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The Bankers Investment Trust PLC

Report and Financial Statements for the year ended 31 October 2009

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The Bankers Investment Trust PLC

Objectives

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

Policy

- To achieve both these objectives by investing in a broadly diversified international portfolio of shares.
- To incentivise the manager according to performance, measured against a composite index.

Summary of the Year

	31 October 2009	31 October 2008	Change %
Consolidated Assets			
Total assets less current liabilities (£'000)	473,863	410,661	+15.4
Net asset value per ordinary share	399.9p	340.8p	+17.3
Ordinary share mid-market price	347.5p	305.0p	+13.9
Discount (Share Price to Net Asset Value)	13.1%	10.5%	
Consolidated Revenue			
Gross revenue (£'000)	16,866	18,613	-9.4
Revenue earnings per ordinary share	11.83p	12.76p	-7.3
Dividends per ordinary share in respect of the year	11.50p	11.06p	+4.0
Total Return			
Total return per ordinary share	70.18p	(149.40p)	
Indices (capital return)			
FTSE All-Share Index	2,584.59	2,183.69	+18.4
S&P 500 Composite Index	1,036.19	968.75	+4.8#
FTSE World Europe (ex UK) Index (£)	353.12	283.83	+24.4
TOPIX (Tokyo First Section Index)	894.67	867.12	+9.9#
FTSE World (ex UK) Index (£)	290.33	249.12	+16.5
Composite Index (capital return)			
50/50 FTSE All-Share Index/ FTSE World (ex UK) Index (£)	234.90	200.00*	+17.5
Total Expense Ratio**	0.50%	0.47%	
Retail Prices Index	216.00	217.70	-0.8

£ adjusted

* rebased as at 31 October 2008

** excluding borrowing costs and VAT write-back (see page 21)

Total Return Performance

To 31 October 2009	1 year %	5 years %	10 years %	15 years %
Net Asset Value total return*	21.8	46.8	57.6	207.2
Share Price total return*	18.0	52.6	65.5	173.0
Net dividend	4.0	53.9	91.7	194.9
FTSE All-Share Index total return**	23.5	34.2	22.7	175.5
FTSE World (ex UK) Index return (£)**	20.0	37.3	15.4	139.7
Composite Index 50/50 return	21.7	35.8	19.1	157.6

* Source: AIC

** Source: Datastream

Total return assumes net dividends re-invested and excludes transaction costs.

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Chairman's Statement



Richard Brewster

It has been a classic year for Bankers' style of investing. Our Manager's careful use of different international markets has delivered results in line with the benchmark despite adopting a portfolio of stocks which were deliberately defensive. Your Board is pleased that in a period of extreme uncertainty our Manager has protected shareholders' funds by minimising risk on the down side without sacrificing performance.

In fact if we look at the last decade it will be remembered as being unkind to investors, containing two bear markets and the second lowest period of equity returns, eclipsed only by the 1930's. However, I am pleased to say that your Company's record shows that the Net Asset Value over the past 10 years rose by 27%, which compares very favourably with a fall of 11% by the FTSE All-Share Index over the same period. The growth in our dividends has been even better, nearly doubling over the 10 years from 6p to 11.5p.

Markets

Performance for the year was in line with our benchmark; the Net Asset Value rose by 17.3% while the composite benchmark rose 17.5%.

Share prices have shown an admirable resilience in terms of absorbing bad news and recovering from a period of exceptional turbulence in global markets. Economic output shrank far quicker than in previous recessions, reflecting how trade around the world is linked and how little inventory modern businesses carry. The collapse in trade lasted three quarters for most countries and a recovery in orders gained momentum early in the summer. Aggressive policy action by governments was required offering financial support to banks and programmes to boost consumption, with the cost of these actions being funded by increased deficits and quantitative easing, effectively printing cash.

Economic growth resumed, at least quarter on quarter, in most major countries during the third quarter, although the UK remained in recession until the last quarter of 2009. Rapid cost cutting has mitigated the effects of a long term downturn in profits but recovery in revenues will take some time, as global trade appears to be 20% lower than at its peak two years ago. Interest rates in all developed markets remained at near zero levels for the whole year. Unfortunately banks were more pre-occupied with rebuilding capital and reducing leverage, meaning that the normal transmission process of lower rates leading to lending growth has not occurred. Despite record low interest rates, a secondary factor reducing lending is a degree of debt aversion amongst businesses.

Until February, investors drove economically sensitive sectors like mining and highly indebted companies into a downward spiral, with the common view that many would fail. Equity markets bottomed in early March and, unusually, the subsequent rally was most pronounced in the same stocks and sectors that led the market down whereas normally a new bull market is driven by a different group of stocks. When governments recapitalised the banks, there was little incentive to foreclose on those loans where covenants had been breached and with interest rates low, many companies could continue to service their debt. A further consequence of low interest rates has been a push by investors into alternative assets because the relative cost of holding non-interest bearing assets has never been lower. Commodity prices of everything from metals to foods have been huge beneficiaries from significant investment inflows into exchange traded funds (ETF's) and hedge funds specialising in commodities.

Regionally there has been a marked difference in performance, with Pacific and Emerging Markets being the areas of greatest appreciation. Economies in these regions have been less affected by the need to bail out domestic banks and governments typically have fiscal surpluses with which to pump prime domestic activity. China has kept investment spending high, which has benefited the whole Pacific region. By careful stock selection we have benefited from positions in mining, gold and financials, and a greater exposure to China.

The Japanese market behaved very defensively during the downturn and our stock selection favoured domestic companies, which fared better than the exporters. However, the upswing in markets left Japan behind as the economy struggled to cope with an expensive currency that impacted trade. We are performing well relative to the local index but, although we reduced exposure in March, the recent performance has been disappointing and with hindsight a greater reduction would have been beneficial.

Europe has been a mixed bag but overall has performed far better than we expected given the rise in the Euro, which has yet to impact the region. While several countries like Greece, UK, Spain and Ireland have developed significant problems

with fiscal deficits above 10% of GDP, the central core of Europe has held up well. The ECB has not been afraid to release liquidity into the banking system and coupled with less leveraged consumers in France and Germany, economic growth has bounced back in the third quarter. The UK economy being more reliant on financial services has required unprecedented levels of state aid to the banking system. The resulting recession in the UK is now the longest and deepest on record but the equity market has been resilient because of its international focus. Our performance in both Europe and UK has lagged benchmarks due to the narrow leadership of markets, which initially focused on banks and resource stocks. The increase in appetite for risk has led to an underperformance of our value investment style. We expect the market to rotate and return to rewarding companies that deliver real growth in earnings and revenue, rather than those offering recovery potential on expensive valuation multiples.

America suffered from the same issues as the UK, with a huge banking bailout and over-indebted consumers coping with falling house prices. The culture in the US is to deal with problems quickly and move on; therefore significant foreclosures and restructurings have led to unemployment over 10%. The recovery in US share prices in sterling terms has been our least rewarding investment area geographically over the last year. Our performance has also lagged the market for similar reasons to the underperformance in Europe, as a result of our policy of keeping our faith in higher quality businesses rather than favouring recovering cyclical or financials.

Currencies remained volatile but generally have moved in our favour. A greater portion of our portfolio is now invested overseas than in the UK and weakness in Sterling produces higher capital values and enhances the value of dividends we receive.

Revenue and Dividends

Over the past year there have been significant cuts to dividends and the underlying dividend income from our UK portfolio is down nearly 20% from a year ago, although the reduction is less pronounced in our European and American portfolios. Overall, we have experienced a fall in total equity dividend income of 17% over the past year but we have offset this decline through increased underwriting income, increased fixed interest bond income and recent reclaims of VAT interest. Despite the difficult backdrop for income, our revenue earnings per share only fell by 7.3% and although a rapid resumption in dividend growth is unlikely, we do feel that this year's earnings per share should represent the low point from which growth will resume next year.

We are recommending a final dividend of 3.0p, making a total of 11.50p, an increase of 4% for the year. This is slightly higher than the previous forecast rate for the year and extends our record of consecutive annual increases in dividends to 43 years. Importantly, in a difficult year when our revenue has fallen, we are still able to increase dividends above the level of inflation and retain a strong position for future growth by not calling on revenue reserves, as our

earnings cover this year's distributions. At this point we forecast an increase in the Company's total dividend per share for 2010 of not less than 4.3% to 12.0p.

Board Succession

David Thomas steps down from the Board at the Annual General Meeting after serving almost ten years as a Director. We have benefited from David's considerable investment experience, his wisdom and his attention to detail, particularly during the last two years as Chairman of the Audit Committee. We thank him most sincerely for his service and shall miss his contribution. We look forward to recruiting a new non-executive director over the next year.

Annual General Meeting

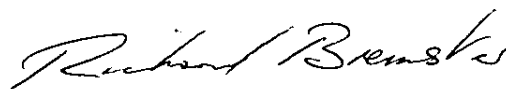
The Annual General Meeting this year will be held at the offices of Henderson Global Investors, 201 Bishopsgate, London on Tuesday 23 February 2010 at 2.30pm. The notice of the meeting is on page 63 and a map showing the location appears on page 66. As usual our manager, Alex Crooke, and his team will be making a presentation with regard to investment and all shareholders are most welcome to attend.

Outlook

I commented last year that the recession we were experiencing would be unlike any since the 1940's and judging from the scale of bank bailouts and government borrowings, the parallels are with the pre-war rather than post-war downturns. The challenge from this point is to determine the path for recovery and how economies will respond as liquidity is drained from the financial system. It is difficult to believe that this far from normal recession can be followed by a standard recovery.

A banking system that is short of capital and over leveraged will result in companies having less access to credit and cause economies to grow at slower rates than experienced over the last decade. However, in the very short term, the recovery from the dramatic collapse in trade at the beginning of 2009 will give the illusion that growth is returning at a healthy rate. Lower growth is not necessarily a bad backdrop for equities, as inflation should be subdued and interest rates will remain low.

Quality companies worldwide represent good value and investors have abandoned them in a rush for recovery situations that may well disappoint over this year. We keep our faith in businesses that have invested into the downturn, that generate cash rather than consume it and have taken action to address any balance sheet weakness. This policy should reward patience and offer a safer path to a more sustainable recovery in asset values.



Richard Brewster, Chairman
15 January 2010

Manager's Review



Alex Crooke

Manager's Review

Stockmarkets have always been prone to swinging up or down much further than justified by underlying fundamentals just as investor sentiment can swing widely between despair and euphoria. This time last year I reported one of the biggest falls in share prices in 100 years and now, this year, we have witnessed one of the largest rebounds in market history. Fundamentals seem scarcely to matter, as monetary liquidity is the dominant factor at play, as governments engage in quantitative easing. With near zero returns on cash (or technically negative taking into account CPI inflation), investors are seeking out returns on riskier assets from corporate bonds to property or commodities.

Our performance this year is close to our benchmark, slightly behind on an ungeared basis and ahead when taking into account gearing and a VAT reclaim (see page 17). It has been very challenging at both the stock selection and geographic allocation levels. Our safety first investment process, focusing on quality over distressed recovery, was less in favour in developed markets and led to relative underperformance in the UK, Europe and the USA. Governments have spent more than we anticipated bailing out industries and financial institutions and therefore companies that might have needed further restructuring have survived and witnessed a sharp rebound in share prices. We still feel that a price will be paid for the government stimulus in terms of higher taxes and lower growth. When this becomes apparent we expect the focus to return to businesses with strong balance sheets and which are able to invest through the downturn.

At the geographic level returns in sterling around the world have diverged widely from the anaemic 4.6% return we generated from our North American portfolio to the 79.6% growth in the Emerging Markets portfolio. While not having the perfect mix of overseas assets, the overweight Asia and underweight North America positions were most beneficial to our performance relative to the benchmark. Over the year we reduced Japan after a period of strong performance both by stock selection and currency. We increased Asia materially and

it now comprises over 11% of assets, nearly doubling over the year. The UK also received further investment, principally into smaller and mid-sized companies which lagged the recovery and offered good value.

We have witnessed a sharp reduction in dividends from our portfolio; a fall of over 20% in UK income and smaller reductions in European and American income. We have offset the dividend cuts by increasing underwriting income, benefiting from a full year of interest from the bonds we bought last year and from gains on overseas income when translated into weaker sterling. Overall, we have limited the fall in income to a 7.3% reduction in earnings per share over the year. We expect that this should be the nadir with a resumption in growth of earnings per share in the months ahead underpinning future dividend growth.

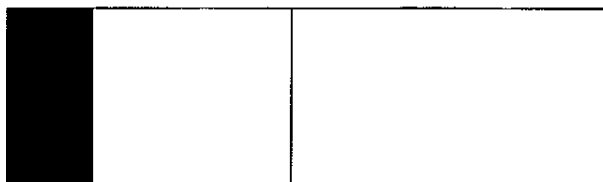
The bond portfolio is not a permanent feature of the portfolio but represented an attractive investment opportunity at the time of purchase both in terms of capital and income. We took the decision to buy a wide selection of financial bonds, as these represented the most distressed of bond assets. While not every purchase has worked out, the whole bond portfolio delivered a total return of 41.0%, including over £1.6m of income. With prices recovering to more normal levels we expect to be selling down the bonds in due course and reinvesting into equities.

Currency movements have generally been in our favour as sterling has again been weak although it showed a little more strength in the latter period of the year. The current weakness of sterling is attracting inward property investment and bids for UK companies from overseas companies, but the outlook for interest rates and the policies to reduce the fiscal deficit will be the key determining factors behind any future rally.

We have been steadily reinvesting our cash balances as our confidence has increased that the economic recovery will last. However, we still retained £19m of cash at the end of October which will allow flexibility when investment opportunities arise in the coming year, as the recovery from the downturn is likely to be far from smooth.

Alex Crooke

United Kingdom



Total Return (Year to 31 Oct 2009)	%
Bankers	19.7
FTSE All-Share	23.5

Review

The global investor's perception of the UK is of a heavily indebted nation both at the individual and government level combined with an economy overly dependent on financial services. This is not an attractive mix to garner inward investment and the UK currency has lost ground against other major currencies this year. The domestic economy entered a recession in early 2009 and has since struggled to shake off the effects of rising unemployment despite a cut in VAT and easy monetary policies. The government continues to support the banking system and following further fund raisings to bolster balance sheets now owns majority stakes in RBS and Lloyds. With the background of rising unemployment the property market and retail sales have surprised many with their resilience, probably due to overseas buyers and the low level of mortgage rates.

