

THE BANKERS INVESTMENT TRUST PLC

Annual Financial Report for the year ended 31 October 2020

This announcement contains regulated information

Performance Highlights ¹	31 October 2020	31 October 2019		
Net Asset Value per ordinary share				
- With debt at par	976.3p			948.7p
- With debt at market value	973.9p			945.7p
Share price at year end ⁽²⁾	980.0p			927.5p
Dividend per share for year ⁽³⁾	21.54p			20.90p
	31 October 2020	31 October 2019		
Dividend growth	3.1%			6.0%
Ongoing charge for year	0.50%			0.52%
Premium/(discount) at year end ⁽⁴⁾	0.4%			(2.2%)
Net (cash)/gearing at year end ⁽⁵⁾	(1.1%)			(3.0%)
	1 year	3 years	5 years	10 years
Long term growth record to 31 October 2020	%	%	%	%
Capital return ⁽⁶⁾				
Net asset value	3.0	11.3	55.8	118.5
Share price	5.7	15.0	58.5	158.0
FTSE World Index ⁽⁷⁾	2.1	13.6	34.2	59.2
Total return ⁽⁸⁾				
Net asset value	5.3	18.9	74.7	179.2
Share price	8.1	23.0	78.1	233.3
FTSE World Index ⁽⁷⁾	4.3	22.1	55.3	119.2
Dividend	3.1	15.8	36.3	78.0
Retail Price Index	1.3	6.9	13.4	30.3
Consumer Price Index	0.7	4.6	8.7	21.2

⁽¹⁾ A glossary of terms and alternative performance measures can be found in the Annual Report

⁽²⁾ Share price is the mid-market closing price

⁽³⁾ This represents the four ordinary dividends recommended or paid for the year (see the Annual Report for more details)

⁽⁴⁾ Based on the mid-market closing price with debt at par

⁽⁵⁾ Net (cash)/gearing is calculated in accordance with the gearing definition in the alternative performance measures in the Annual Report

⁽⁶⁾ Capital return excludes all dividends

⁽⁷⁾ For the 3, 5 and 10 years this is a composite of the FTSE World Index and the FTSE All-Share Index

⁽⁸⁾ Total return assumes dividends reinvested

Sources: Morningstar for the AIC, Janus Henderson, Refinitiv Datastream.

CHAIR'S STATEMENT

- Net asset value total return increase of 5.3% (2019: 12.1%).
- Share price total return increase of 8.1% (2019: 13.6%).
- Average premium to net asset value of 0.3% (2019: average discount of 1.5%).
- Dividend increase of 3.1% to 21.54p per share (2019: 6.0%).
- Forecast increase in current financial year dividend of approximately 0.5%.

Performance

Our last financial year was like no other. After a promising start, our net asset value ('NAV') and share price rose to (then) all-time highs in February. Less than four weeks later the Covid-19 pandemic caused one of the quickest global economic and financial market collapses of all time, as countries around the world went into lockdown and many feared the scale of the human and economic cost of the pandemic. Governments and central banks responded swiftly with the greatest monetary and fiscal stimulus since World War 2, whilst many companies sought to hoard cash via slashing dividends and buybacks and cutting costs and to shore up their balance sheets through equity and debt issues. Global stock markets bounced back in the following months, driven principally by technology and other stocks benefitting from changes of business and consumer behaviour brought about by lockdowns, including the move to working from home and the hastening shift to online retailing. By late summer, our NAV and share price had recovered the ground lost earlier in the year. Then, in the last week of our financial year, global stock markets suffered their biggest weekly decline since March after shares fell again in response to concerns about the economic impact of new lockdowns around the world.

Against this difficult market backdrop, I am pleased to report, for the year ended 31 October 2020, the Company achieved positive returns for shareholders. The Company's net asset value per share increased by 3.0% (2019: 9.6%) in capital terms over the year. With dividends reinvested, the NAV total return per share was 5.3% (2019: 12.1%), outperforming the FTSE World Index total return of 4.3% (2019: 11.7%). Our share price total return was higher, at 8.1% (2019: 13.6%), due to the narrowing of the discount to NAV at which our shares traded. At 31 October 2020, our shares traded at a premium of 0.4% (2019: discount of 2.2%), having averaged a premium of 0.3% (2019: average discount of 1.5%) over the year.

Four of our regional portfolios delivered positive returns and all outperformed their respective local benchmarks over the financial year apart from the Pacific (ex Japan and China) portfolio, the performance of which was severely hampered by its value and income investment style. This style has served us well in the past and we are confident it will continue to do so in the future. Details of the performance of the Company, our regional portfolios and global markets during the year are included in the Fund Manager's and Regional Portfolio Manager Reports in the Annual Report.

Revenue and dividends

As anticipated in my interim statement, our revenue account was particularly hard hit by the effects of Covid-19 as many companies sought to retain cash to deal with the effects of the pandemic. Our earnings per share

fell by 22% to 16.83p (2019: 21.61p). However, our structure as an investment trust has enabled us to build up a significant revenue reserve over many years from which we can draw to pay dividends on rainy days.

