cash generative companies with well defended market positions. Our stock selection seeks to avoid the overvalued and under invested companies, prioritising higher quality and lower geared companies, offering earnings resilience. Now that the cost of capital and debt is no longer close to zero, companies need to generate proper returns to justify their valuations, and our investment process aims to seek out these opportunities.

Alex Crooke
Fund Manager
17 January 2024

### Corporate revenue exposure at 31 October

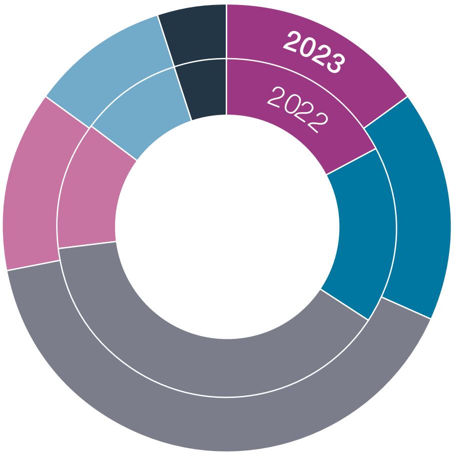



| | 2023 % | 2022 % |
|---|---|---|
| UK | **7.1** | 7.4 |
| Europe (ex UK) | **12.4** | 13.7 |
| North America | **36.0** | 37.8 |
| Japan | **8.0** | 7.4 |
| Asia Pacific (ex Japan) | **3.9** | 4.2 |
| Emerging Asia and Other | **32.6** | 29.5 |

Source: Factset

# Portfolio Structure at 31 October

### **Geographical analysis** (equities excluding cash held)

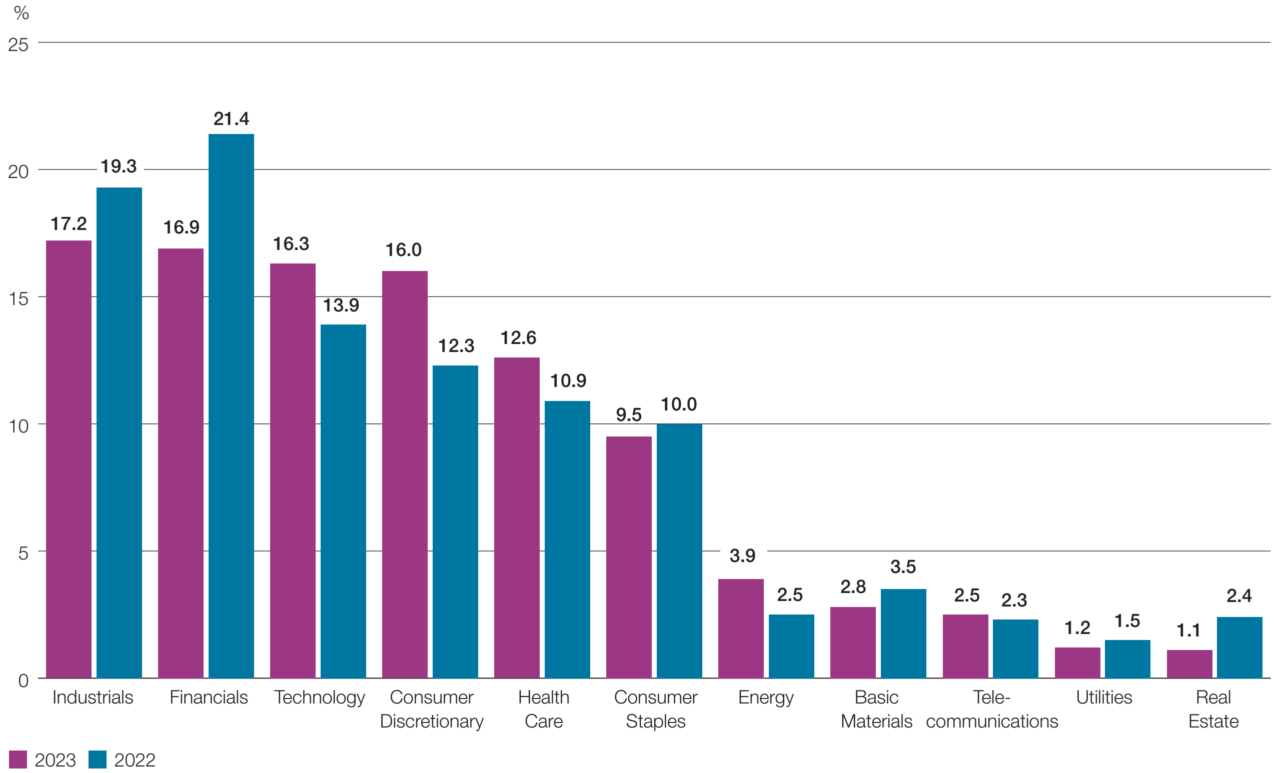



| | 2023 % | 2022 % |
|---|---|---|
| United Kingdom | **15.1** | 17.3 |
| Europe (ex UK) | **16.7** | 17.0 |
| North America | **40.2** | 38.8 |
| Japan | **13.1** | 12.3 |
| Pacific (ex Japan, China) | **9.9** | 9.7 |
| China | **5.0** | 4.9 |
| Emerging Markets | – | – |

| FTSE World Index | 2023 % | 2022 % |
|---|---|---|
| United Kingdom | **4.0** | 4.1 |
| Europe (ex UK) | **13.1** | 12.6 |
| North America | **68.0** | 68.6 |
| Japan | **6.7** | 6.4 |
| Pacific (ex Japan, China) | **6.7** | 6.7 |
| China | **–** | – |
| Emerging Markets | **1.5** | 1.6 |

Source: Janus Henderson

### Sector analysis




Source: Janus Henderson

# Portfolio Structure continued

### The Company's performance against the FTSE indices

| | Index | Company 2023 % | Company 2022 % | FTSE indices 2023 % | FTSE indices 2022 % |
|---|---|---|---|---|---|
| United Kingdom | FTSE All-Share | 6.6 | (6.1) | 5.9 | (2.8) |
| Europe (ex UK) | FTSE All World Developed Europe (ex UK) | 14.2 | (12.8) | 11.7 | (11.9) |
| North America | FTSE World North America | 2.2 | (6.3) | 4.2 | (0.3) |
| Japan | FTSE World Japan | 13.9 | (11.5) | 11.2 | (9.7) |
| Pacific (ex Japan and China) | FTSE All-World Asia Pacific (ex Japan) | (3.3) | (11.5) | 6.3 | (16.2) |
| China | China CSI 300 (£) | (10.0) | (29.9) | (1.2) | (23.8) |

Source: Janus Henderson

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

Over the year to 31 October 2023, the net asset value (total return) rose by 5.2% compared to a rise in the FTSE World Index of 5.7%.

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

| | | | |
|---|---|---|---|
| **Portfolio performance** | **Performance of index** | | 5.68% |
| | **Performance of portfolio total return against benchmark** | | |
| | Due to asset allocation | 0.54 | |
| | Due to stock selection | -0.92 | |
| | | | -0.38 |
| **Other factors** | **Gross performance of portfolio** | | 5.30 |
| | Due to gearing | 0.12 | |
| | Ongoing charge | -0.50 | |
| | Impact of share buybacks | 0.50 | |
| | Timing residual | -0.25 | |
| | | | -0.13 |
| | **Performance of net asset value (total return)** | | **5.17%** |

# Largest Investments



## At 31 October 2023

| Ranking 2023 | Ranking 2022 | Company | Country | Valuation 2022 £'000 | Purchases £'000 | Sales proceeds £'000 | Appreciation/ (depreciation) £'000 | Valuation 2023 £'000 |
|---|---|---|---|---|---|---|---|---|
| **1** | 7 | Microsoft | US | 28,749 | 18,887 | (5,952) | 15,816 | **57,500** |
| **2** | # | Apple | US | 12,434 | 28,143 | (15,503) | 5,432 | **30,506** |
| **3** | # | Accenture | US | – | 27,288 | – | 963 | **28,251** |
| **4** | # | UnitedHealth | US | – | 21,128 | – | 488 | **21,616** |
| **5** | # | KLA Corp | US | – | 18,029 | (589) | 3,139 | **20,579** |
| **6** | # | JP Morgan Chase | US | – | 22,585 | (4,174) | 1,389 | **19,800** |
| **7** | 9 | Visa | US | 26,113 | 1,809 | (9,693) | 818 | **19,047** |
| **8** | 17 | AstraZeneca | UK | 19,657 | – | (2,383) | 12 | **17,286** |
| **9** | 24 | TotalEnergies | France | 15,978 | – | – | 2,416 | **16,810** |
| **10** | # | Toyota Motor | Japan | 15,010 | 1,298 | (2,258) | 2,740 | **16,790** |
| **11** | # | Novo Nordisk | Denmark | 9,332 | 1,572 | (1,584) | 6,758 | **15,734** |
| **12** | 5 | American Express | US | 28,920 | – | (12,982) | (1,481) | **14,457** |
| **13** | # | McDonald's | US | – | 14,175 | – | (373) | **13,802** |
| **14** | # | Comcast | US | – | 11,477 | – | 2,109 | **13,586** |
| **15** | # | Texas Instruments | US | – | 16,282 | – | (2,870) | **13,412** |
| **16** | 25 | Nestlé | Switzerland | 15,693 | – | (1,555) | (825) | **13,313** |
| **17** | # | Procter & Gamble | US | – | 13,086 | – | 6 | **13,092** |
| **18** | 6 | CME | US | 28,862 | – | (16,839) | 905 | **12,928** |
| **19** | # | Deere | US | – | 19,308 | (3,901) | (2,740) | **12,667** |
| **20** | # | Chevron | US | – | 14,471 | – | (1,879) | **12,592** |
| **21** | 3 | Oracle | US | 29,792 | 13,300 | (29,065) | (1,739) | **12,288** |
| **22** | 22 | Diageo | UK | 16,926 | – | (3,252) | (1,875) | **11,799** |
| **23** | # | Sony | Japan | 10,481 | 376 | (1,043) | 1,675 | **11,489** |
| **24** | # | Roche | Switzerland | 13,297 | 2,963 | (1,079) | (3,765) | **11,416** |
| **25** | # | RELX | UK | 14,626 | – | (5,787) | 2,523 | **11,362** |
| | | | | **285,870** | **246,177** | **(119,567)** | **29,642** | **442,122** |

All securities are equity investments

# Not in top 25 last year

Convertibles and all classes of equity in any one company are treated as one investment

# Changes in Investments

## At 31 October 2023

| | Valuation 2022 £'000 | Purchases £'000 | Sales proceeds £'000 | Appreciation/ (depreciation) £'000 | Valuation 2023 £'000 |
|---|---|---|---|---|---|
| UK | 248,363 | 25,481 | (68,497) | 9,844 | 215,191 |
| Europe (ex UK) | 243,787 | 43,045 | (76,867) | 28,944 | 238,909 |
| North America | 555,914 | 596,240 | (578,904) | 1,483 | 574,733 |
| Japan | 176,294 | 49,856 | (59,837) | 20,544 | 186,857 |
| Pacific (ex Japan and China) | 139,209 | 58,644 | (44,785) | (11,553) | 141,515 |
| China | 70,161 | 56,805 | (43,894) | (11,490) | 71,582 |
| | **1,433,728** | **830,071** | **(872,784)** | **37,772** | **1,428,787** |

# Portfolio Holdings at 31 October 2023

## United Kingdom

| Investments by value | Sector | £'000 | % of UK portfolio | % of total portfolio |
|---|---|---|---|---|
| AstraZeneca | Pharmaceuticals and Biotechnology | 17,286 | 8.03 | 1.21 |
| Diageo | Beverages | 11,799 | 5.48 | 0.83 |
| RELX | Media | 11,362 | 5.28 | 0.80 |
| Reckitt Benckiser | Personal Care, Drug and Grocery Stores | 11,097 | 5.16 | 0.78 |
| Lloyds Banking | Banks | 10,370 | 4.82 | 0.73 |
| Rio Tinto | Industrial Metals and Mining | 9,614 | 4.47 | 0.67 |
| BP | Oil and Gas Producers | 9,198 | 4.27 | 0.64 |
| 3i | Investment Banking and Brokerage Services | 9,121 | 4.24 | 0.64 |
| Compass | Consumer Services | 8,924 | 4.15 | 0.62 |
| British American Tobacco | Tobacco | 8,349 | 3.88 | 0.58 |
| London Stock Exchange | Finance and Credit Services | 7,987 | 3.71 | 0.56 |
| Bunzl | General Industrials | 7,739 | 3.60 | 0.54 |
| Whitbread | Travel and Leisure | 7,241 | 3.36 | 0.51 |
| Cranswick | Food Producers | 6,529 | 3.03 | 0.46 |
| Anglo American | Industrial Metals and Mining | 6,148 | 2.86 | 0.43 |
| DCC | General Industrials | 6,027 | 2.80 | 0.42 |
| Intermediate Capital | Investment Banking and Brokerage Services | 5,786 | 2.69 | 0.40 |
| Hilton Food Group | Food Producers | 5,585 | 2.60 | 0.39 |
| Burberry | Personal Goods | 5,540 | 2.57 | 0.39 |
| M&G | Investment Banking and Brokerage Services | 5,441 | 2.53 | 0.38 |
| Paragon Banking | Finance and Credit Services | 5,145 | 2.39 | 0.36 |
| Coca-Cola Hellenic Bottling | Beverages | 4,966 | 2.31 | 0.35 |
| Spectris | Electronic and Electrical Equipment | 4,729 | 2.20 | 0.33 |
| Big Yellow | Real Estate Investment Trusts | 4,665 | 2.17 | 0.33 |
| Schroders | Investment Banking and Brokerage Services | 4,544 | 2.11 | 0.32 |
| IMI | Electronic and Electrical Equipment | 4,214 | 1.96 | 0.29 |
| Victrex | Chemicals | 4,016 | 1.87 | 0.28 |
| Vistry | Household Goods and Home Construction | 3,497 | 1.62 | 0.24 |
| St. James's Place | Investment Banking and Brokerage Services | 3,192 | 1.48 | 0.22 |
| Genuit | Construction and Materials | 2,856 | 1.33 | 0.20 |
| Mobico | Travel and Leisure | 2,224 | 1.03 | 0.16 |
| Lehman Brothers Hldgs 7.875%[1] | Fixed Interest | – | – | – |
| | | **215,191** | **100.00** | **15.06** |

1 Fixed Interest

# Regional Portfolio Manager Reports



## United Kingdom Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Manager: | **David Smith** |
| Assets: | **£215.2m** |
| Allocation: | **15.1%** |
| Income: | **£9.8m** |

| **Total return (£) year to 31 October 2023** | |
|---|---|
| Bankers | **6.6%** |
| FTSE All-Share Index | **5.9%** |

### Review

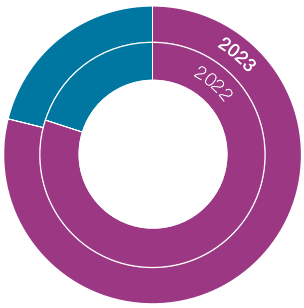
- The UK portfolio rose 6.6% during the period, outperforming the UK market's benchmark return of 5.9%.
- The UK economy proved more resilient than feared despite the Bank of England raising interest rates to 5.25%, the highest level in over 15 years. Easing inflation and relatively stable politics, after the disastrous 'mini budget' in 2022, helped support the economy and UK equities in general.
- Holdings in 3i and Whitbread were positive for performance. Private equity group 3i delivered strong profit growth in the period, driven by its holding in Action, the Pan European discount retailer. Premier Inn owner Whitbread also produced robust earnings growth, benefitting from its well invested but value based offering.
- Elsewhere, the Company's holdings in Mobico (formally National Express) and St James's Place detracted from performance. Despite Mobico's revenues rising to pre-pandemic levels, significant cost inflation has meant profit recovery has been slower than expected. St James's Place announced material changes to its fee structure in response to the introduction of the FCA's Consumer Duty guidelines, which is likely to impact short term profitability.

### Activity

New positions in BP, DCC and Genuit were initiated during the period. BP is a global integrated oil and gas company that has a credible long-term energy transition strategy which balances the need to diversify away from fossil fuels and suitable capital investment returns. The rating undervalued the strong cash flow generation of the business and the shares traded at a significant discount to the global peer group. DCC is a market leading international distribution company operating in specialised niches across energy, technology and health care sectors. The valuation was attractive given its resilient cash flows, high returns and robust balance sheet. Genuit is the UK's leading provider of plastic piping systems for residential, commercial and infrastructure sectors. The company was exposed to a number of beneficial structural tailwinds enforced by government regulation while the new management team have restructured the business to drive further cost efficiencies and higher margins in the future.

The holdings in Sage Group and Bodycote were sold during the period. Accounting software company Sage Group had performed well, with the valuation fully discounting a continuation of the company's strong organic growth, which could come under pressure from a slowing macro-economic environment. Meanwhile, Bodycote was sold on concerns over the impact of weak global industrial production on profits, especially given the company's already high margins and operational gearing.

**Classification by market value of investee company**




| | 2023 % | 2022 % |
|---|---|---|
| FTSE 100 | **79.1** | 80.0 |
| FTSE Mid 250 | **20.9** | 20.0 |
| Smaller companies | **–** | – |

Source: Factset

# Portfolio Holdings at 31 October 2023 continued

## Europe (ex UK)

| Investments by value | Sector | Country | £'000 | % of Europe portfolio | % of total portfolio |
|---|---|---|---|---|---|
| TotalEnergies | Oil, Gas and Coal | France | 16,810 | 7.04 | 1.18 |
| Novo Nordisk | Pharmaceuticals and Biotechnology | Denmark | 15,735 | 6.58 | 1.10 |
| Nestlé | Food Producers | Switzerland | 13,313 | 5.57 | 0.93 |
| Roche | Pharmaceuticals and Biotechnology | Switzerland | 11,416 | 4.78 | 0.80 |
| Sanofi | Pharmaceuticals and Biotechnology | France | 10,419 | 4.36 | 0.73 |
| RWE | Gas, Water and Multi-utilities | Germany | 10,112 | 4.23 | 0.71 |
| Airbus | Aerospace and Defence | France | 9,874 | 4.13 | 0.69 |
| Safran | Aerospace and Defence | France | 9,490 | 3.97 | 0.66 |
| SAP | Software and Computer Services | Germany | 9,364 | 3.92 | 0.66 |
| Munich Re | Non-life Insurance | Germany | 9,287 | 3.89 | 0.65 |
| SGS | General Industrials | Switzerland | 8,784 | 3.68 | 0.62 |
| ASML | Technology Hardware and Equipment | Netherlands | 8,770 | 3.67 | 0.61 |
| Hermès | Personal Goods | France | 8,440 | 3.53 | 0.59 |
| Heineken | Beverages | Netherlands | 8,288 | 3.47 | 0.58 |
| Moncler | Personal Goods | Italy | 8,181 | 3.42 | 0.57 |
| DSM-Firmenich | Food Producers | Netherlands | 7,879 | 3.30 | 0.55 |
| UniCredit | Banks | Italy | 7,812 | 3.27 | 0.55 |
| Deutsch Boerse | Financial Services | Germany | 7,049 | 2.95 | 0.49 |
| Partners | Investment Banking and Brokerage Services | Switzerland | 6,697 | 2.80 | 0.47 |
| Cellnex Telecom | Fixed Line Telecommunications | Spain | 6,049 | 2.53 | 0.42 |
| Amundi | Investment Banking and Brokerage Services | France | 5,683 | 2.38 | 0.40 |
| Danone | Food Producers | France | 5,606 | 2.35 | 0.39 |
| SIG Combibloc | General Industrials | Switzerland | 4,922 | 2.06 | 0.34 |
| ASM International | Technology Hardware and Equipment | Netherlands | 4,656 | 1.95 | 0.33 |
| Allfunds | Finance and Credit Services | Netherlands | 3,913 | 1.64 | 0.27 |
| Universal Music | Media | Netherlands | 3,862 | 1.62 | 0.27 |
| Adidas | Personal Goods | Germany | 3,550 | 1.49 | 0.25 |
| Bawag | Banks | Austria | 3,183 | 1.33 | 0.22 |
| Grifols | Pharmaceuticals and Biotechnology | Spain | 3,075 | 1.29 | 0.22 |
| Sartorius | Health Care Equipment and Services | Germany | 2,822 | 1.18 | 0.20 |
| BNP Paribas | Banks | France | 2,253 | 0.94 | 0.16 |
| Brockhaus Capital | Investment Banking and Brokerage Services | Germany | 1,615 | 0.68 | 0.11 |
| | | | **238,909** | **100.00** | **16.72** |

### European geographical distribution at 31 October

| | 2023 % | 2022 % |
|---|---|---|
| France | 28.7 | 29.2 |
| Switzerland | 18.9 | 16.7 |
| Netherlands | 15.7 | 7.2 |
| Italy | 6.7 | 8.3 |
| Germany | 18.3 | 22.2 |
| Spain | 3.8 | 6.1 |
| Austria | 1.3 | 4.4 |
| Denmark | 6.6 | 3.8 |
| Finland | – | 2.1 |
| | **100.0** | 100.0 |

## Europe (ex UK) Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Manager: | **James Ross** |
| Assets: | **£238.9m** |
| Allocation: | **16.7%** |
| Income: | **£6.9m** |

| **Total return (£) year to 31 October 2023** | |
|---|---|
| Bankers | **14.2%** |
| FTSE All World Developed Europe (ex UK) Index | **11.7%** |

### Review

- This has been a strong year for European equities. Interest rates have increased and concerns about an economic hard landing have, so far, proved unfounded. Cyclical equities have rallied, and value has outperformed growth.
- The European portfolio outperformed the benchmark index, rising in value by 14.2% compared to the index return of 11.7%. The best performing positions included financials such as UniCredit and Munich Re. Both these positions were aided by rising interest rates, but UniCredit demonstrated a far more consistent operational performance and was rewarded with a valuation rerating.
- Novo Nordisk, one of the largest positions, performed exceptionally well. The company has been first-to-market in producing an efficacious treatment for obesity and experienced strong growth trends in this indication and in diabetes treatment.
- The worst performing positions tended to be defensive growth companies. Roche suffered from a weak year of R&D success and Nestlé was negatively impacted by soft volume trends and by growing concern on the potential negative impact of obesity drugs on long-term consumption trends.

### Activity

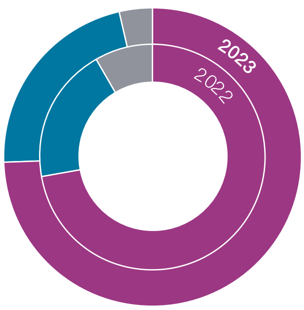
In general, as with the prior financial year, the best investment opportunities we found were in high quality companies which were out of favour in a period where value significantly outperformed growth. For example, we initiated new positions in SGS and Heineken.

With SGS, for a long time we have liked the characteristics of the testing sector. The company provides a cheap, but essential function for a multitude of consumer and industrial customers. Often their work is mandated in regulation. The industry is fragmented and increasingly being consolidated by the large, listed companies. We also believe that industry growth rates, especially in the consumer goods-facing part of the business, are close to bottoming out. Increasingly stringent environment testing regulation is resulting in a boost to testing intensity and this should bring higher growth rates for SGS and their peers.

For the brewer Heineken, we were able to invest at a time when the equity valuation had significantly derated as compared to historic averages due to tough trading conditions in two key markets (Nigeria and Vietnam), combined with gross margin pressures. We believe that both issues will prove transient in nature.

We sold a small number of positions where we were concerned about operational performance; this included the holdings in EDP Renovaveis and Kion.