Share prices continued to fall after the New Year, reaching a new low in early March before starting a long rally on the back of recovering production figures in the US. The recovery did not support all sectors evenly; economically sensitive sectors and potential recovery sectors like banks and house-builders rose the most leaving the defensive sectors behind. Our UK portfolio was well represented in recovery stocks but light in mining and banks and therefore under-performed in the second half of the year. Smaller companies have outperformed larger companies as investors have sought out distressed opportunities at low prices. We benefited by being more exposed to smaller capitalised stocks than the index as a whole.

Activity

A prominent feature of markets in recent months has been rights issues and other fund raisings. There is little choice but to subscribe when shares are offered at large discounts and resulting balance sheets should be stronger and companies therefore better able to seek out opportunities to grow. We have increased investment in a number of holdings via fund raisings, such as Catlin, Intermediate Capital, Xstrata and Galliford Try to name but a few.

Overall we have maintained a limited exposure to UK banks as further capital raisings are likely and the regulatory outlook uncertain. We have also been cautious on the retail sector unless share prices fell so far that any recovery is not factored in. Purchases of STV (Scottish Television) Marstons (pubs) and HMV (music and DVDs) were made at interesting entry points when expectations were low.

Outlook

The coming year will continue to be a challenging environment for the UK economy with rising taxes and public spending cuts from whichever party gains power at the forthcoming general election. The global outlook should be a little more promising but companies overall still need to reduce borrowings and profit growth may not rebound as quickly as is hoped. With interest rates expected to stay low, investment is likely to spread into riskier assets such as equities and a more stable, if low growth, outlook should favour defensive and quality companies over the recovery as well as economically sensitive businesses. A market rotation in the UK is long overdue and should favour our portfolio.

UK portfolio classified by market value of company at 31 October 2009

Market Capitalisation

A FTSE 100 (over £2,000m)

B FTSE Mid 250 (£300m-£2,000m)

C Smaller Co's (under £300m)

Last year's figures in brackets



United Kingdom

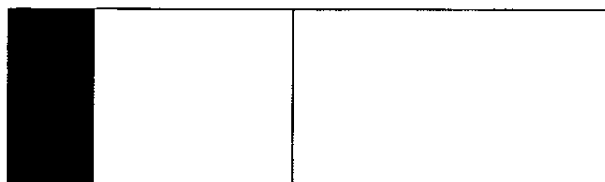
Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	Sector	% of UK portfolio	£'000	Investments by value	Sector	% of UK portfolio
20,030	BP	Oil & Gas Producers	9.63	1,975	Unilever	Food Producers	0.95
10,689	HSBC	Banks	5.14	1,879	Northumbrian Water	Gas Water & Multiutilities	0.90
9,650	GlaxoSmithKline	Pharmaceuticals & Biotechnology	4.64	1,858	Dana Petroleum	Oil & Gas Producers	0.89
9,134	Vodafone	Mobile Telecommunications	4.39	1,693	Diageo	Beverages	0.81
7,920	Royal Dutch Shell	Oil & Gas Producers	3.81	1,682	Man Group	Financial Services	0.81
7,908	British American Tobacco	Tobacco	3.80	1,496	Smith (David S.)	General Industrials	0.72
7,889	Catlin	Non-life Insurance	3.79	1,486	Blackstar*	Equity Investment Instruments	0.72
6,647	BG	Oil & Gas Producers	3.20	1,481	WPP	Media	0.71
4,970	Rolls-Royce	Aerospace & Defence	2.39	1,400	Dairy Crest	Food Producers	0.67
4,830	Aviva	Life Insurance	2.32	1,367	Admiral	Non-life Insurance	0.66
4,390	National Grid	Gas Water & Multiutilities	2.11	1,348	St. James's Place	Life Insurance	0.65
4,316	Scottish & Southern Energy Electricity		2.08	1,275	JP Morgan Cazenove#	Financial Services	0.61
4,224	Wetherspoon (J.D.)	Travel & Leisure	2.03	1,260	Easyjet	Travel & Leisure	0.61
4,084	Jardine Lloyd Thompson	Non-life Insurance	1.97	1,161	Forth Ports	Industrial Transportation	0.56
3,642	Reckitt Benckiser	Household Goods & Home Construction	1.75	1,140	Orchid Developments*	Real Estate Investment Services	0.55
3,573	Xstrata	Mining	1.72	1,120	Inmarsat	Mobile Telecommunications	0.54
3,484	Shire	Pharmaceuticals & Biotechnology	1.68	1,088	Kcom	Fixed Line Telecommunications	0.52
3,397	ICAP	Financial Services	1.63	1,068	Lloyds Banking	Banks	0.52
3,343	Smiths News	Support Services	1.61	1,005	Bowleven*	Oil & Gas Producers	0.48
3,287	BHP Billiton	Mining	1.58	962	TT Electronics	Electronic & Electrical Equipment	0.46
2,986	Galliford Try	Construction & Materials	1.44	952	Severn Trent	Gas Water & Multiutilities	0.46
2,968	Tullow Oil	Oil & Gas Producers	1.43	900	Tate & Lyle	Food Producers	0.43
2,941	Barclays	Banks	1.41	858	Marston's	Travel & Leisure	0.41
2,831	Hansteen	Real Estate Investment Services	1.36	807	Hill (William)	Travel & Leisure	0.39
2,805	Quorum Oil & Gas Technology	Financial Services	1.35	800	Hiscox	Non-life Insurance	0.39
2,802	Anglo American	Mining	1.35	797	Trinity Mirror	Media	0.38
2,668	Intermediate Capital	Financial Services	1.28	730	Elementis	Chemicals	0.35
2,636	Petrofac	Oil Equipment Services & Distribution	1.27	707	Thomas Cook	Travel & Leisure	0.34
2,625	Hunting	Oil Equipment Services & Distribution	1.26	695	Findel	General Retailers	0.34
2,623	Prudential	Life Insurance	1.26	683	Sports Direct International	General Retailers	0.33
2,614	Cranswick	Food Producers	1.26	622	ITV	Media	0.30
2,436	De La Rue	Support Services	1.17	461	Yell	Media	0.22
2,359	BAE Systems	Aerospace & Defence	1.13	450	Renold	Industrial Engineering	0.22
2,358	Premier Oil	Oil & Gas Producers	1.13	411	STV	Media	0.20
2,258	Amec	Oil Equipment Services & Distribution	1.09	342	Nviro Cleantech*	Industrial Engineering	0.16
2,248	Fisher (J) & Sons	Industrial Transportation	1.08	333	HMV	General Retailers	0.16
				81	Johnson Service*	Support Services	0.04
				207,938			100.00

#Unquoted

*AIM

Europe



Total Return (£) (Year to 31 Oct 2009) %

Bankers	23.9
FTSE World Europe (ex UK)	29.6

Review

The last twelve months have seen a sharp rally in European markets and a decline in sterling which has therefore made the returns even higher. Our weighting in Europe has remained low and at year end European investments represented about 8.6% of the overall fund.

The performance of our holdings has lagged behind the index with an increase of 23.9% compared with 29.6%. The previous year had shown the benefit of the quality of our holdings as such companies declined by less than the index. The last six months has seen the opposite, with quality companies lagging a strong rally in financials and cyclicals, both areas where we have limited exposure.

Activity

There have been a number of changes to our holdings during the year. Apart from an overall reduction across the portfolio to raise cash we have sold a few stocks where we felt the outlook remained subdued. A prime example in this category would be Neopost which, although well managed, is likely to struggle as mail volumes stagnate, some ten years after initial expectations of a decline, due to increased electronic communication.

We have added five new holdings: Bureau Veritas in the inspection and certification area, Siemens (medical technology, lighting and power generation and transmission and general engineering) and Daimler, based not just on the recovery in car sales but in particular the truck side. We have also added Synthes, a world leader in orthopaedics and UBS. The intention of these moves is to secure exposure to quality names that should benefit as the economic recovery gathers pace.

The overall emphasis in the fund remains one of quality, consistency and reliability of growth combined with an element of income where possible.

Outlook

The despondency of a year ago has been replaced by an almost universal degree of optimism that the worst is behind us.

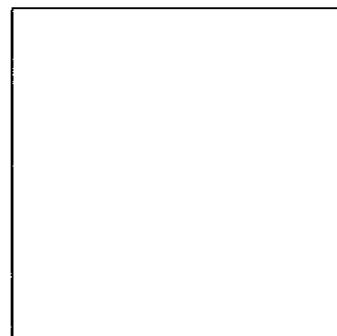
Hopefully that is the case and, with economies stabilised and the banking system returning to life, the situation looks far better than early in calendar 2009.

We expect that the strong signs of economic recovery will continue and, with most companies having cut costs sharply, the fall in profits has not been as severe as was first feared. Strong profits growth will only happen if there is a follow up of strong demand and it may be too early to judge this. There is also a bill to be paid for the huge rescue which was put in place twelve months ago and, as normality returns, so will the need to work out how the bill is going to be repaid. It is likely that growth will look good for the early part of 2010 but then begin to slow. We intend, therefore, to maintain a blend of quality growth companies with more economically sensitive companies.

European portfolio classified by market value of company at 31 October 2009

Market Capitalisation
A Over £13,000m
B £3,000m-£13,000m
C Under £3,000m

Last year's figures in brackets



Europe

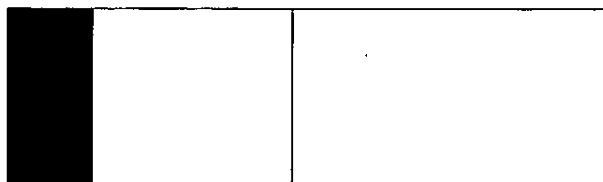
Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	Sector	Country	% of Europe portfolio
3,308	Novartis	Pharmaceuticals & Biotechnology	Switzerland	8.47
3,101	ENI	Oil & Gas Producers	Italy	7.94
2,911	Christian Dior	Personal Goods	France	7.46
2,437	Total	Oil & Gas Producers	France	6.24
2,201	Credit Suisse	Banks	Switzerland	5.64
2,161	Fresenius	Health Care Equipment & Services	Germany	5.53
1,841	Nestlé	Food Producers	Switzerland	4.71
1,808	Sanofi-Aventis	Pharmaceuticals & Biotechnology	France	4.63
1,748	SGS Holdings	Support Services	Switzerland	4.48
1,682	Inditex	General Retailers	Spain	4.31
1,674	Compagnie Financiere Richemont	Personal Goods	Switzerland	4.29
1,673	Essilor	Health Care Equipment & Services	France	4.29
1,578	Kühne + Nagel	Industrial Transportation	Switzerland	4.04
1,365	Roche	Pharmaceuticals & Biotechnology	Switzerland	3.50
1,229	Sodexo Alliance	Travel & Leisure	France	3.15
1,104	UBS	Banks	Switzerland	2.83
984	AP Moller-Maersk	Industrial Transportation	Denmark	2.52
961	Saipem	Oil Equipment Services & Distribution	Italy	2.46
934	ABB Limited	Industrial Engineering	Switzerland	2.39
835	Deutsche Börse	Financial Services	Germany	2.14
823	Siemens	General Industrials	Germany	2.11
822	Swedish Match	Tobacco	Sweden	2.11
752	Bureau Veritas	Support Services	France	1.93
599	Daimler	Automobiles & Parts	Germany	1.53
506	Synthes	Health Care Equipment & Services	Switzerland	1.30
39,037				100.00

European Geographical Distribution

	31 October 2009 %	31 October 2008 %		31 October 2009 %	31 October 2008 %
Switzerland	41.7	35.2	Spain	4.3	3.5
France	27.7	30.4	Denmark	2.5	2.3
Germany	11.3	17.0	Sweden	2.1	–
Italy	10.4	8.9	Luxembourg	–	2.7
				100.0	100.0

North America



Total Return (£) (Year to 31 Oct 2009) %

Bankers	4.6
FTSE World North America	9.4

Review

It has been a very volatile year with the US equity market making a new low in March since when we have seen an impressive stock market rally fuelled by government policy response and effective corporate cost cutting.

The performance of the North American portfolio, relative to local indices, has lagged during the market's rally. Our conservative approach during the downturn was not rewarded during the initial stages of the market's upturn as the most leveraged and distressed companies recovered first. The Canadian economy proved more resilient than the US, with more reliance on earnings from the oil and gas industry together with better capitalised banks.

Like many other developed countries the banking system in the US suffered extreme stress which significantly reduced confidence within the broader economy. The US government deployed a wide number of very stimulative policy measures to protect the economy from an outcome similar to the depression of the 1930s. In the short-term, there has been a strong recovery in car production and other manufacturing areas of the domestic economy which has created a better backdrop equity investment. The property market remains very challenging, with foreclosures and excessive stocks of new build properties yet to sell blocking any recovery in prices.

Activity

As the year progressed we gradually added new investments in economically sensitive sectors, with a focus on companies that would emerge from the economic turmoil with an enhanced competitive position. New investments included industrial businesses like Emerson Electric and Quanta Services and consumer focussed companies such as Dreamworks Animation and Lowes (a DIY superstore operator).

We have been wary of financials expecting further capital raising and a weak outlook for lending growth. During the year we did make a fresh investment in Goldman Sachs, which quickly repaid the US government emergency loans and has significant opportunities to grow core income domestically and internationally.

The portfolio is currently positioned with an emphasis on companies that we are confident can thrive in a period of low economic growth. In many cases we have been attracted to investments where companies have been able to invest in businesses throughout the recession and emerge in an enhanced position relative to weaker competitors. This strategy is one that we anticipate will be rewarded, over the medium-term, as the turmoil of the past year eases and investors begin to evaluate which companies will prosper.

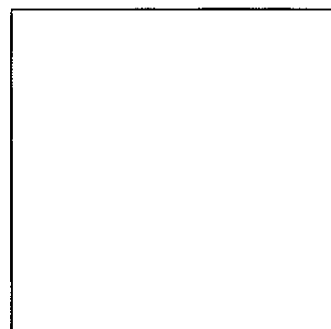
Outlook

The future performance of the equity markets in North America will reflect the degree of success achieved by the policy makers in removing some of the extraordinary stimulus measures put in place last year. Given the lack of inflationary pressures and a weak property market, we expect a gradual reduction in government and Federal Reserve support programmes which should maintain growth in the domestic economy.