The Board, therefore, recommends a final quarterly dividend of 5.42p per share, to be paid on 26 February 2021 to shareholders on the register of members at the close of business on 29 January 2021. If approved by shareholders at the forthcoming AGM, this will result in total dividends per share for the year of 21.54p (2019: 20.90p), an increase of 3.1%, which is in line with our forecast for the year and compares very favourably with the 1.3% rise in the Retail Price Index (and 0.7% rise in the Consumer Price Index). This will be the Company's 54th successive year of annual dividend growth, maintaining the Company's status as one of the leading AIC "dividend heroes".

After taking into account the recommended final 2020 dividend payment, if approved, approximately £6.4 million, equivalent to 4.91p per share, will be transferred from our revenue reserve. Adjusted for that transfer, our revenue reserve at the year end amounts to approximately £24.3 million, or 18.71p per share.

We recognise the importance of delivering a reliable and growing income for many of our shareholders. The outlook for the level of dividend payments received by the Company is improving and we expect many companies to rebuild pay-outs from their reduced levels. However, it will take more than one year for our earnings per share to recover fully and exceed the dividend. Until that time, we intend to grow the dividend at a modest rate, in part using our revenue reserves. This approach will enable us to continue holding shares in companies that have temporarily suspended or reduced their dividends where the shares still offer good growth potential.

The revenue reserve gives the Board confidence to forecast dividend growth of approximately 0.5% for the current financial year.

Borrowings

The Company's £20 million short-term borrowing facility with SMBC Bank International plc (formerly called Sumitomo Mitsui Banking Corporation Europe Ltd) expires in February and we are in the process of renewing it for a further year. The Company continually reviews opportunities to deploy gearing and the short-term facility gives our Manager additional flexibility to invest and create returns for shareholders. The facility remained undrawn throughout the year, and currently remains undrawn. However, we anticipate utilising this facility in the current year.

Share issues and buy-backs

During the year, the Company sold 1,338,509 shares out of treasury and issued 5,212,491 new shares to meet market demand, raising gross proceeds of £57.0 million. Since the year end, a further 975,000 new shares have been issued, raising gross proceeds of £10.7 million. No shares were bought back during the year or since the year end.

Board appointment

As mentioned in the Interim Report, Richard West joined the Board on 1 April 2020 and brings additional investment knowledge to the Board. Richard has already proved to be an excellent addition to the Board.

Investment objective

Our dividend objective is to achieve dividend growth greater than UK inflation over the long term. Historically, we have measured inflation using the Retail Price Index ('RPI'). The Consumer Price Index ('CPI') is a measure of consumer price inflation produced to international standards and has been increasingly adopted by the Government and economists when calculating the UK's inflation rate. RPI, which predates CPI, is believed at times to overestimate inflation and at other times to underestimate it and is now widely discredited. Having reviewed both measures, the Board concluded that, with effect from the current financial year, CPI is a more appropriate measure of UK inflation for the purpose of our dividend objective and we have amended our investment objective accordingly (see Annual Report). This amendment should have no impact on our dividend policy or how the Company's portfolio is managed.

Responsible investment

The Board believes that effective stewardship and integration of environmental, social and governance ('ESG') factors into the Company's investment process are important elements in delivering our investment objective. In recognition of the growing interest of investors, both institutional and retail, in such matters, we have included a new section in this year's Annual Report which details our approach to ESG (see Annual Report).

Annual General Meeting ('AGM')

At the time of writing, due to the ongoing restrictions on gatherings due to the Covid-19 pandemic, it will not be possible for shareholders to attend the AGM on 24 February 2021 in person. Voting on the resolutions to be proposed will be conducted on a poll, and shareholders are encouraged to submit their Forms of Proxy. If you have any questions on the Annual Report or the Company's performance over the year, please email ITSecretariat@janushenderson.com in advance of the meeting. All questions received will be considered and responses will be available on the Company's website. A presentation from Alex Croke, our Fund Manager, will be available to watch on the Company's website (www.bankersinvestmenttrust.com) from 17 February 2021.

We very much hope that we will be able to hold next year's AGM in person.

Non-routine business at the AGM

In addition to the routine business to be conducted at this year's AGM, resolutions will be put to shareholders to approve sub-dividing each existing ordinary share of 25p into 10 ordinary shares of 2.5p each and the adoption of new Articles of Association. The principal differences between the existing and proposed Articles are that the proposed Articles will: permit general meetings to be held wholly or partly by electronic means; reduce the quorum requirement for general meetings from three to two or more persons present in person or by proxy; and change the votes conferred on a poll from one vote for every £1 nominal of ordinary shares

held to one vote for every ordinary share held. The rationale for, and details of, the proposed share split and new Articles, which your Directors believe are in the best interests of shareholders as a whole, can be found in the circular convening this year's AGM. A copy of the AGM circular accompanies the Annual Report and can also be found on the Company's website (www.bankersinvestmenttrust.com).

Outlook

Since our year end, Joe Biden's success in the US presidential election, positive news flow regarding Covid-19 vaccines and approvals of a new US stimulus deal and a UK – EU trade deal have all acted as catalysts for another global stock market rally. Our NAV total return in the current financial year to 14 January 2021 was 13.6%, which compares with a total return of 14.3% by our benchmark.