**Classification by market value of investee company**




| | 2023 % | 2022 % |
|---|---|---|
| Over £20bn | **74.6** | 72.3 |
| £5bn-£20bn | **21.8** | 19.6 |
| Under £5bn | **3.6** | 8.1 |

Source: Factset

# Portfolio Holdings at 31 October 2023 continued

## North America

| Investments by value | Sector | £'000 | % of North America portfolio | % of total portfolio |
|---|---|---|---|---|
| Microsoft | Software and Computer Services | 57,500 | 10.00 | 4.02 |
| Apple | Technology Hardware and Equipment | 30,506 | 5.31 | 2.14 |
| Accenture | Industrial Support Services | 28,250 | 4.92 | 1.98 |
| UnitedHealth | Medical Equipment and Services | 21,616 | 3.76 | 1.51 |
| KLA | Technology Hardware and Equipment | 20,579 | 3.58 | 1.44 |
| JP Morgan Chase | Banks | 19,800 | 3.45 | 1.39 |
| Visa | Industrial Support Services | 19,047 | 3.31 | 1.33 |
| American Express | Industrial Support Services | 14,456 | 2.52 | 1.01 |
| McDonald's | Travel and Leisure | 13,802 | 2.40 | 0.97 |
| Comcast | Media | 13,586 | 2.36 | 0.95 |
| Texas Instruments | Technology Hardware and Equipment | 13,411 | 2.33 | 0.94 |
| Procter & Gamble | Personal Goods | 13,092 | 2.28 | 0.92 |
| CME | Investment Banking and Brokerage Services | 12,928 | 2.25 | 0.90 |
| Deere | Industrial Engineering | 12,667 | 2.20 | 0.89 |
| Chevron | Oil and Gas Producers | 12,592 | 2.19 | 0.88 |
| Oracle | Software and Computer Services | 12,288 | 2.14 | 0.86 |
| Abbott Laboratories | Medical Equipment and Services | 11,026 | 1.92 | 0.77 |
| Nike | Personal Goods | 10,765 | 1.87 | 0.75 |
| UPS | Industrial Transportation | 10,373 | 1.81 | 0.73 |
| Honeywell | General Industrials | 9,925 | 1.73 | 0.69 |
| Starbucks | Travel and Leisure | 9,785 | 1.70 | 0.68 |
| General Dynamics | Aerospace and Defence | 9,699 | 1.69 | 0.68 |
| Marriott | Travel and Leisure | 9,608 | 1.67 | 0.67 |
| Eli Lilly | Pharmaceuticals and Biotechnology | 9,556 | 1.66 | 0.67 |
| Cisco Systems | Technology Hardware and Equipment | 9,325 | 1.62 | 0.65 |
| ADP | Industrial Support Services | 9,158 | 1.59 | 0.64 |
| AbbVie | Pharmaceuticals and Biotechnology | 9,136 | 1.59 | 0.64 |
| Morgan Stanley | Investment Banking and Brokerage Services | 8,831 | 1.54 | 0.62 |
| Lam Research | Technology Hardware and Equipment | 8,660 | 1.51 | 0.61 |
| Schlumberger | Oil Equipment Services and Distribution | 8,585 | 1.49 | 0.60 |
| Home Depot | Retailers | 8,401 | 1.46 | 0.59 |
| Merck | Pharmaceuticals and Biotechnology | 8,151 | 1.42 | 0.57 |
| Hershey | Food Producers | 7,789 | 1.36 | 0.55 |
| Intuit | Software and Computer Services | 7,322 | 1.27 | 0.51 |
| Broadcom | Technology Hardware and Equipment | 7,203 | 1.25 | 0.50 |
| IBM | Software and Computer Services | 6,998 | 1.22 | 0.49 |
| Costco | Retailers | 6,982 | 1.22 | 0.49 |
| Danaher | Medical Equipment and Services | 6,914 | 1.20 | 0.48 |
| Medtronic | Medical Equipment and Services | 6,299 | 1.10 | 0.44 |
| Brown-Forman | Beverages | 6,101 | 1.06 | 0.43 |
| Marsh & McLennan | Non-life Insurance | 6,101 | 1.06 | 0.43 |
| TJX | Retailers | 5,931 | 1.03 | 0.42 |
| Rockwell Automation | Electronic and Electrical Equipment | 5,836 | 1.02 | 0.41 |
| Sysco | Food and Drug Retailers | 5,620 | 0.98 | 0.39 |
| Zoetis | Pharmaceuticals and Biotechnology | 5,249 | 0.91 | 0.37 |
| HCA Healthcare | Medical Equipment and Services | 4,909 | 0.85 | 0.34 |
| Constellation Brands | Beverages | 4,707 | 0.82 | 0.33 |
| Stryker | Medical Equipment and Services | 4,649 | 0.81 | 0.33 |
| Corteva | Food Producers | 4,517 | 0.79 | 0.32 |
| Trane Technologies | Construction and Materials | 4,502 | 0.78 | 0.31 |
| | | **574,733** | **100.00** | **40.23** |

# Regional Portfolio Manager Reports continued



## North America Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Manager: | **Jeremiah Buckley** |
| Assets: | **£574.7m** |
| Allocation: | **40.2%** |
| Income: | **£10.9m** |

| **Total return (£) year to 31 October 2023** | |
|---|---|
| Bankers | **2.2%** |
| FTSE World North America Index | **4.2%** |

### Review

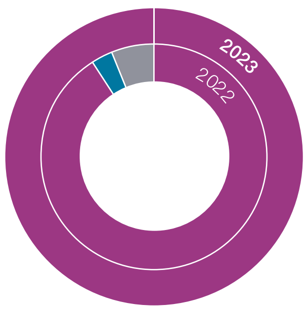
- The North America portfolio underperformed the benchmark over the year to 31 October 2023. The portfolio returned 2.2% compared to 4.2% for the FTSE World North America Index. The underperformance as compared to the index was driven by being underweight the mega-cap technology companies that do not pay material dividends.
- Markets saw positive performance during the period as concerns on inflation moderated and earnings results came in modestly better than feared as the US economy avoided a recession during the period. Market performance was driven primarily by the strength in the technology sector during the period. In contrast, more defensive sectors with exposure to rising interest rates were the worst performers during the period including utilities, energy, health care, and real estate.
- Microsoft was the strongest contributor during the period as excitement around the benefits of Artificial Intelligence for their cloud and software businesses grew. Apple, KLA, and Eli Lilly also performed well and contributed to the gain in the portfolio. UPS was the largest detractor during the period as parcel demand moderated after strong growth during the pandemic and the company worked through labour negotiations at the end of the period. Deere, Texas Instruments, and Morgan Stanley were also detrimental to overall performance.

### Activity

Some of the new positions added during the period included Accenture, UnitedHealth, and KLA. Accenture is a leading technology and management consulting company that has continued to build differentiated capabilities for the transition to the digital economy. UnitedHealth is a leading US health insurer and health care services company that has built differentiated services and scale in the Health Maintenance Organisation and Optum business units. KLA is a leading semiconductor capital equipment and service provider that is benefitting from the increasing demand for semiconductors driven by the accelerating demand for data processing.

Some of the positions that were exited during the period include Coca-Cola, Thermo Fisher, and Estée Lauder. Coca-Cola was exited on concerns about rising tax expenses, a stronger dollar, and slowing organic revenue growth. Thermo Fisher and the life science tools industry in general, over delivered products relative to true demand during the pandemic and was sold on the concern of an inventory overhang affecting revenues and margin. Estée Lauder was sold due to concerns about demand in Asia, market share losses in the U.S. and a general inventory overhang.

**Classification by market value of investee company**




| | **2023 %** | 2022 % |
|---|---|---|
| Over £20bn | **100.0** | 90.9 |
| £5bn-£20bn | **–** | 3.1 |
| Under £5bn | **–** | 6.0 |

Source: Factset

# Portfolio Holdings at 31 October 2023 continued

## Japan

| Investments by value | Sector | £'000 | % of Japan portfolio | % of total portfolio |
|---|---|---|---|---|
| Toyota Motor | Automobiles and Parts | 16,790 | 8.99 | 1.18 |
| Sony | Leisure Goods | 11,489 | 6.15 | 0.80 |
| Shin-Etsu Chemical | Chemicals | 10,628 | 5.69 | 0.74 |
| Hitachi | Electronic and Electrical Equipment | 10,313 | 5.52 | 0.72 |
| Sumitomo Mitsui | Banks | 9,538 | 5.10 | 0.67 |
| Daiichi Sankyo | Pharmaceuticals and Biotechnology | 8,892 | 4.76 | 0.62 |
| Dai-ichi Life Holdings | Life Insurance | 8,863 | 4.74 | 0.62 |
| Tokio Marine | Non-life Insurance | 8,513 | 4.56 | 0.60 |
| Seven & I | Retailers | 8,212 | 4.39 | 0.57 |
| Asahi | Beverages | 8,188 | 4.38 | 0.57 |
| Mitsubishi | General Industrials | 8,175 | 4.38 | 0.57 |
| Nippon Telegraph & Telephone | Fixed Line Telecommunications | 7,572 | 4.05 | 0.53 |
| Ebara | Industrial Engineering | 6,679 | 3.57 | 0.47 |
| Pan Pacific | Retailers | 5,787 | 3.10 | 0.41 |
| Murata Manufacturing | Electronic and Electrical Equipment | 5,161 | 2.76 | 0.36 |
| Nissan Motor | Automobiles and Parts | 5,140 | 2.75 | 0.36 |
| Renesas Electronics | Technology Hardware and Equipment | 4,966 | 2.66 | 0.35 |
| Persol Holdings | Industrial Support Services | 4,837 | 2.59 | 0.34 |
| Softbank | Fixed Line Telecommunications | 4,599 | 2.46 | 0.32 |
| Olympus | Medical Equipment and Services | 4,480 | 2.40 | 0.31 |
| Nomura Research Institute | Software and Computer Services | 4,434 | 2.37 | 0.31 |
| SMC | Industrial Engineering | 3,999 | 2.14 | 0.28 |
| Astellas Pharma | Pharmaceuticals and Biotechnology | 3,639 | 1.95 | 0.26 |
| Eisai | Pharmaceuticals and Biotechnology | 3,638 | 1.95 | 0.26 |
| Disco | Technology Hardware and Equipment | 3,409 | 1.82 | 0.24 |
| Canon | Technology Hardware and Equipment | 3,192 | 1.71 | 0.22 |
| Nitori | Retailers | 3,125 | 1.67 | 0.22 |
| Inpex | Oil and Gas Producers | 1,900 | 1.02 | 0.13 |
| Kokusai Electric | Technology Hardware and Equipment | 699 | 0.37 | 0.05 |
| | | **186,857** | **100.00** | **13.08** |

## Japan Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Manager: | **Junichi Inoue** |
| Assets: | **£186.9m** |
| Allocation: | **13.1%** |
| Income: | **£4.3m** |

| Total return (£) year to 31 October 2023 | |
|---|---|
| Bankers | **13.9%** |
| FTSE World Japan Index | **11.2%** |

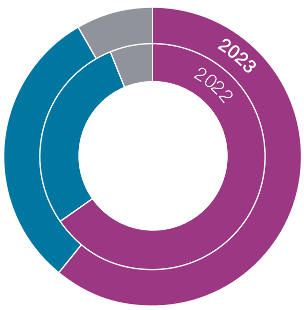
### Review

- The Japan portfolio returned 13.9%, outperforming the FTSE World Japan Index, which returned 11.2%. The index return in Japanese yen was 19.4%. Unfortunately due to the widening interest rate gap, the depreciation of the yen against sterling negatively affected the overall return.
- During the financial year Japan witnessed a mild inflationary trend, with the core CPI consistently surpassing the Bank of Japan's (BOJ) target of 2.0%. Companies were able to reset their margin for the first time in decades, leading to record-high corporate profits. Although the BOJ allowed the longer dated end of the yield curve to move up, it maintained a negative interest rate policy, as uncertainty remained regarding the possibility of wage growth outpacing CPI.
- Value stocks performed well, as investors sought out companies on low price to book valuations following comments from the Tokyo Stock Exchange. They have demanded that companies trading below book value establish clear plans to improve profits and address investor confidence. Conversely, growth-style stocks have fallen out of favour due to perceived high valuations.
- Corporate governance reform has been a core theme with companies facing pressure from government authorities and the investment community. Improvement in capital allocation under stronger corporate governance can have a substantial impact, particularly given strong operating cashflow, low valuation and solid balance sheets.
- The largest positive contributor to performance was Mitsubishi, a trading company, which paid out a large amount of profit through dividends and share buybacks. The portfolio's long-term holdings such as Renesas Electronics, Disco, and Shin-Etsu Chemical also made significant positive contributions. On the other hand, Olympus, Daiichi Sankyo and Persol Holdings were notable detractors from performance.

### Activity

The selection process continued to focus on high-quality businesses that can create shareholder value through generating high levels of cash return on invested capital. During the financial period, lower quality value stocks performed well, triggered by the Tokyo Stock Exchange's initiatives to push lower returning companies towards reform. This impacted negatively on performance as our process aims to avoid failing businesses. The stock picking in the period worked well to more than offset this negative impact from low quality companies. Rather than chasing market themes, the portfolio remained focused on identifying good businesses at attractive valuations and we made new or further investments in companies such as Murata Manufacturing, Ebara, and Kokusai Electric. Conversely, we sold the entire positions in Kao and Katitas, as their original investment cases became invalid. The position in TDK was also sold as the risk and reward balance became less attractive.

**Classification by market value of investee company**




| | 2023 % | 2022 % |
|---|---|---|
| Over £20bn | **61.0** | 65.5 |
| £5bn-£20bn | **30.8** | 28.5 |
| Under £5bn | **8.2** | 6.0 |

Source: Factset

# Portfolio Holdings at 31 October 2023 continued

## Pacific (ex Japan and China[1])

| Investments by value | Sector | Country | £'000 | % of Pacific (ex Japan and China) portfolio | % of total portfolio |
|---|---|---|---|---|---|
| Taiwan Semiconductor Manufacturing | Technology Hardware and Equipment | Taiwan | 8,214 | 5.80 | 0.58 |
| VinaCapital Vietnam | Closed End Investments | Vietnam | 8,188 | 5.79 | 0.57 |
| Bank Mandiri | Banks | Indonesia | 7,734 | 5.47 | 0.54 |
| Samsonite | Personal Goods | Hong Kong | 7,675 | 5.42 | 0.54 |
| SK Telecom | Telecommunications Service Providers | South Korea | 7,434 | 5.25 | 0.52 |
| Macquarie Bank | Investment Banking and Brokerage Services | Australia | 7,057 | 4.99 | 0.50 |
| Power Grid | Electricity | India | 6,934 | 4.90 | 0.48 |
| Samsung Electronics | Technology Hardware and Equipment | South Korea | 6,752 | 4.77 | 0.47 |
| AIA | Life Insurance | Hong Kong | 6,613 | 4.67 | 0.46 |
| CITIC Securities | Investment Banking and Brokerage Services | Hong Kong | 6,584 | 4.65 | 0.46 |
| Woodside Energy | Oil, Gas and Coal | Australia | 6,145 | 4.34 | 0.43 |
| Alibaba | Retailers | Hong Kong | 5,938 | 4.20 | 0.42 |
| Capitaland | Real Estate Investment Trusts | Singapore | 5,726 | 4.05 | 0.40 |
| HKT | Telecommunications Service Providers | Hong Kong | 5,635 | 3.98 | 0.39 |
| Anta Sports Products | Personal Goods | Hong Kong | 5,566 | 3.93 | 0.39 |
| United Overseas Bank | Banks | Singapore | 5,538 | 3.91 | 0.39 |
| BHP | Industrial Metals and Mining | Australia | 5,453 | 3.85 | 0.38 |
| LG Corporation | General Industrials | South Korea | 5,103 | 3.61 | 0.36 |
| HDFC Bank | Banks | India | 4,995 | 3.53 | 0.35 |
| Telekomunikasi | Telecommunications Service Providers | Indonesia | 4,916 | 3.48 | 0.34 |
| Sun Hung Kai Properties | Real Estate Investment and Services | Hong Kong | 4,769 | 3.37 | 0.33 |
| JD.com | Retailers | Hong Kong | 4,372 | 3.09 | 0.31 |
| Pilbara Minerals | Industrial Metals and Mining | Australia | 4,174 | 2.95 | 0.29 |
| | | | **141,515** | **100.00** | **9.90** |

### Pacific (ex Japan and China[1]) geographical distribution at 31 October

| | **2023 %** | 2022 % |
|---|---|---|
| Hong Kong | 33.3 | 27.4 |
| Australia | 16.1 | 26.9 |
| South Korea | 13.6 | 15.1 |
| Indonesia | 9.0 | 11.5 |
| India | 8.4 | – |
| Singapore | 8.0 | 10.0 |
| Taiwan | 5.8 | 3.4 |
| Vietnam | 5.8 | 5.7 |
| | **100.0** | 100.0 |

1 China here means China 'A' shares which can be found in the China portfolio and not Hong Kong listed Chinese equities

## Pacific (ex Japan and China[1]) Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Managers: | **Mike Kerley and Sat Duhra** |
| Assets: | **£141.5m** |
| Allocation: | **9.9%** |
| Income: | **£6.8m** |

| **Total return (£) year to 31 October 2023** | |
|---|---|
| Bankers | **-3.3%** |
| FTSE All-World Asia Pacific (ex Japan) Index | **6.3%** |

### Review

- The Pacific (ex Japan and China[1]) portfolio fell 3.3% over the period, underperforming the FTSE All-World Asia Pacific (ex Japan) Index which rose by 6.3%
- The underperformance was due to the failure of an expected recovery in Chinese consumer consumption post-Covid, weaker commodity and energy prices and a lack of exposure to the Artificial Intelligence ('AI') theme.
- The biggest positive contributors to performance were CITIC Securities, Power Grid, Samsonite and OZ Minerals, the latter which was subject to a takeover by BHP during the period.
- The biggest detractors were in Hong Kong listed Chinese equities where JD.com, Li Ning and China Yongda Automobiles were de-rated as consumers in that market deferred spending plans while the lack of exposure to the AI theme in Taiwan was also detrimental on a relative basis.

### Activity

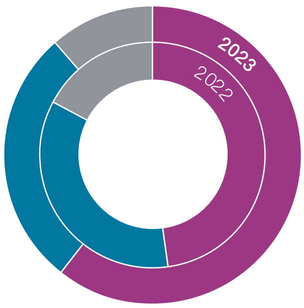
Towards the end of the period we reduced our exposure to mid-cap Hong Kong listed Chinese equities by selling China Yongda Automobiles and China National Building Materials in order to focus on higher quality companies that were de-rated during the decline in the Hong Kong listed Chinese equity market. New positions were added in Alibaba and Samsonite while a preference for a multi-brand strategy resulted in a switch from Li Ning to Anta Sports Products in the sportswear sector.

With interest rates peaking in most Asian economies we reduced the exposure to banks in developed markets such as Korea and Singapore in favour of banks where loan growth is a greater driver of profitability. We sold KB Financial in Korea and reduced United Overseas Bank in Singapore in favour of Bank Mandiri in Indonesia and HDFC Bank in India.

We remained positive on the outlook for green materials which will enable the transition from the reliance on fossil fuels to a cleaner future. We added BHP to the portfolio for its increasing exposure to copper and switched our lithium exposure to Pilbara Minerals from IGO owing to the former's better production profile. Although we like the long-term demand dynamics for natural gas, we reduced our exposure to Woodside Energy in expectation of short-term weakness in demand as global growth slows.

From a country perspective the weighting in India has been increased. Financials are the largest sector exposure, with a focus on banks that can deliver higher loan growth rather than exhibiting interest rate sensitivity.

**Classification by market value of investee company**




| | **2023 %** | 2022 % |
|---|---|---|
| Over £20bn | **60.6** | 47.8 |
| £5bn-£20bn | **28.2** | 35.0 |
| Under £5bn | **11.2** | 17.2 |

Source: Factset

1 China here means China 'A' shares which can be found in the China portfolio and not Hong Kong listed Chinese equities

# Portfolio Holdings at 31 October 2023 continued

## China

| Investments by value | Sector | £'000 | % of China portfolio | % of total portfolio |
|---|---|---|---|---|
| Kweichow Moutai | Beverages | 7,183 | 10.03 | 0.50 |
| Wuxi Apptec | Pharmaceuticals and Biotechnology | 6,407 | 8.95 | 0.45 |
| Wuliyangye Yibin | Beverages | 6,235 | 8.71 | 0.44 |
| China Merchants Bank | Banks | 6,013 | 8.40 | 0.42 |
| Ping An Insurance | Life Insurance | 5,840 | 8.16 | 0.41 |
| Midea | Household Goods and Home Construction | 5,006 | 6.99 | 0.35 |
| Shenzen Mindray | Health Care Equipment and Services | 4,284 | 5.99 | 0.30 |
| Haier Smart Home | Household Goods and Home Construction | 4,227 | 5.91 | 0.30 |
| Nari Technology Development | Electronic and Electrical Equipment | 4,087 | 5.71 | 0.29 |
| Shenzhen Inovance Technology | Industrial Engineering | 4,083 | 5.70 | 0.28 |
| Contemporary Amperex Technology | Automobiles and Parts | 3,708 | 5.18 | 0.26 |
| Venustech | Software and Computer Services | 3,322 | 4.64 | 0.23 |
| Inner Mongolia | Food Producers | 3,301 | 4.61 | 0.23 |
| Chacha Food | Food Producers | 2,500 | 3.49 | 0.17 |
| Beijing Oriental | Construction and Materials | 2,367 | 3.31 | 0.17 |
| Beijing-Shanghai High Speed Railway | Industrial Transportation | 2,254 | 3.15 | 0.16 |
| Chongqing Brewery | Beverages | 765 | 1.07 | 0.05 |
| | | **71,582** | **100.00** | **5.01** |

All of the above are China 'A' shares.

## China Portfolio

| As at 31 October 2023 | |
|---|---|
| Portfolio Manager: | **May Ling Wee** |
| Assets: | **£71.6m** |
| Allocation: | **5.0%** |
| Income: | **£1.8m** |

| Total return (£) year to 31 October 2023 | |
|---|---|
| Bankers | **-10.0%** |
| China CSI 300 Index | **-1.2%** |

### Review

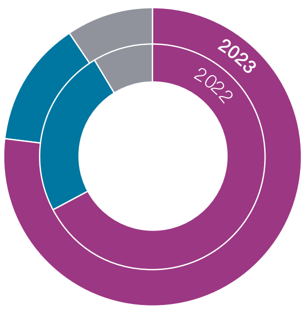
- The China portfolio fell 10.0% on a total return basis, thereby underperforming the benchmark CSI 300 Index total return of -1.2% by -8.8%.
- The China A share market was largely flat over the period, albeit volatile over the course of the year, rising from the start of the financial year and peaking before Chinese New Year. The initial excitement on China's announced Covid re-opening eventually gave way to disappointment as consumer sentiment collapsed. The consumer was reticent in their spending plans, affected by declining confidence in property prices due to solvency issues with property developers. Meanwhile, US-China relations remained tense.
- Consumer discretionary and staples, industrials and financials were the largest detracting sector exposures. The companies that should have responded well to the economy reopening post-Covid performed poorly. Examples include hotel operator Shanghai Jinjiang International, airport operator, Guangzhou Baiyun Airport and solar inverter maker Sungrow Power.

### Activity

We sold positions in duty free operator China Tourism Duty Free while in the renewable energy space, we sold both Longi Green Energy and Sungrow Power. China Tourism Duty Free's business remained difficult with the retail environment highly promotional due to weak consumption, high levels of inventory and the consumer having stocked up on beauty products during the Covid years. The solar energy value chain was challenging with overcapacity leading to price and margin pressures for Longi Green Energy. Furthermore, we sold the position in Sungrow Power as the demand outlook for solar installations in China remained uncertain after the strong surge in the prior year. We also noted that the solar inverter space was seeing competition with new manufacturers increasing capacity.