US portfolio classified by market value of company at 31 October 2009

Market Capitalisation
A Over £13,000m
B £3,000m-£13,000m
C Under £3,000m

Last year's figures in brackets

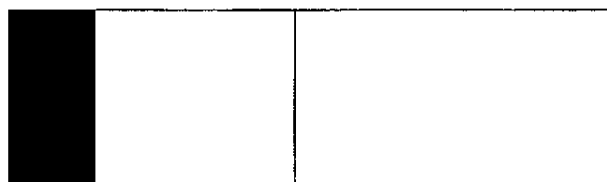


North America

Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	Sector	% of North America portfolio
2,947	Microsoft	Software & Computer Services	3.99
2,444	Pepsico	Beverages	3.31
2,244	American Tower	Technology Hardware & Equipment	3.04
2,211	Bank of America	Banks	2.99
2,091	Ecolab	Chemicals	2.83
2,075	Cisco Systems	Technology Hardware & Equipment	2.81
2,015	Republic Services	Support Services	2.73
1,929	AT&T	Fixed Line Telecommunications	2.61
1,927	Praxair	Chemicals	2.61
1,908	Apple Computer	Technology Hardware & Equipment	2.58
1,849	Bristol-Myers Squib	Pharmaceuticals & Biotechnology	2.50
1,797	EMC	Technology Hardware & Equipment	2.43
1,743	Thermo Fisher Scientific	Health Care Equipment & Services	2.36
1,683	Liberty Media	Media	2.28
1,607	Southern	Electricity	2.17
1,606	Northern Trust	Banks	2.17
1,603	Emerson Electric	Electronic & Electrical Equipment	2.17
1,584	Covidien	Health Care Equipment & Services	2.14
1,561	Hess Corporation	Oil & Gas Producers	2.11
1,540	Molson Coors Brewing	Beverages	2.08
1,535	CSX	Industrial Transportation	2.07
1,521	Carnival	Travel & Leisure	2.06
1,514	Anadarko Petroleum	Oil & Gas Producers	2.05
1,464	Alberto Culver	Personal Goods	1.98
1,419	Schwab (Charles)	Financial Services	1.92
1,402	Lazard	Financial Services	1.90
1,388	Lender Processing	Support Services	1.88
1,375	Lorillard	Tobacco	1.86
1,374	CVS	Food & Drug Retailers	1.86
1,364	Lowe's Companies	General Retailers	1.85
1,242	Equinix	Software & Computer Services	1.68
1,237	Goldman Sachs	Financial Services	1.67
1,222	Quanta Services	Construction & Materials	1.65
1,215	Range Resources	Oil & Gas Producers	1.64
1,209	Shoppers	Food & Drug Retailers	1.64
1,199	Williams	Oil Equipment Services & Distribution	1.62
1,175	Biovail	Pharmaceuticals & Biotechnology	1.58
1,166	Celanese	Chemicals	1.58
1,126	Dreamworks Animation	Media	1.52
1,044	Micros Systems	Technology Hardware & Equipment	1.41
1,007	SNC Lavalin	Construction & Materials	1.36
1,000	Block (H & R)	General Retailers	1.35
968	Express Scripts	Health Care Equipment & Services	1.31
934	Kinross Gold	Mining	1.26
898	Solera	Software & Computer Services	1.21
891	AON	Non-life Insurance	1.21
844	Verisign	Software & Computer Services	1.14
795	Marathon Oil	Oil & Gas Producers	1.08
782	Qiagen	Pharmaceuticals & Biotechnology	1.06
629	Enstar	Non-life Insurance	0.85
622	National Oilwell Varco	Oil Equipment Services & Distribution	0.84
73,925			100.00

Japan



Total Return (£) (Year to 31 Oct 2009) %

Bankers	13.5
FTSE World Japan	11.0

Review

The Japanese market eked out a small gain over the year with returns being boosted by a rise in the yen against sterling. The latter stages of the period were disappointing as the market failed to exhibit the vibrancy of markets elsewhere as stock prices fell back. Confusion over the policies of the newly elected Democratic Party of Japan and further equity issuance by various sectors of the market were perhaps reasons for investor disenchantment. While the new government may take time to find its feet it would appear that policies will have greater focus on boosting consumption than before. This may signal a more prosperous time ahead for the domestic economy.

Activity

A number of switches were made within the portfolio given the volatility of the market. Asahi Kasei (conglomerate), Murata (technology) and THK (machinery) were switched into Shin-Etsu Chemical, Keyence (machinery) and Asahi Breweries respectively. These changes had an advantageous impact on the portfolio. A holding in broadcaster Tokyo Broadcasting was also established. Performance of the portfolio was marginally ahead of the index over the year. Strong rises in technology holdings TDK and Murata were amongst the largest contributors while more staid holdings in Takeda Pharmaceutical and Seven & I Holdings (staple) acted as a drag.

Outlook

Much has been written about Japan concerning how poorly the stock market has performed and how the country is on the verge of bankruptcy. Such commentary is encouraging as it habitually appears to provide an opportunity for equity investment. Whilst arguments surrounding demographics, public sector funding and deflation are well known the stock market has tended to frustrate investors by not performing according to plan. Just because stock levels are depressed investors should not lose focus as we believe the global economic recovery will persist and, such a trend should be positive for further improvement in the Japanese economy and for the stock market. The election of the Democratic Party of Japan to government should also be seen as a positive; its consumer facing policies mark the first meaningful change in politics in forty years. The already improving relations between Japan and its neighbours Korea and China, via a more open Prime Minister Hatoyama-san, give cause for further optimism for the future. Far from turning away from Japan we feel the depressed stock market offers value.

Japan

Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	Sector	% of Japan portfolio
4,396	Mitsubishi UFJ Financial	Banks	9.99
2,247	Nippon TV Network	Media	5.11
2,240	Secom	Support Services	5.09
2,202	NTT Docomo	Mobile Telecommunications	5.00
2,127	Mitsui Sumitomo Insurance	Non-life Insurance	4.83
2,010	Nintendo	Leisure Goods	4.57
2,009	Sekisui Chemical	Household Goods & Home Construction	4.57
2,006	Daiwa Securities	Financial Services	4.56
1,938	Morant Wright Japan Fund	General Financial	4.40
1,935	Shin-Etsu Chemical	Chemicals	4.40
1,931	Seven & I Holdings	General Retailers	4.39
1,922	Canon	Technology Hardware & Equipment	4.37
1,871	Takeda Pharmaceutical	Pharmaceuticals & Biotechnology	4.25
1,845	Daiwa House Industries	Household Goods & Home Construction	4.19
1,804	Nippon Telegraph & Telephone	Fixed Line Telecommunications	4.10
1,791	Tokyo Broadcasting	Media	4.07
1,791	Hakuhodo Dy	Media	4.07
1,772	Keyence	Electronic & Electrical Equipment	4.03
1,754	Asahi Breweries	Beverages	3.99
1,670	Yamato	Industrial Transportation	3.80
1,408	TDK	Electronic & Electrical Equipment	3.20
1,328	Credit Saison	Financial Services	3.02
43,997			100.00

Japanese portfolio classified by market value of company at 31 October 2009

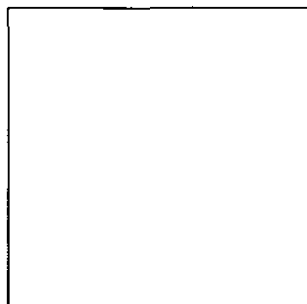
Market Capitalisation

A Over £13,000m

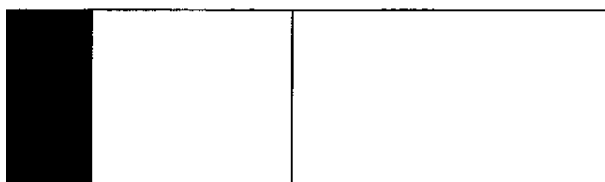
B £3,000m-£13,000m

C Under £3,000m

Last year's figures in brackets



Pacific (ex Japan)



Total Return (£) (Year to 31 Oct 2009) %	
Bankers	68.2
FTSE World Asia Pacific (ex Japan)	58.3

Review

Following a poor 2008, Asian markets rebounded strongly in the year to October 2009 with most indices posting gains of over 50% in sterling terms.

The thawing of the global financial system and the gradual improvement in global economic data through the period has been supportive for Asian equity markets. Although export growth from the region has remained subdued the strength of the domestic sectors spurred on by supportive monetary and fiscal policy has more than compensated.

The best performing market over the period was China reflecting the success of its policy response. The \$585bn stimulus package put in place towards the end of 2008, focused on infrastructure and was accompanied by abundant credit, which proved highly successful in reviving domestic activity. Similar policies were pursued elsewhere in the region allowing Asian economies to recover faster than most other areas.

The worst performing markets were the export orientated countries of Taiwan and Korea which suffered as the demand for western consumer goods waned. Australia managed to perform broadly in line with the rest of the region despite concerns over the levels of debt within the economy. The fiscal surpluses built up over the last few years have put Australia in a strong position to ride out the storm and this combined with supportive commodity prices ensured that it was the only developed country not to go into recession in 2009. The strong economic recovery in China led to materials being the best performing sector while telecoms lagged over fears of slowing demand and increased competition.

Activity

During the year we have continued to increase our exposure to China which now has the second largest weighting in the Asian portfolio. The addition of Industrial & Commercial Bank, China's largest bank, was the most notable acquisition reflecting our positive view on Chinese financials. The position in Hong Kong banks was reduced to accommodate this view. Following a strong run in the price of uranium we reduced our position in Energy Resources of Australia and switched into fertiliser company Incitec Pivot. Fertiliser prices globally have been subdued due to oversupply and lower demand following sustained periods of bad weather. We believe the outlook for 2010 is much better and are confident of a significant re-rating.

We added Singaporean industrial property REIT Ascendas to the portfolio following an unwarranted sell off and also introduced a position in Kasikornbank in Thailand which looks particularly cheap considering the positive economic numbers being posted.

Overall the portfolio remains focused on domestic Asia with a preference for Hong Kong and China and selective regional financials and property. Banks in Asia are liquid and well capitalised, unlike their peers in developed countries, and are the cornerstones of the Asian structural growth story. Poor sentiment for the sector globally provides an excellent opportunity to own these valuable franchises at a discount to their long term average valuations.

Outlook

We expect markets to remain volatile through the year end and into the first half of 2010 as investors digest the sustainability of recovery in western markets. We expect Asian economic growth to remain robust and believe that Asian companies still offer good value in the medium to long term despite the recent strong move in share prices.

Pacific (ex Japan) Valuations at 31 October 2009 – all investments are shown

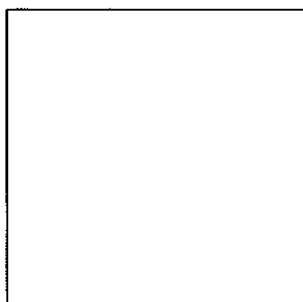
£'000	Investments by value	Sector	Country	% of Pacific (ex Japan) portfolio
3,731	Bank of China	Banks	Hong Kong	7.14
3,402	DBS	Banks	Singapore	6.51
3,359	QBE Insurance	Non-life Insurance	Australia	6.43
3,205	Industrial & Commercial Bank Of China	Banks	China	6.14
3,109	Keppel	General Industrials	Singapore	5.95
3,048	CIMB	Banks	Malaysia	5.84
2,793	Henderson Land Development	Real Estate Investment Services	Hong Kong	5.35
2,750	China Mobile	Mobile Telecommunications	China	5.27
2,743	Petrochina	Oil & Gas Producers	China	5.25
2,631	Ascendas Real Estate Inv Trust	Real Estate Investment Trusts	Singapore	5.04
2,575	Sino Land	Real Estate Investment Services	Hong Kong	4.93
2,546	Santos	Oil & Gas Producers	Australia	4.87
2,408	Kasikornbank	Banks	Thailand	4.61
2,365	Incitec Pivot	Chemicals	Australia	4.53
2,364	Energy Resources of Australia	Industrial Metals & Mining	Australia	4.53
2,298	High Tech Computer	Technology Hardware & Equipment	Taiwan	4.40
2,296	Television Broadcasts	Media	Hong Kong	4.40
2,269	China Communications Construction	Construction & Materials	China	4.34
2,178	Hang Seng Bank	Banks	Hong Kong	4.17
159	Tri Polyta	Chemicals	Indonesia	0.30
52,229				100.00

Pacific Geographical Distribution

	31 October 2009 %	31 October 2008 %		31 October 2009 %	31 October 2008 %
Hong Kong	26.0	21.1	Malaysia	5.8	6.1
China	21.0	18.5	Thailand	4.6	0.5
Australia	20.4	25.2	Taiwan	4.4	13.7
Singapore	17.5	14.5	Indonesia	0.3	0.4
				100.0	100.0

Pacific portfolio classified by market value of company at 31 October 2009

- Market Capitalisation
- A Over £13,000m
 - B £3,000m-£13,000m
 - C Under £3,000m



Emerging Markets

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Total Return (£) (Year to 31 Oct 2009) %

Bankers	79.6
FTSE All World Emerging	62.4

Emerging Markets

Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	Sector	Country	% of Emerging Markets portfolio
10,081	Petroleo Brasileiros	Oil & Gas Producers	Brazil	60.16
2,909	Impala Platinum	Mining	South Africa	17.36
2,661	Anglogold Ashanti	Mining	South Africa	15.88
1,106	Telefonos De Mexico	Fixed Line Telecommunications	Mexico	6.60
16,757				100.00

Emerging Markets Geographical Distribution

	31 October 2009 %	31 October 2008 %		31 October 2009 %	31 October 2008 %
Brazil	60.2	60.1	Mexico	6.6	12.3
South Africa	33.2	27.6		100.0	100.0

Fixed Interest

Valuations at 31 October 2009 – all investments are shown

£'000	Investments by value	% of Fixed Interest portfolio
2,912	Imperial Tobacco Finance 8.125%	15.26
2,613	Barclays Bank 14%	13.70
2,202	Merrill Lynch 7.75%	11.54
2,114	Standard Chartered Bank 8.103%	11.08
1,580	Abbey National 10.375%	8.28
1,416	HBOS Capital Funding 9.54%	7.42
1,390	BNP Paribas 7.436%	7.29
1,279	Barclays Bank 6%	6.70
1,124	Saphir Finance 6.369%	5.89
994	Legal & General 6.385%	5.21
522	Morgan Stanley 7.5%	2.74
425	Argon Capital	2.23
243	Barclays Bank 10.179%	1.27
207	Aviva 6.875%	1.08
34	Lehman Brothers 7.875%	0.18
24	Corporate Services 10%	0.13
19,079		100.00

Performance Attribution

Performance Attribution: 12 months to 31 October 2009 relative to Composite Index

Market	Composite Index Allocation (%)	Bankers Asset Allocation		Performance Fund (%)	Regional Indices (%)	Contribution from:	
		31/10/09 (%)	31/10/08 (%)			Asset Allocation (%)	Stock Selection (%)
UK	50.0	45.9	45.4	19.7	23.5	-0.1	-1.8
Europe (ex UK)	12.0	8.6	10.8	23.9	29.6	-0.1	-0.4
North America	26.1	16.3	18.8	4.6	9.4	1.3	-1.1
Japan	5.0	9.7	11.6	13.5	11.0	-0.4	0.4
Pacific (ex Japan)	4.8	11.6	6.4	68.2	58.3	1.2	0.2
Emerging Markets	2.1	3.7	2.7	79.6	62.4	0.9	0.2
Fixed Interest	–	4.2	4.3	41.0*	–	-0.6	–
Total	100.0	100.0	100.0			2.2	-2.5

Source: Factset & Datastream.