The rollout of Covid-19 vaccines will significantly improve the outlook for the global economy in the year ahead. However, until an effective vaccination programme is implemented globally, economies will remain vulnerable to further national or localised lockdowns as the struggle to contain the spread of the virus continues, which means that economic recovery is likely to be bumpy and a return to the “new normal” will take time. In the meantime, we expect both monetary and fiscal policy to remain extremely accommodative which, in conjunction with continuing low interest rates, should be supportive for equity markets. There will almost certainly be some profound long-term consequences of Covid-19 for businesses, economies and geopolitics, but these will only become clearer over time.

Away from Covid-19, Joe Biden will be sworn in as US President on 20 January 2021 and, unlike his predecessor, is expected to adopt a constructive and considered approach to diplomatic matters. Consequently, with the likely exception of China, trade tensions should ease, resulting in lower market volatility. With the Democrats having secured control of the Senate in the Georgia run-off elections earlier this month, President-elect Biden will have the chance to take more political control, including increasing taxes and regulatory oversight. However, this should be balanced by a further Covid-19 relief package, which is expected to be an early priority for the new administration.

The UK stock market, dogged by Brexit uncertainty and held back by its low exposure to technology and other high-growth stocks, has been shunned by both domestic and international investors for some time. With Brexit uncertainty now much reduced following the eleventh-hour agreement of a UK - EU trade deal and the UK stock market's bias towards cheap cyclical stocks, investors should begin to be tempted back.

Overall, we are optimistic about the returns for global equities over the coming year.

Sue Inglis
Chair
18 January 2021

FUND MANAGER'S REPORT

Performance

The year started promisingly as stock markets rose, anticipating both an improving outlook for corporate profits and continued low interest rates supported by central bank bond purchases. An interim US - China trade deal in December 2019 indicated a return to more favourable trade between the world's two superpowers. Meanwhile, hopefully, a Brexit trade deal between the UK and Europe would follow later in the year.

Then the world changed. News reports started breaking of an unknown virus being transmitted amongst the population in Wuhan, China. There have been previous, localised outbreaks of new viruses but never has one spread quite so quickly around the world. Through February we started to realise that the impact of the Covid-19 virus would be global and that we needed to act, even though we did not at this point anticipate that by mid-March most of the developed world would have locked down their populations and that the second quarter would see the largest contraction in economic activity in living memory for many countries.

Given the uncertainty and having raised investment within the portfolio between our year end and the new year, we started to sell holdings in travel-related stocks, such as airports and transport, to rebuild cash. We also reduced financials whose share prices often amplify market movements. From mid-February to mid-March stock markets fell sharply, rocked by the worsening news about the outbreak and fears that the mortality rate could be as high as 10%. Further sales were made in March but, as investors reduced risk in their portfolios, the market sell-off in both the bond and equity markets became indiscriminate. Some obvious beneficiaries of lockdown, remote working and online retailing also fell. We started to find that the share prices of companies we liked became far more affordable and through late March into April we became net investors, building up holdings such as Apple, ASML and Worldline.

The sharp rebound in equity markets from late March into June took many by surprise but it can be explained by the speed of monetary and fiscal support combined with high levels of investor liquidity going into the year. As markets rose in 2019 investors, including ourselves, raised cash in anticipation of a pullback in share prices. When the market did collapse on Covid-19 worries, investors were quick to increase exposures to technology companies that had been driving the adoption of online working and shopping. At the same time central banks increased liquidity to support banks and bond markets on a scale that dwarfed the efforts during the 2008/09 banking crisis. The asset purchases by central banks, combined with government support schemes, have bolstered asset prices and avoided fire sale liquidations. Latterly, stock markets were further supported by encouraging news from vaccine trials, leading to hopes of full reopening of economies in 2021.

As in most years during the last decade the US market was a standout performer, but the leadership was narrow, driven by the technology sector and in particular the very largest companies in the index: Microsoft, Apple, Facebook, Amazon and Alphabet. Chinese equities also performed well, driven by the same technology theme and a quicker recovery in activity following the spring lockdown. The events of 2020 have clearly accelerated the already well-established trends of changing working patterns and consumption.

However, the continued decline in interest rates is also having a fundamental impact. A bizarre effect of negative interest rates in Europe means that the value of future profits is worth more to investors than current or next year's profits. Investors are being incentivised to take on more risk and this has been inflating the value of businesses years away from profitability. The effect was observable in the US market during the year, where the share price performance of loss making businesses on average outperformed the price performance of those businesses that produced a profit. Many commentators have predicted an unsustainable bubble in prices of technology shares although, while animal spirits are undoubtedly at play, there is not the blind optimism that fuelled the last tech boom in the 90s. Many of the largest technology companies are highly profitable and probably only government intervention to break up these companies will derail their domination of certain segments of the economy.