We added to the holding in secondary grid equipment and software provider, Nari Technology Development, as we expected upgrades to China's power grid would lead to resilient demand for Nari Technology's product line-up. In the information technology sector, we further added to cybersecurity services provider Venustech, as we expected the introduction of its new strategic shareholder, China Mobile, to bring significant new business opportunities. Finally, we initiated a holding in high-speed rail operator Beijing Shanghai High Speed Rail as we expected increasing demand for its services would lead to more train services on its key Beijing-Shanghai network. Domestic travel on its key routes remained resilient despite the weaker than expected economy.

**Classification by market value of investee company**




| | 2023 % | 2022 % |
|---|---|---|
| Over £20bn | **77.2** | 67.3 |
| £5bn-£20bn | **13.6** | 24.3 |
| Under £5bn | **9.2** | 8.4 |

Source: Factset

# Distribution of Assets and Liabilities

## At 31 October 2023

| | Equities £'000 | Fixed interest £'000 | Current assets £'000 | Total assets £'000 | % | Total liabilities £'000 | Geographical exposure of net assets £'000 | % |
|---|---|---|---|---|---|---|---|---|
| UK | 215,191 | – | 45,500 | 260,691 | 17.7 | (103,723) | 156,968 | 11.8 |
| Europe (ex UK) | 238,909 | – | 3 | 238,912 | 16.2 | (38,183) | 200,729 | 15.1 |
| North America | 574,733 | – | 796 | 575,529 | 39.0 | – | 575,529 | 43.2 |
| Japan | 186,857 | – | – | 186,857 | 12.6 | – | 186,857 | 13.9 |
| Pacific (ex Japan and China) | 141,515 | – | 72 | 141,587 | 9.6 | – | 141,587 | 10.6 |
| China | 71,582 | – | 271 | 71,853 | 4.9 | – | 71,853 | 5.4 |
| **Total** | **1,428,787** | **–** | **46,642** | **1,475,429** | **100.0** | **(141,906)** | **1,333,523** | **100.0** |

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

# Rates of Exchange

## The principal exchange rates at 31 October

| | 2023 | 2022 |
|---|---|---|
| US Dollar | **1.21** | 1.15 |
| Japanese Yen | **183.77** | 171.13 |
| Euro | **1.15** | 1.17 |
| Hong Kong Dollar | **9.49** | 9.04 |
| Australian Dollar | **1.92** | 1.80 |

| | 2023 | 2022 |
|---|---|---|
| Chinese Yuan Renminbi | **8.88** | 8.40 |
| New Taiwanese Dollar | **39.36** | 37.10 |
| Korean Won | **1638.83** | 1640.04 |
| Swiss Franc | **1.10** | 1.15 |
| New Zealand Dollar | **2.09** | 1.98 |

# Historical Record

## At 31 October

| | | Earnings and dividend per share | | | | | | Indices of growth[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross revenue £'000 | Earnings net[1] p | Total dividends net[1] p | Ongoing charge % | Total assets less current liabilities £'000 | Net asset value per ordinary share[1] p | Market price per ordinary share[1] p | Net asset value | Market price per ordinary share | FTSE All-Share Index | FTSE World Index | Dividend per ordinary share net | UK Consumer Price Index |
| 2013 | 19,689 | 1.45 | 1.41 | 0.45 | 678,561 | 59 | 58 | 100 | 100 | 100 | 100 | 100 | 100 |
| 2014 | 20,748 | 1.51 | 1.48 | 0.53 | 693,196 | 60 | 56 | 102 | 97 | 98 | 106 | 105 | 101 |
| 2015 | 22,767 | 1.72 | 1.58 | 0.52 | 777,428 | 63 | 62 | 107 | 107 | 97 | 108 | 113 | 101 |
| 2016 | 24,916 | 1.75 | 1.70 | 0.52 | 991,544 | 76 | 69 | 129 | 119 | 105 | 137 | 120 | 102 |
| 2017 | 29,634 | 2.05 | 1.86 | 0.44 | 1,142,379 | 88 | 85 | 150 | 147 | 115 | 152 | 132 | 105 |
| 2018 | 30,547 | 2.08 | 1.97 | 0.50 | 1,126,410 | 87 | 84 | 148 | 144 | 109 | 155 | 140 | 108 |
| 2019 | 31,752 | 2.16 | 2.09 | 0.52 | 1,228,032 | 95 | 93 | 161 | 160 | 111 | 169 | 148 | 109 |
| 2020 | 26,761 | 1.68 | 2.15 | 0.50 | 1,325,803 | 98 | 98 | 166 | 169 | 88 | 173 | 152 | 110 |
| 2021 | 35,027 | 2.17 | 2.18 | 0.48 | 1,726,067 | 121 | 114 | 206 | 197 | 115 | 224 | 154 | 115 |
| 2022 | 38,208 | 2.34 | 2.33 | 0.50 | 1,484,946 | 105 | 97 | 179 | 167 | 108 | 213 | 165 | 127 |
| **2023** | **41,765** | **2.72** | **2.56** | **0.50** | **1,458,423** | **108** | **94** | **184** | **161** | **110** | **220** | **181** | **133** |

Source: Morningstar Direct

1 Comparative figures for the year ended 31 October 2013 to 31 October 2021 have been restated due to the sub-division of each ordinary share of 25p into 10 ordinary shares of 2.5p each on 1 March 2021

2 Rebased to 100

# Our Approach to Environmental, Social and Governance Matters



## Our principles

The Board believes that integrating environmental, social and governance ('ESG') factors into the investment decision-making and ownership practices is a crucial element in delivering our investment objective. ESG considerations are an integrated component of the investment processes employed by each of the active investment teams at Janus Henderson, our Manager. These teams, spanning different geographic markets, operate and are structured in ways that are suited to their respective regions. This means that ESG considerations are embedded in ways that are appropriate to the markets in which the teams invest. They apply their differentiated perspectives, insight and experience to identify sustainable business practices that can generate long-term value.

## Defining ESG

- **Environmental** factors include climate change, energy efficiency, resource depletion and water and waste management.
- **Social** factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- **Governance** factors include mitigating risks such as bribery and corruption, board diversity, executive pay, accounting standards and shareholder rights and positively influencing corporate behaviour.

## Investment considerations

When employing fundamental security analysis, the investment teams take a long-term view, seeking to identify companies differentiated by their sustainable competitive advantage, strong earnings potential and shareholder-friendly management teams. As they strive to understand all drivers of company performance, they also strive to understand the risks. An evaluation of ESG factors is integral to this.

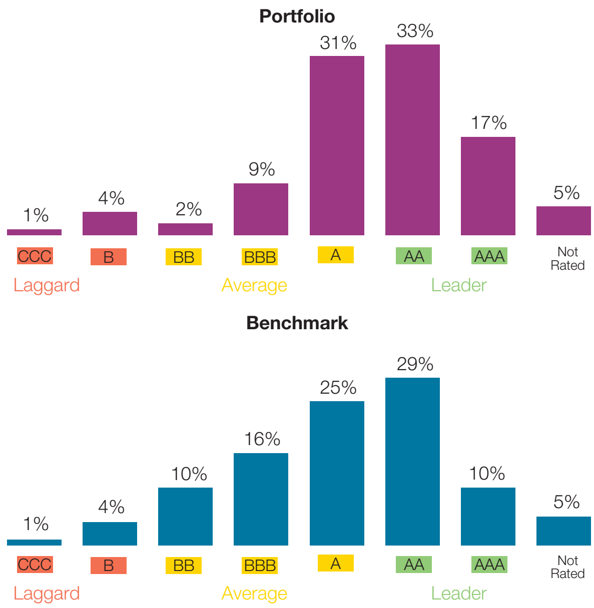
Governance is a key part of fundamental analysis with good corporate governance supportive of long-term decision-making and investment returns. The interpretation of environmental and social factors can vary in importance depending on the sector and geographic region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, are important considerations when calculating the opportunity in an equity investment.

Fundamental factors considered vary, and may include:

| | |
|---|---|
| **Financial analysis** | Capital structure, balance sheet strength, revenue growth, free cash flow, earnings growth, return on invested capital, leverage ratios |
| **Qualitative evaluation** | Executive management, business model, industry growth, barriers to entry, competitive strength, product cycle, macro cycle |
| **Environmental** | Sustainable sourcing, emissions, water usage, energy dependency, regulatory impact, waste management |
| **Social** | Labour practices, data privacy, workplace safety, supply chain standards, diversity, community action, customer support |
| **Governance** | Accounting standards, shareholder rights, voting structure, transparency, compensation, board independence |
| **Valuation** | Discounted cash flow, sum of the parts, dividend payout, price to earnings, price to book, free cash flow yield, enterprise value/ EBITDA (earnings before interest, taxes, depreciation, amortisation) |

The Manager engages MSCI, a leading global provider of ESG research, to support its own investment research. The Manager has a dedicated ESG research team to provide insights and thematic analysis to support the portfolio managers. The Company's portfolio, as at 31 October 2023, exhibited the following factors, as defined by MSCI analysis:

### ESG Rating Distribution

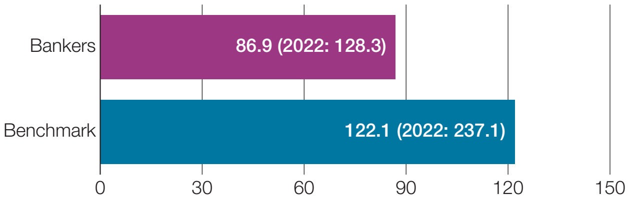



MSCI ESG Ratings Distribution represents the percentage of the portfolio's market value coming from holdings classified as ESG Ratings Leaders (AAA and AA), Average (A, BBB, and BB), and Laggards (B and CCC). ESG ratings are calculated

# Our Approach to Environmental, Social and Governance Matters continued

based upon each company's exposure to key ESG risks across different components of a business' value chain: including core product/business segments, the locations of its operations, and other relevant measures such as outsourced production or reliance on government contracts. MSCI conducts systematic monitoring and quality review of information, as well as a formal committee review. There are 35 key metrics underlying the rating, each of which is centred on the intersection between a company's unique material issues and industry-specific issues. This means that the MSCI ESG ratings assess companies on their performance relative to peers within their industry.

**Carbon intensity (tCO$^{2}$e/USD million)**




Sources: MSCI as at 31 October

Carbon Intensity (Scope 1+2) is a metric used to compare company emissions across industries. MSCI divides the absolute emissions by total revenue, meaning the figure is expressed in tonnes of carbon dioxide equivalent per USD million of total revenue. The overall portfolio of the Company is 29% (2022: 46%) less carbon intensive than the benchmark. The lower carbon intensity of the Company's portfolio principally reflects a greater exposure to greener, lower carbon based, electricity generators and a significantly lower exposure to fossil fuel energy companies than the index.

## Stewardship and company engagement

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Janus Henderson supports a number of stewardship codes, such as the UK and Japanese stewardship codes, and broader initiatives around the world including being a founder signatory of the UN Principles for Responsible Investment. The intensive research of the portfolio managers and analysts involves conducting on an annual basis thousands of interviews with senior executives and chairmen of companies throughout the world. These teams naturally develop long-term relationships with the management of companies in which they invest. Should concerns arise over a company's practices or performance, they seek to leverage these constructive relationships by engaging with company management or expressing their views through voting on management or shareholder proposals. Escalation of the engagement activities depends upon a company's individual circumstances.

Illustrated below are cases where, during the past 12 months, Janus Henderson has engaged with companies held within the portfolio on matters that relate to environmental (E), social (S) or governance (G) topics.

### E Environmental

We arranged a meeting with BP (UK oil major) following the company's revised energy transition strategy which included the company downgrading its 2030 emission reduction targets. The meeting focused on the rationale behind the strategy change and whether it damaged the credibility of BP's longer-term goal to be net zero by 2050. The company stated that the long-term goal remained but they needed to be flexible in how they achieved this in terms of generating suitable returns on capital expenditure. Also while the proposed investment in oil projects over the next few years had been increased as part of the updated strategy, so too had the committed investment into low carbon energy projects. This forms part of ongoing engagement with BP.

During the period we engaged with McDonald's (US restaurant chain) on the use of antibiotics in the supply chain. We highlighted the increased focus on this topic particularly in the agriculture sector; where we see more companies set stronger antibiotic stewardship policies and reduction targets within the supply chain. McDonald's reiterated their commitment to this issue and a growing level of research/data collection and work with suppliers in this space. McDonald's has moved away from thinking they need a blanket reduction of antibiotics, taking a more nuanced and bespoke approach where they are monitoring usage across different regions – which we felt was appropriate at this time.

We met with Chinese white goods manufacturer Midea to follow up on their green initiatives and financing announced in early 2022. The meeting focused on their strategies regarding recycling, chemical and water usage and the plan to achieve a green energy mix of 30% by 2030. The company outlined their plans but we felt that there were areas the company could be more forthcoming upon and these concerns were shared with management. Progress on these will form the basis of future engagements.

### S Social

We engaged with Shenzhen Mindray Bio-Medical (Chinese medical device manufacturer) principally regarding the access and affordability of their lower cost, value for money medical devices. The call also touched on how Mindray focuses their R&D investments and clinical trial diversity to ensure that there is less bias to gender and ethnicity in the effectiveness of their devices. They currently do not have an AI ethics oversight committee; an area which we will monitor over time. Finally, we agreed to follow up with MSCI ESG on Mindray's rebuttal to MSCI's ESG rating and MSCI's assessment of Mindray's talent retention, whistleblowing protection and the stated lack of equity rewards.

### G Governance

During the year we engaged with executives at British American Tobacco (UK tobacco) following the news that the company had been fined by the US Department of Justice for breaching sanctions in North Korea between 2007 and 2017. The meeting focused on the changes the company had implemented to its controls and practices on compliance and governance for countries deemed high risk, to prevent

# Our Approach to Environmental, Social and Governance Matters continued



breaches of this nature recurring. The company reassured us that they now have sufficient controls in place.

We engaged with Bawag (European Bank) on the topic of excessive remuneration. This has been an issue for a number of years and resulted in voting against its remuneration report in 2022. This year, after our engagement with the company, we were sufficiently reassured to vote in favour of the remuneration report. The primary issue that we have focused on is the seemingly excessive pay to top level management without reasonable justification. The company have now undertaken a benchmarking exercise to better justify their remuneration recommendations. They also accepted our feedback on the need for a simple set of clear, measurable targets to be used in deciding on the level of both short term and long-term pay rewards. We will continue to engage on this issue.

We continued to have regular dialogue with Dai-ichi Life Holdings management (Japan), a diversified life insurer that underwrites and sells life, health and annuity business lines. We believe the business is overcapitalised and that better capital allocation decisions could help to resolve the significantly low valuation. We held discussions with management on the potential returns for each business unit and the resulting allocation and growth requirements. There was particular emphasis on the overseas units and their recognition by investors in the overall value of the company. Management noted our points and we agreed to follow up next year.

## Voting

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

Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment Policy ('RI Policy'). The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights and level of dispersed ownership. The voting and engagement activities vary according to the market and pay close attention to local market codes of best practice.

However, there are certain core principles that are universal:

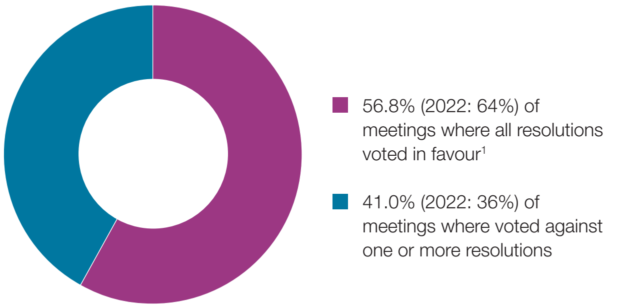
- disclosure and transparency;
- board responsibilities;
- shareholder rights; and
- audit and internal controls.

A key element of the Board's approach to proxy voting is to support these principles and to foster the long-term interests of our shareholders.

In order to retain oversight of the process, the Board regularly receives reports on how the Manager has voted the shares held in the Company's portfolio and reviews, at least annually, the RI Policy, which sets out the Manager's approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code.

In the period under review, investee companies held 222 general meetings. The shares held in the Company's portfolio were voted at 97.8% of these meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice which meant support in favour of most of the resolutions proposed by management was warranted. However, in respect of 91 meetings, support was not warranted for all of the resolutions proposed and, following discussion between the Fund Manager and Janus Henderson's governance team, the shares were voted against the passing of at least one resolution.

### Voting record

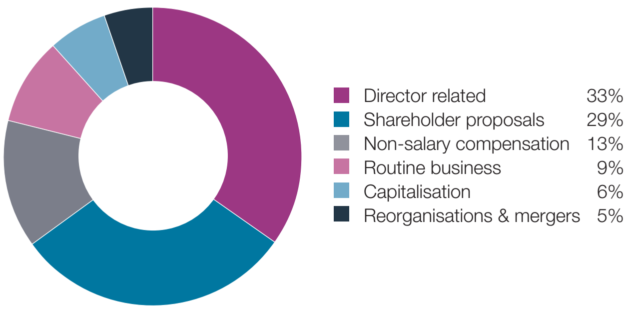



1 Represents meetings where all proposals for that company at that meeting date were voted with vote instructions of 'for' and also includes 3.2% of meetings where all resolutions with MSOP frequency* 1 year had voting instructions of One Year

* MSOP Frequency = Management Say on Pay frequency proposal votes allow shareholders to determine whether, going forward, the "say-on-pay" vote to approve compensation should occur every one, two, or three years

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

The breakdown of the votes that were against management is as follows:




Source: Janus Henderson using Institutional Shareholder Services ('ISS') categories

# Our Approach to Environmental, Social and Governance Matters continued

## The environment

The regional portfolio managers engage with investee companies on environmental matters where they arise, and the companies themselves report directly on their own emissions. As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal, occurring through the investments it makes. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ('SECR') regulations and therefore is not required to disclose energy and carbon information.

Our Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, Janus Henderson reached its three-year target to reduce its carbon footprint by 15% per full-time employee ('FTE') from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, Janus Henderson set ambitious new five-year reduction targets:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits. Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and CDP, as well as in its Annual Report and in its Impact Report.

## Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its service providers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010, Criminal Finances Act 2017, and the sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

# Business Model



## Purpose

The Company's purpose is to provide its shareholders with a diversified and cost-effective vehicle for growing income and capital. We achieve this by investing predominantly in the equity of those publicly listed companies 'across the world' which we expect can deliver growing cash flows and therefore ultimately pay dividends.

## Investment objective

Over the long-term, the Company aims to achieve capital growth in excess of the FTSE World Index and dividend growth greater than inflation, as measured by the UK Consumer Price Index ('CPI'), by investing in companies listed throughout the world.

## Investment policy

The following investment ranges apply:

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

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

The Manager primarily employs a bottom-up stock picking investment process, across six regional portfolios, to identify suitable opportunities. While each regional portfolio manager employs their own investment style, they all pay particular regard to cash generation and dividend growth over the medium term.

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

### Derivatives

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

### Gearing

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

## Values and culture

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

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest, Directors' dealings in the Company's shares, bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process (for more information see the performance evaluation section on page 55).

## Sustainability

The Board believes the business model provides investors with a cost-effective mechanism for achieving long-term investment goals and builds relationships with third-party service providers with this approach in mind. The Company offers a broadly diversified global exposure with concentrated regional 'best ideas' portfolios. It has a strong long-term performance record, both absolute and relative to its benchmark index. Please see page 3 for more detail.

The Company's ongoing charge is amongst the lowest of actively managed equities funds.

Unlike open-ended funds, as an investment trust the Company has been able to build up over many years a significant revenue reserve (income not paid out in good years) which, in tougher years, can be drawn on to continue delivering a reliable and growing dividend.

## Benefits

The Company's business model offers numerous advantages (see pages 31 to 39 also for more detail):

- provides investors with access to a professionally and actively managed portfolio of assets;
- offers investors exposure to global companies;
- enables investors to spread the risks of investing;
- enhances returns to investors by operating as an approved investment trust meaning no capital gains tax is paid on the realisation of investments;
- the closed-end structure allows the Fund Manager to take the longer term view on investments and remain fully invested;
- the Company may use leverage with the aim of increasing returns for investors over the longer term; and
- oversight by a Board of Directors wholly independent of the Manager.

# Business Model continued

## The Company's status

The Company is an investment company as defined in section 833 of the Companies Act 2006 ('the Act') and operates as an investment trust in accordance with section 1158/9 of the Corporation Tax Act 2010 as amended. The Directors are of the opinion that the Company has conducted its affairs in compliance with section 1158/9 since approval was granted and intends to continue to do so.

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

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

## Position at year end

At 31 October 2023, the portfolio contained 183 (2022: 161) individual investments excluding those held at nil value, with the largest single investment accounting for 4.0% (2022: 2.8%) of total investments and the top 25 holdings totalling 30.9% (2022: 40.7%) of total investments. There were two holdings in a listed investment company in the portfolio (2022: two). There were no derivatives held in the portfolio (2022: nil).

## Borrowings

The Company had a £15 million 8% 2023 debenture which was repaid on 31 October 2023. It has the following unsecured private placement fixed rate loan notes with respective annualised coupon rates: £50 million 3.68% 2035; £37 million 2.28% 2045 and €44 million 1.67% 2041.

In addition, the Company has a £20 million loan facility with SMBC Bank International plc which expires in 2024 and was undrawn at the year-end.

Net gearing at 31 October 2023 was 7.1% (2022: 5.4%) of net asset value.

## Ongoing charge and other costs

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

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

| **Category of cost** | **2023 £'000** | **2023 % of average net assets** | 2022 £'000 | 2022 % of average net assets |
|---|---|---|---|---|
| Management fee | 5,966 | 0.42 | 6,351 | 0.43 |
| Other recurring expenses | 1,017 | 0.08 | 1,052 | 0.07 |
| **Ongoing charge figure** | 7,073 | 0.50 | 7,403 | 0.50 |
| Portfolio transaction costs | 725 | 0.05 | 658 | 0.04 |

## Liquidity and discount management

Our aim is for the Company's share price, as far as possible, to reflect closely its underlying net asset value, to reduce share price volatility and to have a liquid market in the shares. The ability to influence this meaningfully over the longer term is, of course, limited. However, the Board intends, subject always to the overall impact on the portfolio, the pricing of other investment companies and overall market conditions, to consider share issuance and buybacks.

We believe that flexibility is important and that it is not in shareholders' interests to have specific share issuance and share buyback policies.

## Arrangements with the Manager

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

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

The fund management team is led by Alex Crooke, who has been in place since 2003. He is assisted by David Smith, James Ross, Jeremiah Buckley, Junichi Inoue, Mike Kerley, Sat Duhra and May Ling Wee. Mike Kerley is to retire in 2024 and the Asia (ex Japan and China) portfolio will be managed by Sat Duhra.

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

## Fees

The Manager is entitled to a management fee charged at a rate of 0.45% per annum on the first £750 million of net assets, 0.40% per annum on net assets in excess of £750 million up to £1.5 billion and 0.35% of net assets in excess of £1.5 billion.

For the purpose of the fee calculation, the net assets are as at the last day of the quarter immediately preceding the quarter in respect of which the calculation is made.

## Arrangements with Depositary, Custodian and Registrars

The Company has appointed a Depositary (as explained on page 93), who, in turn, has appointed the Custodian who is responsible for the safe custody of the Company's assets. The Company has also appointed Registrars to maintain its register of members and assist shareholders with queries in respect of their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. Fees paid to service providers are disclosed in note 6 on page 78.

## Diversity

It is the Company's aim to have an appropriate level of diversity in the Boardroom.

The Directors have broad experience and skills, bringing knowledge of investment markets, business, financial services and stakeholder expertise to discussions on the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objective.

The Nominations Committee considers diversity in its broadest sense when making recommendations for appointments to the Board, see page 56. The Board's prime responsibility, however, is the strength of the Board and its overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

Currently the Board comprises six Directors, two female and four male. See page 56 for further details of the Company's diversity policy and compliance with recommended diversity targets.