*Excludes cash.

The above figures are calculated in sterling on a net income reinvested basis and exclude cash interests.

Composite index: 50% FTSE All-Share and 50% FTSE World (ex UK).

Explanation of Movement in Net Asset Value (total return) per Ordinary Share

Over the year to 31 October 2009, the Net Asset Value (total return) rose by 21.8% compared to a rise in the Composite index (50% FTSE All-Share Index, 50% FTSE World (ex UK) Index) of 21.7%.

An estimation of the attribution of the portfolio's performance between asset allocation and stock selection is given above. 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.

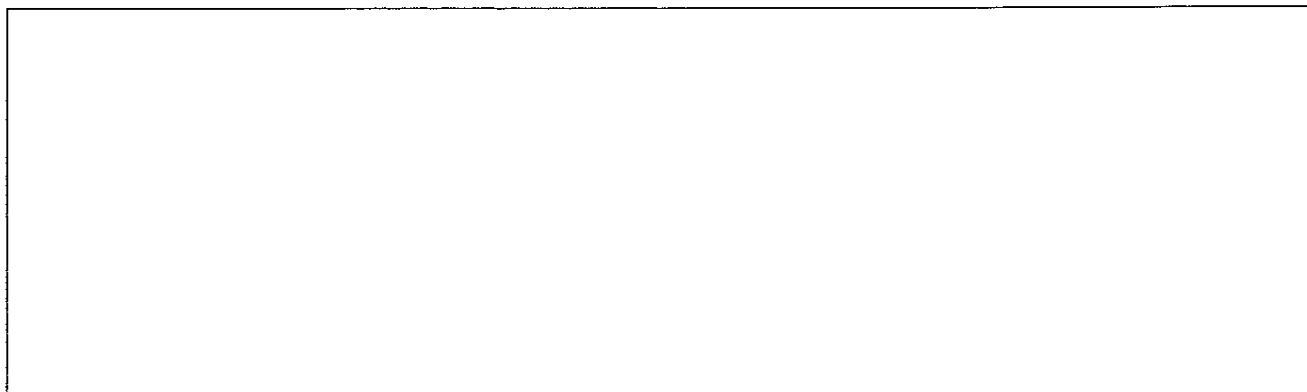
Portfolio performance	Performance of Composite index	21.7%
	Performance of equity portfolio against benchmark	
	Due to asset allocation	2.2%
	Due to stock selection	-2.5%
		<u>-0.3%</u>
	Performance of portfolio	21.4%
Other factors	Due to gearing	0.2%
	Management fee and finance costs charged to capital	-0.5%
	Impact of repurchasing ordinary shares	0.1%
	VAT reclaims*	0.6%
		<u>0.4%</u>
	Performance of Net Asset Value (total return)	21.8%

*VAT on a cash received basis.

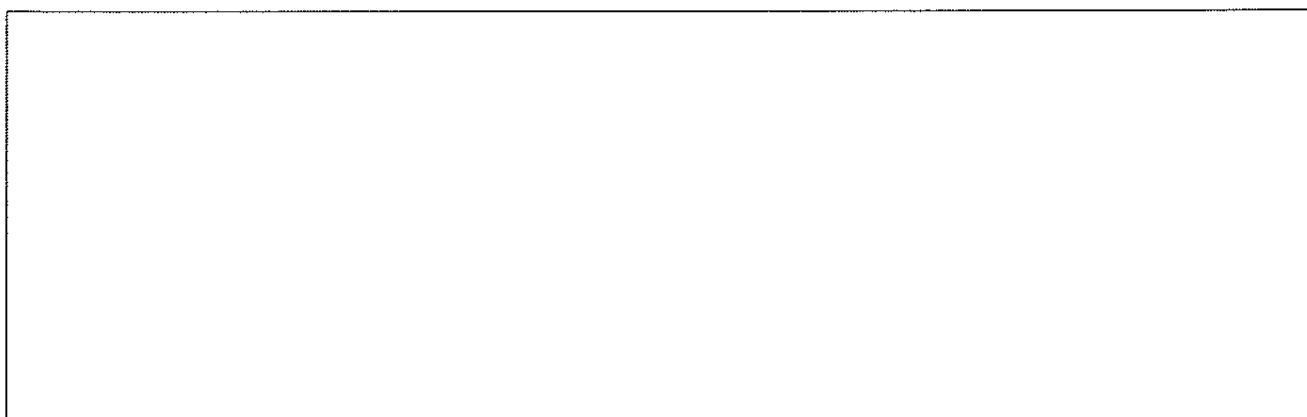
Portfolio Structure

at 31 October 2009 and 2008

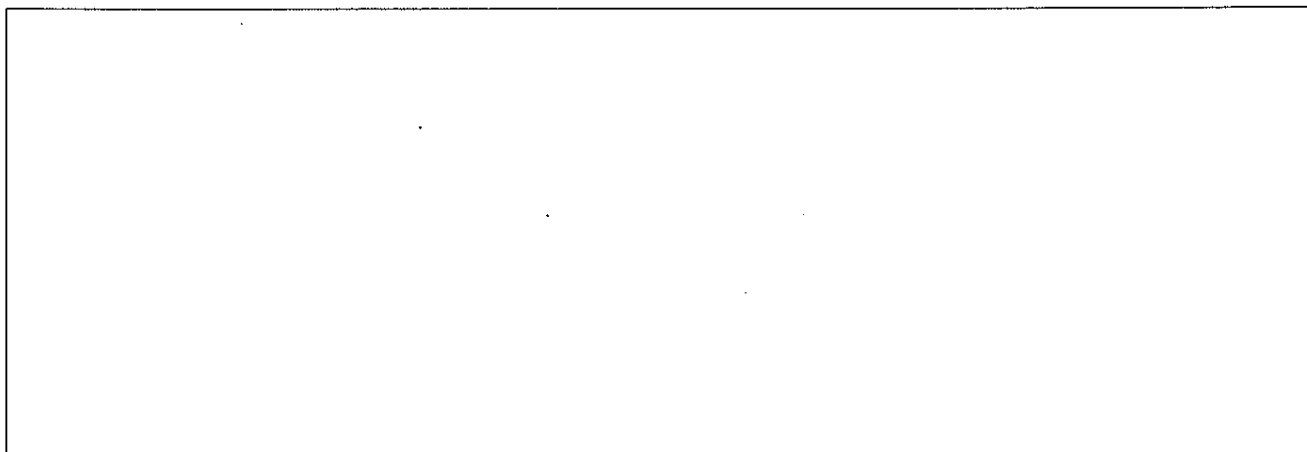
Geographical Analysis



Sector Analysis



Geographical Total Return Analysis against each FTSE stock market



Directors



Richard Brewster



Richard Burns



Richard Killingbeck



Francis Sumner



David Thomas



Matthew Thorne

Richard Brewster*‡ FCA (Chairman) was appointed as a director in 1991 and became Chairman in 2005. Having qualified as a chartered accountant he has spent over 30 years in industry. From 1983 he was Chief Executive Officer of D.S. Smith plc until 1991 when he became Chief Executive Officer of Jarvis Porter plc until 1998. Since then he has taken an interest in a number of private equity investments and was until recently Chief Executive Officer of Interbrandpro Holding GmbH, an international promotional print and speciality board business. He is also Chairman of BlackRock British Smaller Companies Trust plc.

Richard Burns*‡ was appointed a director in 2006. He is a former joint senior partner of Baillie Gifford & Co and former fund manager of Monks Investment Trust plc. He is also a director of EP Global Opportunities Trust plc, Euronova European Smaller Companies Fund, JPMorgan Indian Investment Trust plc, Mid Wynd International Investment Trust plc and Standard Life Equity Income Trust plc. From 1999 to 2006 he was a director of the AIC.

Richard Killingbeck*‡ was appointed as a director in 2003. He has been involved in the financial services industry for 20 years, primarily as a fund manager. He has held a number of senior positions in the industry both in London and New York including being the Chief Executive Officer of Singer & Friedlander Investment Management. He joined the asset management subsidiary of Close Brothers Group plc in 2005 and was appointed deputy Chief Executive of Close Investments in 2006, and Chief Executive Officer of its Private Client division in 2008.

Francis Sumner*‡‡ (Senior Independent Director) was appointed as a director in 1997. He spent most of his working life as a City solicitor specialising in corporate finance. He was for many years a partner in Norton Rose, Bankers having been one of his plc clients. He is currently the Deputy Chairman of the Crown Agents and a member of the Council and Executive Committee of The City and Guilds of London Institute.

David Thomas*† FIA was appointed as a director in 2000. He was Director and General Manager of Investments of The Equitable Life Assurance Society until April 2001. For two years from August 1996 he was Chairman of the Investment Committee of the Association of British Insurers and at that time was also a member of the Hampel Committee on Corporate Governance. In addition he sat on the Institutional Investors Advisory Group of The Stock Exchange for several years and was a member of the Lord Chancellor's Honorary Investment Advisory Committee (which assisted the Public Trustee). Currently, he is a trustee of the pension fund for the staff of Westminster Abbey and is Chairman of the Abbey's Investment Committee, as well as being an investment adviser to the Staffordshire County Council Pension Fund.

Matthew Thorne*† FCA was appointed as a director on 27 November 2008. Mr Thorne is an adviser to the Consensus Business Group. He was Group Finance Director of McCarthy & Stone plc and also Investment Director for Beazer plc. A qualified Chartered Accountant, he has significant experience as a finance director, predominantly in the property sector.

*Member of the Management Engagement Committee

†Member of the Audit Committee

‡Member of the Nominations Committee

Management



Alex Crooke



Tim Stevenson



Antony Gifford



Mike Kerley



Michael Wood-Martin



Wendy King

The portfolio is managed by **Alex Crooke** who is engaged full time in investment trust management. He is assisted by **Tim Stevenson (Europe)**, **Antony Gifford (North America)**, **Michael Kerley (Pacific ex-Japan)** and **Michael Wood-Martin (Japan)**. **Wendy King** acts as the Company Secretary and is the representative of Henderson Secretarial Services Limited, the corporate secretary to the Company.

Report of the Directors

The directors present their report and the audited financial statements for the Group for the year ended 31 October 2009.

Business Review

The following review is designed to provide information primarily about the Company's business and results for the year ended 31 October 2009. The business review should be read in conjunction with the Chairman's Statement on pages 3 and 4 and the Portfolio Manager's Report on page 5, which gives a detailed review of the investment activities for the year and an outlook for the future.

a) Status

The Company is incorporated in England and Wales and domiciled in the United Kingdom. It is an investment company as defined in Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. It is required to seek HM Revenue & Customs (HMRC) approval of its status as an investment trust under the above-mentioned Section 842 every year, and this approval will continue to be sought. HMRC approval of the Company's status as an investment trust has been received in respect of the year ended 31 October 2008 although this approval is subject to there being no subsequent enquiries under Corporation Tax Self Assessment. The directors are of the opinion that the Company has continued to conduct its affairs in a manner that will enable it to continue to gain such approval. The Company has no employees.

The Company intends to continue to manage its affairs so that its investments fully qualify for a stocks and shares component of an ISA.

b) Investment objectives and policy

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

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

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

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

The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio which at 31 October 2009 contained over 200 individual investments. At 31 October 2009 the largest single investment was BP which accounted for 4.4% of total investments, while the top 25 holdings totalled 33.6% of total investments. Investment risk may be further reduced through the use of currency hedging, foreign borrowings and derivatives.

Information regarding the Company's investment exposures can be found on page 18, and performance attribution against our composite benchmark is contained on page 17. Further information regarding investment risk and activity throughout the year can be found in the Manager's Review and accompanying regional pages.

c) Financial review

● Assets

Total net assets at 31 October 2009 amounted to £448,863,000 compared with £385,661,000 at 31 October 2008 and the net asset value per ordinary share increased by 16.4% from 340.8p to 399.9p.

● Revenue

Group net revenue return after taxation for the year was £13,374,000, a decrease of 7.6% from the previous year.

Report of the Directors

continued

	2009	2008	% Change
Net assets (as at 31 October)	£448.9m	£385.7m	+16.4
Revenue return (for the year)	£13.4m	£14.5m	-7.6
Dividend (payable per share for the year)	11.50p	11.06p	+4.0

● Dividend

The final dividend, if approved by shareholders at the AGM, will be paid on 26 February 2010 to shareholders on the register at 5 February 2010. The Company's shares go ex-dividend on 3 February 2010.

● Payment of Suppliers

It is the payment policy for the financial year to 31 October 2009 to obtain the best possible terms for all business and, therefore, there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. There were no trade creditors at 31 October 2009 (2008: £nil).

● Bank facilities

The Board has in place a facility which allows the Company to borrow as and when appropriate. At 31 October 2009 the Company had a committed short term facility of £5m. The facility is subject to regular review.

● Gearing

Gearing is defined as the difference between the values of investments and equity shareholders' funds, divided by equity shareholders' funds x 100. There was gearing of 0.9% at 31 October 2009.

The Company also has two debentures, details of which can be found in note 16 on page 48.

● Future developments

While the future performance of the Company is dependent, to a large degree, on the performance of international financial markets, which, in turn, are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objectives in accordance with the strategy outlined earlier. Further comments on the outlook for the Company for the next twelve months are set out in both the Chairman's Statement on pages 3 and 4 and the Manager's Review on page 5.

● Going Concern

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, that the Group has adequate financial resources to continue in operational existence for the foreseeable future.

d) Performance measurement and key performance indicators

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

● Performance measured against the Benchmark

The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and its benchmarks.

● Discount to Net Asset Value ("NAV")

At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV and reviews the average discount/premium for the Company's relevant Association of Investment Companies ("AIC") sector.

The Board considers the use of share buy-backs to enhance shareholder value. During the year 109,653 shares were purchased. 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 formula.

● Performance against the Company's peer group

In addition to comparison against the benchmarks and various indices, the Board also considers the performance of its AIC peer group at each Board meeting.