For Bankers, the regional portfolios generally performed very well during the year, reflecting good stock picking. The US, Japan and China portfolios all outperformed their local indices by more than 10%. The Europe (ex UK) portfolio also performed credibly, outperforming by 7.7%. The UK market performed badly, falling nearly 20% over the year due to its higher concentration of banks and oils and having fewer technology companies. The long shadow of Brexit continued to weigh on the UK market and Covid-19 restrictions hurt the service industries in the UK particularly hard. The UK portfolio outperformed marginally, giving up the better performance we built up in the summer, as it became apparent that hopes of a Brexit deal were receding. The Pacific (ex Japan and China) portfolio was the only region to underperform, ending the year significantly behind the benchmark. There was disappointing stock selection, for example the position in Treasury Wine Estates. However, the major reason was our not owning the high growth Chinese technology companies listed in Hong Kong. Our investment style in this portfolio is both value and income driven which has served us well for many years but lagged the market this year.

The investment team has adapted quickly to working remotely during the periods of lockdown. We have access to all our trading and investment systems at home, whilst our contact with company managements has continued to be excellent via online conferencing. I am pleased that May Ling Wee has settled in well managing the China portfolio following Charlie Awdry's departure. She has delivered an excellent first year, outperforming the Chinese CSI 300 Index by 19.6%. This portfolio remains very solidly focused on targeting companies that benefit from increasing consumer spending and the growing number of middle-income earners.

Environmental, social and governance factors

All the teams managing the portfolio integrate environmental, social and governance ('ESG') factors into their stock selection processes. These factors are carefully evaluated during the building of the investment case for each new holding and are monitored throughout the year for each position we hold. Our current view is not to exclude investing in certain companies but to engage with the management of those we invest in and to challenge them to make improvements in all ESG factors. We monitor improvements and engage both directly and through investor initiatives. There are further details of our approach to ESG in the Annual Report, together with new analysis showing that Bankers' portfolio has less exposure than the FTSE World

Index to companies with high ESG risk factors and that the carbon intensity of the portfolio is also lower than the Index.

Income

This has been the most challenging year in my career in terms of dividends. The UK market saw a near 40% reduction in overall income. The banking sector in Europe was forced by regulators to cancel dividends, some of which had already gone ex-dividend. The portfolio was partially protected by a low exposure to sectors that cut dividends the most, such as oil and retail banks, but we have still seen our investment income fall by 15% year-on-year. Over recent years we have increased investment into the US market which has delivered better overall performance than the UK or Europe but generates lower income than either. The lack of leverage in the portfolio has further hindered income generation. However, we have several levers to pull in coming years to improve the income from the portfolio and have identified a path to return to a covered dividend. There are already good signs, as some of our investments have announced the resumption of payments this year.

Asset allocation

The gearing has fluctuated during the year as we have reduced risk and then added to holdings after the market started to recover in March. When the market stalled in the summer, we once again started to make selected sales of shares that were exceeding our price targets. At the year end there was a net cash position of 1.1% within the Company compared to a net cash position of 3.0% at the start of the year. The proceeds of share issuance were invested promptly with most regions receiving net new money apart from China, where we felt tightening US trade tariffs would impact share prices. Regionally we have favoured Europe and Asia for new investment, given these regions have lagged the US and should recover sharply when economies open this year. Valuations are modest and the profit outlook is favourable.

Outlook

As governments tighten new lockdown conditions and we enter the winter months, it is understandably difficult to feel optimistic about the future. It is therefore important to remember that stock markets are discounting mechanisms, with prices reflecting investors' best view of future outcomes. There is much to be optimistic about this year, from the roll-out of vaccines to the expansion of the money supply. At the last hour a Brexit trade deal was agreed with Europe which should soften the transition for many UK and European based businesses. Cash deposits of both consumers and corporates are at very high levels while borrowing via credit cards has fallen, all implying there is scope to see a significant increase in consumer and corporate spending when economies are released from Covid-19 restrictions. The conditions are set for a rare period of synchronous global economic expansion towards the end of this year when sufficient numbers of the global population have been vaccinated. There remain some challenges around the lifting of the support schemes and an inevitable rise in unemployment thereafter. The change of administration in the US will herald a different stance on many issues but trade relations with China are likely to remain strained if US domestic politics take precedence over improving international relations.

Clearly the share price recovery since March has discounted some of the expected economic recovery. However, many sectors have been left behind and we expect them to lead the recovery this year. There will be much debate around future inflation trends but, in all probability, the high level of monetary expansion from central banks combined with fiscal stimulus should benefit cyclical and financial companies at the expense of defensive and growth companies. As always, it will never be that simple. Some growth companies will continue to do well, and some cyclicals will not. The improving outlook will require us to start to invest the cash within the Company and we will evaluate new investments carefully with the aim of delivering the optimal mix of capital and income return.