The Board also takes an interest in the diversity initiatives in place at the Manager. Janus Henderson fosters and maintains an environment that values the unique talents and contributions of every individual. The Manager strives to cultivate and practice inclusiveness for the long-term success of the business and for the benefit of its employees, clients, investors and shareholders. The Board notes and supports the Manager's diversity training and initiatives to improve any imbalances. These include Janus Henderson's gender and ethnicity pay gap analysis, trainee, apprenticeship and internship programmes, such as INROADS, Girls Who Invest, Investment 2020 and #100 Black Interns.

Details of Janus Henderson's diversity and inclusion initiatives can be found on its website at **https://diversityproject.com/organisation/janus-henderson**.

## Promoting the success of the Company

**Section 172 statement**

Under section 172 of the Companies Act 2006, the Directors have a duty act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors are required to take into account (amongst other matters) the likely long-term consequences of their decisions, the need to foster relationships with the Company's wider stakeholders, the desirability of the Company maintaining a reputation for high standards of business conduct and the impact of the Company's operations on the community and environment. The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities under section 172 over the course of the financial year, including how the Board has engaged with and understands the views of stakeholders, how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

The Company does not have any employees or premises and conducts its core activities through its externally appointed Manager (Janus Henderson). The Company has also appointed other third-party service providers to enable the Company to operate as a listed investment company. Each service provider has an established track record and has in place suitable policies and procedures to ensure it maintains high standards of business conduct.

As the Company is an externally managed investment company, the Board considers the Company's key stakeholders to be existing and potential new shareholders, the Manager, other service providers (Custodian, Depositary, Registrars, Corporate Brokers, Auditor and legal advisers) and debt providers (the Company's loan noteholders and lending bank). Engagement with the Company's key stakeholders enables the Company to fulfil its strategic objectives and the Directors to promote the long-term sustainable success of the Company for the benefit of shareholders as a whole.

# Business Model continued

## Engaging with stakeholders

We, as Directors, have the success of the Company foremost in our minds when making decisions. Decisions are taken with the aim of achieving our purpose and are based on information provided by a range of sources. The impact on stakeholders is assessed as part of our deliberations, although stakeholders may be affected differently.

The table below sets out the primary ways in which we, as your Board, engage with the Company's key stakeholders.

| Stakeholder | Engagement |
|---|---|
| **Shareholders and potential investors** | **Purpose:**<br>• Continued shareholder support is crucial to the continued existence of the Company and clear communication of the Company's strategy and performance can help the share price trade at a narrower discount or a premium to NAV which benefits shareholders. Consequently, the Board places great importance on shareholder communication and is committed to open channels of communication with all shareholders.<br><br>**How we engage:**<br>Regular updates are provided to investors through:<br>• the Annual and Half Year Reports;<br>• the Manager's monthly factsheets;<br>• Company announcements, including daily NAV announcements;<br>• Edison research notes (paid for by the Company and available to all investors in the UK and New Zealand); and<br>• the Company's website, which includes video interviews with the Company's Fund Manager, investment insights and other relevant information to enhance investors' understanding of the Company and its portfolio and prospects.<br><br>The Company's Annual General Meeting provides the main forum, both formal and informal, for all shareholders to meet and discuss the Company and its performance and to raise any questions or concerns with the Chair, the other Directors and the Fund Manager. The Board encourages as many shareholders as possible to attend the Company's Annual General Meeting and to provide feedback on the Company. Shareholders who cannot attend in person are invited to attend and raise questions online.<br><br>In addition to the AGM, the Fund Manager and members of the Manager's investment trust sales team regularly meet with current and potential new shareholders (principally institutional investors and wealth managers) to discuss the Company and its performance and prospects and feedback from these meetings is reported to the Board. The Fund Manager also provides presentations to research analysts following the publication of the Company's annual financial results.<br><br>The Board welcomes all shareholders' views, and all shareholders may communicate with the Chair (or other members of the Board or the Manager) at any time by writing to them at the Company's registered office.<br><br>All shareholder communications are shared with the Chair, dealt with promptly and circulated to the Board at its next meeting. In addition, the Chair is available to meet with major shareholders at any time. The Senior Independent Director is also available to shareholders if they have concerns that have not been addressed through the normal channels.<br><br>The Company contributes to a focused investment companies marketing programme operated by Janus Henderson on behalf of all the investment companies under its management. This enables some economies of scale as well as allocation of funds to support specific marketing activities for the Company. The purpose of the programme is to ensure effective communication with existing shareholders, attract new shareholders and sustain the stock market rating of the Company's shares.<br><br>The Manager also coordinates public relations activity to promote the Company's strategy and outlook and raise the Company's profile with a broader range of potential new shareholders. This includes arranging meetings between the Fund Manager and relevant financial press and other industry publications and distributing interviews with the Fund Manager and other relevant information via various social media channels.<br><br>**Target outcome:**<br>• The Board is able to incorporate shareholders' views when considering how best to promote the long-term success of the Company for the benefit of shareholders as a whole and shareholders are able to make informed decisions about their investment in the Company, facilitating the retention of existing shareholders and attracting new ones. |

# Business Model continued

| Stakeholder | Engagement |
|---|---|
| **Manager – Janus Henderson**<br>• Fund Manager<br>• Sales and marketing<br>• Company secretarial<br>• Financial reporting<br>• Internal controls functions<br>• Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas) | **Purpose:**<br>• The Manager is responsible for the Company's portfolio management (including asset allocation and stock selection) and risk management, as well as ancillary functions such as company secretarial, administration, accounting, sales and marketing services. Successful management of the Company's portfolio is critical for the Company to meet its strategic objectives and enable its long-term sustainable success, whilst effective provision of the ancillary services are essential for the efficient running of the Company's day-to-day affairs.<br>**How we engage:**<br>• The Board seeks to engage with the Manager in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring appropriate and regular challenge, during Board meetings and between them. The Manager provides regular performance updates and detailed performance attribution to help the Board to exercise effective oversight of the Manager and the Company's strategy, as well as regular administration, regulatory and other updates to assist the Board's oversight of the ancillary services provided by the Manager.<br>• The Board meets with representatives of the Manager's investment companies, sales and marketing teams at least twice a year to receive updates on their activities and discuss future strategy for engaging with current and prospective shareholders, including those who invest through retail investor platforms.<br>• The Board has the opportunity to meet other key representatives of the Manager (including from the Manager's risk, compliance, internal audit, business continuity and information security teams) throughout the year to assist the Board in its strategic thinking and risk management and oversight of the Company's activities.<br>• There has been regular interaction between the Board and the Manager to consider the impact on the Company from geopolitical risks (including portfolio activity, risks and opportunities, gearing and revenue forecasts) and to ensure that the Company had sufficient resilience in its portfolio and operational structure to meet the challenged circumstances, which has proved to be the case.<br>• The Board, through the Management Engagement Committee, formally reviews the performance and terms of appointment of the Manager at least annually (see page 54 for further details).<br>**Target outcome:**<br>• The Company's portfolio and affairs are well-managed, enabling the Company to meet its strategic objectives and achieve long-term sustainable success. |

# Business Model continued

| Stakeholder | Engagement |
| --- | --- |
| **Other key third-party service providers** | **Purpose:**<br>• In order for the Company to operate as a listed investment company, the Board relies on other service providers for essential services (in particular with regard to the safekeeping of the Company's assets, share registration services, market support for share issues and buybacks and independent assurance regarding the Company's financial statements) and for advice and support in meeting relevant obligations and complying with best practice. The Board seeks to maintain constructive relationships with the Company's other service providers, either directly or through the Manager, with regular communications and meetings.<br><br>**How we engage:**<br>• The Management Engagement Committee conducts an annual review of the performance and terms of appointment of the Company's key service providers (apart from the auditor, whose performance and terms of appointment are reviewed by the Audit and Risk Assurance Committee) to ensure they are performing in line with the Board's expectations and providing value for money (see page 54 for further details).<br>• The Audit and Risk Assurance Committee is responsible for reviewing the internal controls and risk management systems in place at the Company's key third-party service providers (see page 51 for further details).<br><br>**Target outcome:**<br>• Other key service providers provide the required level of service at cost levels proportionate and competitive. |
| **Debt providers** | **Purpose:**<br>• The Board believes that the use of debt can enhance returns to shareholders over the long-term.<br><br>**How we engage:**<br>• On behalf of the Board, the Manager maintains a constructive working relationship with the loan note holders and the provider of the Company's borrowing facility, ensuring compliance with loan covenants and providing regular covenant compliance confirmations and other information as required.<br><br>**Target outcome:**<br>• To demonstrate a strong financial position that supports the financing arrangements. |
| **AIC (The Association of Investment Companies)** | **Purpose:**<br>• The Company is a member of the AIC, which represents a broad range of investment companies. The AIC supports its members by: issuing publications and guidance on issues such as tax, accounting, company law and regulation; email updates on key industry issues and AIC work programmes; and running events for the directors of its members, including director roundtables, conferences and dinners.<br><br>**How we engage:**<br>• The Company provides information for inclusion in the AIC's database which is used to generate information regarding the Company on the AIC's website (**www.theaic.co.uk**).<br>• The Manager, on behalf of the Company, comments on consultation and proposal documents prepared by the AIC concerning matters that may affect the Company and has supported the AIC's lobbying activities.<br><br>**Target outcome:**<br>• Support provided to AIC members assists the Board in its discussions and decision making, the Company has a voice in the regulatory environment in which it operates and information about the Company is disseminated widely. |

# Business Model continued



### Examples of stakeholder consideration during the year

The Board is always mindful of the need to act in the best interests of stakeholders as a whole and to have regard to other applicable section 172 factors and this forms part of the Board's decision-making process. The following key decisions taken by the Board during the year ended 31 October 2023 serve as examples of this:

- **Appointment of one new Director:** Following the retirement of Isobel Sharp during the year it was important that any new Director must have recent and relevant financial experience. Ankush Nandra, who joined the Board on 1 September 2023, is a qualified accountant and is the Chair of the Audit and Risk Assurance Committee.
- **Issuing and buying back the Company's shares:** As set out on page 6, the Board's aim is for the Company's share price to reflect closely its underlying net asset value, and also to reduce volatility and have a liquid market in the shares. The Board considers that it is in shareholders' interests for the Company to be able to issue shares when they are trading at a premium to the net asset value and by doing so the Company's costs are spread across a larger asset base. Any shares bought back to be held in treasury are only purchased when the share price is trading at a discount to the underlying net asset value. During the year, the Company has bought back its own shares to be held in treasury.
- **Appointment of joint Broker:** The Board considered that this was required to ensure that sales, research and corporate matters were fully covered for the benefit of the Company's shareholders.
- **Long-term debt:** the Company repaid its £15 million 8% debenture stock in full on 31 October 2023 in accordance with the terms of the Trust Deed.
- **Using revenue reserves to support the Company's dividend policy:** The ability to use the revenue reserve to help smooth the level of dividend payments over the longer term is a distinguishing feature of investment trusts. After taking into account the recommended final 2023 dividend payment, if approved, approximately £2.6 million (2022: £0.3 million) will be transferred to revenue reserve. Adjusted for that transfer and the third and final dividends, our revenue reserve at the year-end amounts to approximately £27.2 million (2022: £24.6 million), or 2.20p per share (2022: 1.90p per share).

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

## Our approach to environmental, social and governance matters

The report on pages 27 to 30 form part of the Company's Business Model.

## Managing our Risks

The Board, with the assistance of Janus Henderson, has carried out a robust assessment of the principal risks and uncertainties including emerging risks facing the Company that would threaten its business model, future performance, solvency, liquidity or reputation.

The Board regularly considers the principal risks facing the Company and has drawn up a register of these risks. The Board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The Board monitors the Manager, its other service providers and the internal and external environments in which the Company operates to identify new and emerging risks. Any new or emerging risks that are identified and that are considered to be of significance are included in the Company's risk register together with any mitigating actions required.

The Board pro-actively monitors all of these factors and has a strong focus on continuing to educate itself about any relevant issues. Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance Statement on page 49. Further details of the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and how they are managed are contained in note 16 on pages 82 to 88.

The Board's policy on risk management has not materially changed during the course of the reporting period and up to the date of this report.

The principal risks which have been identified and the steps taken by the Board to mitigate these are as follows:

| Risk | Trend | Mitigation |
|---|---|---|
| **Investment activity and performance risks**<br>An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group.<br>Investment performance, over an extended period of time, may be impacted by either external (political, financial shock, pandemic, climate change) or internal factors (poor stock selection), leading to shareholders voting to wind up the Company. | ↑ | The Board monitors investment performance at each Board meeting and regularly reviews the extent of the Company's borrowings.<br>The Board receives regular updates on professional and retail investor activity from the Manager and its brokers to inform themselves of investor sentiment and how the Company is perceived in the market. |
| **Portfolio and market risks**<br>Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. The risks associated with a global pandemic and other health emergencies are considered within portfolio and market risks, a grouping which also covers risks relating to heightened political and military tensions and inflationary pressures. This is likely to impact share prices of investments in the portfolio, to the extent not already factored into current prices. | ↑ | The Fund Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, investment activity and performance. |
| **Tax, legal and regulatory risks**<br>A breach of section 1158/9 of the Corporation Tax Act 2010 could lead to the loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the FCA's Rules could result in suspension of the Company's shares, while a breach of the Companies Act could lead to criminal proceedings. All breaches could result in financial or reputational damage. The Company must also ensure compliance with the Listing Rules of the New Zealand Stock Exchange. | ↔ | Janus Henderson has been contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Janus Henderson on a quarterly basis, which confirm tax, legal and regulatory compliance both in the UK and New Zealand. |
| **Financial risks**<br>By its nature as an investment trust, the Company's business activities are exposed to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk. | ↔ | The Company has a diversified portfolio which comprises mainly investments in large and medium-sized companies and mitigates the Company's exposure to liquidity risk.<br>The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by Janus Henderson. Further information on the mitigation of financial risks is included in note 16 on pages 82 to 88. |

# Business Model continued

| Risk | Trend | Mitigation |
|---|---|---|
| **Operational and cyber risks**<br>Disruption to, or failure of, Janus Henderson's accounting, dealing or payment systems or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational and cyber risks that one or more of its service providers may not provide the required level of service or that Artificial Intelligence has been used to hack into business systems. | ↑ | The Board monitors the services provided by Janus Henderson, the Depositary and its other service providers and receives reports on the key elements in place including cyber attacks and information security, to provide effective internal control. |
| **Risks associated with climate change**<br>Risk that investee companies within the Company's portfolio fail to respond to the pressures of the growing climate emergency and fail to limit their carbon footprint to regulated targets, resulting in reduced investor demand for their shares and falling market values. | ↑ | Please refer to Investment activity and performance risks above and the Environmental, Social and Governance Matters section on pages 27 to 30 for further details. |

## Future developments

While the future performance of the Company is mainly dependent on the performance of global financial markets which are subject to various external factors, the Board's intention is that the Company continues to pursue its stated investment objective and policy as explained on page 31. The Chair's Statement, Fund Manager's Report and Regional Portfolio Manager Reports provide commentary on the outlook for the Company.

## The Company's viability

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

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

- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is normally invested in readily realisable, listed securities and that the level of borrowings is restricted.
- The Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions. Without pressure to sell, the Fund Manager has been able to rebalance tactically the portfolio and take advantage of recovering markets.

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

- The Company retains title to all assets held by the Custodian under the terms of formal agreements with the Custodian and Depositary.
- Long-term borrowing is in place, being the £50 million 3.68% loan notes 2035, £37 million 2.28% loan notes 2045 and €44 million 1.67% loan notes 2041, which are also subject to formal agreements, including financial covenants with which the Company complied in full during the year. The value of long-term borrowing is relatively small in comparison to the value of net assets, being 9.4% (2022: 10.2%).
- Short-term borrowing of £20 million with SMBC Bank International plc. The facility was not drawn down at the year-end and expires in February 2024.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board meeting.
- The Company's ongoing charge is amongst the lowest of actively managed equities funds.
- Cash is held with approved banks.

In addition, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency. These risks, including their mitigations and processes for monitoring them, are set out on pages 38 and 39.

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

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company is able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 October 2028.

## Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

**Simon Miller**
Chair
17 January 2024

# Governance

Tokyo, Japan

# Board of Directors

## The right balance of skills and knowledge

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

**From left to right:** Julian Chillingworth (Senior Independent Director), Charlotte Valeur, Hannah Philp, Ankush Nanda (Audit and Risk Assurance Committee Chair), Alex Crooke (Fund Manager), Richard West, Mike Kerley (Deputy Fund Manager) and Simon Miller, (Chair).

### Simon Miller

**Chair of the Board**

**Date of appointment:** 1 January 2022 (Chair from 24 February 2022)

**Committees:** Chair of the Nominations, Management Engagement and Insider Committees and member of the Marketing Committee.

**Relevant skills and experience:** Simon Miller read law at Cambridge and was called to the bar. He subsequently worked for Lazard Brothers and County Bank. Until 2021 he was Chair of Brewin Dolphin, one of the UK's largest wealth management businesses.

He has been Chair and non-executive director of various companies and has a wide range of experience in the financial services sector.

He has also served on the board of several investment trusts and was Chair of Fleming Managed Income Trust plc, JPMorgan Elect plc, Artemis Alpha Trust plc, JPMorgan Global Convertibles Income Fund Limited, Amati VCT and Blackrock Sustainable American Income Trust plc.

**Current external appointments:** Simon Miller is Chair of Hampden & Co, private bankers, and Senior Independent Director of STV Group plc.

### Julian Chillingworth

**Senior Independent Director**

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

**Committees:** Member of the Audit and Risk Assurance, Nominations, Management Engagement, Marketing and Insider Committees.

**Relevant skills and experience:** Julian was until 2021/22 Chief Investment Officer for Rathbone Brothers plc and Rathbones Unit Trust Management Limited and has over 40 years of investment experience. He has managed institutional global equity and balanced mandates along with open and closed-end retail funds for over 20 years. He helped develop the Rathbones investment process for both its Wealth Management and Unit Trust businesses.

Julian through his career has held a variety of roles including Head of Equities at Hambro's and Head of Gross Funds incorporating pension funds and charities at Investec.

**Current external appointments:** Julian is currently a member of the University of Southampton's Investment Committee. He is also a Trustee of the Rathbones Pension Scheme.

# Board of Directors continued

## Ankush Nandra

**Chair of the Audit and Risk Assurance Committee**

**Date of appointment:** 1 September 2023

**Committees:** Chair of the Audit and Risk Assurance Committee and member of the Nominations, Management Engagement, Marketing and Insider Committees.

**Relevant skills and experience:** Ankush has over 20 years' experience mainly in the pharmaceutical industry. He is currently Vice President Finance and Chief Financial Officer (CFO) International Region and Enabling Units at AstraZeneca. Prior to joining AstraZeneca Ankush spent several years at GlaxoSmithKline (GSK) and has also worked with HSBC Investment Bank following qualification as a Chartered Accountant with KPMG.

**Current external appointments:** Ankush Nandra is a non-executive director of AstraZeneca Pharma India Limited which is an Indian listed subsidiary of AstraZeneca. He is also a non-executive director and Governor of Oxford Brookes University.

## Hannah Philp

**Chair of the Marketing Committee**

**Date of appointment:** 1 November 2022

**Committees:** Chair of the Marketing Committee and a member of the Audit and Risk Assurance, Nominations, Management Engagement and Insider Committees.

**Relevant skills and experience:** Hannah Philp has direct and relevant experience within the sector, particularly in the fields of marketing and communication. She is CEO and Founder of ARC Club, a neighbourhood co-working space which aims to support UK professionals that work remotely. Prior to this Hannah was director of marketing at Witan Investment Trust plc. She was also an account director within the investor relations team at Edison Investment Research.

**Current external appointments:** Hannah is currently a non-executive director at JPMorgan Mid Cap Investment Trust Plc.

## Charlotte Valeur

**Director**

**Date of appointment:** 1 November 2022

**Committees:** Member of the Audit and Risk Assurance, Nominations, Management Engagement, Marketing and Insider Committees.

**Relevant skills and experience:** Charlotte has more than 40 years of experience in financial markets and is the managing director of GGG Ltd, a governance consultancy company. Charlotte was the founding partner of Brook Street Partners in 2003 and the Global Governance Group in 2009. Prior to this, Charlotte worked in London as a director in capital markets at Warburg, BNP Paribas, Société Générale and Commerzbank, beginning her career in Copenhagen with Nordea A/S. With significant experience in international corporate finance, Charlotte has a high level of technical knowledge of capital markets.

Charlotte is a former non-executive director of JP Morgan Convertible Bond Income Fund, Kennedy Wilson Europe Real Estate Plc, Blackstone Loan Financing Limited, Phoenix Spree Deutschland Plc and NTR plc.

**Current external appointments:** Charlotte is a non-executive director at FSN Private Equity, Digital 9 Infrastructure plc and Laing O'Rourke Construction.

## Richard West

**Director**

**Date of appointment:** 1 April 2020

**Committees:** Member of the Audit and Risk Assurance, Nominations, Management Engagement, Marketing and Insider Committees.

**Relevant skills and experience:** Richard has more than 30 years' experience in investment management, latterly at UBS Global Asset Management (previously Phillips & Drew Fund Management) in a variety of positions, including Head of Global Equity Research, Head of European Equities and Head of UK Equities. Prior to UBS, he worked for Crown Financial Management as Head of UK Equities and for Norwich Union as an economist and then as a UK equities portfolio manager.

**Current external appointments:** None.

# Directors' Report

The Directors present the audited financial statements of the Company and their report for the year from 1 November 2022 to 31 October 2023. The Bankers Investment Trust PLC (registered and domiciled in England and Wales with company registration number 00026351) was active throughout the year and was not dormant.

For the purposes of the Companies Act 2006, the Corporate Governance Statement, Audit and Risk Assurance Committee Report (pages 51 to 53), the Investment Portfolio (pages 14 to 25), Alternative Performance Measures and General Shareholder Information (pages 94 to 96) form part of the Directors' Report.

## Dividend

A final dividend of 0.66p per share (2022: 0.60p), if approved by shareholders at the AGM, is to be paid on 29 February 2024 to those shareholders on the register on 26 January 2024. The shares go ex-dividend on 25 January 2024. This final dividend together with the three interim dividends already paid bring the total dividends for the year to 2.56p (2022: 2.328p) per share, see in particular the Chair's statement on page 6.

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report.

## Share capital

The Company's share capital comprises ordinary shares with a nominal value of 2.5p each. The voting rights of the shares on a poll are one vote for every one ordinary share held. To the extent that they exist, the revenue profits and some of the capital of the Company (including accumulated revenue and capital reserves arising on investments sold) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holdings of ordinary shares.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

At the beginning of the year, there were 1,315,102,830 ordinary shares of 2.5p each in issue, of which 20,251,624 were held in treasury. During the year the Company bought back 60,618,929 shares which are being held in treasury.

At 31 October 2023 the total number of ordinary shares held in treasury was 80,870,553. Therefore, the total voting rights in the Company as at 31 October 2023 was 1,234,232,277.

Between 1 November 2023 and 15 January 2024, being the latest practicable date prior to the publication of this Annual Report, 13,225,997 shares were bought back and held in treasury. Accordingly, the number of shares in issue as at 15 January 2024 was 1,315,102,830 of which 94,096,550 were held in treasury. Therefore, the total voting rights in the Company at that date was 1,221,006,280.

## Shareholder authorities

At the 2024 AGM, the Company will seek to renew its authorities from shareholders to allot shares up to 10% of its issued share capital and to buyback shares up to 14.99% of its issued share capital, in each case excluding treasury shares, as at the date of the 2024 AGM. Please refer to the Notice of Meeting that accompanies this Annual Report for further details. This can also be found on the Company's website at **www.bankersinvestmenttrust.com**.