● Total expense ratio ("TER")

The TER is a measure of the total expenses incurred by the Company, including those charged to capital, expressed as a percentage of the average shareholders' funds over the year. The TER is defined here as the total annual pre tax operating expenses (management fee and other administration costs) expressed as a percentage of average shareholders' funds over the year. The TER, before performance fees and borrowing costs and excluding the VAT reclaim, amounted to 0.50% (2008: 0.47%) of the assets of the Company. No performance fee was paid

Report of the Directors

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during the year. The Board regularly monitors all Company expenses.

e) Related party transactions

Investment management, accounting, company secretarial and administration services are provided to the Group by wholly owned subsidiary companies of Henderson Global Investors (Holdings) plc ("Henderson"). Global custody services are provided by BNP Paribas Securities Services. These are the only related party transactions currently in place. There have been no material transactions with these related parties, other than the investment in the Henderson Liquid Assets Fund a money market fund (see note 12 on page 48), which have affected the financial position or performance of the Company in the financial year.

f) Management arrangements

Investment management, accounting, company secretarial and administrative services are provided to the Group by wholly owned subsidiary companies of Henderson. Under the terms of the management contract:

The basic annual management fee is 0.30% of gross assets per annum.

The Manager is eligible for a fee based on the degree of outperformance, calculated on the basis of the average net asset value total return over a rolling three year period compared to a composite index representing in equal proportions the FTSE All-Share Index and the FTSE World (ex UK) Index.

The payment of a performance fee in any year is subject to an outperformance hurdle rate of 1.5% per annum.

For the first 1% of outperformance in excess of the hurdle rate, a performance fee of 0.15% of average gross assets will be paid, and in respect of each further 1% of outperformance, a fee of a further 0.2% of average gross assets up to a maximum performance fee in any one year of 0.55% of average gross assets, so that the maximum total fee payable in any one year is 0.85% of average gross assets.

No performance fee will be paid in any year if either the Company's net asset value or its share price is lower at the end of the financial year than at the end of the previous financial year.

No performance fee will be paid if in any financial year distributable income plus revenue reserves is lower than the gross dividends payable in the previous financial year.

The notice period for termination of the management contract is six months.

All publications of the Company's NAV take account of any performance fee owing or potentially owing.

During the year under review the Manager used certain services which were provided by or paid for by various brokers. In return it placed business, which may have included transactions relating to the Company, with these brokers.

g) Principal risks and uncertainties

The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objectives and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified and the steps taken by the Board to mitigate these are as follows:

● *Portfolio and market*

Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move sharply. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. The Board reviews the portfolio each month and mitigates this risk through diversification of investments in the portfolio.

● *Investment activity and performance*

An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group. The Board monitors investment performance at each Board meeting and regularly reviews the extent of its borrowings.

● *Tax and regulatory risks*

A breach of Section 842 of the Income and Corporation Taxes Act 1988 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UKLA Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage. The Company must also ensure compliance with the listing rules of the New Zealand Stock Exchange. The Manager has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control

Report of the Directors

continued

reports produced by the Manager on a quarterly basis, which confirmed regulatory compliance during the year.

● Financial

By its nature as an investment trust, the Company's business activities are exposed to market risk (including market price risk, currency risk and interest rate risk), liquidity risk, and credit and counterparty risk. Details of these risks and how they are managed are contained in Note 17 to the Financial Statements on pages 49 to 56.

● Operational

Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the Custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service. Details of how the Board monitors the services provided by the Manager and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section on page 27.

h) Employee and Environmental Matters

The Company has no employees and outsources its investment management and company secretarial services to subsidiaries of Henderson. Henderson has implemented environmental management practices, which include systems to limit the use of non-renewable resources and minimise the impact of operations on the environment and is focused on reducing greenhouse gas emissions and minimising waste, where possible.

Corporate Governance Statement

a) Application of the AIC Code's Principles

The Board is accountable to shareholders for the governance of the Company's affairs. Paragraph 9.8.6 of the UK Listing Rules requires all listed companies to disclose how they have applied the principles and complied with the provisions of the 2008 Combined Code. As an investment trust, most of the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the directors are all non-executive. Thus, not all the provisions of the 2008 Combined Code are directly applicable to the Company.

The Financial Reporting Council (the "FRC") confirmed in February 2007 that it remained the view of the FRC that by following the Corporate Governance Guide for Investment Companies produced by the Association of Investment

Companies (the "AIC Guide"), boards of investment companies should fully meet their obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The AIC Code of Corporate Governance (the "AIC Code"), as explained by the AIC Guide, addresses all the principles set out in Section 1 of the 2008 Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board of The Bankers Investment Trust PLC believes that reporting against the AIC Code by reference to the AIC Guide will provide the most appropriate information to shareholders and has therefore followed the principles and recommendations set out in the AIC Code. Copies of the AIC Code and the AIC Guide can be found on www.theaic.co.uk

b) New Zealand Listing

It should be noted that the UK Codes of Corporate Governance may materially differ from the New Zealand Stock Exchange's corporate governance rules and principles of the Corporate Best Practice Code.

c) Statement of compliance

The AIC Code comprises 21 principles. The Board attaches importance to the matters set out in the AIC Code and lists below how the AIC Code's principles have been applied.

The directors believe that during the year under review they have complied with the provisions of the AIC Code, insofar as they apply to the Company's business, and with the provisions of the Combined Code except as noted below.

● The role of chief executive

Since all directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive.

● Executive directors' remuneration

As the Board has no executive directors, it is not required to comply with the principles of the Combined Code in respect of executive directors' remuneration and does not have a Remuneration Committee. Directors' fees are detailed in the Directors' Remuneration Report on page 32.

● Internal audit function

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there is no requirement for an internal audit function. The directors annually review whether a function equivalent to an internal audit is needed and will

Report of the Directors

continued

continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

d) Directors

● *Board Composition*

The Board currently consists of six directors, all of whom are non-executive. Following the introduction of the Combined Code the directors have reviewed their independence. The Nominations Committee has considered the continued appointment of Mr Brewster and Mr Sumner who have served on the Board for over nine years. They have no other links to the Manager; in addition they have a wide range of other interests and are not dependent in any way on the Company itself and the Nominations Committee concluded that they continue to make a valuable contribution to the Board and, notwithstanding length of service, they remain independent in character and judgement.

● *Directors' appointment, retirement and rotation*

The Board may appoint directors to the Board without shareholder approval. Any director so appointed must stand for election by the shareholders at the next AGM in accordance with the articles of association. The total number of directors shall not be less than three nor more than eight.

The names and biographies of the directors holding office at the date of this report are listed on page 19. All directors, with the exception of Mr Thorne, served throughout the year.

In addition, under the articles of association, shareholders may remove a director before the end of his term by passing a special resolution. A special resolution is passed if more than 75 per cent of the votes cast, in person or by proxy, are in favour of the resolution.

The Combined Code requires that every director retires by rotation at least every three years. The Company's articles of association provide that one third of directors retire by rotation each year. Directors are also required to retire if they have served more than nine years on the Board, but may then offer themselves for re-election. Mr Brewster, Mr Sumner and Mr Killingbeck are the directors retiring at

the forthcoming AGM and, being eligible, offer themselves for re-election. Mr Thomas, having served nearly ten years as a director, will retire at the forthcoming AGM, and is not seeking re-election.

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No director has a service contract with the Company. No director is entitled to compensation for loss of office on the takeover of the Company.

● *Board Independence and Tenure Policy*

The Board is conscious of the need to maintain continuity on the Board, and believes that retaining directors with sufficient experience of both the Company and the markets is of great benefit to shareholders.

The Board believes that each of the directors exercises independent judgement and that length of service does not diminish the contribution from a director; indeed a director's experience and extensive knowledge of the Company is a positive benefit to the Board. Moreover, long-serving directors are less likely to take a short-term view. This view is supported by the AIC Code.

The directors' biographies, on page 19, demonstrate their breadth of investment, commercial and professional experience relevant to their positions as directors on the Board of the Company.

● *Board Succession and Policy for Recruitment*

The Board's tenure and succession policy seeks to ensure that the Board is well-balanced and refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. Directors must be able to demonstrate their commitment to the Company, including in terms of time. The Board seeks to encompass relevant past and current experience of various disciplines. Mr Matthew Thorne was appointed as a director on 27 November 2008.

● *Directors' Remuneration*

A report on directors' remuneration is on pages 31 and 32.

Report of the Directors

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● Directors' Interests in Shares

	Ordinary shares of 25p	
	31 October 2009	1 November 2008
With beneficial interest:		
R D Brewster	57,118	55,358
R R J Burns	60,000	25,000
R W Killingbeck	25,000	25,000
F I Sumner	5,500	5,500
D G Thomas	12,000	12,000
M W J Thorne*	16,000	10,000
Non beneficial interest:		
R R J Burns	33,000	35,000

*Mr Thorne was appointed a Director on 27 November 2008.

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 year end, Mr Brewster became interested in a further 308 shares due to the reinvestment of dividends.

● Directors' Conflicts of Interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. With effect from 1 October 2008, the Companies Act 2006 (the "Act"), has allowed directors of public companies to authorise such conflicts and potential conflicts, where appropriate, but only if the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. There are two safe harbours – either the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or the matter has been authorised in advance by the directors. The Company's Articles of Association, which were approved by shareholders on 27 February 2008 and which were effective from 1 October 2008, give the directors the relevant authority required to deal with conflicts of interest.

Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest applicable to the Company. A register of conflicts of interest has been compiled and approved by the Board. The directors have also all undertaken to notify the Chairman as soon as they become aware of any new potential conflicts of interest that would need to be approved by the Board and added to the Register, which will be reviewed annually by the Board.

It has also been agreed that directors will advise the Chairman and the Company Secretary in advance of any proposed external appointment and new directors will be asked to submit a list of potential situations falling within the conflicts of interest provisions of the 2006 Act in advance of joining the Board. The Chairman will then determine whether the relevant appointment causes a conflict or potential conflict of interest and should therefore be considered by the Board.

Only directors who have no interest in the matter being considered will be able to participate in the Board approval process. In deciding whether to approve a conflict of interest, directors will also act in a way they consider, in good faith, will be most likely to promote the Company's success in taking such a decision. The Board can impose limits or conditions when giving authorisation if the directors consider this to be appropriate.

The Board believes that its powers of authorisation of conflicts has operated effectively since they were introduced on 1 October 2008. The Board also confirms that its procedures for the approval of conflicts of interest have been followed by all the directors.

● Directors' professional development

When a new director is appointed he or she is offered a training seminar which is held by the Manager. Directors are also provided on a regular basis with key information on the Company's activities including regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars.

● Directors' Indemnity

Directors' and officers' liability insurance cover is in place in respect of the directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for 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.

e) The Board

● Chairman

The Chairman, Mr Brewster, is an independent non-executive director who has no conflicting relationships.

Report of the Directors

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- *Senior Independent Director*

Mr Sumner was appointed as Senior Independent Director on 28 February 2005.

- *Responsibilities of the Board and its Committees*

The Board has appointed a number of Committees as set out below. Copies of the terms of reference which clearly define the responsibilities and duties for each Committee are available on the website or on request and will be available for inspection at the AGM.

- *Audit Committee*

The Audit Committee comprises Mr Thomas, Mr Sumner, Mr Killingbeck and Mr Thorne, all of whom are considered independent. The Chairman of the Audit Committee is Mr Thomas and Mr Thorne will succeed Mr Thomas as Audit Committee Chairman. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience. The Committee has written terms of reference, which clearly define its responsibilities and duties.

The Committee meets at least three times each year to review the internal financial and non-financial controls, to consider and recommend to the Board for approval the contents of the Half-Year and Annual Report & Financial Statements to shareholders and to review the accounting policies and significant financial reporting judgements. Representatives of the Manager's internal audit and compliance departments attend these meetings at the Chairman's request. In addition, the Committee reviews the auditors' independence, objectivity and effectiveness, appointment and remuneration, the quality of the services of the service providers to the Company, and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. The Audit Committee remains satisfied with the effectiveness of the audit provided by PricewaterhouseCoopers LLP and therefore has not considered it necessary to date to require an independent tender process. The auditors are required to rotate the audit partner every five years and the current partner has served his final year in 2009. A new audit partner will be introduced for the audit of the 31 October 2010 accounts.

Representatives of PricewaterhouseCoopers LLP, the Company's auditors, attend the Committee meeting at which the Annual Report and Financial Statements are

reviewed and are given the opportunity to speak to the Committee members without the presence of the representatives of the Manager.

The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to the Financial Statements.

- *Management Engagement Committee*

The Management Engagement Committee's membership comprises Mr Brewster, Mr Burns, Mr Killingbeck, Mr Sumner, Mr Thomas and Mr Thorne. The Chairman of the Committee is Mr Brewster. The Committee meets at least annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager.

- *Nominations Committee*

The Nominations Committee comprises Mr Brewster, Mr Burns, Mr Sumner and Mr Killingbeck. The Chairman of the Nominations Committee is Mr Brewster. The Committee, which meets at least annually, reviews the Board's size and structure and is responsible for Board succession planning. The other members of the Board may attend meetings of the Nominations Committee by invitation.

- *Charities Committee*

The Charities Committee comprises Mr Sumner (Chairman) and Mr Brewster, who consider requests for charitable donations of a limited nature within set criteria. During the year donations were made totalling £4,000 (2008: £3,000).

- *Board Attendance*

Currently, the Board meets eight times per annum and is responsible for the effective stewardship of the Company's affairs. Certain strategic issues have been considered at various meetings of the Board and additional meetings of the Board may be arranged as required. The Board has a formal schedule of matters specifically reserved for its decision which are categorised under various headings including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price discount, contracts, policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information. At each meeting, the Board reviews the Company's investment performance and considers financial

Report of the Directors

continued

analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting asset allocation parameters, investment and gearing limits within which the Manager has discretion to act. The Board thus supervises the management of the investment portfolio, which is contractually delegated to the Manager. The Board has responsibility for the approval of unquoted investments and all investments in in-house funds managed or advised by the Manager. It also has adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman attends meetings of all the chairmen of the investment trust companies managed by the Manager; these meetings provide a forum to discuss a variety of relevant matters and the Chairman reports on them to the Board.

The number of meetings of the Board and its Committees held during the year and the attendance of individual directors are shown below. All directors attend the Annual General Meeting.

		Audit Board Committee	Nominations Committee	Management Engagement Committee	Charities Committee
No. of meetings	8	3	3	1	2
Mr R D Brewster	8	n/a	3	1	2
Mr R R J Burns	7	n/a	2	1	n/a
Mr R W Killingbeck	8	3	3	1	n/a
Mr F I Sumner	7	3	2	1	2
Mr D G Thomas	8	3	n/a	1	n/a
Mr M W J Thorne*	8	2	n/a	1	n/a

*Mr Thorne was appointed to the Board on 27 November 2008.