Alex Crooke
Fund Manager
18 January 2021

LARGEST INVESTMENTS at 31 October 2020

Ranking 2020	Ranking 2019	Company	Country	Valuation 2019 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2020 £'000
1	1	Microsoft	US	26,290	-	(2,264)	10,424	34,450
2	2	Estée Lauder	US	25,056	-	(2,368)	4,187	26,875
3	23	Apple	US	10,599	4,898	-	10,292	25,789
4	8	Alphabet	US	18,280	-	-	5,237	23,517
5	#	Amazon	US	9,008	8,000	(4,784)	10,776	23,000
6	5	Visa	US	19,145	3,498	(963)	769	22,449
7	4	American Tower	US	19,922	-	(823)	1,082	20,181
8	6	MasterCard	US	19,008	-	-	844	19,852
9	20	Intuit	US	11,903	3,390	-	2,976	18,269
10	#	Facebook	US	-	17,439	(3,416)	4,217	18,240
11	13	Intercontinental Exchange	US	13,520	4,556	-	46	18,122
12	14	Adobe Systems	US	13,175	-	(3,647)	8,275	17,803
13	#	CME	US	-	22,125	-	(4,368)	17,757
14	22	Taiwan Semiconductor Manufacturing	Taiwan	10,809	-	-	6,769	17,578
15	#	Moody's	US	-	13,727	-	2,348	16,075
16	24	Roper Technologies	US	9,765	4,853	-	416	15,034
17	#	Sherwin-Williams	US	-	14,313	-	406	14,719
18	#	Netflix	US	9,632	-	(1,799)	6,328	14,161
19	15	Union Pacific	US	12,956	-	-	929	13,885
20	#	PayPal	US	7,729	-	-	6,107	13,836
21	18	ICON	US	12,719	-	(2,648)	3,065	13,136
22	19	The Cooper Companies	US	12,028	1,975	(2,354)	1,386	13,035
23	3	American Express	US	22,757	-	(5,734)	(4,198)	12,825
24	10	GlaxoSmithKline	UK	16,891	-	-	(4,554)	12,337
25	25	Reckitt Benckiser	UK	9,688	1,023	-	1,532	12,243
				-----	-----	-----	-----	-----
				310,880	99,797	(30,800)	75,291	455,168
				=====	=====	=====	=====	=====

All securities are equity investments

Not in the 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

	Valuation 2019 £'000	Purchases £'000	Sales proceeds £'000	Appreciation/ (depreciation) £'000	Valuation 2020 £'000
UK	288,393	51,284	(36,100)	(61,716)	241,861
Europe (ex UK)	154,547	142,574	(101,590)	5,121	200,652
North America	372,716	102,050	(95,390)	68,281	447,657
Japan	135,398	35,899	(29,048)	12,269	154,518
Pacific (ex Japan, China)	114,969	40,483	(32,247)	(10,866)	112,339
China	62,496	34,990	(38,644)	30,677	89,519
	----- 1,128,519 =====	----- 407,280 =====	----- (333,019) =====	----- 43,766 =====	----- 1,246,546 =====

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, or liquidity and reputation. This included consideration of the market uncertainty arising from the United Kingdom's decision to leave the European Union ('Brexit') before the trade agreement with the EU was agreed and the ongoing impact of the Covid-19 pandemic.

The Board regularly consider the principal risks facing the Company and have drawn up a register of these of 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 has considered the impact of the Covid-19 pandemic on the Company. Originally identified as an emerging risk, the pandemic developed significantly and quickly, triggering sharp falls in global stock markets and resulting in uncertainty about the ongoing impact on markets and companies, and around future dividend income. The risks associated with the pandemic were therefore moved from emerging into one of the principal risks facing the Company.

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 in the Annual Report. 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 in the Annual Report.

Other than the risks associated with the Covid-19 pandemic, 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	Mitigation
<p>Investment activity and performance risks</p> <p>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.</p>	<p>The Board monitors investment performance at each Board meeting and regularly reviews the extent of the Company's borrowings.</p>
<p>Portfolio and market risks</p> <p>Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. Macro matters (such as trade wars, the conclusion of the UK's negotiations to leave the European Union and the global economic outlook) are expected to lead to continued volatility in the markets. This is likely to impact share prices of investments in the portfolio, to the extent not already factored into current prices. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds.</p>	<p>The Fund Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, investment activity and performance.</p>
<p>Tax, legal and regulatory risks</p> <p>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.</p>	<p>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.</p>
<p>Financial risks</p> <p>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.</p>	<p>The Company has a diversified portfolio which comprises mainly investments in large and medium-sized companies and mitigates the Company's exposure to liquidity risk. The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by Janus Henderson. Further information on the mitigation of financial risks is included in note 16 in the Annual Report.</p>
<p>Operational and cyber risks</p> <p>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.</p>	<p>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 to provide effective internal control.</p>

Risk	Mitigation
<p>Global pandemic</p> <p>The consequences of Covid-19 and the political and economic volatility could be far-reaching and increase all of the risks faced by the Company in both the investment and operational side of the business.</p>	<p>The Fund Manager maintains close oversight of the Company's portfolio and monitors the dividend flows from investee companies.</p> <p>The Board monitors the effects of Covid-19 on the operations of the Company and its service providers to ensure that they continue to be appropriate, effective and properly resourced.</p>

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 invested normally 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 to 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 £15 million 8% debenture stock 2023 and £50 million 3.68% loan notes 2035 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 5.6%.
- Short-term borrowing of £20 million with SMBC Bank International plc (formerly called Sumitomo Mitsui Banking Corporation Europe Limited). The facility was not drawn down at the year end and expires in February 2021. It is intended to renew this facility for a further year.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board meeting.
- 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 Brexit and the Covid-19 pandemic, their mitigations and processes for monitoring them are set out in the Annual Report.