The Company only issues shares (or sells shares out of treasury) at a premium (after costs) to NAV. The Company remains prepared to buyback shares, taking account of prevailing market conditions (which are not under the Board's control), the level of the discount (both absolute and relative to the Company's closest peers) and the impact on the NAV per share.

## Fund manager's interests

Alex Crooke, the Fund Manager, had a beneficial interest in 4,402,768 of the Company's shares as at 15 January 2024, being the latest practicable date prior to publication of this Annual Report.

## Holdings in the Company's shares

The only notification of interest in the voting rights of the Company as at 31 October 2023 made in accordance with the Disclosure Guidance and Transparency Rules was as follows.

| | % of voting rights |
|---|---|
| Rathbones Group[1] | 10.73 |

1 Investec and Rathbones merged with effect from September 2023

There have been no further notifications in the period to 15 January 2024, being the latest practicable date prior to the publication of this Annual Report.

## Related party transactions

The Company's transactions with related parties in the year were with its Directors and Janus Henderson. There were no material transactions between the Company and its Directors during the year other than the amounts paid to them in respect of Directors' remuneration for which there were no outstanding amounts payable at the year end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there were no transactions with the Manager affecting the financial position of the Company during the year. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 24 on page 91.

## Directors

Details of the Directors and their appointments can be found on pages 41 and 42.

## Directors' remuneration and shareholdings

The Directors' Remuneration Report on pages 58 to 60 provides information on the remuneration and interests of the Directors.

## Annual General Meeting ('AGM')

The AGM is to be held on 22 February 2024 at 12 noon at the Company's registered office. The Notice of Meeting and details of the resolutions to be proposed at the AGM are contained in the Notice of Meeting being sent to shareholders with this Annual Report.

## Financial risk management

The principal risks and uncertainties facing the Company are set out on pages 38 and 39. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 16 to the financial statements on pages 82 to 88.

## Energy and carbon reporting

Details of the Company's disclosures with regard to energy and carbon reporting can be found on page 28.

## Post balance sheet events

The Company has no post balance sheet events to report.

## Disclosure of information to the Company's Auditor

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

## Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with Listing Rule 9.8.4(7), the information on which is detailed on page 43 under Share capital.

## Other information

Information on future developments and financial risks are detailed in the Strategic Report.

## Approval

The Directors' Report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
17 January 2024

# Corporate Governance Report



## Governance Structure

The Board had three principal Committees in the year under review: the Audit and Risk Assurance Committee, the Management Engagement Committee and the Nominations Committee. A new principal committee, the Marketing Committee has been established since the Company's year end.

**Board of Directors**
**Comprised of six independent non-executive Directors**

Non-executive oversight of the Company's operations and selection and appointment of service providers

**Nominations Committee**

**Purpose:** Ensure the Board has a balance of skills, experience and diversity, has a formal approach to the appointment of Directors, maintains an effective framework for succession planning and setting remuneration policy and fees

**Management Engagement Committee**

**Purpose:** Ensure that the performance of the Manager and third-party service providers meet expectations and their terms of engagement remain appropriate

**Audit and Risk Assurance Committee**

**Purpose:** Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management and oversee the relationship with the external Auditor

**Marketing Committee**

**Purpose:** Ensure that demand for the Company's shares is stimulated and evaluate the effectiveness of the marketing initiatives used to stimulate demand

**Third-party service providers appointed by the Board**

The Company's operations are carried out by specialised third-party service providers

**Janus Henderson Investors**

**Fund Manager:** Alex Crooke | **Deputy Fund Manager:** Mike Kerley | **Regional Portfolio Managers:** David Smith, James Ross, Jeremiah Buckley, Junichi Inoue, Mike Kerley, Sat Duhra and May Ling Wee

**Alternative Investment Fund Manager:** Janus Henderson Fund Management UK Limited

| Depositary and Custodian | Corporate brokers | Registrars |
|---|---|---|
| BNP Paribas | J.P. Morgan Cazenove and Peel Hunt (UK)<br>Craigs Investment Partners Limited (NZ) | Equiniti Limited (UK)<br>&<br>Computershare Investor Services Limited (NZ) |

### Governance codes

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

#### Applicable governance codes

The Company has a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the 'UK Code') have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive Directors or internal operations. The Board has considered, therefore, the principles and provisions of the Code of Corporate Governance published by the Association of Investment Companies (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council ('FRC') has endorsed the AIC Code and confirmed that, by reporting against it, boards of investment companies are able to meet their obligations in relation to the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules).

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

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

## Statement of compliance

The Board has considered the principles and provisions of the AIC Code as these provide more relevant information on the Company's governance arrangements to shareholders.
The Company has complied with the principles and provisions of the AIC Code throughout the year ended 31 October 2023. As the Company is an investment company, it has no chief executive or other executive Directors and therefore has no need to consider the remuneration of executive Directors.
In addition, the Company does not have any internal operations (having delegated its day-to-day operations to the Manager) and therefore does not maintain an internal audit function. However, the Audit and Risk Assurance Committee considers the need for such a function at least annually (see page 51 for further information).

## Board leadership and purpose

The Board is responsible for providing leadership and setting the tone from the top in terms of the Company's culture and values. The Board appoints all third-party service providers and monitors their performance throughout the year. The Directors formally evaluate the quality of the service provided by each third-party service provider and consider the appropriateness of the terms of their engagement at least annually. The Board aligns the Company's risk appetite with its investment objectives and establishes investment limits and restrictions accordingly. The Board keeps under regular review the risks faced by the Company and assesses the effectiveness of internal controls put in place to mitigate these.

As well as making the strategic decisions regarding the Company's purpose and establishing the risk management framework, the Board's purpose is to provide independent oversight of the operations delivered by the Company's third-party service providers and to challenge the decisions and recommendations made by them, particularly the Manager.

## Operation of the Board

The Board meets formally at least six times a year, with additional Board or Committee meetings arranged when required. At each formal meeting, matters reviewed and considered by the Board include the Company's investment transactions, compliance with investment restrictions, investment performance, revenue budgets, financial analyses and other reports of an operational nature and any shareholder communications and issues.

Representatives of the Manager attend each Board meeting, as required, enabling the Directors to probe further on matters of concern. The Directors also have regular contact with the Manager between formal meetings. In addition, the Chair is able to attend meetings of all the chairs of the listed investment companies managed by Janus Henderson which provide a forum to discuss industry matters which are then reported to the Board. Additional Board (or Committee) meetings are arranged when required. The proceedings at all Board (and Committee) meetings are fully recorded, including any Director's concerns, in the minutes.

The Directors have regular contact with the Fund Manager and other employees of the Manager in connection with the delivery of sales, marketing and other administrative services. The Board has a formal schedule of matters specifically reserved for its decision, which includes: determination of the Company's investment objectives, future strategic direction, investment policy, investment limits and restrictions, gearing policy and dividend policy; management of the Company's capital structure, including share issues/buybacks and share price premium/discount management, appointment and removal of Directors and third-party service providers; and determination of the Company's financial reporting, internal control and risk management and corporate governance arrangements. The Board approves communications with shareholders, the appointment of new Directors, and determines individual Directors' remuneration. Full and timely management, financial, regulatory and other relevant information is provided to all Directors to allow them to discharge their responsibilities and to enable the Board (and its Committees) to function effectively. In particular, the Board receives and considers regular and ad hoc reports and other information as required to enable it to maintain oversight and monitor the performance of, and challenge constructively, the Manager and other third-party service providers. The proceedings of all Board and Committee meetings are minuted, with any particular concerns raised by the Directors appropriately recorded.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the Chair or the Company received at Janus Henderson's offices is forwarded to the Chair of the Company in line with the established procedures in place. Any correspondence is submitted to the next Board meeting.

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

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

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

# Corporate Governance Report continued



## Division of responsibilities

| Role | Primary responsibilities |
|---|---|
| **Shareholders/investors** | The Company's shareholders are responsible for:<br>• approving material changes to the Company's investment policy;<br>• making decisions regarding changes to the Company's constitution;<br>• electing and re-electing Directors to the Board, or removing them from office if deemed appropriate; and<br>• determining the overall limit for Directors' remuneration. |
| **Chair** | The Chair of the Board is responsible for:<br>• leading and managing Board business and ensuring the timely flow of information from service providers to the Board. The Chair facilitates open, honest and constructive debate among Directors;<br>• leading the Nominations Committee in developing succession planning and the identification of potential candidates for appointment to the Board (except when considering their own succession);<br>• leading the Board in determining its governance framework, culture and values; and<br>• managing the relationship with the Manager.<br>The role description for the Chair is available on the website. |
| **Senior Independent Director** | The Senior Independent Director is responsible for:<br>• fulfilling the role of sounding board for the Chair and intermediary for the other Directors as necessary;<br>• leading the performance evaluation of the Chair; and<br>• acting as a channel of communication for shareholders in the event that contact through the Chair is inappropriate.<br>The role description of the Senior Independent Director is available on the website. |
| **Independent non-executive Directors** | The independent non-executive Directors are responsible for:<br>• providing constructive and effective challenge, especially to the decisions of the Manager;<br>• scrutinising and holding to account the performance of the:<br>– Fund Manager in meeting the investment objective;<br>– Manager in the promotion of the Company and day-to-day smooth operations of the Company's business; and<br>• providing strategic guidance and offering specialist advice. |
| **Committee Chairs** | The Committee chairs are responsible for:<br>• the leadership and governance of their Committee;<br>• maintaining the relationships with specialist service providers delivering services within the remit of their Committee;<br>• reporting on the activities of their Committee to the Board; and<br>• seeking approval from the Board for the responsibilities set out in their respective terms of reference. |
| **Manager** | The Manager is the Company's appointed Alternative Investment Fund Manager and is responsible for:<br>• promoting the Company's investment proposition to professional and retail investors;<br>• making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund;<br>• providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions; and<br>• coordinating the delivery of services provided by the Company's other third-party service providers. |
| **Fund Manager** | The Fund Manager and his team are responsible for:<br>• selecting the stocks held within the portfolio;<br>• diversification and risk management through stock selection and size of investment;<br>• determining the volume and timing of acquisitions and disposals; and<br>• determining the frequency and level of gearing within the overall limits set by the Board. |

## Board composition and independence

The Board, chaired by Simon Miller, currently consists of six non-executive Directors. Isobel Sharp retired from the Board on 30 June 2023 and Ankush Nandra joined the Board on 1 September 2023. The remaining five directors served throughout the year. The biographies of the Directors holding office at the date of this report are set out on pages 41 and 42.

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

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

Following completion of the evaluation in September 2023, the Committee concluded that the Chair and each of the other Directors in office at that time continued to be independent of the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

The Chair was independent on appointment in accordance with the criteria set out in the AIC Code and has no relationships that may create a conflict of interest between his interests and those of shareholders. Details of his other significant commitments can be found on page 41.

## Directors' conflicts of interest

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

Any situational conflicts considered, and any authorisations given, are recorded in the relevant meeting minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the system it has in place for reporting and considering situational conflicts continues to operate effectively.

## Appointments to the Board

The Board may appoint Directors at any time during the year. Any Director so appointed should stand for appointment by shareholders at the next AGM in accordance with the provisions of the Company's Articles of Association. Ankush Nandra, who was appointed to the Board on 1 September 2023, will stand for appointment by shareholders at the AGM in 2024. In accordance with the Company's Articles of Association, each Director retires from office at each AGM and, if appropriate, offers themselves for re-appointment. With the exception of Julian Chillingworth, who will retire at the conclusion of the 2024 AGM, all of the other Directors, being eligible, have stated that they will offer themselves for re-appointment at the upcoming AGM.

The Articles permit shareholders to remove a Director by passing an ordinary resolution at a general meeting. Directors are not entitled to any termination payments or other compensation for loss of office in relation to their appointment. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

## Tenure and policy on the tenure of the Chair and Directors

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

The Nominations Committee believes that Directors with more than nine years' service can still form part of an independent majority and in particular their experience can be beneficial to the Board. However, the Board is cognisant of the benefits of regularly refreshing Board membership and seeks to do so while retaining a balance of knowledge of the Company and the relationship with the Manager.

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

## Directors' professional development

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

Directors are also provided on a regular basis with key information on proposed developments or changes in regulatory and statutory requirements from, amongst others, the Corporate Secretary, the AIC and the Company's Auditor. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training, including that provided by the Manager and industry seminars and may do so at the expense of the Company. Directors' individual training requirements are considered as part of the annual evaluation process which is led by the Chair of the Board.

## Directors' insurance and indemnification

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

# Corporate Governance Report continued

## Attendance at meetings

The following table sets out the number of formal Board and Committee meetings held during the year and the number of meetings attended by each Director. All Directors, except for Ankush Nandra, who joined the Board on 1 September 2023, attended the AGM in February 2023.

| | Board | A&RAC | NC | MEC |
|---|---|---|---|---|
| **Number of scheduled meetings each year** | **6** | **3** | **1** | **1** |
| Simon Miller[1] | 6 | 3 | 1 | 1 |
| Julian Chillingworth | 6 | 3 | 1 | 1 |
| Ankush Nandra[2] | 1 | 1 | 1 | 1 |
| Hannah Philp | 6 | 3 | 1 | 1 |
| Isobel Sharp[3] | 4 | 2 | n/a | n/a |
| Charlotte Valeur | 6 | 3 | 1 | 1 |
| Richard West | 6 | 3 | 1 | 1 |

A&RAC: Audit and Risk Assurance Committee
NC: Nominations Committee
MEC: Management Engagement Committee

1 Simon Miller is not a member of the Audit and Risk Assurance Committee. However, he attended the meetings held during the year by invitation
2 Ankush Nandra was appointed to the Board on 1 September 2023
3 Isobel Sharp retired from the Board on 30 June 2023

The Insider Committee did not meet during the year.

## The Board's Committees

The Board had three principal Committees during the year under review: the Audit and Risk Assurance Committee, the Management Engagement Committee and the Nominations Committee. Since the year end the Board has established another principal committee, the Marketing Committee which is chaired by Hannah Philp. The Committee will consider how demand for the Company's shares can be stimulated and will measure the effectiveness of the marketing initiatives used to stimulate that demand over the longer term. The Marketing Committee will report on its activities in the 2024 Annual Report.

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

The Audit and Risk Assurance Committee Report is on pages 51 to 53.

The Management Engagement Committee Report can be found on page 54.

The Nominations Committee Report can be found on pages 55 to 57.

The Company has no executive Directors and has not constituted a Remuneration Committee. Directors' fees are considered by the Nominations Committee. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations and more recently a Marketing Committee. The terms of reference for each of the principal Committees are kept under regular review by the Board and are available on the Company's website **www.bankersinvestmenttrust.com**.

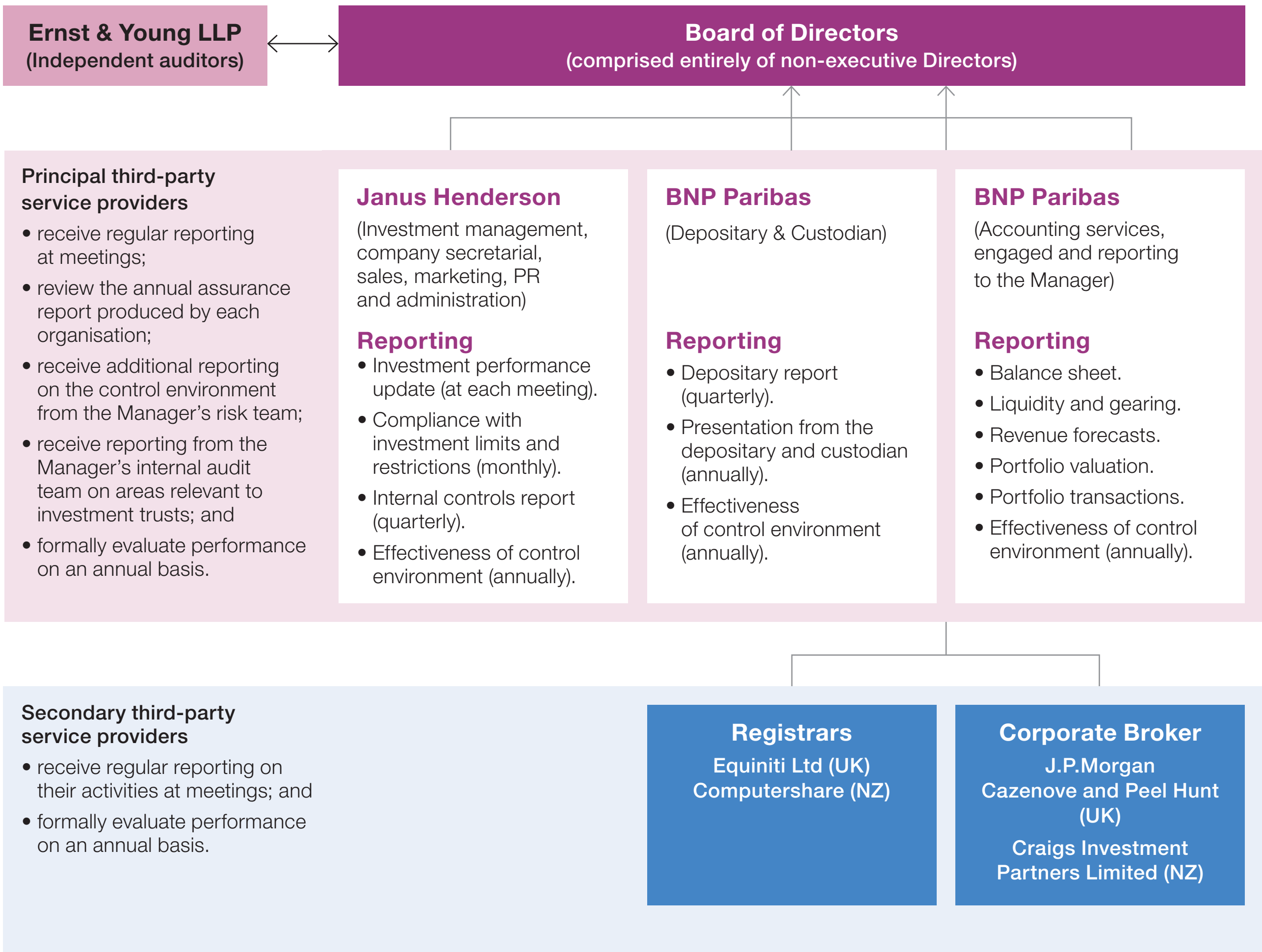
## Internal control and risk management

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

The key components of the internal control framework include:

- Clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting.
- Regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting.
- The contractual agreements with the Manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually.
- The review of controls at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers.
- The review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

## System of internal control




The Board reviewed the effectiveness of the Company's system of internal control for the year ended 31 October 2023 (see page 51). During the course of its review the Board did not identify and was not advised of any failings or weaknesses directly relating to the Company that were determined as significant.

## Internal audit function

Systems are in operation to safeguard the Company's assets, to maintain proper accounting records, with adequate segregation of duties, and to ensure that financial information used within the business, or published, is reliable. The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager, Janus Henderson. The Board places reliance on the Company's framework of internal control and the reporting received from specific second and third line of defence teams at the Manager.

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

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

## Communication with our stakeholders

Please see pages 34 to 37.

# Audit and Risk Assurance Committee Report

I am pleased to present the Audit and Risk Assurance Committee Report for the year ended 31 October 2023.

## Membership

The members of the Audit and Risk Assurance Committee ('Committee') during the year were Ankush Nandra, who became Chair of the Committee on his appointment on 1 September 2023, Julian Chillingworth, Hannah Philp, Charlotte Valeur and Richard West all of whom are considered to have the skills, experience and objectivity to be an effective Committee. The Committee's Chair, Ankush Nandra is a Chartered Accountant and is considered by the Board to have recent and relevant financial experience. The Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust. Other Directors may attend meetings of the Committee by invitation of the Chair. Isobel Sharp was also a member and Chair of the Committee until her retirement on 30 June 2023.

## Meetings

The Committee met three times during the year. However, going forward it will meet at least four times each year. While not a member of the Committee, Simon Miller has also attended meetings by invitation over the past year. The Company's external Auditor, the Fund Manager and the Manager's Financial Reporting Manager for Investment Trusts attend meetings of the Committee on a regular basis. The Manager's Global Head of Internal Audit, its Head of EMEA Operational Risk, the Chief Information Security Officer and members of the Business Resilience team also presented to the Committee at one meeting.

## Role, responsibilities and activities

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

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

### Annual and half-year reports

- the appropriateness of the Company's accounting policies;
- the half-year results and the annual report, including disclosures made therein on internal controls and risk management, viability, going concern and whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

### Internal controls and management of risk

- the internal controls in place at the Manager and the Company's other principal third-party service providers and in particular the internal controls reports received from the Manager and BNP Paribas together with feedback from the Auditor, Fund Manager and the Corporate Secretary. This included assessment of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- the overall approach to paying dividends and the appropriate level of dividend to be paid in respect of the year ended 31 October 2023 particularly in light of the prevailing economic conditions and the impact on revenue, cash forecasting and debt covenants;
- the review of the allocation of special dividends between capital and income;
- the Manager's policies in relation to cyber risk and business continuity;
- meeting with representatives of Janus Henderson's internal audit and risk departments periodically;
- the key risks facing the Company, including emerging risks, the risk management systems in place and the Company's risk register;
- compliance with the Company's anti-bribery and anti-tax evasion policies and the confirmation received from the Manager and the third-party service providers as to whether they have appropriate procedures in place in this respect;
- tax matters relating to the Company;
- whether there is a need for an internal audit function;
- the calculation and payment of the management fee; and
- its terms of reference, noting that evaluation of the Committee's effectiveness is considered as part of the process described on page 55.

### Independent Auditors

- the re-appointment and evaluation of the effectiveness, performance and independence and objectivity of the external Auditor, including the provision of any non-audit services (as explained further on page 53);
- the plan, scope and cost of the external audit and reviewing the Auditor's findings and reporting; and
- the requirements for an audit tender and the process to be undertaken.

## Committee evaluation

The activities of the Audit and Risk Assurance Committee were considered as part of the Board appraisal process.

## Annual Report for the year ended 31 October 2023

The Committee is satisfied that the Annual Report for the year ended 31 October 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. It reported accordingly to the Board.

# Audit and Risk Assurance Committee Report

continued

The following significant issues were considered by the Committee for the Annual Report for the year ended 31 October 2023:

| Significant issue | How the issue was addressed |
|---|---|
| **Valuation and ownership of the Company's investments** | The Directors have appointed Janus Henderson to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. The portfolio valuation is regularly reviewed by the Committee. Ownership of listed investments is verified by reconciliation to the Custodian's records. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed and approved by the Directors. |
| **Recognition of income** | Income received has been accounted for in line with the Company's accounting policies (as set out on page 74) and was reviewed by the Committee at each meeting to confirm it is in compliance with UK-adopted International Accounting Standards. The Board reviews Janus Henderson's revenue forecasts in support of the Company's future dividends at least four times per annum. For special dividends where Janus Henderson is required to allocate between revenue and capital, the Committee reviews the rationale provided and approves the treatment. |
| **Maintaining internal controls** | The Committee carries out the annual assessment of the effectiveness of the Company's internal control and risk management systems by reviewing the framework and summary of the reporting received throughout the course of the financial year. The Committee had further input on the prevailing standards in the sector when making its recommendation to the Board on the Company's internal control environment as a whole. |

## Effectiveness of the external audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: the findings of the FRC's Audit Quality Inspection Report are considered, and a post-audit assessment is carried out led by the Audit and Risk Assurance Committee Chair.

The Auditor is invited to present and discuss the findings of the latest FRC Audit Quality Inspection Report and report on the progress made by the firm in terms of addressing the areas identified for improvement in the prior year's report.

The Auditor attended two Committee meetings in the year, when the Committee was considering the half year and the annual results.

During the 2023 audit, the Committee Chair liaised with Ernst & Young LLP ('EY') to receive progress updates and to review EY's audit results prior to the Committee meeting to consider the financial statements. EY attended this meeting to present their report and to observe the Committee's review of the financial statements and internal controls reporting by the Manager.