The membership of each Committee is shown on the inside back cover of this report.

f) Performance Evaluation

• The Company

The performance of the Company is considered in detail at each Board meeting.

• The Board

In order to review the effectiveness of the Board, the Committees and the individual directors, the Chairman has put in place and carried out a thorough appraisal process. This was implemented by way of a questionnaire and interviews with the Chairman. In respect of the Chairman,

interviews were held between the directors and the Senior Independent Director. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual directors, as well as building on and developing individual and collective strengths.

The Board has direct access to company secretarial advice and services provided by the Manager which, through its nominated representative, is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with. During the year the Company has maintained insurance cover in respect of legal action against the directors; this does not cover fraud, negligence or wilful default.

g) Internal Controls

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the controls of the Company by a series of regular investment performance and attribution statements, financial and risk analyses and Manager's reports, and a quarterly control report. Key risks have been identified and controls have been put in place to mitigate such risks, including those risks that are not directly the responsibility of the Manager. The effectiveness of the internal controls is assessed by the Manager's compliance and risk departments on a continuing basis and is also reviewed by the Company.

The Manager and the custodian maintain their own systems of internal controls and the Board and Audit Committee receive regular reports from the Manager. The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to achieve objectives.

The Board has established a process for identifying, evaluating and managing any major risks faced by the Company. The process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull Guidance") which was revised by the FRC in October 2005 and June 2006.

Report of the Directors

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The Board, assisted by the Manager, has undertaken an annual review of the effectiveness of the Company's system of internal control and the business risks have been analysed and recorded in a risk map which is reviewed regularly. The Board receives each quarter from the Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. The Board receives each year from the Manager a report on its internal controls which includes a report from the Manager's reporting accountants on the control policies and procedures in operation.

The Board confirms that in the event of any significant failings or weakness identified from the annual review of the effectiveness of the Company's system of Internal Control, necessary actions would be taken to remedy them. No significant failings or weaknesses in respect of the Company were identified in the year under review.

h) Accountability and relationship with the Manager

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 33, the Report of the Independent Auditors on page 60 and the Statement of Going Concern on page 21.

The Board has delegated contractually to the Manager and other external third parties, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day-to-day accounting, company secretarial, administration and registration services. Each of these 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.

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

i) Continued appointment of the Investment Manager

The Board reviews the performance of the Investment Manager (Manager) at each Board meeting. In the opinion of the Directors the continued appointment of the Manager on the terms agreed is in the best interests of the Company's shareholders as a whole. The Manager has extensive investment management resources and wide experience in managing and administering investment companies.

j) Share capital and Shareholders

● Share capital

At 31 October 2009 the Company had in issue 112,246,050 ordinary shares of 25p each. The voting rights of the ordinary shares on a poll are one vote for every four shares held. There are no restrictions on the transfer of the Company's shares and there are no shares which carry specific rights with regard to control of the Company. The market price per share at that date was 347.5p, giving the Company a market capitalisation of £390 million. Equity shareholders' funds totalled £449 million, the net asset value per share at that date being 399.9p per share (inclusive of retained revenue for the year). Accordingly, the market price per share stood at a discount of 13.1% to the net asset value (inclusive of retained revenue for the year). The Company seeks shareholder authority annually to buy back its shares in the market for cancellation. During the year the Company bought back 913,774 of its ordinary shares at an average discount of 11.8% for a total consideration of £3,302,000.

● Substantial Share Interests

Declarations of interests in the voting rights of the Company, at 8 January 2010, are set out below.

Shareholder	% of voting rights
F&C Asset Management	5.03
Legal & General	3.96
Rensburg Sheppards Investment Management	3.01

In addition, the Board is aware that, at 31 December 2009, 15.36% of the issued share capital was held on behalf of participants in the Halifax Share Dealing products run by Halifax Share Dealing Limited ("HSDL"), which is now part of Lloyds Banking Group. In accordance with the arrangements made between HSDL and Henderson, the participants in the Halifax Share Dealing products are given the opportunity to instruct the nominee company of HSDL to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. HSDL has undertaken to instruct its nominee company to exercise the voting rights of any shares held through the Halifax Share Dealing products that have not been exercised by the individual participants in them. It will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights.

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● *Relations with Shareholders*

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half-Year and Annual Report and Financial Statements which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by the daily calculation and by the publication at the Stock Exchange of the net asset value (NAV) of the Company's ordinary shares and a monthly fact sheet.

Information about the Company can be found at www.bankersinvestmenttrust.com

At each AGM a presentation is made by the Manager following the business of the meeting. Shareholders have the opportunity to address questions to the Chairman and the Chairmen of the Committees of the Board at the AGM. All shareholders are encouraged to attend the AGM.

It is the intention of the Board that the Annual Report and Financial Statements and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside back cover of this report. At other times the Company responds to letters from shareholders on a range of issues.

General presentations to both shareholders and analysts follow the announcement of the annual results. All meetings between the Manager and shareholders are reported to the Board.

● *Exercise of Voting Powers*

The Company has approved a corporate governance voting policy which accords with current best practice whilst maintaining a primary focus on financial returns.

Annual General Meeting ("AGM")

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your voting rights in the

Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The AGM will be held on Tuesday 23 February 2010 at 2.30 pm. The Notice of Meeting is set out on pages 63 and 64.

Authority to Allot Shares and Disapply Pre-emption Rights

On 26 February 2009 the directors were granted authority to allot a limited number of authorised but unissued ordinary shares. This authority will expire at the forthcoming AGM in February 2010. Authority was also given to the directors to allot securities of a limited value for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures. This too will expire at the AGM in February 2010.

Appropriate resolutions to renew both authorities will be proposed at the 2010 AGM and are set out in full in the Notice of Annual General Meeting on pages 63 and 64. An ordinary resolution will be proposed to authorise the directors to allot shares up to a maximum aggregate nominal amount of £2,799,776 (being 10% of the issued share capital as at the date of the Notice of the AGM). A special resolution will also be proposed to give the directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £2,799,776 (being 10% of the Company's issued share capital as at the date of the Notice of the AGM).

The directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share, the NAV being calculated with debt at fair value.

If renewed, both of these authorities will expire at the conclusion of the AGM in 2011.

Authority to Make Market Purchases of the Company's Own Shares

At the AGM held on 26 February 2009, the Company was authorised and sanctioned to make market purchases of up to 16,955,162 of the Company's own issued ordinary shares. Since the AGM the Company has made market purchases for

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cancellation of 863,774 ordinary shares of 25p. The reason for the buy backs was to enhance the net asset value per share.

Since 31 October 2009 the Company has made purchases for cancellation of 255,000 ordinary shares.

The Board is seeking shareholder approval to renew the authority to purchase on the London Stock Exchange up to a maximum of 14.99% of the Company's ordinary shares in issue at the date of the AGM (equivalent to 16,787,458 ordinary shares of 25p each at the date of the Notice of the AGM).

The directors do not intend to use this authority unless to do so would result in an increase in the net asset value per ordinary share and would be in the best interests of shareholders generally. The authority being sought provides an additional source of potential demand for the Company's shares. The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders.

New Articles of Association

In addition to matters which are usually dealt with at the AGM, we are also asking shareholders to approve new articles of association (the "New Articles") in substitution for the current articles of association (the "Current Articles") in order to update the Company's current articles of association primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in the Appendix to the Notice of Annual General Meeting on page 67. Other changes, which are of a minor, technical or clarifying nature and also some other minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills, have not been noted in the Appendix. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 66 of this document.

Notice of general meetings

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period

required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice.)

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 13 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Recommendation and Voting Intentions

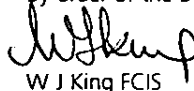
The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving this Report are listed on page 19. Each of those Directors confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of the Annual Report and Financial Statements of which the Company's auditors are unaware; and
- he has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



W J King FCIS

For and on behalf of Henderson Secretarial Services Limited
Secretary

15 January 2010

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Sections 420-422 of the Companies Act 2006. The report also meets the relevant provisions of the Listing Rules issued by the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the AGM. The Company's auditors are required to report on certain information contained within this report. Where information set out below has been audited, it is indicated as such.

UNAUDITED INFORMATION

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considers the directors' remuneration. The Board has not appointed a 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 regularly review the fees paid to the boards of directors of other investment trust companies).

Statement of the Company's Policy on Directors' Remuneration

The Board consists entirely of six non-executive directors who meet at least eight times a year to deal with the important aspects of the Company's affairs. New directors are appointed with the expectation that they will serve for a period of three years and receive a letter of appointment. Directors' appointments are reviewed formally every three years thereafter by the Board as a whole. None of the directors has a contract of service or

a contract for services and a director may resign by notice in writing to the Board at any time; there are no set notice periods. The Company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally or to a third party specified by him. 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.

The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board, the Senior Independent Director and the Chairman of the Audit Committee to be paid a higher fee than the other directors in recognition of their more onerous roles.

The Company's articles of association limit the fees payable to the directors in aggregate to £150,000 per annum. In the year under review the directors' fees were paid at the following annual rates, the previous year's rate is shown in brackets:

The Chairman £32,000 (£30,000); the Chairman of the Audit Committee and Senior Independent Director £22,000 (£21,000) and the other directors £20,000 (£19,000) each.

The policy is to review these rates annually, although such review will not necessarily result in any change to the rates.

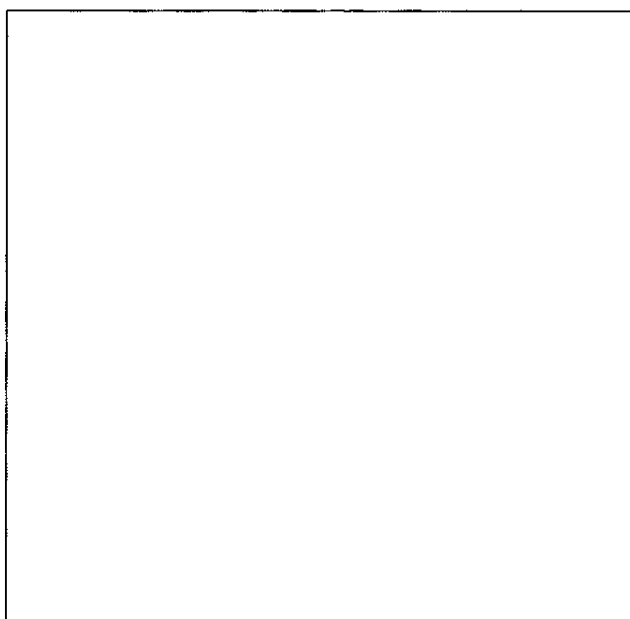
Directors' and officers' liability insurance cover is held by the Company in respect of the directors.

Directors' Remuneration Report

continued

Performance Graph

A line graph as required by the Regulations showing the Company's share price total return compared to the composite index is shown below.



The composite index is selected because it was the Company's performance benchmark throughout the period covered by the graph.

AUDITED INFORMATION

Directors' Fees

The fees payable in respect of each of the directors who served during the year, and during 2008, were as follows:

Director	Note	(Audited) 2009 £	(Audited) 2008 £
R D Brewster		32,000	30,000
R R J Burns		20,000	19,000
R W Killingbeck		20,000	19,000
J Morley	1	–	7,000
F I Sumner		22,000	21,000
D G Thomas		22,000	20,300
M W J Thorne	2	18,569	–
TOTAL		134,569	116,300

Note:

1. Mr J Morley retired as a director on 27 February 2008.
2. Mr M W J Thorne joined as a director on 27 November 2008.

Directors' fees were reviewed during the year and it was agreed not to increase them for the forthcoming year.

By order of the Board

W J King, FCIS

For and on behalf of

Henderson Secretarial Services Limited, Secretary

15 January 2010

Statement of Directors' Responsibilities

in respect of the Annual Report, the Directors' Remuneration Report and the financial statements

The directors are responsible for preparing the Annual Report, 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 elected to prepare the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement under DTR 4.1.12

Each of the directors, who are listed on page 19 confirm that, to the best of their knowledge:

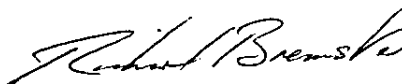
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Report of the Directors in this Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

R D Brewster

Chairman

15 January 2010



The financial statements are published on the www.bankersinvestmenttrust.com website, which is a website maintained by the Company's Manager, Henderson Global Investors Limited ("Henderson"). The maintenance and integrity of the website maintained by Henderson or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Henderson. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 October 2009

Notes	Year ended 31 October 2009			Year ended 31 October 2008			
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000	
2	Gains/(losses) on investments held at fair value through profit or loss	-	66,848	66,848	-	(183,058)	(183,058)
3	Investment income	15,596	-	15,596	17,773	-	17,773
4	Other operating income	893	-	893	625	-	625
4	Interest on VAT refunds	377	-	377	215	-	215
	Total income/(loss)	16,866	66,848	83,714	18,613	(183,058)	(164,445)
	Expenses						
5	Management fees	(982)	(529)	(1,511)	(1,108)	(597)	(1,705)
5	Write back of prior years' VAT	525	-	525	149	161	310
6	Other expenses	(562)	-	(562)	(531)	-	(531)
	Profit/(loss) before finance costs and taxation	15,847	66,319	82,166	17,123	(183,494)	(166,371)
7	Finance costs	(676)	(1,578)	(2,254)	(715)	(1,668)	(2,383)
	Profit/(loss) before taxation	15,171	64,741	79,912	16,408	(185,162)	(168,754)
8	Taxation	(1,797)	1,240	(557)	(1,935)	1,283	(652)
	Profit/(loss) attributable to equity shareholders	13,374	65,981	79,355	14,473	(183,879)	(169,406)
9	Earnings/(loss) per ordinary share	11.83p	58.35p	70.18p	12.76p	(162.16p)	(149.40p)

The total columns of this statement represents the Group's Income Statement, prepared in accordance with IFRS 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. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of The Bankers Investment Trust PLC.
There are no minority interests.