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 buy-backs. The Directors assess viability over three year rolling

periods, taking account of foreseeable severe but plausible scenarios. The Directors believe that a rolling three 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 will be able to continue in operation and meet its liabilities as they fall due over the three year period to October 2023. In coming to this conclusion, the Board has considered the current Covid-19 pandemic. The Board does not believe that it will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty it has caused in the markets.

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 the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES UNDER DISCLOSURE GUIDANCE AND TRANSPARENCY RULE 4.1.12

Each of the Directors, who are listed in the Annual Report, confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report in the 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

Sue Inglis
Chair
18 January 2021

STATEMENT OF COMPREHENSIVE INCOME

Notes	Year ended 31 October 2020			Year ended 31 October 2019		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Gains on investments held at fair value through profit or loss						
	-	44,013	44,013	-	105,376	105,376
Investment income	2	26,561	26,561	31,483	-	31,483
Other operating income	3	200	200	269	-	269
Total income		26,761	44,013	31,752	105,376	137,128
Expenses						
Management fees	4	(1,549)	(3,615)	(1,437)	(3,352)	(4,789)
Other expenses		(1,086)	(1,086)	(1,009)	-	(1,009)
Profit before finance costs and taxation		24,126	40,398	29,306	102,024	131,330
Finance costs		(914)	(3,048)	(911)	(2,126)	(3,037)
Profit before taxation		23,212	38,264	28,395	99,898	128,293
Taxation	5	(1,840)	(1,840)	(1,898)	(3)	(1,901)
Profit for the year and total comprehensive income		21,372	38,264	26,497	99,895	126,392
Earnings per ordinary share – basic and diluted	6	16.83p	30.13p	21.61p	81.48p	103.09p

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with IFRSs as adopted by the European Union. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

STATEMENT OF CHANGES IN EQUITY

	Year ended 31 October 2020					
	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 November 2019	30,986	78,541	12,489	997,213	43,980	1,163,209
Total comprehensive income:						
Profit for the year	-	-	-	38,264	21,372	59,636
Transactions with owners, recorded directly to equity:						
Sale of 1,338,509 shares from treasury (note 7)	-	-	-	8,205	-	8,205
Issue of 5,212,491 new shares (note 7)	1,303	55,714	-	-	-	57,017
Share issue costs	-	(130)	-	-	-	(130)
Ordinary dividends paid (note 9)	-	-	-	-	(26,966)	(26,966)
Total equity at 31 October 2020	32,289	134,125	12,489	1,043,682	38,386	1,260,971

	Year ended 31 October 2019					
	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 November 2018	30,986	78,541	12,489	897,318	42,249	1,061,583
Total comprehensive income:						
Profit for the year	-	-	-	99,895	26,497	126,392
Ordinary dividends paid (note 9)	-	-	-	-	(24,766)	(24,766)
Total equity at 31 October 2019	30,986	78,541	12,489	997,213	43,980	1,163,209

STATEMENT OF FINANCIAL POSITION

	At 31 October 2020 £'000	At 31 October 2019 £'000
Non-current assets		
Investments held at fair value through profit or loss	1,246,546	1,128,519
Current assets		
Investments held at fair value through profit or loss	24,770	44,993
Other receivables	3,267	4,134
Cash and cash equivalents	54,221	54,944
	82,258	104,071
Total assets	1,328,804	1,232,590
Current liabilities		
Other payables	(3,001)	(4,558)
	(3,001)	(4,558)
Total assets less current liabilities	1,325,803	1,228,032
Non-current liabilities		
Debenture stock	(15,000)	(15,000)
Unsecured loan notes	(49,832)	(49,823)
	(64,832)	(64,823)
Net assets	1,260,971	1,163,209
Equity attributable to equity shareholders		
Share capital (note 7)	32,289	30,986
Share premium account	134,125	78,541
Capital redemption reserve	12,489	12,489
Retained earnings:		
Other capital reserves	1,043,682	997,213
Revenue reserve	38,386	43,980
Total equity	1,260,971	1,163,209
Net asset value per ordinary share (note 8)	976.3p	948.7p

The principal risks and viability statement, and the financial statements in the Annual Report were approved by the Board of Directors on 18 January 2021.

CASH FLOW STATEMENT

	Year ended 31 October 2020 £'000	Year ended 31 October 2019 £'000
Reconciliation of profit before taxation to net cash flow from operating activities		
Operating activities		
Profit before taxation	61,476	128,293
Add back interest payable ('finance costs')	3,048	3,037
Less: gains on investments held at fair value through profit or loss	(44,013)	(105,376)
Increase in accrued income	(62)	(42)
Decrease/(increase) in other receivables	38	(46)
Increase in other payables	1,309	253
Purchases of investments	(407,280)	(281,334)
Sales of investments	333,019	345,724
Purchases of current asset investments	(57,674)	(66,609)
Sales of current asset investments	77,897	39,621
Decrease in securities sold for future settlement	980	854
(Decrease)/increase in securities purchased for future settlement	(2,866)	935
	-----	-----
Net cash (outflow)/inflow from operating activities before interest and taxation¹	(34,128)	65,310
	-----	-----
Interest paid	(3,039)	(3,037)
Taxation on investment income	(1,929)	(2,138)
	-----	-----
Net cash (outflow)/inflow from operating activities	(39,096)	60,135
	-----	-----
Financing activities		
Equity dividends paid (net of refund of unclaimed distributions)	(26,966)	(24,766)
Share issue proceeds	65,092	-
	-----	-----
Net cash inflow/(outflow) from financing activities	38,126	(24,766)
	-----	-----
(Decrease)/increase in cash	(970)	35,369
Cash and cash equivalents at the start of the year	54,944	20,075
Exchange movements	247	(500)
	-----	-----
Cash and cash equivalents at the end of the year	54,221	54,944
	=====	=====