In assessing the effectiveness of the audit process, the Committee Chair invites views from the Directors, the Fund Manager and other members of the Manager's staff in assessing the robustness and effectiveness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the Audit Partner to discuss how the audit operated from his perspective.

Based on the Committee's review of EY's reporting, interactions with the audit team throughout the process, discussions with representatives of the Manager and discussions on the findings of the FRC's Audit Quality Inspection Report, the Committee, having met without EY present, is satisfied with the effectiveness of the audit provided by EY and that EY is independent of the Company. The Committee considers that the audit quality for the year ended 31 October 2023 has been high and that the Manager and EY have worked together to enhance and improve reporting to shareholders. The Committee therefore recommended EY's continuing appointment to the Board. EY has indicated its willingness to continue in office. Accordingly, resolutions reappointing EY as Auditor to the Company and authorising the Audit and Risk Assurance Committee to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

## Appointment and tenure of the external Auditor

This is the eighth year that EY has audited the Company's Annual Report and Mike Gaylor's third year as audit partner. The audit partner is rotated within the audit firm at least every five years. The last formal audit tender was completed in 2016 leading to the appointment of EY for the year ended 31 October 2016. Current legislation requires an audit tender every 10 years and thus the Committee considers that it would be appropriate to commence a tender process in 2024.

## Auditor's independence

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

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

# Audit and Risk Assurance Committee Report

continued

## Policy on non-audit services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the Company's Auditor. The policy sets out that the Company's Auditor will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the Auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit and Risk Assurance Committee, or Audit and Risk Assurance Committee Chair, following due consideration of the proposed services.

There were no non-audit services provided in the year under review (2022: £3,000).

# Management Engagement Committee Report

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

## Membership

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

## Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

## Role and responsibilities

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

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

- the investment performance of the Company, taking account of the benchmark and performance of competitors in its AIC peer group, the share price, level of premium/discount and gearing;
- the quality and experience of the team involved in managing all aspects of the Company's business;
- the fee structures of competitors in its AIC peer group and other, similar sized investment companies;
- the key clauses of the investment management agreement, how the Manager had fulfilled these and whether they continued to be appropriate;
- the performance and fees of the Company's other third-party service providers, including the depositary, registrar, marketing and research providers, legal counsel and any other ad-hoc services provided to the Company;
- the Company's service providers in their role as stakeholders and whether there is an appropriate level of engagement with them; and
- any points of conflict which may arise between the providers of services to the Company.

## Annual Manager evaluation

The Committee's review of the performance of the Manager included evaluating the Company's investment and share price performance and the company secretarial, administrative and sales and marketing support provided by the Manager and reviewing the competitiveness of the management fee paid to the Manager, details of which are on pages 32 and 33.

## Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager and the fees payable are shown on pages 32 and 33. The Board receives formal recommendations from the Management Engagement Committee in respect of the continued appointment of the Manager and the appropriateness of the terms of the management agreement at least annually.

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

# Nominations Committee Report

The Nominations Committee ('Committee') advises the Board on the composition of the Board and its Committees, in making appointments to the Board and ensuring suitable succession plans are in place for the Directors. It also has responsibility for setting the remuneration policy for the non-executive Directors.

## Membership

The Committee is chaired by the Chair of the Board and consists of all of the Directors. The Chair of the Board would not chair or attend meetings when the Committee is considering the appointment for his successor, reviewing his performance or his fees.

## Meetings

The Committee meets at least annually, with additional meetings scheduled when required.

## Role and responsibilities

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

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

- the composition of the Board and each of its Committees, taking account of the skills, experience and knowledge of each Director and whether the diversity of these continued to contribute to the success of the Company;
- succession planning for appointments to the Board taking account of the provisions regarding the retirement of directors, as well as the tenure of the current Directors;
- the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board;
- the tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the Directors taking account of the guidelines established by the AIC Code as well as the Directors' other appointments;
- the time commitment of the Directors and whether this had been sufficient over the course of the year;
- the performance and contribution of all Directors standing for re-appointment at the 2024 AGM; and
- the level of Directors' fees.

## Annual performance evaluation

The Committee ensures that there is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. The Company is obliged to engage an external facilitator for the evaluation every three years. An external review of the Board, its Committees, the Chair and individual Directors was first carried out by Lintstock Limited in 2013 and has been undertaken by Lintstock Limited each year up to and including the 2023 review. Lintstock Limited is independent of both the Company and the Directors and does not provide any other services to the Company.

The first stage of the exercise involved Lintstock engaging with the Chair and the Company Secretary to set the context for the review, and to tailor the scope to the Company's circumstances. All Board members then completed a tailored online survey addressing the performance of the Board, the Chair, and the Manager, as well as the contribution of individual Directors.

As well as addressing core aspects of Board and Committee performance, the review had a particular focus on the following areas:

- Building strong Board communication and dynamics following significant composition changes;
- The key objectives for the new Audit and Risk Assurance Committee Chair, to ensure that the Committee delivers effective oversight of matters within its remit;
- The level of support and challenge that the Board provides to the Fund Manager, and the effectiveness of communication with the Manager more broadly;
- The information and training opportunities that should be provided to new Board members on the Company's strategic aims, shareholders, marketing and investment processes; and
- The clarity of succession planning for Board members and the Fund Manager.

Lintstock's reports were considered by the Board, alongside a comparison with the Lintstock Governance Index, which helped to place the performance of the Board into context with over 60 other similar reviews that Lintstock has conducted for UK investment companies.

The Senior Independent Director carried out the performance evaluation of the Chair, assisted by Lintstock. An update was provided to the Committee and feedback given directly to the Chair.

As a result of the review, the Board considered opportunities to increase its effectiveness in areas including the informal time spent together, the support provided to the new Audit and Risk Assurance Committee Chair, and further enhancements to the Board's understanding of key themes and strategy.

Following completion of the evaluation review and discussion by all Directors, it was concluded that the Board retained a good balance of relevant skills and experience, the Directors (individually and collectively as the Board) have been operating effectively and Directors have undertaken training and professional development courses during the year.

The Committees continued to support the Board in fulfilling its duties and there were no specific additional training requirements for any of the Directors.

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

The Committee considers the appointment and re-appointment of Directors ahead of each AGM. Each of the Directors, being eligible, with the exception of Julian Chillingworth who is to retire at the conclusion of the 2024 AGM, have stated that they will offer themselves for re-appointment and Ankush Nandra will offer himself for appointment at the AGM, having been appointed since the date of the last AGM. For the upcoming AGM, the Committee considered the performance and contribution to the Company of each Director and their other business appointments and commitments. The Committee concluded that each Director had been effective, allocated sufficient time to the Company to discharge their responsibilities fully and effectively, remained independent and continued to demonstrate commitment to their role. Accordingly, the Committee recommended their continued service to the Board.

## Appointment of new Directors

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

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

As part of the process for continual refreshment of the Board, the Committee undertook a search for an additional Director during the year. The recruitment process was led by the Chair. The Company appointed Sapphire Partners, an independent external recruitment consultancy firm, to assist in the recruitment. Sapphire Partners does not undertake any other services for the Company and has no formal connection with any of the Directors. Following this recruitment process, Ankush Nandra was appointed to the Board with effect from 1 September 2023.

## Diversity policy

The Board considers that a Board that is diverse in its broadest sense is important to the long-term sustainable success of the Company. All Board appointments are subject to a formal, rigorous and transparent procedure led by the Nominations Committee. The Company seeks to ensure that any Board vacancies are filled by the most qualified candidates based on objective criteria and merit and in the context of the skills, knowledge and experience that are needed for the Board to be effective.

The Board acknowledges and supports the recommendations on gender diversity on Boards and ethnic representation on Boards. Whilst the Board does not feel that it would be appropriate to use specific diversity targets given its small size, the Directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience. The Nominations Committee ensures that long lists of potential non-executive Directors should include diverse candidates of appropriate experience and merit.

The Listing Rules of the FCA now require companies to report on whether they have met the following targets on Board diversity: that at least 40% of the individuals on the Board are women, at least one of the senior positions on the Board is held by a woman and that there is at least one Director of an ethnic minority background. As at 31 October 2023, the Company had not met the gender diversity requirements as only two of the six Directors (33%) were women, and none held a senior position. However, following Julian Chillingworth's retirement at the AGM in February 2024 gender diversity will change to 40%.

The Board has one Director from a minority ethnic background. The small size of the Board with only non-executive Directors and the Company's specialist nature as an investment trust provide challenges in ensuring targeted diversity in Board appointments. The Board does not therefore consider it appropriate to set targets but ensures that long lists include diverse candidates of appropriate experience and merit. In the succession planning objectives set out above, these considerations will form a significant element of the search.

There is no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability in any of the Nominations Committee's activities.

In accordance with Listing Rule 9.8.6R (9), (10) and (11), and using the AIC's definitions, the Board provides the following information about its diversity as at 31 October 2023:

| Gender identity | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair)[1] |
|---|---|---|---|
| Men | 4 | 67 | n/a |
| Women | 2 | 33 | n/a |
| Total | 6 | 100 | n/a |

| Ethnic diversity | Number of Board members | Percentage of the Board | Number of senior positions on the Board[1] |
|---|---|---|---|
| White British or Other (including minority – white groups) | 5 | 83 | n/a |
| Minority ethnic | 1 | 17 | n/a |
| Total | 6 | 100 | n/a |

1 This column is not applicable as the Company is externally managed and does not have executive management functions, specifically the roles of CEO and CFO and has no employees. The Board considers that chairing the Board, its permanent Committees and the role of Senior Independent Director are all senior positions in an investment company context

# Nominations Committee Report continued

The information included in the above tables has been obtained through questionnaires completed by the individual directors. The categories for ethnic groups which are not represented on the Board are not included in the ethnic background table. No changes have occurred between 31 October 2023 up to the date of approval of this Report which could affect the Company's ability to meet the targets in LR 9.8.6R (9)(d).

## Remuneration

Details of the Committee's activities in relation to Directors' remuneration are set out in the Directors' remuneration report on pages 58 to 60, together with information on the fees paid to Directors during the year under review.

# Directors' Remuneration Report

## Remuneration policy

The remuneration policy ('the Policy') sets out the principles applied in the remuneration of the Directors. The Policy has been in place since 2014 and was last approved by shareholders at the AGM in February 2023. The current Policy will continue in force until the AGM in 2026.

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

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

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

The Policy is to review these rates annually although such review would not necessarily result in any change to the rates. None of the Directors has a contract of service or a contract for services, there are no set notice periods and a Director may resign by giving notice in writing to the Board at any time with no compensation.

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

## Annual report on remuneration

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

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

All Directors are non-executive and the Company has no chief executive officer or employees. Therefore, some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director.

It is believed that all relevant information is disclosed within this report in an appropriate format.

## Views of shareholders

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

## Statement from the Chair

As Chair, Simon Miller reports that Directors' remuneration in the year under review has been determined within the parameters of the remuneration policy approved by shareholders. The Nominations Committee carried out its annual review of the fees being paid to Directors and as part of this it looked at the fees paid to other investment companies in the peer group, the fees paid in other sectors and other Janus Henderson managed investment trusts, as well as the increasing responsibilities and time commitment required of the Directors. Following consideration, it was agreed that Directors' fees be increased with effect from 1 November 2023. The new fees are set out in the table below. The increases were to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors. The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the 2023 Annual General Meeting.

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

## Table of Directors' annual fees

The current fees for specific responsibilities are set out in the table below. Other than the Audit and Risk Assurance Committee Chair, no fees are payable for membership of the Board Committees. Fees were increased on 1 November 2023.

| | Rate from 1 November 2023 | Rate from 1 November 2022 | % increase |
|---|---|---|---|
| Chair of the Board | £50,000 | £47,000 | 6.4% |
| Audit and Risk Assurance Committee Chair | £38,000 | £34,000 | 11.8% |
| Senior Independent Director | £35,000 | £33,000 | 6.1% |
| Directors | £33,000 | £31,000 | 6.5% |

## Annual percentage change

The table below sets out the annual percentage change in Directors fees for the three years to 31 October 2023, as well as the increase approved for the current financial year.

| Director | From 1 Nov 2023 % | From 1 Nov 2022 % | From 1 Nov 2021 % | From 1 Nov 2020 % |
|---|---|---|---|---|
| Simon Miller[1] | 6.4 | 6.1 | n/a | n/a |
| Julian Chillingworth | 6.1 | 4.8 | – | – |
| Ankush Nandra[2] | 11.8 | n/a | n/a | n/a |
| Hannah Philp[3] | 6.5 | 7.3 | n/a | n/a |
| Charlotte Valeur[3] | 6.5 | 7.3 | n/a | n/a |
| Richard West | 6.5 | 7.3 | – | – |

1 appointed a Director on 1 January 2022 and became Chair on 24 February 2022
2 appointed a Director on 1 September 2023
3 appointed a Director on 1 November 2022

## Directors' remuneration (audited)

The remuneration paid/payable to the Directors who served during the years ended 31 October 2023 and 31 October 2022 was as follows:

| | Year ended 31 October 2023 Total fees £ | Year ended 31 October 2022 Total fees £ | % change | Year ended 31 October 2023 Total expenses including taxable benefits £ | Year ended 31 October 2022 Total expenses including taxable benefits £ | Year ended 31 October 2023 Total £ | Year ended 31 October 2022 Total £ |
|---|---|---|---|---|---|---|---|
| Simon Miller[1] | 47,000 | 34,604 | 36 | 1,996 | – | 48,996 | 34,604 |
| Julian Chillingworth | 33,000 | 31,500 | 5 | – | – | 33,000 | 31,500 |
| Susan Inglis[2] | – | 14,111 | n/a | – | – | – | 14,111 |
| Ankush Nandra[3] | 5,667 | – | n/a | – | – | 5,667 | – |
| Hannah Philp[4] | 31,000 | – | n/a | – | – | 31,000 | – |
| Isobel Sharp[5] | 22,805 | 31,500 | n/a | – | – | 22,805 | 31,500 |
| Charlotte Valeur[4] | 31,000 | – | n/a | 2,092 | – | 33,092 | – |
| Richard West | 31,000 | 28,900 | 8 | – | – | 31,000 | 28,900 |
| Total | 201,472 | 140,615 | | 4,088 | – | 205,560 | 140,615 |

The table above omits other columns because no payments of other types such as performance-related pay, vesting performance-related pay and pension-related benefits were made. Taxable benefits – Article 110 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

1 Highest paid director following appointment as Chair on 24 February 2022 having been appointed a Director on 1 January 2022

2 Retired from the Board on 24 February 2022

3 Appointed to the Board on 1 September 2023

4 Appointed to the Board on 1 November 2022

5 Retired from the Board on 30 June 2023

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

## Relative importance of spend on pay

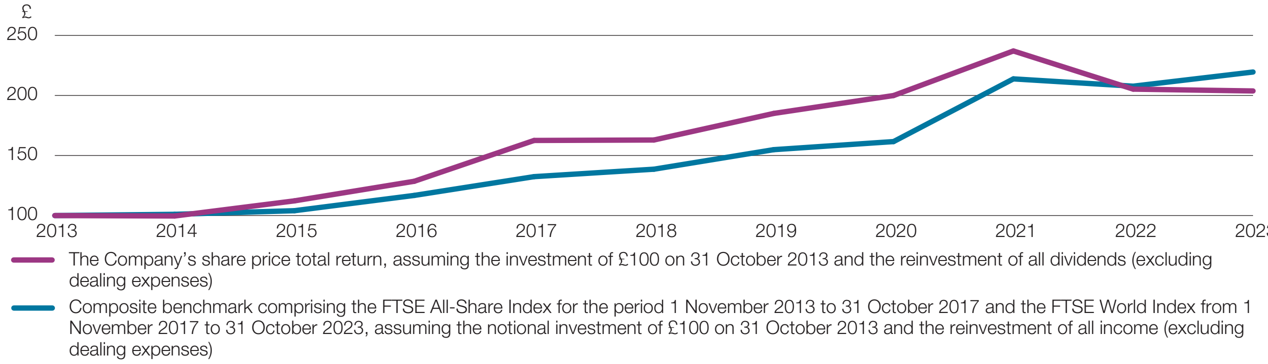
In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared with the distributions to shareholders by way of dividends. In the year under review, 60,618,929 ordinary shares were bought back by the Company into Treasury. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

| | 31 October 2023 £'000 | 31 October 2022 £'000 | 1 year change £'000 | 1 year change % | 5 year change £'000 | 5 year change % |
|---|---|---|---|---|---|---|
| Total Directors' remuneration[1] | 206 | 141 | 65 | 47 | 54 | 35 |
| Ordinary dividends paid in the year | 31,216 | 29,022 | 2,194 | 7.6 | 7,651 | 32.5 |

1 Amounts paid will fluctuate due to the number of directors in any one year

## Performance

The Company's performance has been measured against the FTSE All-Share Index for the period 1 November 2013 to 31 October 2017 and the FTSE World Index from 1 November 2017 to 31 October 2023 on a total return basis in sterling terms. The graph below compares the mid-market price of the Company's ordinary shares over the 10-year period ended 31 October 2023 with the composite index over the same period.




Source: Morningstar Direct



Governance

# Directors' Remuneration Report continued

## Directors' interests in shares (audited)

| | Ordinary shares of 2.5p | |
|---|---|---|
| | 31 October 2023 | 1 November 2022 |
| Beneficial interest: | | |
| Simon Miller | 60,000 | 20,000 |
| Julian Chillingworth | 30,000 | 30,000 |
| Ankush Nandra[1] | 20,000 | n/a |
| Hannah Philp | 10,254 | – |
| Isobel Sharp[2] | n/a | 30,000 |
| Charlotte Valeur | – | – |
| Richard West | 96,289 | 50,000 |

1 Appointed to the Board on 1 September 2023
2 Retired from the Board on 30 June 2023

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. Since the Company's year-end Richard West purchased 301 shares and Ankush Nandra purchased 93 shares in the Company bringing their total beneficial holdings to 96,590 and 20,093 shares respectively. There have been no further changes reported since the year end to the date of this Annual Report.

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

## Statement of voting at AGM

A binding ordinary resolution adopting the Remuneration Policy was approved at the AGM held on 23 February 2023. An ordinary resolution approving the Directors' Remuneration Report was also passed at the 2023 AGM. The following votes were received on the resolutions:

| Resolution | For (including discretionary) | % of votes | Against | % of votes | Withheld |
|---|---|---|---|---|---|
| Remuneration Policy | 332,771,533 | 99.5 | 1,727,612 | 0.5 | 3,460,594 |
| Remuneration Report | 333,332,048 | 99.6 | 1,416,309 | 0.4 | 3,211,382 |

Notes
The percentage of votes in favour (including discretionary) and those against excludes the number of votes withheld

## Approval

The Annual Report on Directors' Remuneration was approved by the Board on 17 January 2024.

On behalf of the Board

**Simon Miller**
Chair
17 January 2024

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Directors' Remuneration Report and the Financial Statements, in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company's financial statements in accordance with UK-adopted International Accounting Standards.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company is to continue in business; and
- prepare a Directors' report, a strategic report and a Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Having taken advice from the Audit and Risk Assurance Committee, the Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Statement of Directors' responsibilities under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors, who are listed on pages 41 and 42, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report in this Annual Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

**Simon Miller**
Chair
17 January 2024

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

## Opinion

We have audited the financial statements of The Bankers Investment Trust PLC ('the Company') for the year ended 31 October 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet and Cash Flow Statement and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 October 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the Directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast. In preparing the revenue forest, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs, and assumptions utilised were appropriate to be able to make an assessment of the Company.
- We assessed the risk of breaching the debt covenants applicable to the debt arrangements as a result of a reduction in the value of the Company's investment portfolio. We calculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching those covenants.
- We considered of the mitigating factors included in the revenue forecast and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standard.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date the financial statements were authorised for issue.

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

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors have considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## Overview of our audit approach

| | |
|---|---|
| **Key audit matters** | • Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.<br>• Risk of incorrect valuation or ownership of the investment portfolio. |
| **Materiality** | • Overall materiality of £13.34m which represents 1% of net assets. |



### An overview of the scope of our audit

**Tailoring the scope**

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

**Climate change**

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on page 39 in the principal risks and uncertainties. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK-adopted International Accounting Standards. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

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

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

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Assurance Committee |
|---|---|---|
| **Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income** (as described on page 52 in the Audit and Risk Assurance Committee Report and as per the accounting policy set out on page 74).<br><br>The total revenue for the year to 31 October 2023 was £41.77m (2022: £38.21m), consisting primarily of dividend income from listed equity investments.<br><br>The investment income receivable by the Company during the year directly affects the Company's revenue return. There is therefore a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.<br><br>In addition to the above, the Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income. | **We have performed the following procedures:**<br><br>We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures.<br><br>For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed a sample of dividends received and accrued to bank statements.<br><br>Where dividends were received or accrued in foreign currency, we translated the amount into the reporting currency of the Company using exchange rates sourced from an independent data vendor.<br><br>For all dividends accrued, we reviewed the investee company announcements to assess whether the dividend entitlements arose prior to 31 October 2023.<br><br>To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor.<br><br>For all investments held during the year, we reviewed the type of dividends paid with reference to an external data vendor to identify those which were special. Based on the work performed, we identified four special dividends received during the year, all classified as revenue. None of the special dividends were above our testing threshold however we selected two for testing and assessed the appropriateness of management's classification as revenue by reviewing the underlying rationale for the distribution. | The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. |

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

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Assurance Committee |
|---|---|---|
| **Incorrect valuation or ownership of the investment portfolio** (as described on page 52 in the Audit and Risk Assurance Committee Report and as per the accounting policy set out on page 74).<br><br>The valuation of the investment portfolio at 31 October 2023 was £1,428.79m (2022: £1,433.73m) consisting of listed investments.<br><br>The valuation of the assets held in the investment portfolio is the primary driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.<br><br>The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date. | **We have performed the following procedures:**<br><br>We obtained an understanding of the processes and controls surrounding investment valuation and legal title of listed investments by performing walkthrough procedures.<br><br>For all investments in the portfolio, we compared the market prices and exchange rates to an independent pricing vendor and recalculated the investment valuations as at the year-end.<br><br>For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity.<br><br>We compared the Company's investment holdings at 31 October 2023 to an independent confirmation received directly from the Company's Custodian and Depositary. | The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio. |

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

### Our application of materiality

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

### Materiality

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

We determined materiality for the Company to be £13.34 million (2022: £13.61 million), which is 1% (2022: 1%) of net assets. We believe that net assets provide us with a materiality aligned to the key measure of the Company's performance.

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

### Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £10.00m (2022: £10.20m).

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

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £1.88m (2022: £1.68m) being 5% (2022: 5%) of the revenue profit before taxation.

**Reporting threshold**

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

We agreed with the Audit and Risk Assurance Committee that we would report to them all uncorrected audit differences in excess of £0.67m (2022: £0.68m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

## Other information

The other information comprises the information included in the Annual Report set out on pages other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

## Matters on which we are required to report by exception

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

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

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

## Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 39;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities, set out on page 39;
- Directors' statement on fair, balanced and understandable set out on page 61;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 38 and 39;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 49; and
- The section describing the work of the Audit and Risk Assurance Committee set out on page 51.

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

## Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 61, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK-adopted International Accounting Standards, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Associate of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and the Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Assurance Committee and the Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Statement of Comprehensive income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

## Other matters we are required to address

- Following the recommendation from the Audit and Risk Assurance Committee, we were appointed by the Company on 17 November 2016 to audit the financial statements for the year ending 31 October 2016 and subsequent financial reports.

  The period of total uninterrupted engagement including previous renewals and reappointments is 8 years, covering the years ending 31 October 2016 to 31 October 2023.
- The audit opinion is consistent with the additional report to the Audit and Risk Assurance Committee.