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 31 October 2009

Note	Consolidated year ended 31 October 2009	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Balance at 31 October 2008	28,290	452	11,920	314,783	30,216	385,661
	Buy back of 913,774 ordinary shares	(228)	–	228	(3,302)	–	(3,302)
	Net profit from ordinary activities after tax	–	–	–	65,981	13,374	79,355
10	Ordinary dividends paid	–	–	–	–	(12,851)	(12,851)
	Balance at 31 October 2009	28,062	452	12,148	377,462	30,739	448,863

	Consolidated year ended 31 October 2008	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Balance at 31 October 2007	28,544	452	11,666	502,803	27,555	571,020
	Buy back of 1,015,740 ordinary shares	(254)	–	254	(4,141)	–	(4,141)
	Net (loss)/profit from ordinary activities after tax	–	–	–	(183,879)	14,473	(169,406)
10	Ordinary dividends paid	–	–	–	–	(11,812)	(11,812)
	Balance at 31 October 2008	28,290	452	11,920	314,783	30,216	385,661

	Company year ended 31 October 2009	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Balance at 31 October 2008	28,290	452	11,920	315,689	29,310	385,661
	Buy back of 913,774 ordinary shares	(228)	–	228	(3,302)	–	(3,302)
	Net profit from ordinary activities after tax	–	–	–	65,981	13,374	79,355
10	Ordinary dividends paid	–	–	–	–	(12,851)	(12,851)
	Balance at 31 October 2009	28,062	452	12,148	378,368	29,833	448,863

	Company year ended 31 October 2008	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Balance at 31 October 2007	28,544	452	11,666	503,709	26,649	571,020
	Buy back of 1,015,740 ordinary shares	(254)	–	254	(4,141)	–	(4,141)
	Net (loss)/profit from ordinary activities after tax	–	–	–	(183,879)	14,473	(169,406)
10	Ordinary dividends paid	–	–	–	–	(11,812)	(11,812)
	Balance at 31 October 2008	28,290	452	11,920	315,689	29,310	385,661

The notes on pages 38 to 59 form part of these financial statements

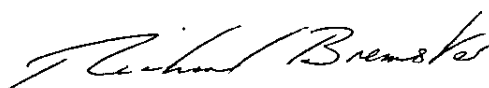
Consolidated and Parent Company Balance Sheets

as at 31 October 2009

Notes	Consolidated 2009 £'000	Consolidated 2008 £'000	Company 2009 £'000	Company 2008 £'000
11 & 13 Non-current assets				
Investments held at fair value through profit or loss	452,962	375,516	453,868	376,422
Current assets				
12 Investments held at fair value through profit or loss	13,500	–	13,500	–
14 Other receivables	2,207	15,332	2,207	15,332
Cash and cash equivalents	5,989	21,882	5,985	21,878
	21,696	37,214	21,692	37,210
Total assets	474,658	412,730	475,560	413,632
Current liabilities				
15 Other payables	(795)	(2,069)	(1,697)	(2,971)
Total assets less current liabilities	473,863	410,661	473,863	410,661
Non-current liabilities				
16 Debenture stocks	(25,000)	(25,000)	(25,000)	(25,000)
Net assets	448,863	385,661	448,863	385,661
Equity attributable to equity shareholders				
19 Called up share capital	28,062	28,290	28,062	28,290
20 Share premium account	452	452	452	452
21 Capital redemption reserve	12,148	11,920	12,148	11,920
Retained earnings:				
21 Other capital reserves	377,462	314,783	378,368	315,689
22 Revenue reserve	30,739	30,216	29,833	29,310
Total equity	448,863	385,661	448,863	385,661
18 Net asset value per Ordinary share (pence)	399.9p	340.8p	399.9p	340.8p

The financial statements were approved by the directors on 15 January 2010.

Director
R D Brewster



The notes on pages 38 to 59 form part of these financial statements

Consolidated and Parent Company Cash Flow Statements

for the year ended 31 October 2009

Reconciliation of operating revenue to net cash flow from operating activities	Consolidated 2009 £'000	Company 2009 £'000	Consolidated 2008 £'000	Company 2008 £'000
Net profit/(loss) before tax	79,912	79,912	(168,754)	(168,754)
Add back interest paid	2,254	2,254	2,383	2,383
(Less)/add: (gains)/losses on investments held at fair value through profit or loss	(66,848)	(66,848)	183,058	183,058
Decrease/(increase) in accrued income	439	439	(660)	(660)
Decrease in other debtors	1,278	1,278	824	824
Decrease in other creditors and accruals	(33)	(33)	(1,831)	(1,831)
Net (purchases)/sales of investments	(10,909)	(10,909)	23,516	23,516
Net purchases of current asset investments	(13,500)	(13,500)	–	–
Decrease/(increase) in amounts due from brokers	11,395	11,395	(9,793)	(9,793)
(Decrease)/increase in amounts due to brokers	(1,241)	(1,241)	1,038	1,038
Stock dividends included in investment income	(22)	(22)	(258)	(258)
Net cash inflow from operating activities before interest and taxation	2,725	2,725	29,523	29,523
Interest paid	(2,254)	(2,254)	(2,383)	(2,383)
Taxation on investment income	(544)	(544)	(780)	(780)
Net cash (outflow)/inflow from operating activities	(73)	(73)	26,360	26,360
Financing activities				
Equity dividends paid	(12,851)	(12,851)	(11,812)	(11,812)
Purchase of ordinary shares	(3,302)	(3,302)	(4,218)	(4,218)
Net cash outflow from financing activities	(16,153)	(16,153)	(16,030)	(16,030)
(Decrease)/increase in cash	(16,226)	(16,226)	10,330	10,330
Cash and cash equivalents at start of the year	21,882	21,878	10,660	10,656
Exchange movements	333	333	892	892
Cash and cash equivalents at end of the year	5,989	5,985	21,882	21,878

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

The consolidated and parent company financial statements for the year ended 31 October 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRSs have been adopted by the European Union.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") in January 2009 is consistent with the requirements of IFRSs, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

(i) Standards, amendments and interpretations becoming effective in the year to 31 October 2009 but are not relevant to the Group or Company:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'
- IFRIC 12, 'Service concession arrangements'
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

(ii) Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted early by the Group:

- IFRS 7 (amended), 'Financial Instruments – Disclosures' (effective for financial years beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy.
- IAS 1 (revised), 'Presentation of Financial Statements' (effective for financial years beginning on or after 1 January 2009). Introduces financial statement name changes for the purposes of accounting standards. The new names are not mandatory for financial reporting and the Group does not currently expect to apply the new statement names.
- IAS 23 (amendment), 'Borrowing costs' (effective for financial years beginning on or after 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group has no qualifying assets.
- IFRS 3 (revised), 'Business combinations' (effective for financial periods beginning on or after 1 July 2009). This standard changes elements of the acquisition method for business combinations, including that all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt, subsequently re-measured through the income statement. The Group will apply IFRS 3 (revised) to all business combinations from 1 November 2009, subject to endorsement by the EU.
- IAS 27 (revised), 'Consolidated and Separate Financial Statements' (Consequential amendments arising from IFRS 3 'Business Combinations') (effective for financial years beginning on or after 1 July 2009, subject to endorsement by the EU). This standard is unlikely to have any significant impact on the Group. The Group expects to apply IAS 27 (Revised) from 1 November 2009.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

- IFRS 8, 'Operating segments' (effective for financial years beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group expects to apply IFRS 8 from 1 November 2009. This standard is unlikely to have a significant effect on the Group.
- IAS 39 (amendment), 'Financial Instruments: Recognition and Measurement'. The amendment permits an entity to reclassify particular financial assets in some circumstances. The Group and Company will apply IAS 39 (Amendment) from 1 November 2009. It is not expected to have an impact on the Group or Company's financial statements.

There are also a number of minor amendments to the following standards, which are part of the IASB's annual improvements project published in May 2008. These amendments are subject to endorsement by the EU and they are unlikely to have any significant impact on the Group or Company's financial statements.

- IAS 8 'Accounting Policies, changes in accounting estimates and errors'
- IAS 10 'Events after the reporting period'
- IAS 18 'Revenue'
- IAS 28 (amendment), 'Investments in associates'
- IAS 32 (amendment), 'Financial instruments: presentation' and IAS 1, 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'
- IAS 34 'Interim financial reporting'
- IAS 36 (amendment) 'Impairment of Assets'

(iii) Standards, amendments and interpretations to existing standards that become effective in future accounting periods and are not relevant for the Group's operations:

- IFRIC 13 'Customer loyalty programmes'
- IAS 16 (amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7: 'Statement of cash flows')
- IAS 29 (amendment), 'Financial reporting in hyperinflationary economies'
- IAS 31 (amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7)
- IAS 38 (amendment), 'Intangible assets'
- IAS 40 (amendment), 'Investment property' (and consequential amendments to IAS 16)
- IAS 41 (amendment) 'Agriculture'
- IAS 20 (amendment) 'Accounting for government grants and disclosure of government assistance'
- IFRIC 15, 'Agreements for construction of real estates'

(b) Basis of consolidation

The Group accounts consolidate the accounts of the Company and of its sole wholly owned subsidiary undertaking, The Army & Navy Investment Company Limited. The intragroup balances are eliminated on consolidation. The investment in the subsidiary is recognised at fair value in the financial statements of the Company.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

(c) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the balance sheet is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs. Unquoted investments (including the Company's investment in its subsidiary) are valued by the directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. Where fair value cannot be reliably measured, the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced.

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

(d) Presentation of Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 842 of the Income and Corporation Taxes Act 1988.

(e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Income from fixed interest debt securities is recognised using the effective interest rate method. The trading profits of the subsidiary undertaking, which represent realised gains and losses on the sale of current asset investments, are dealt with in the revenue return column of the Income Statement as a revenue item. 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, this creates a derivative financial instrument. Any such derivatives are recognised initially at fair value and are subsequently re-measured at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

(f) 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. Any performance fees payable are allocated wholly to capital, reflecting the fact that, although they are calculated on a total return basis, they are expected to be attributable largely, if not wholly, to capital performance. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the Income Statement and allocated to other capital reserves. All other operating expenses are charged to the revenue return column of the Income Statement.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

(g) 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 Income Statement 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 Group's 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 Income Statement 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 Income Statement, 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 balance sheet 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 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

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

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

(h) 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 are dealt with in the Statement of Changes in Equity.

(i) Foreign currency

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

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in overseas currencies at the balance sheet date, are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within "Gains or losses on investments held at fair value through profit or loss".

(j) Cash and cash equivalents

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

Notes to the Financial Statements

continued

1 Accounting policies (continued)

(k) Bank borrowings

Interest-bearing bank loans, overdrafts and debentures are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement 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.

(l) Repurchase of ordinary shares

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

(m) Capital reserves

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

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

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

- increases and decreases in the valuation of investments held at the year end; and
- foreign exchange differences of a capital nature arising on settlement of monetary assets/liabilities.

(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.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in note 1(c). At the year end, unquoted investments represent 0.3% of net assets.

2	Gains/(losses) on investments	2009 £'000	2008 £'000
	(Losses)/gains on sales of investments based on historical cost	(18,157)	19,993
	Add/(less): revaluation losses/(gains) recognised in previous years	18,381	(70,284)
	Gains/(losses) on investments sold in the year based on carrying value at previous balance sheet date	224	(50,291)
	Revaluation of investments held at 31 October	66,291	(133,659)
	Exchange gains	333	892
		66,848	(183,058)

Notes to the Financial Statements

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3	Investment income	2009 £'000	2008 £'000
	UK dividend income:		
	Listed	6,894	9,432
		6,894	9,432
	Unfranked:		
	Listed investments:		
	Dividend income	7,012	7,414
	Interest income	1,668	669
	Stock dividends	22	258
		8,702	8,341
		15,596	17,773
	Analysis of investment income by geographical region:		
	UK	9,313	10,559
	Europe (ex UK)	1,799	2,291
	North America	1,294	1,243
	Japan	975	1,385
	Pacific (ex Japan)	1,722	1,826
	Emerging Markets	493	469
		15,596	17,773
4	Other operating income	2009 £'000	2008 £'000
	Bank interest	122	376
	Stock lending revenue	119	139
	Underwriting commission	652	110
		893	625
	Interest on VAT refund (see note 26)	377	215
		1,270	840

At 31 October 2009 the total value of securities on loan by the Group for stock lending purposes was £11,583,000 (2008: £30,114,000). The maximum aggregate value of securities on loan at any one time during the year ended 31 October 2009 was £41,347,000 (2008: £83,485,000). The Group's agent holds collateral which is reviewed on a daily basis, comprising Crest Delivery by Value ("DBV's") with a market value of 105% of the market value of any securities on loan.

Notes to the Financial Statements

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5	Management fees	Revenue Return 2009 £'000	Capital Return 2009 £'000	Total 2009 £'000	Revenue Return 2008 £'000	Capital Return 2008 £'000	Total 2008 £'000
	Investment management	226	529	755	255	597	852
	Accounting, secretarial and administration	756	–	756	853	–	853
		982	529	1,511	1,108	597	1,705
	Write back of VAT (see note 26)	(525)	–	(525)	(149)	(161)	(310)
		457	529	986	959	436	1,395

A summary of the terms of the management agreement is given in the Report of the Directors on page 22.

6	Other expenses	2009 £'000	2008 £'000
	Directors' fees (see page 32)	135	116
	Auditors' remuneration:		
	– for audit services	25	24
	– for other assurance services	2	–
	– for non-audit services (in respect of tax compliance services)	3	3
	Other expenses payable to the Manager	13	(7)
	Bank charges	60	73
	Registrar fees	56	44
	AIC subscriptions	31	30
	Printing expenses	48	43
	Legal fees	–	8
	Listing fees	26	27
	Stock lending fees	30	35
	Other expenses	133	135
		562	531

The compensation payable to key management personnel in respect of short term employment benefits was £135,000 (2008: £116,000) which relates wholly to the fees payable to the directors in respect of the year.