¹ In accordance with IAS 7.31 cash inflow from dividends was £26,394,000 (2019: £31,164,000) and cash inflows from interest was £131,000 (2019: £158,000).

NOTES:

1. Accounting policies

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 2020 have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee ('IFRS IC') that remain in effect, to the extent that IFRS have been adopted by the European Union.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments held at fair value through profit or loss. The principal accounting policies adopted are set out in the Annual Report. These policies have been applied consistently throughout the year. Where presentational guidance set out in the Statement of Recommended Practice ('the SORP') for investment companies issued by the Association of Investment Companies ('the AIC') in October 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

Going Concern

In reviewing viability (see Annual Report) and going concern, the Directors have considered among other things the impact of Covid-19, 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. 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 twelve 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.

	2020 £'000	2019 £'000
2. Investment income		
UK dividend income - listed	9,332	11,751
UK dividend income - special dividends	73	430
Overseas dividend income - listed	16,893	18,692
Overseas dividend income - special dividends	115	460
Property income distributions	148	150
	-----	-----
	26,561	31,483
	=====	=====
Analysis of investment income by geographical region:		
UK	9,840	12,876
Europe (ex UK)	4,722	4,956
North America	2,901	3,151
Japan	3,211	3,112
China	1,829	1,734
Pacific (ex Japan, China)	4,058	5,070
Emerging Markets	-	584
	-----	-----
	26,561	31,483
	=====	=====

3. Other operating income	2020 £'000	2019 £'000
Bank interest	108	181
Underwriting income	7	3
Stock lending revenue	71	72
Other income	14	13
	-----	-----
	200	269
	===	===

At 31 October 2020 the total value of securities on loan by the Company for stock lending purposes was £56,367,000 (2019: £65,895,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2020 was £119,390,000 (2019: £104,529,000). The Company's agent (BNP Paribas Securities Services) held collateral at 31 October 2020 with a value of £61,262,000 (2019: £69,457,000) in respect of securities on loan. The value of securities held on loan, comprising Corporate and Government Bonds with a minimum market value of 105% (2019: 105%) of the market value of any securities on loan, is reviewed on a daily basis.

	Revenue return £'000	2020 Capital return £'000	Total return £'000	Revenue return £'000	2019 Capital return £'000	Total return £'000
4. Management fees						
Investment management	1,549	3,615	5,164	1,437	3,352	4,789
	-----	-----	-----	-----	-----	-----
	1,549	3,615	5,164	1,437	3,352	4,789
	=====	=====	=====	=====	=====	=====

A summary of the terms of the management agreement is given in the Business Model in the Annual Report.

	Revenue return £'000	2020 Capital return £'000	Total return £'000	Revenue return £'000	2019 Capital return £'000	Total return £'000
5. Taxation						
a) Analysis of the charge for the year						
Overseas tax suffered	2,233	-	2,233	2,291	3	2,294
Overseas tax reclaimable	(393)	-	(393)	(393)	-	(393)
	-----	-----	-----	-----	-----	-----
Total tax charge for the year	1,840	-	1,840	1,898	3	1,901
	=====	=====	=====	=====	=====	=====

b) Factors affecting the tax charge for the year

The differences are explained below:

	Revenue return £'000	2020 Capital return £'000	Total return £'000	Revenue return £'000	2019 Capital return £'000	Total return £'000
Profit before taxation	23,212	38,264	61,476	28,395	99,898	128,293
Corporation tax for the year at 19.00% (2019: 19.00%)	4,410	7,270	11,680	5,395	18,981	24,376
Non-taxable UK dividends	(1,767)	-	(1,767)	(2,281)	-	(2,281)
Overseas income and non-taxable scrip dividends	(3,069)	-	(3,069)	(3,414)	-	(3,414)
Overseas withholding tax suffered	1,840	-	1,840	1,898	3	1,901
Excess management expenses and loan relationships	376	979	1,355	259	956	1,215
Interest capping restriction	50	113	163	41	85	126
Capital gains not subject to tax	-	(8,362)	(8,362)	-	(20,022)	(20,022)
	1,840	-	1,840	1,898	3	1,901

c) Provision for deferred taxation

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

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

d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset totalling £11,920,000 (2019: £9,432,000) based on a corporation tax rate of 19.0% (2019: prospective rate of 17.0%). The deferred tax asset arises as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised, to any material extent, if the Company has profits chargeable to corporation tax in the future because changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