## Use of our report

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

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 January 2024

# Financial Statements

London, United Kingdom

# Statement of Comprehensive Income

| Notes | | Year ended 31 October 2023 Revenue return £'000 | Capital return £'000 | Total return £'000 | Year ended 31 October 2022 Revenue return £'000 | Capital return £'000 | Total return £'000 |
|---|---|---|---|---|---|---|---|
| 2 | Gains/(losses) on investments held at fair value through profit and loss | – | 37,376 | 37,376 | – | (202,031) | (202,031) |
| 3 | Investment income | 40,439 | – | 40,439 | 37,814 | – | 37,814 |
| 4 | Other operating income | 1,326 | – | 1,326 | 394 | – | 394 |
| | **Total income** | **41,765** | **37,376** | **79,141** | **38,208** | **(202,031)** | **(163,823)** |
| | **Expenses** | | | | | | |
| 5 | Management fees | (1,790) | (4,176) | (5,966) | (1,905) | (4,446) | (6,351) |
| 6 | Other expenses | (970) | – | (970) | (1,364) | – | (1,364) |
| | **Profit/(loss) before finance costs and taxation** | **39,005** | **33,200** | **72,205** | **34,939** | **(206,477)** | **(171,538)** |
| 7 | Finance costs | (1,376) | (3,211) | (4,587) | (1,346) | (3,141) | (4,487) |
| | **Profit/(loss) before taxation** | **37,629** | **29,989** | **67,618** | **33,593** | **(209,618)** | **(176,025)** |
| 8 | Taxation | (3,061) | – | (3,061) | (3,001) | (145) | (3,146) |
| | **Profit/(loss) for the year and total comprehensive income** | **34,568** | **29,989** | **64,557** | **30,592** | **(209,763)** | **(179,171)** |
| 9 | **Earnings per ordinary share – basic and diluted** | **2.72p** | **2.35p** | **5.07p** | **2.34p** | **(16.04p)** | **(13.70p)** |

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.



The notes on pages 73 to 91 form part of these financial statements

# Statement of Changes in Equity

| Notes | | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| | | Year ended 31 October 2023 | | | | | |
| | Total equity at 1 November 2022 | 32,878 | 159,797 | 12,489 | 1,115,343 | 40,159 | 1,360,666 |
| | Total comprehensive income: | | | | | | |
| | Profit for the year | – | – | – | 29,989 | 34,568 | 64,557 |
| | Transactions with owners, recorded directly to equity: | | | | | | |
| 18, 20 | Buyback of shares to treasury | – | – | – | (60,484) | – | (60,484) |
| 10 | Ordinary dividends paid | – | – | – | – | (31,216) | (31,216) |
| | **Total equity at 31 October 2023** | **32,878** | **159,797** | **12,489** | **1,084,848** | **43,511** | **1,333,523** |

| Notes | | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| | | Year ended 31 October 2022 | | | | | |
| | Total equity at 1 November 2021 | 32,827 | 159,797 | 12,540 | 1,343,631 | 38,589 | 1,587,384 |
| | Total comprehensive income: | | | | | | |
| | (Loss)/profit for the year | – | – | – | (209,763) | 30,592 | (179,171) |
| | Transactions with owners, recorded directly to equity: | | | | | | |
| 18, 20 | Buyback of shares to treasury | 51 | – | (51) | (18,525) | – | (18,525) |
| 10 | Ordinary dividends paid | – | – | – | – | (29,022) | (29,022) |
| | **Total equity at 31 October 2022** | **32,878** | **159,797** | **12,489** | **1,115,343** | **40,159** | **1,360,666** |

The notes on pages 73 to 91 form part of these financial statements

# Statement of Financial Position

| Notes | | At 31 October 2023 £'000 | At 31 October 2022 £'000 |
|---|---|---|---|
| | **Non-current assets** | | |
| 11 | Investments held at fair value through profit or loss | 1,428,787 | 1,433,728 |
| | **Current assets** | | |
| 12 | Investments held at fair value through profit or loss | 13,116 | 1 |
| 13 | Other receivables | 19,001 | 4,497 |
| | Cash and cash equivalents | 14,525 | 65,871 |
| | | **46,642** | **70,369** |
| | **Total assets** | **1,475,429** | **1,504,097** |
| | **Current liabilities** | | |
| 14 | Other payables | (17,006) | (4,151) |
| 14 | Debenture stock | – | (15,000) |
| | | **(17,006)** | **(19,151)** |
| | **Total assets less current liabilities** | **1,458,423** | **1,484,946** |
| | **Non-current liabilities** | | |
| 15 | Unsecured loan notes | (124,900) | (124,280) |
| | | **(124,900)** | **(124,280)** |
| | **Net assets** | **1,333,523** | **1,360,666** |
| | **Equity attributable to equity shareholders** | | |
| 18 | Share capital | 32,878 | 32,878 |
| 19 | Share premium account | 159,797 | 159,797 |
| 20 | Capital redemption reserve | 12,489 | 12,489 |
| | Retained earnings: | | |
| 20 | Other capital reserves | 1,084,848 | 1,115,343 |
| 21 | Revenue reserves | 43,511 | 40,159 |
| | **Total equity** | **1,333,523** | **1,360,666** |
| 17 | **Net asset value per ordinary share** | **108.0p** | **105.1p** |

The financial statements on pages 69 to 91 were approved by the Board of Directors on 17 January 2024 and signed on its behalf by:

**Simon Miller**
Chair



The notes on pages 73 to 91 form part of these financial statements

# Cash Flow Statement

| Notes | Reconciliation of profit before taxation to net cash flow from operating activities | Year ended 31 October 2023 £'000 | Year ended 31 October 2022 £'000 |
|---|---|---|---|
| | **Operating activities** | | |
| | Profit/(loss) before taxation | 67,618 | (176,025) |
| 2 | Less: (gain)/loss on investments held at fair value through profit or loss | (37,376) | 202,031 |
| | Purchases of investments | (830,071) | (419,661) |
| | Sales of investments | 872,865 | 476,954 |
| | Purchases of current asset investments | (80,700) | (17,498) |
| | Sales of current asset investments | 67,585 | 26,095 |
| | Increase in securities purchased for future settlement | 12,119 | 1,602 |
| | (Increase)/decrease in other receivables | (58) | 1 |
| | Decrease in other payables | (169) | (1,479) |
| | Increase in accrued income | (14,217) | (257) |
| | Add back interest payable ('finance costs') | 4,587 | 4,487 |
| | **Net cash inflow from operating activities before interest and taxation** | **62,183** | **96,250** |
| | Interest paid | (4,525) | (4,503) |
| | Taxation on investment income | (3,290) | (3,766) |
| | **Net cash inflow from operating activities** | **54,368** | **87,981** |
| | **Financing activities** | | |
| 10 | Equity dividends paid (net of refund of unclaimed distributions) | (31,216) | (29,022) |
| | Redemption of debenture | (15,000) | – |
| | Share buybacks | (59,579) | (18,207) |
| | **Net cash (outflow)/inflow from financing activities** | **(105,795)** | **(47,229)** |
| | (Decrease)/increase in cash | (51,427) | 40,752 |
| | Cash and cash equivalents at the start of the year | 65,871 | 25,429 |
| | Exchange movements | 81 | (310) |
| | **Cash and cash equivalents at the end of the year** | **14,525** | **65,871** |

In accordance with IAS 7.31 cash inflow from dividends was £36,225,000 (2022: £34,030,000) and cash inflows from interest was £1,349,000 (2022: £245,000).

The notes on pages 73 to 91 form part of these financial statements

# Notes to the Financial Statements

## 1 Accounting policies

**a) Basis of preparation**

The Bankers Investment Trust PLC is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The financial statements of the Company for the year ended 31 October 2023 have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the year. Where presentational guidance set out in the Statement of Recommended Practice ('the SORP') for investment companies issued by the Association of Investment Companies ('the AIC') amended in July 2022 is consistent with the requirements of UK-adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

In line with UK-adopted International Accounting Standards, investments are valued at fair value which are quoted prices in active markets and therefore reflect participants' view of climate change risk.

### Going concern

In reviewing viability (see page 39) and going concern, the Directors have considered, among other things, cash flow forecasts, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio and the impact of the war in Ukraine and Gaza-Israel conflict. The assets of the Company consist mainly of securities that are listed and readily realisable.

Thus, after making due enquiry, the Directors believe that the Company has adequate financial resources to meet its financial obligations, including the repayment of any borrowings, and to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

### Accounting Standards

i) New and amended standards adopted by the Company.

The Company has not adopted any new or amended standards that were material to the financial statements during the year.

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

| Standards | | Effective for annual periods beginning on or after |
|---|---|---|
| IAS 1 Amendments | Disclosure of Accounting Policies | 01 Jan 2023 |
| IAS 8 Amendments | Definition of Accounting Estimates | 01 Jan 2023 |
| IAS 1 Amendments | Classification of Liabilities as Current or Non-Current | 01 Jan 2024 |
| IAS 1 Amendments | Non-current Liabilities with Covenants | 01 Jan 2024 |
| IAS 7 and IFRS 7 Amendments | Supplier Finance Arrangements | 01 Jan 2024 |

These are not expected to have a material impact on the Company's financial statements.

## 1 Accounting policies (continued)

**b) Investments held at fair value through profit or loss**

All investments are classified as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Investments are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the statement of financial position is based on their quoted bid price at the statement of financial position date, without deduction of the estimated future selling costs.

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

**c) Presentation of Statement of Comprehensive Income**

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

**d) Income**

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank deposit interest is accounted for on an accruals basis.

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

**e) Expenses**

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

**f) Taxation**

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

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

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

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

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

**g) Dividends payable to shareholders**

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

## 1 Accounting policies (continued)

**h) Foreign currency**

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

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

**i) Cash and cash equivalents**

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

**j) Borrowings**

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

**k) Issue and repurchase of ordinary shares**

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to equity and disclosed in the statement of changes in equity. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in other capital reserves. Share issues and repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

**l) Capital reserves**

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on revaluation of investments held, together 'Other capital reserves'. The following analyses what is accounted for in each of these components.

#### Capital reserve arising on investments sold

The following are accounted for in this reserve:
- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief;
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

#### Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:
- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

#### Revenue reserve

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

#### Capital redemption reserve

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

#### Share capital

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

#### Share premium

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

## 1 Accounting policies (continued)

**m) Distributable reserves**

The Company's capital reserve arising on investments sold of £933,252,000 (2022: £852,429,000) and revenue reserve of £43,511,000 (2022: £40,159,000 may be distributed by way of a dividend.

**n) Key estimates and assumptions**

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

There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities within the next financial year. The decision to allocate special dividends as income or capital is a judgement but not deemed to be a significant judgement.

**o) Receivables**

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

**p) Payables**

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

**q) Policy on operating segments**

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

The business is not managed on a geographical basis. However, disclosure by geographical segment has been provided in note 3 and on page 77. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Gains on sale of investments based on historical cost | 148,532 | 73,804 |
| Class action proceeds | 81 | – |
| Revaluation gains recognised in previous years | (77,670) | (310,946) |
| **Gains/(losses) on investments sold in the year based on carrying value at previous statement of financial position date** | **70,943** | **(237,142)** |
| Revaluation of investments held at 31 October | (33,090) | 35,994 |
| Exchange losses | (477) | (883) |
| | **37,376** | **(202,031)** |

## 3 Investment income

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| UK dividend income – listed | 9,308 | 10,349 |
| UK dividend income – special dividends | – | 288 |
| Overseas dividend income – listed | 30,205 | 26,291 |
| Overseas dividend income – special dividends | 702 | 659 |
| Property income distributions | 224 | 227 |
| | **40,439** | **37,814** |
| **Analysis of investment income by geographical region:** | | |
| UK | 9,780 | 9,402 |
| Europe (ex UK) | 6,915 | 7,735 |
| North America | 10,866 | 6,909 |
| Japan | 4,275 | 3,723 |
| Pacific (ex Japan and China) | 6,805 | 7,362 |
| China | 1,798 | 2,683 |
| | **40,439** | **37,814** |

## 4 Other operating income

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Bank interest | 1,311 | 344 |
| Stock lending revenue | – | 48 |
| Other income | 15 | 2 |
| | **1,326** | **394** |

The Company terminated its stock lending agreement with the agent (BNP Paribas Securities Services) on 23 May 2022. The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2022 was £63,630,000. The value of securities held on loan, comprising Corporate and Government Bonds with a minimum market value of 105% of the market value of any securities on loan, was reviewed on a daily basis.

## 5 Management fees

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Investment management | 1,790 | 4,176 | 5,966 | 1,905 | 4,446 | 6,351 |
| | **1,790** | **4,176** | **5,966** | **1,905** | **4,446** | **6,351** |

A summary of the terms of the management agreement is given in the Business Model on pages 32 and 33.

## 6 Other expenses

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Directors' fees and expenses (see page 59) | 206 | 141 |
| Auditors' remuneration – for audit services | 52 | 45 |
| Auditors' remuneration – for non-audit services[1] | – | 3 |
| Expenses payable to Janus Henderson (relating to marketing services) | 68 | 138 |
| Bank/custody charges | 259 | 287 |
| Depositary fees | 53 | 54 |
| Registrar fees | 64 | 72 |
| AIC subscriptions | 21 | 21 |
| Printing expenses | 60 | 36 |
| Legal fees[2] | (175) | 184 |
| Listing fees | 109 | 119 |
| Irrecoverable VAT | 14 | 19 |
| Loan arrangement & non-utilisation fees | 80 | 76 |
| Other expenses | 159 | 169 |
| | **970** | **1,364** |

The compensation payable to key management personnel in respect of short term employment benefits was £206,000 (2022: £141,000) which relates wholly to the fees and expenses payable to the Directors in respect of the year.

1 Non-audit services relate to the provision of a debenture covenant compliant certificate. The debenture was repaid on 31 October 2023

2 Following the judgment of the supreme court hearing in November 2021 in favour of HMRC, the Company withdrew its claims in respect of Manufactured Overseas Dividends. The Company expected to incur legal costs to close the case at an estimate of £150,000 and this was included in the prior year expenses. Subsequently, the legal fees did not crystalise and have been written back to the account

## 7 Finance costs

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Interest on bank overdrafts | – | 1 | 1 | – | 1 | 1 |
| Interest on debenture repayable: | | | | | | |
| – less than one year | 360 | 840 | 1,200 | 360 | 840 | 1,200 |
| Interest on unsecured loan notes repayable: | | | | | | |
| – after five years[1] | 1,016 | 2,370 | 3,386 | 986 | 2,300 | 3,286 |
| | **1,376** | **3,211** | **4,587** | **1,346** | **3,141** | **4,487** |

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

## 8 Taxation

### a) Analysis of the tax charge for the year

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| Overseas tax suffered | 3,322 | – | 3,322 | 3,637 | 145 | 3,782 |
| Overseas tax reclaimable | (261) | – | (261) | (636) | – | (636) |
| **Total tax charge for the year** | **3,061** | **–** | **3,061** | **3,001** | **145** | **3,146** |

### b) Factors affecting the tax charge for the year

The differences are explained below:

| | 2023 Revenue return £'000 | 2023 Capital return £'000 | 2023 Total return £'000 | 2022 Revenue return £'000 | 2022 Capital return £'000 | 2022 Total return £'000 |
|---|---|---|---|---|---|---|
| **Profit/(loss) before taxation** | **37,629** | **29,989** | **67,618** | **33,593** | **(209,618)** | **(176,025)** |
| Corporation tax for the year at 22.50%[1] (2022: 19.00%) | 8,467 | 6,747 | 15,214 | 6,383 | (39,827) | (33,444) |
| Non–taxable UK dividends | (1,972) | – | (1,972) | (2,020) | – | (2,020) |
| Overseas income and non-taxable scrip dividends | (6,717) | – | (6,717) | (4,869) | – | (4,869) |
| Overseas withholding tax suffered | 3,061 | – | 3,061 | 3,001 | 145 | 3,146 |
| Excess management expenses and loan relationships | 182 | 1,572 | 1,754 | 374 | 1,152 | 1,526 |
| Interest capping restriction | 40 | 90 | 130 | 132 | 290 | 422 |
| Capital gains not subject to tax | – | (8,409) | (8,409) | – | 38,385 | 38,385 |
| | **3,061** | **–** | **3,061** | **3,001** | **145** | **3,146** |

1 Seven months at the new rate of 25% and five months at previous rate of 19%

### c) Provision for deferred taxation

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

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

### d) Factors that may affect future tax charges

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading 'Excess management expenses and loan relationships' in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £21,687,000 (2022: £19,730,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £86,749,000 (2022: £78,749,000) and based on the prospective tax rate of 25% (2022: 25%).

## 9 Earnings/(loss) per ordinary share

The total earnings per ordinary share is based on the net profit attributable to the ordinary shares of £64,557,000 (2022: loss of £179,171,000) and on 1,272,116,196 ordinary shares (2022: 1,307,589,615), being the weighted average number of shares in issue, excluding the shares held in treasury, during the year.

The total earnings can be further analysed as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Revenue profit | 34,568 | 30,592 |
| Capital profit/(loss) | 29,989 | (209,763) |
| **Profit/(loss) for the year** | **64,557** | **(179,171)** |
| Weighted average number of ordinary shares | **1,272,116,196** | 1,307,589,615 |
| Revenue earnings per ordinary share | 2.72p | 2.34p |
| Capital earnings/(loss) per ordinary share | 2.35p | (16.04p) |
| **Earnings/(loss) per ordinary share** | **5.07p** | **(13.70p)** |

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

## 10 Dividends on ordinary shares

| Dividends on ordinary shares | Record date | Payment date | 2023 £'000 | 2022 £'000 |
|---|---|---|---|---|
| Third interim dividend (0.55p) for the year ended 31 October 2021 | 29 October 2021 | 30 November 2021 | – | 7,222 |
| Final dividend (0.55p) for the year ended 31 October 2021 | 28 January 2022 | 28 February 2022 | – | 7,222 |
| First interim dividend (0.55p) for the year ended 31 October 2022 | 29 April 2022 | 31 May 2022 | – | 7,202 |
| Second interim dividend (0.578p) for the year ended 31 October 2022 | 29 July 2022 | 31 August 2022 | – | 7,531 |
| Third interim dividend (0.60p) for the year ended 31 October 2022 | 28 October 2022 | 30 November 2022 | 7,771 | – |
| Final dividend (0.60p) for the year ended 31 October 2022 | 27 January 2023 | 28 February 2023 | 7,764 | – |
| First interim dividend (0.62p) for the year ended 31 October 2023 | 28 April 2023 | 31 May 2023 | 7,879 | – |
| Second interim dividend (0.62p) for the year ended 31 October 2023 | 28 July 2023 | 31 August 2023 | 7,802 | |
| Unclaimed dividends refunded | | | – | (155) |
| | | | **31,216** | **29,022** |

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Revenue available for distribution by way of dividend for the year | 34,568 | 30,592 |
| First interim dividend (0.62p) (2022: 0.55p) | (7,879) | (7,202) |
| Second interim dividend (0.62p) (2022: 0.578p) | (7,802) | (7,531) |
| Third interim dividend (0.66p) paid on 30 November 2023 (2022: 0.60p paid on 30 November 2022) | (8,155) | (7,771) |
| Final dividend (0.66p) payable on 29 February 2024 (2022: 0.60p paid on 28 February 2023) | (8,059)[1] | (7,764) |
| **Revenue surplus for Section 1158 purposes** | **2,673** | **324** |

1 Based on the number of shares in issue, excluding the shares held in treasury, of 1,221,006,280 on 15 January 2023 being the latest practicable date prior to the publication of this report

## 11 Investments held at fair value through profit or loss

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Valuation at start of year | 1,433,728 | 1,692,169 |
| Investment holding gain at start of year | (263,093) | (538,045) |
| **Cost at start of year** | **1,170,635** | **1,154,124** |
| Acquisitions at cost | 830,071 | 419,661 |
| Disposals at cost | (724,252) | (403,150) |
| **Cost at end of year** | **1,276,454** | **1,170,635** |
| Investment holding gains at end of year | 152,333 | 263,093 |
| **Valuation of investments at end of year** | **1,428,787** | **1,433,728** |

At 31 October 2023 convertible or fixed interest securities held in the portfolio which were also unquoted investments shown at the Directors' fair valuation were £nil (2022: £1,000). See note 16.5 on page 87.

The Company received £872,784,000 (2022: £476,954,000) from investments sold in the year. The book cost of these investments when they were purchased were £724,252,000 (2022: £403,150,000). These investments have been revalued over time, until they were sold any unrealised gains/losses were included in the fair value of investments.

Purchase and sale transaction costs for the year ended 31 October 2023 were £470,000 and £255,000 respectively (2022: transaction costs of purchases £338,000; transaction costs of sales £320,000). These comprise mainly stamp duty and commission.

The Company has no interests of 3% or more of any class of capital of the companies in its portfolio (2022: none).

## 12 Current asset investment

The Company has a holding in Deutsche Global Liquidity Series Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short-term deposit. At 31 October 2023 this holding had a value of £13,116,000 (2022: £1,000).

## 13 Other receivables

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Securities sold for future settlement | 13,559 | – |
| Other taxes recoverable | 2,428 | 2,199 |
| Prepayments and accrued income | 2,902 | 2,244 |
| Other receivables | 112 | 54 |
| | **19,001** | **4,497** |

## 14 Current liabilities

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Accruals | 1,647 | 1,649 |
| Securities purchased for future settlement | 13,721 | 1,602 |
| Buyback of shares into treasury for future settlement | 1,223 | 318 |
| 8% debenture stock 2023 | – | 15,000 |
| Other payables | 415 | 582 |
| | **17,006** | **19,151** |

The 8% debenture stock 2023 was redeemed at par on 31 October 2023.

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Borrowings: Loan note (unsecured): | | |
| 3.68% unsecured loan notes 2035 | 49,859 | 49,851 |
| 1.67% unsecured loan notes 2041 (Euro) | 38,183 | 37,575 |
| 2.28% unsecured loan notes 2045 | 36,858 | 36,854 |
| | **124,900** | **124,280** |

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

The €44,000,000 1.67% unsecured loan notes 2041 were issued on 3 August 2021 and are redeemable at par on 3 August 2041. They are shown on the balance sheet on the effective interest basis. The unsecured loan notes were issued net of costs totalling £155,000.

The £37,000,000 2.28% unsecured loan notes 2045 were issued on 3 August 2021 and are redeemable at par on 3 August 2045. They are shown on the balance sheet on the effective interest basis. The unsecured loan notes were issued net of costs totalling £152,000.