6. Earnings per ordinary share

The total earnings per ordinary share is based on the net profit attributable to the ordinary shares of £59,636,000 (2019: £126,392,000) and on 126,995,993 ordinary shares (2019: 122,606,783), being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2020 £'000	2019 £'000
Revenue profit	21,372	26,497
Capital profit	38,264	99,895
Profit for the year	59,636	126,392
Weighted average number of ordinary shares	126,995,993	122,606,783
Revenue earnings per ordinary share	16.83p	21.61p
Capital earnings per ordinary share	30.13p	81.48p
Earnings per ordinary share	46.96p	103.09p

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

7.	Number of shares held in treasury	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Called up share capital				
Ordinary shares of 25p each				
At 1 November 2019	1,338,509	122,606,783	123,945,292	30,986
Sale of treasury shares	(1,338,509)	1,338,509	-	-
Issue of new ordinary shares	-	5,212,491	5,212,491	1,303
	-----	-----	-----	-----
At 31 October 2020	-	129,157,783	129,157,783	32,289
	=====	=====	=====	=====

	Number of shares held in treasury	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
Ordinary shares of 25p each				
At 1 November 2018	1,338,509	122,606,783	123,945,292	30,986
	-----	-----	-----	-----
At 31 October 2019	1,338,509	122,606,783	123,945,292	30,986
	=====	=====	=====	=====

During the year, 1,338,509 shares were sold out of treasury and 5,212,491 new shares were issued for a total consideration of £69,092,000. In the year ended 31 October 2019, no ordinary shares were issued or purchased.

Since the year end, the Company has issued 975,000 new shares for a total consideration of £10,670,000.

8. Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to ordinary shares of £1,260,971,000 (2019: £1,163,209,000) and on 129,157,783 ordinary shares in issue at 31 October 2020 (2019: 122,606,783). The Company has no securities in issue that could dilute the net asset value per ordinary share.

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

	2020 £'000	2019 £'000
Net assets attributable to ordinary shares at start of year	1,163,209	1,061,583
Total net profit on ordinary activities after taxation	59,636	126,392
Issue of shares	65,092	-
Dividends paid	(26,966)	(24,766)
	-----	-----
Net assets attributable to ordinary shares at end of year	1,260,971	1,163,209
	=====	=====

9. Dividend

A final dividend of 5.42p per share (2019: 5.35p), if approved by shareholders at the Annual General Meeting, will be paid on 26 February 2021 to shareholders on the register on 29 January 2021. The shares go ex-dividend on 28 January 2021. This final dividend, together with the three interim dividends already paid brings the total dividend for the year to 21.54p, (2019: 20.90p) per share.

10. 2020 Financial Information

The figures and financial information for the year ended 31 October 2020 are extracted from the Company's annual financial statements for that period and do not constitute statutory accounts. The Company's annual financial statements for the year to 31 October 2020 have been audited but have not yet been delivered to the Registrar of Companies. The Auditor's report on the 2020 annual financial statements was unqualified, did not include a reference to any matter to which the Auditor drew attention without qualifying the report, and did not contain any statements under Section 498 of the Companies Act 2006.

11. 2019 Financial Information

The figures and financial information for the year ended 31 October 2019 are compiled from an extract of the published accounts for that year and do not constitute statutory accounts. Those accounts have been delivered to the Registrar of Companies and included the report of the Auditor which was unqualified and did not contain a statement under Sections 498(2) or 498(3) of the Companies Act 2006.

12. Annual Report

Copies of the Annual Report will be posted to shareholders by the end of January 2021 and will be available on the Company's website (www.bankersinvestmenttrust.com) or in hard copy format from the Registered Office, 201 Bishopsgate, London EC2M 3AE.

13. Annual General Meeting

The Annual General Meeting will be held on Wednesday, 24 February 2021. Due to the ongoing restrictions on gatherings, shareholders will be unable to attend the Annual General Meeting on 24 February 2021 in person and it will be held as a 'closed meeting'. Voting on the resolutions to be proposed will be conducted on a poll, and shareholders will be able to submit their Forms of Proxy electronically as well as by post. A presentation from the Fund Manager will be available to watch on the Company's website from 17 February 2021. The Notice of Meeting will be sent to shareholders with the Annual Report.

14. General information

Company Status

The Company is a UK domiciled investment trust company.

London Stock Exchange Daily Official List (SEDOL): 0076700 / ISIN number is GB0000767003

London Stock Exchange (TIDM) Code: BNKR

Global Intermediary Identification Number (GIIN): L5YVFP.99999.SL.826

Legal Entity Identifier (LEI): 213800B9YWWL3X1VMZ69

Registered Office

UK: 201 Bishopsgate, London EC2M 3AE.

Company Registration Number

UK: 00026351

NZ: 645360

Directors

The Directors of the Company are Susan Inglis (Chair), Julian Chillingworth (Senior Independent Director), Isobel Sharp (Audit Committee Chair), Richard Huntingford and Richard West.

Corporate Secretary

Henderson Secretarial Services Limited, represented by Wendy King, FCG.

Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.bankersinvestmenttrust.com.

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Investment Trust PR Manager
Janus Henderson Investors
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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.