# 16 Risk management policies and procedures

### 16.1 Market risk

Janus Henderson assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

### 16.1.1 Market price risk

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

#### Management of the risk

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

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Equities | 1,428,786 | 1,433,727 |
| Fixed interest | – | 1 |
| | **1,428,786** | **1,433,728** |

#### Market price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the Company's net assets to an increase or decrease of 20% (2022: 20%) in the fair values of the Company's investments at each statement of financial position date. This level of change is considered to be reasonably possible based on observation of current market conditions.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Increase in fair value £'000 | Decrease in fair value £'000 | Increase in fair value £'000 | Decrease in fair value £'000 |
| Statement of comprehensive income – profit after tax | | | | |
| Revenue return | (343) | 343 | (344) | 344 |
| Capital return | 284,957 | (284,957) | 285,943 | (285,943) |
| **Change to profit after tax for the year and net assets** | **284,614** | **(284,614)** | **285,599** | **(285,599)** |

# 16 Risk management policies and procedures (continued)

### 16.1.2 Currency risk

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

#### Management of the risk

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

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

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

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

#### Foreign currency exposure

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

| 2023 | US $ £'000 | Euro £'000 | Japanese Yen £'000 | Chinese Yuan £'000 | Swiss Franc £'000 | Other £'000 |
|---|---|---|---|---|---|---|
| Other receivables/(payables) | 804 | 1,015 | 1,443 | – | 1,074 | 299 |
| Cash and cash equivalents | 796 | – | – | 271 | – | 75 |
| Non-current liabilities | – | (38,183) | – | – | – | – |
| **Total foreign currency exposure on net monetary items** | **1,600** | **(37,168)** | **1,443** | **271** | **1,074** | **374** |
| Investments at fair value through profit or loss that are equities | 593,456 | 174,967 | 186,857 | 71,582 | 45,133 | 133,413 |
| **Total net foreign currency exposures** | **595,056** | **137,799** | **188,300** | **71,853** | **46,207** | **133,787** |

| 2022 | US $ £'000 | Euro £'000 | Japanese Yen £'000 | Chinese Yuan £'000 | Swiss Franc £'000 | Other £'000 |
|---|---|---|---|---|---|---|
| Other receivables/(payables) | 292 | 549 | 1,323 | 2 | (351) | 1,621 |
| Cash and cash equivalents | 681 | – | – | 1,181 | – | 111 |
| Non-current liabilities | – | (37,575) | – | – | – | – |
| **Total foreign currency exposure on net monetary items** | **973** | **(37,026)** | **1,323** | **1,183** | **(351)** | **1,732** |
| Investments at fair value through profit or loss that are equities | 570,164 | 191,779 | 176,294 | 70,161 | 40,688 | 128,406 |
| **Total net foreign currency exposures** | **571,137** | **154,753** | **177,617** | **71,344** | **40,337** | **130,138** |

# 16 Risk management policies and procedures (continued)

### 16.1.2 Currency risk (continued)

#### Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

US dollar/sterling +/- 10% (2022: 10%), euro/sterling +/- 10% (2022: 10%), Japanese yen/sterling +/- 10% (2022: 10%), Swiss Franc/sterling +/- 10% (2022: 10%), Chinese Yuan/sterling +/- 10% (2022: 10%).

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

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

| | 2023 US $ £'000 | 2023 Euro £'000 | 2023 Japanese Yen £'000 | 2023 Swiss Franc £'000 | 2023 Chinese Yuan £'000 | 2022 US $ £'000 | 2022 Euro £'000 | 2022 Japanese Yen £'000 | 2022 Swiss Franc £'000 | 2022 Chinese Yuan £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – profit after tax | | | | | | | | | | |
| Revenue return | 1,471 | 660 | 460 | 124 | 289 | 1,077 | 710 | 430 | 132 | 298 |
| Capital return | 65,940 | 15,182 | 20,762 | 5,015 | 7,946 | 63,379 | 16,950 | 19,588 | 4,521 | 7,795 |
| **Change to profit after tax for the year and net assets** | **67,411** | **15,842** | **21,222** | **5,139** | **8,235** | **64,456** | **17,660** | **20,018** | **4,653** | **8,093** |

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

| | 2023 US $ £'000 | 2023 Euro £'000 | 2023 Japanese Yen £'000 | 2023 Swiss Franc £'000 | 2023 Chinese Yuan £'000 | 2022 US $ £'000 | 2022 Euro £'000 | 2022 Japanese Yen £'000 | 2022 Swiss Franc £'000 | 2022 Chinese Yuan £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Statement of Comprehensive Income – profit after tax | | | | | | | | | | |
| Revenue return | (1,204) | (540) | (377) | (101) | (236) | (881) | (581) | (352) | (108) | (244) |
| Capital return | (53,950) | (12,422) | (16,987) | (4,103) | (6,513) | (51,811) | (14,162) | (16,027) | (3,699) | (6,378) |
| **Change to profit after tax for the year and net assets** | **(55,154)** | **(12,962)** | **(17,364)** | **(4,204)** | **(6,749)** | **(52,692)** | **(14,743)** | **(16,379)** | **(3,807)** | **(6,622)** |

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

## 16 Risk management policies and procedures (continued)

### 16.1.3 Interest rate risk

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

#### Management of the risk

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

#### Interest rate exposure

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Within one year £'000 | More than one year £'000 | Total £'000 | Within one year £'000 | More than one year £'000 | Total £'000 |
| Exposure to floating interest rates: | | | | | | |
| Cash and cash equivalents | 14,525 | – | 14,525 | 65,871 | – | 65,871 |
| Current asset investment | 13,116 | – | 13,116 | 1 | – | 1 |
| Exposure to fixed interest rates: | | | | | | |
| Fixed interest investments | – | – | – | – | 1 | 1 |
| Debentures | – | – | – | (15,000) | – | (15,000) |
| Unsecured loan notes | – | (124,900) | (124,900) | – | (124,280) | (124,280) |
| | **27,641** | **(124,900)** | **(97,259)** | **50,872** | **(124,279)** | **(73,407)** |

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

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over SONIA or its foreign currency equivalent (2022: same).
- Interest paid on debentures and unsecured loan notes is set out in note 7.

#### Interest rate sensitivity

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

- Cash – Cash balances vary throughout the year. Cash balances at the year end were £14,525,000 (2022: £65,871,000) and, if that level of cash was maintained for a full year, a 100 basis points change in interest rates (up or down) would increase or decrease total net return after taxation by approximately £145,000 (2022: £659,000).
- Bank loans – Amounts drawn down vary throughout the year. Amount drawn down at the year end was £nil (2022: nil).
- Current asset investment sensitivity – The Company's interest bearing current asset investment at the year end was £13,116,000 (2022: £1,000) and, if that level of investment was maintained for a full year, a 100 basis points change in interest rates (up or down) would increase or decrease total net return after taxation by approximately £131,000 (2022: £nil).

# 16 Risk management policies and procedures (continued)

### 16.2 Liquidity risk

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

#### Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. During the year ended 31 October 2022 the Company renewed the unsecured sterling loan facility with SMBC Bank International plc totalling £20,000,000; the facility expires on 26 February 2024. The Company also has unsecured loan notes, details of which can be found in note 15 on page 82.

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

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

#### Liquidity risk exposure

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Due within three months £'000 | Due between three months and one year £'000 | Due after one year £'000 | Due within three months £'000 | Due between three months and one year £'000 | Due after one year £'000 |
| Debenture stock | – | – | – | – | 16,200 | – |
| Unsecured loan notes | 920 | 2,404 | 174,164 | 920 | 2,394 | 176,761 |
| Other payables | 17,006 | – | – | 4,151 | – | – |
| | **17,926** | **2,404** | **174,164** | **5,071** | **18,594** | **176,761** |

### 16.3 Credit and counterparty risk

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

#### Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings and is subject to continual review.

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

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

## 16 Risk management policies and procedures (continued)

**16.3 Credit and counterparty risk (continued)**

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

None of the Company's financial assets are past due and the expected credit loss within IFRS 9 for calculating impairment on such balances has not had a material impact on the Company.

### Credit risk exposure

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

| | 2023 £'000 | 2024 £'000 |
|---|---|---|
| Fixed interest securities | – | 1 |
| Current asset investment | 13,116 | 1 |
| Cash and cash equivalents | 14,525 | 65,871 |
| Receivables: | | |
| Other receivables | 19,001 | 4,497 |
| | **46,642** | **70,370** |

**16.4 Fair values of financial assets and financial liabilities**

Financial assets and financial liabilities are either carried in the statement of financial position at their fair value (investments) or the statement of financial position amount is a reasonable approximation of fair value (due from brokers, dividend and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts).

The par value of the unsecured loan notes can be found in note 15 on page 82. In order to comply with fair value accounting disclosures only, the fair value of the unsecured loan notes has been estimated to be £88,985,000 (2022: £97,069,000) and is categorised as Level 3 in the fair value hierarchy as described below. However, for the purpose of the daily NAV announcements, the unsecured loan notes were valued at amortised cost in the fair value NAV because they are not traded and the Directors expect them to be held to maturity and, accordingly, the Directors had considered this to be the most appropriate value to be applied for this purpose. With effect from 31 December 2023, the Board reassessed this and decided to include the fair value adjustment within a separate fair value daily NAV.

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

**16.5 Fair value hierarchy disclosures**

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

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

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

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

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

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Equity investments | 1,428,787 | – | – | 1,428,787 | 1,433,727 | – | – | 1,433,727 |
| Fixed interest investments | – | – | – | – | – | – | 1 | 1 |
| Current asset investments | 13,116 | – | – | 13,116 | 1 | – | – | 1 |
| | **1,441,903** | **–** | **–** | **1,441,903** | **1,433,728** | **–** | **1** | **1,433,729** |

## 16 Risk management policies and procedures (continued)

**16.6 Capital management policies and procedures**

The Company's capital management objectives are:

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

The Company's capital at 31 October 2023 comprised its equity share capital, reserves and debt that are shown in the statement of financial position at a total of £1,458,423,000 (2022: £1,484,946,000).

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

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

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

The Company is subject to several externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the capital restriction tests imposed on investment companies by law and its Articles of Association;
- the terms of the debenture trust deed had various covenants which prescribed that moneys borrowed should not exceed 100% of the adjusted total of capital and reserves as defined in the debenture trust deed. These were measured in accordance with the policies used in the annual financial statements; and
- the terms of the loan notes have various covenants which must also be observed, including that total indebtedness shall not exceed 40% of net asset value and that the net asset value shall not be less than £500 million.

The Company has complied with them throughout the year.

## 17 Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to ordinary shares of £1,333,523,000 (2022: £1,360,666,000) and on 1,234,232,277 ordinary shares in issue at 31 October 2023 (2022: 1,294,851,206), excluding shares held in treasury. The Company has no securities in issue that could dilute the net asset value per ordinary share.

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Net assets attributable to ordinary shares at start of year | 1,360,666 | 1,587,384 |
| Total net profit/(loss) on ordinary activities after taxation | 64,557 | (179,171) |
| Buyback of ordinary shares | (60,484) | (18,525) |
| Dividends paid | (31,216) | (29,022) |
| **Net assets attributable to ordinary shares at end of year** | **1,333,523** | **1,360,666** |

## 18 Called up share capital

| | Number of shares held in treasury | Number of shares entitled to dividend | Total number of shares | Nominal value of shares in issue £'000 |
|---|---|---|---|---|
| Ordinary shares | | | | |
| At 1 November 2022 | 20,251,624 | 1,294,851,206 | 1,315,102,830 | 32,878 |
| Buyback of ordinary shares | 60,618,929 | (60,618,929) | – | – |
| **At 31 October 2023** | **80,870,553** | **1,234,232,277** | **1,315,102,830** | **32,878** |

During the year, no new shares were issued and 60,618,929 shares were bought back in to treasury for a net payment of £60,484,000.

| | Number of shares held in treasury | Number of shares entitled to dividend | Total number of shares | Nominal value of shares in issue £'000 |
|---|---|---|---|---|
| Ordinary shares | | | | |
| At 1 November 2021 | 2,031,754 | 1,313,071,076 | 1,315,102,830 | 32,827 |
| Buyback of ordinary shares | 18,219,870 | (18,219,870) | – | 51[1] |
| **At 31 October 2022** | **20,251,624** | **1,294,851,206** | **1,315,102,830** | **32,878** |

1 The nominal value of the share buybacks which were held in treasury during the year to 31 October 2021 was transferred to the capital redemption reserve but should have remained in share capital. This transfer of £51,000 has been reversed in the prior period

In the year ended 31 October 2022, no new shares were issued and 18,219,870 shares were bought back into treasury for a net payment of £18,525,000.

Since the year end, the Company has not issued any new shares, and 13,225,997 shares have been bought back into treasury for a net payment of £13,238,000.

## 19 Share premium account

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| At start and end of year | 159,797 | 159,797 |

## 20 Capital redemption and other capital reserves

| | Capital redemption reserve £'000 | Capital reserve arising on investments sold £'000 | Capital reserve arising on revaluation of investments held £'000 | Total other capital reserves £'000 |
|---|---|---|---|---|
| At 1 November 2022 | 12,489 | 852,429 | 262,914 | 1,115,343 |
| Transfer on disposal of assets | – | 77,670 | (77,670) | – |
| Net gains/(losses) on investments | – | 70,943 | (33,090) | 37,853 |
| Net gains/(losses) on foreign exchange | – | 81 | (558) | (477) |
| Buyback of shares into treasury | – | (60,484) | – | (60,484) |
| Expenses and finance costs allocated to capital | – | (7,387) | – | (7,387) |
| **At 31 October 2023** | **12,489** | **933,252** | **151,596** | **1,084,848** |

| | Capital redemption reserve £'000 | Capital reserve arising on investments sold £'000 | Capital reserve arising on revaluation of investments held £'000 | Total other capital reserves £'000 |
|---|---|---|---|---|
| At 1 November 2021 | 12,540 | 805,192 | 538,439 | 1,343,631 |
| Transfer on disposal of assets | – | 310,946 | (310,946) | – |
| Net (losses)/gains on investments | – | (237,142) | 35,994 | (201,148) |
| Net losses on foreign exchange | – | (310) | (573) | (883) |
| Buyback of shares into treasury | (51) | (18,525) | – | (18,525) |
| Expenses and finance costs allocated to capital | – | (7,732) | – | (7,732) |
| **At 31 October 2022** | **12,489** | **852,429** | **262,914** | **1,115,343** |

## 21 Revenue reserve

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| At start of year | 40,159 | 38,589 |
| Net revenue profit after tax for the year | 34,568 | 30,592 |
| Dividends paid | (31,216) | (29,022) |
| **At end of year** | **43,511** | **40,159** |

## 22 Reconciliation of liabilities arising from financing activities

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

| | At 1 November 2022 £'000 | Cash flows £'000 | Non-cash changes Amortisation of issue costs £'000 | Non-cash changes Foreign exchange £'000 | At 31 October 2023 £'000 |
|---|---|---|---|---|---|
| **Financing activities** | | | | | |
| Financing liabilities | 139,280 | (15,000) | 62 | 558 | 124,900 |
| **Total liabilities from financing activities** | **139,280** | **(15,000)** | **62** | **558** | **124,900** |

| | At 1 November 2021 £'000 | Cash flows £'000 | Non-cash changes Amortisation of issue costs £'000 | Non-cash changes Foreign exchange £'000 | At 31 October 2022 £'000 |
|---|---|---|---|---|---|
| **Financing activities** | | | | | |
| Financing liabilities | 138,683 | – | 24 | 573 | 139,280 |
| **Total liabilities from financing activities** | **138,683** | **–** | **24** | **573** | **139,280** |

## 23 Contingent Liabilities, Guarantees and Financial Commitments

At 31 October 2023 there were no contingent liabilities, guarantees or financial commitments (2022: £nil).

## 24 Transactions with Janus Henderson

Under the terms of an agreement effective from 22 July 2014, the Company appointed Janus Henderson to provide investment management and accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas SA to provide accounting and administration services.

Details of the management fee arrangements for these services are given in the Business Model on page 33. The management fee is calculated on a tiered basis at the rate of 0.45% per annum on the first £750 million of net assets, 0.40% per annum on net assets in excess of £750 million up to £1.5 billion and 0.35% of net assets in excess of £1.5 billion. For the purpose of the fee calculation, the net assets are as at the last day of the quarter immediately preceding the quarter in respect of which the calculation is made. The total of the management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 31 October 2023 was £5,966,000 (2022: £6,351,000). The amount outstanding at 31 October 2023 was £484,000 (2022: £488,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. The total fees paid or payable for these services for the year ended 31 October 2023 amounted to £68,000 (2022: £138,000), of which £53,000 was outstanding at 31 October 2023 (2022: £95,000). Janus Henderson also provides marketing services, there is no separate charge for these services.

## 25 Subsequent Events

There have been no events since the end of the Company's financial year on 31 October 2023.

# Other Shareholder information

New York City, United States of America

# Glossary

## Alternative Investment Fund Managers Directive (‘AIFMD’)

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

## Association of Investment Companies (‘AIC’)

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

## Custodian

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

## Depositary

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

## Derivative

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

## Dividend dates

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

## Dividend growth

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

## Gearing

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

## Investment trusts

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

## Liquidity

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

## Market capitalisation (‘market cap’)

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

## Treasury shares

Shares repurchased by the Company but not cancelled.

# Alternative Performance Measures

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

## Capital Return per Ordinary Share

The capital return per ordinary share is the capital profit/(loss) for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 80).

## Discount or premium

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

| | | 31 October 2023 | 31 October 2022 |
|---|---|---|---|
| Net asset value per ordinary share (pence) | (A) | 108.0 | 105.1 |
| Share price per share (pence) | (B) | 93.5 | 96.6 |
| (Discount) or Premium (C= (B-A)/A) (%) | (C) | (13.4) | (8.1) |

## Gearing/(net cash)

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

| | | 2023 | 2022 |
|---|---|---|---|
| Investments held at fair value through profit or loss (page 81) (£'000) | (A) | 1,428,787 | 1,433,728 |
| Net assets (page 71) (£'000) | (B) | 1,333,523 | 1,360,666 |
| Gearing/(net cash) (C = (A/B) – 1) (%) | (C) | 7.1 | 5.4 |

## Net asset value ('NAV') per ordinary share

The value of the Company's assets (i.e. investments held at fair value through profit or loss (see note 11) and cash held (see statement of financial position)) less any liabilities (i.e. financial liabilities (see notes 14 and 15)) for which the Company is responsible divided by the number of ordinary shares in issue (see note 18). The aggregate NAV is also referred to as Total equity in the statement of financial position. The NAV per ordinary share is published daily and the year end NAV can be found on page 71 and further information is available on page 89 in note 17 within the notes to the financial statements.

## Net asset value ('NAV') with debt at fair value

The Company's debt (bank borrowings, debentures and secured notes, further details can be found in note 15 on page 82) is valued in the statement of financial position (page 71) at amortised cost, which is materially equivalent to the repayment value of the debt on assumption that it is held to maturity. This is often referred to as 'Debt at Par'. The current fair value of the debt, which assumes it is repaid under current market conditions, is referred to as 'Debt at Fair Value'. This fair value is detailed in note 16.4 on page 87 but excludes the fair value of the unsecured loan notes which remained valued at amortised cost for the calculation of NAV with debt at fair value during the year. With effect from 31 October 2023, following repayment of the debenture, the Company published a single NAV with debt at par.

The inclusion of the loan notes at fair value was reassessed by the Directors subsequent to the year end as explained on page 87 and with effect from 31 December 2023 a NAV with debt at fair value has been published including an estimate of the fair value of the loan notes. Had this additional NAV with debt at fair value been published on 31 October 2023, the NAV with debt at fair value would have been £1,369,438,000 (111.0p per ordinary share).

This compares to the NAV with debt at par at 31 October which was £1,333,523,000 (108.0p per ordinary share).

# Alternative Performance Measures continued

## Ongoing charge

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

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Management fee (note 5) | 5,966 | 6,351 |
| Other administrative expenses (note 6) | 970 | 1,364 |
| Less: non-recurring expenses[1] | 137 | (312) |
| **Ongoing charge** | **7,073** | **7,403** |
| | | |
| **Average net assets[2]** | **1,413,254** | **1,481,050** |
| **Ongoing charge** | **0.50%** | **0.50%** |

1 The current year is an add back of £137,000 as this includes adding back a reversal of legal fees (as explained in note 6) that had previously been deducted as non-recurring expenses in the ongoing charge calculation

2 Calculated using the average daily net asset value

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

## Revenue return per share

The revenue return per share is the revenue return for the year (see statement of comprehensive income) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 80).

## Total return

The return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at fair value total return). Dividends paid and payable are set out in note 10 on page 80.

The Company's NAV performance is calculated using the published NAV with debt at fair value for the period prior to the redemption of the debenture. This NAV includes the value of the debentures at fair value rather than amortised cost, as any adjustment for the estimate of fair value of the loan notes was not included in any published NAVs with debt at fair value during the year, any adjustment for the estimate of fair value of the loan notes has not been taken into account in the total return performance calculations.

| | NAV per share | Share price |
|---|---|---|
| NAV/share price per share at 31 October 2022 (pence) | 105.0 | 96.6 |
| NAV/share price per share at 31 October 2023 (pence) | 108.0 | 93.5 |
| Change in the year (%) | 2.9 | (3.2) |
| Impact of dividends reinvested (%) | 2.3 | 2.6 |
| **Total return for the year (%)** | **5.2** | **(0.7)** |

## Yield

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

| | | 31 October 2023 | 31 October 2022 |
|---|---|---|---|
| Annual dividend (pence) | (A) | 2.56 | 2.328 |
| Share price (pence) | (B) | 93.5 | 96.6 |
| Yield (C=A/B) (%) | (C) | 2.7 | 2.4 |

# General Shareholder Information

## AIFMD disclosures

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

## BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the UK Registrar, Equiniti Limited. Alternatively, shareholders can write to the UK Registrar (the address is given on page 97) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Shareholders on the register in New Zealand can have their dividends paid in New Zealand dollars by writing to the New Zealand Registrar, Computershare Investor Services Limited (the address is given on page 97).

## Common Reporting Standard

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

## Equality Act 2010

This Annual Report and other documents issued by the Company are available from the corporate secretary and can be provided in alternative formats, including Braille or larger type, as appropriate. For deaf and speech-impaired customers, we welcome calls via Relay UK. Please see **www.relayuk.bt.com** for more information. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People), dial 18001 followed by the number you wish to dial.

## Foreign Account Tax Compliance Act ('FATCA')

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

## General Data Protection Regulation ('GDPR')

GDPR came into force on 25 May 2018. A privacy statement can be found on the website **www.janushenderson.com**.

## ISA

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

## Non-Mainstream Pooled Investments ('NMPI') status

The Company currently conducts its affairs so that its ordinary shares of 2.5p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA') rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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

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

## Performance details/share price information

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

## Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar (contact details can be found on page 97).

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

## Share price listings

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

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

## Taxonomy Regulation

Regulation (EU) 2020/852 ('Taxonomy Regulation') establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company states that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

# Corporate Information

## Registered office

201 Bishopsgate
London EC2M 3AE

## Service providers

### Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

### Corporate Secretary

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

### Depositary and Custodian

BNP Paribas Trust Corporation UK Limited and BNP Paribas SA
10 Harewood Avenue
London NW1 6AA

### Corporate Brokers

#### UK

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

Peel Hunt LLP
7th Floor, 100 Liverpool St,
London EC2M 2AT

#### New Zealand

Craigs Investment Partners Limited
Head Office
P.O Box 13155
Tauranga 3141
New Zealand

### Registrar

#### UK

The Company's Registrar is Equiniti Limited. Equiniti provide a range of services to shareholders.

Extensive information including many answers to frequently asked questions can be found online. Use the QR code to register for FREE at **www.shareview.co.uk**. Equiniti's registered address is: Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

#### New Zealand

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

## Independent Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

## Financial calendar

| | |
|---|---|
| Annual results | announced January 2024 |
| Ex dividend date | 25 January 2024 |
| Dividend record date | 26 January 2024 |
| Annual General Meeting | 22 February 2024 |
| Final dividend payable on | 29 February 2024 |
| 1st interim dividend payable on | 31 May 2024 |
| Half year results | announced June/July 2024 |
| 2nd interim dividend payable on | 30 August 2024 |
| 3rd interim dividend payable on | 29 November 2024 |

## Information sources

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

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs and Trust TV episodes, please visit this page: **www.janushenderson.com/en-gb/investor/subscriptions**.

**Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK.**

## Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

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

# FCA Share Fraud Warning

## Investment and pension scams are often sophisticated and difficult to spot

FINANCIAL CONDUCT AUTHORITY

Be a **ScamSmart** Investor

### Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it

### How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

### If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

**Be ScamSmart and visit www.fca.org.uk/scamsmart**

MANAGED BY
Janus Henderson
INVESTORS


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

bankersinvestmenttrust.com


The Association of Investment Companies

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London EC2M 3AE

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**SEDOL number**
BN4NDR3

**London Stock Exchange (TIDM) Code**
BNKR

**New Zealand Stock Exchange Code**
BIT

**Global Intermediary Identification Number (GIIN)**
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**Legal Entity Identifier (LEI)**
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