7	Finance costs	Revenue Return 2009 £'000	Capital Return 2009 £'000	Total 2009 £'000	Revenue Return 2008 £'000	Capital Return 2008 £'000	Total 2008 £'000
	On bank loans and overdrafts repayable within one year	1	3	4	40	93	133
	Interest on debentures repayable wholly or partly after five years	675	1,575	2,250	675	1,575	2,250
		676	1,578	2,254	715	1,668	2,383

Notes to the Financial Statements

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8	Taxation	Revenue Return 2009 £'000	Capital Return 2009 £'000	Total 2009 £'000	Revenue Return 2008 £'000	Capital Return 2008 £'000	Total 2008 £'000
	(a) Analysis of the charge for the year						
	UK Corporation tax at 28% (2008: 28.83%)	549	7	556	585	-	585
	Double taxation relief	(549)	(7)	(556)	(585)	-	(585)
	Overseas tax reclaimable	(93)	(9)	(102)	(220)	-	(220)
	Tax relief on expenses charged to capital	1,247	(1,247)	-	1,283	(1,283)	-
		1,154	(1,256)	(102)	1,063	(1,283)	(220)
	Overseas tax suffered	643	16	659	872	-	872
	Taxation	1,797	(1,240)	557	1,935	(1,283)	652

(b) Factors affecting the tax charge for the year

The differences are explained below:

	Revenue Return 2009 £'000	Capital Return 2009 £'000	Total 2009 £'000	Revenue Return 2008 £'000	Capital Return 2008 £'000	Total 2008 £'000
Profit/(loss) before taxation	15,171	64,741	79,912	16,408	(185,162)	(168,754)
Corporation tax at 28% (2008: 28.83%)	4,248	18,127	22,375	4,730	(53,382)	(48,652)
Non taxable UK dividends	(1,930)	-	(1,930)	(2,720)	-	(2,720)
Non taxable scrip dividends and other income	(711)	-	(711)	(125)	-	(125)
Tax relief on expenses charged to capital	(1,813)	-	(1,813)	(1,798)	-	(1,798)
Income taxable in different years	195	-	195	(38)	-	(38)
Overseas withholding tax suffered	549	7	556	600	-	600
Expenses not deductible for tax purposes	-	-	-	3	-	3
Special dividend taken to capital	12	-	12	-	-	-
Tax charged/(credited) for use of capital expenses	1,247	(1,247)	-	1,283	(1,283)	-
Capital (gains)/losses not subject to tax	-	(18,127)	(18,127)	-	53,382	53,382
	1,797	(1,240)	557	1,935	(1,283)	652

(c) Provision for deferred taxation

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

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

(d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset totalling £2,118,000 (2008: £2,629,000) arising as a result of having unutilised non trade loan relationship deficits of £2,118,000 (2008: £2,488,000) and Eligible Unrelieved Foreign Tax of £nil (2008: £141,000). These expenses will only be utilised if the Group has profits chargeable to corporation tax in the future.

Notes to the Financial Statements

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9 Earnings/(loss) per ordinary share

The total earnings per ordinary share is based on the net profits attributable to the ordinary shares of £79,355,000 (2008: losses £169,406,000) and on 113,068,847 ordinary shares (2008: 113,394,414) being the weighted average number of shares in issue during the year.

The total earnings can be further analysed as follows:

	2009 £'000	2008 £'000
Revenue earnings	13,374	14,473
Capital earnings/(loss)	65,981	(183,879)
Earnings/(loss) for the year	79,355	(169,406)
Weighted average number of ordinary shares	113,068,847	113,394,414
Revenue earnings per ordinary share	11.83p	12.76p
Capital earnings/(loss) per ordinary share	58.35p	(162.16)p
Earnings/(loss) per ordinary share	70.18p	(149.40)p

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

10 Dividends on ordinary shares

	Record date	Payment date	2009 £'000	2008 £'000
Third interim dividend (2.60p) for year ended 31 October 2007	26 October 2007	30 November 2007	–	2,969
Final dividend (2.60p) for the year ended 31 October 2007	25 January 2008	29 February 2008	–	2,951
First interim dividend (2.60p) for the year ended 31 October 2008	2 May 2008	30 May 2008	–	2,950
Second interim dividend (2.60p) for the year ended 31 October 2008	25 July 2008	29 August 2008	–	2,942
Third interim dividend (2.93p) for year ended 31 October 2008	24 October 2008	28 November 2008	3,315	–
Final dividend (2.93p) for the year ended 31 October 2008	6 February 2009	27 February 2009	3,314	–
First interim dividend (2.75p) for the year ended 31 October 2009	1 May 2009	29 May 2009	3,111	–
Second interim dividend (2.75p) for the year ended 31 October 2009	24 July 2009	28 August 2009	3,111	–
			12,851	11,812

The total dividends payable in respect of the financial year, which form the basis of the calculation of the retention test under section 842 of the Income and Corporation Taxes Act 1988, are set out overleaf.

Notes to the Financial Statements

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10	Dividends on ordinary shares (continued)	£'000
	Revenue available for distribution by way of dividend for the year	13,374
	First interim dividend (2.75p)	(3,111)
	Second interim dividend (2.75p)	(3,111)
	Third interim dividend (3.00p) paid on 30 November 2009	(3,367)
	Final dividend (3.00p) payable on 26 February 2010	(3,360)
	Undistributed revenue for section 842 purposes*	425

*Undistributed revenue comprises approximately 2.7% of income from investments.

11	Investments held at fair value through profit or loss	Group £'000
	(a) Group	
	Valuation at 1 November 2008	375,516
	Investment holding losses at 1 November 2008	1,826
	Cost at 1 November 2008	377,342
	Acquisitions at cost	104,145
	Disposals at cost	(111,371)
	Cost at 31 October 2009	370,116
	Investment holding gains	82,846
	Valuation of investments at 31 October 2009	452,962

Included in the total investments are unquoted investments shown at the directors' fair valuation of £1,275,000 (2008: £638,000).

	Subsidiary undertaking £'000	Investments £'000	Total £'000
(b) Company			
Valuation at 1 November 2008	906	375,516	376,422
Investment holding (gains)/losses at 1 November 2008	(906)	1,826	920
Cost at 1 November 2008	–	377,342	377,342
Acquisitions at cost	–	104,145	104,145
Disposals at cost	–	(111,371)	(111,371)
Cost at 31 October 2009	–	370,116	370,116
Investment holding gains	906	82,846	83,752
Valuation of investments at 31 October 2009	906	452,962	453,868

Included in the total investments are unquoted investments shown at the directors' fair valuation of £2,181,000 (2008: £1,544,000).

At 31 October 2009 convertible or fixed interest securities held in the portfolio of the Company and the Group were £19,079,000 (2008: £16,036,000).

Purchase and sale transaction costs for the year ended 31 October 2009 were £202,000 and £125,000 respectively (2008: transaction costs of purchases £346,000; transaction costs of sales £312,000). These comprise mainly stamp duty and commission.

Notes to the Financial Statements

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12 Current asset investment

The Company has a holding in Henderson Liquid Assets Fund plc, 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 2009 this holding has a value of £13,500,000 (2008: £nil).

Henderson Liquid Assets Fund plc is managed by Henderson Global Investors Limited ("Henderson"). The Company's holding is made through a class of shares that does not bear management fees and, accordingly, it has no effect on the management fees payable by the Company to Henderson (which are based on the value of the total assets under management, wherever held).

13 Subsidiary undertaking

The Company has an investment in the entire issued ordinary share capital (which confers voting rights), fully paid, of £2 in its wholly owned subsidiary undertaking, The Army & Navy Investment Company Limited, which is registered in England and Wales and operates in the United Kingdom as an investment dealing company. It is stated in the Company's accounts at net asset value which approximates to fair value.

14 Other receivables	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Securities sold for future settlement	–	11,395	–	11,395
Other taxes recoverable	338	351	338	351
Prepayments and accrued income	1,868	2,307	1,868	2,307
Other debtors	1	1,279	1	1,279
	2,207	15,332	2,207	15,332

15 Other payables	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Securities purchased for future settlement	603	1,844	603	1,844
Amounts due to subsidiary undertakings	–	–	902	902
Accruals	64	103	64	103
Other creditors	128	122	128	122
	795	2,069	1,697	2,971

16 Non current liabilities: amounts falling due after more than one year	Group and Company	
	2009 £'000	2008 £'000
Debenture stocks (secured):		
10½% debenture stock 2016	10,000	10,000
8% debenture stock 2023	15,000	15,000
	25,000	25,000

The 10½% debenture stock 2016 and the 8% debenture stock 2023 are secured by second floating charges over the whole of the undertaking and all the property and assets of the Company, ranking pari passu in point of security. The 10½% debenture stock 2016 and the 8% debenture stock 2023 are redeemable at par on 31 October 2016 and 31 October 2023 respectively.

Notes to the Financial Statements

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17 Risk management policies and procedures

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

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the directors' approach to the management of these risks, are set out below. The Board of directors and the Manager coordinate the Group's risk management.

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

17.1 Market risk

The fair value of a financial instrument held by the Group may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 17.1.1), currency risk (see note 17.1.2) and interest rate risk (see note 17.1.3). The Manager 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.

17.1.1 Market price risk

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

Management of the risk

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

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

	31 October 2009 £'000	31 October 2008 £'000
Equities	433,883	359,480
Fixed interest	19,079	16,036
	452,962	375,516

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.1.1 Market price risk (continued)

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the Group's net assets to an increase or decrease of 20% (2008: 20%) in the fair values of the Group's equity investments at each balance sheet date. This level of change is considered to be reasonable based on observation of current market conditions.

	2009		2008	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Income statement – profit after tax				
Revenue return	(122)	122	(101)	101
Capital return	86,639	(86,639)	71,782	(71,782)
Change to profit after tax for the year and net assets	86,517	(86,517)	71,681	(71,681)

17.1.2 Currency risk

A significant proportion of the Group's assets, liabilities and income are denominated in currencies other than sterling (the Group'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

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

Foreign currency borrowings may be used to limit the Group'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 35% of the adjusted net asset value.

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

Foreign currency exposure

The fair values of the Group's monetary items that have foreign currency exposure at 31 October are shown overleaf. Where the Group'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.

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.1.2 Currency risk (continued)

	US\$ £'000	Euro £'000	Japanese Yen £'000	Hong Kong \$ £'000	Other £'000
2009					
Receivables (due from brokers, dividends and other income receivable)	178	151	330	51	205
Cash at bank	2,321	1,397	(426)	6	69
Payables (due to brokers, accruals and other creditors)	(158)	(13)	–	–	(445)
Total foreign currency exposure on net monetary items	2,341	1,535	(96)	57	(171)
Investments at fair value through profit or loss that are equities	87,108	20,973	42,059	24,541	54,312
Total net foreign currency exposure	89,449	22,508	41,963	24,598	54,141
2008					
Receivables (due from brokers, dividends and other income receivable)	2,168	351	4,328	–	891
Cash at bank	1,090	12,126	–	1	3,193
Payables (due to brokers, accruals and other creditors)	(444)	–	–	–	–
Total foreign currency exposure on net monetary items	2,814	12,477	4,328	1	4,084
Investments at fair value through profit or loss that are equities	77,295	25,418	42,089	5,085	38,985
Total net foreign currency exposure	80,109	37,895	46,417	5,086	43,069

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

Foreign currency sensitivity

The following table illustrates the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Group's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the US Dollar/Sterling, Euro/Sterling, Japanese Yen/Sterling and Hong Kong Dollar/Sterling.

It assumes the following changes in exchange rates:

US Dollar/Sterling +/- 10% (2008: 10%). Euro/Sterling +/- 10% (2008: 10%). Japanese Yen/Sterling +/- 10% (2008: 10%). Hong Kong Dollar/Sterling +/- 10% (2008: 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 Group's foreign currency financial assets and financial liabilities held at each balance sheet date.

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.1.2 Currency risk (continued)

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

	2009				2008			
	US\$ £'000	Euro £'000	Yen £'000	Hong Kong \$ £'000	US\$ £'000	Euro £'000	Yen £'000	Hong Kong \$ £'000
Income statement – profit after tax								
Revenue return	130	74	71	52	108	133	78	30
Capital return	9,977	2,511	4,649	2,744	9,018	3,114	4,703	1,072
Change to profit after tax for the year and net assets	10,107	2,585	4,720	2,796	9,126	3,247	4,781	1,102

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

	2009				2008			
	US\$ £'000	Euro £'000	Yen £'000	Hong Kong \$ £'000	US\$ £'000	Euro £'000	Yen £'000	Hong Kong \$ £'000
Income statement – profit after tax								
Revenue return	(107)	(60)	(58)	(43)	(88)	(109)	(64)	(25)
Capital return	(8,163)	(2,055)	(3,804)	(2,246)	(7,379)	(2,548)	(3,848)	(877)
Change to profit after tax for the year and net assets	(8,270)	(2,115)	(3,862)	(2,289)	(7,467)	(2,657)	(3,912)	(902)

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 Group's objectives.

17.1.3 Interest rate risk

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

Management of the risk

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

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

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.1.2 Interest rate risk (continued)

Interest rate exposure

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

	Within one year £'000	2009 More than one year £'000	Total £'000	Within one year £'000	2008 More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank	5,989	–	5,989	21,882	–	21,882
Current asset investment	13,500	–	13,500	–	–	–
Fixed interest investments	–	1,390	1,390	–	973	973
Exposure to fixed interest rates:						
Fixed interest investments	–	17,689	17,689	–	15,063	15,063
Debentures	–	(25,000)	(25,000)	–	(25,000)	(25,000)

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

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2008: same).

Interest rate sensitivity

The Group is primarily exposed to interest rate risk through its cash balances, its current asset investment and its fixed income investment portfolio. The sensitivity of each exposure is as follows:

- Cash – Cash balances vary throughout the year. Cash balances at the year end were £5,989,000 (2008: £21,882,000) and if that level of cash was maintained for a full year, then a 100 basis points change in LIBOR (up or down) would increase or decrease total net return on ordinary activities after taxation by approximately £60,000 (2008: £219,000).
- Current asset investment sensitivity – The Company's current asset investment at the year end was £13,500,000 (2008: £nil) and if that level of investment was maintained for a full year, then a 100 basis points change in interest rates (up or down), would increase or decrease total net return on ordinary activities after taxation by approximately £135,000 (2008: £nil).
- Fixed income investment sensitivity – The Company's fixed income portfolio at the year end was valued at £19,079,000 (2008: £16,036,000), and it had a modified duration (interest rate sensitivity) of approximately 5.2 years (2008: 5.9 years). A 100 basis points change in short term interest rates (up or down), which is mirrored by an equivalent change in long term interest rates, would be expected to decrease or increase this portfolio's value by approximately £915,000 (2008: £950,000), all other factors being equal.

17.2 Liquidity risk

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

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.2 Liquidity risk (continued)

Management of the risk

Liquidity risk is not significant as the majority of the Group's assets are investments in quoted securities that are readily realisable. The Group has a multi-currency loan facility of £5,000,000 with ING Bank NV (2008: £30,000,000 facility with ING Bank NV) and an overdraft facility with the custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The facilities are subject to regular review. The Group also has two debentures, details of which can be found in note 16 on page 48.

The Board gives guidance to the Manager as to the maximum amount 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 can be required was as follows:

	2009			2008		
	Due within three months £'000	Due between three months and one year £'000	Due more than one year £'000	Due within three months £'000	Due between three months and one year £'000	Due more than one year £'000
Debtenture stocks	–	2,250	46,900	–	2,250	49,150
Other creditors and accruals	795	–	–	2,069	–	–
	795	2,250	46,900	2,069	2,250	49,150

17.3 Credit and counterparty risk

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

Management of the risk

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Group of default;
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker.
- cash at bank is held only with reputable banks with high quality external credit ratings and is subject to continual review.
- with regard to the corporate bonds in the portfolio, there is a credit risk that the borrowers do not repay principal or make interest payments. This is managed through monitoring credit ratings and careful selection and is reviewed regularly.

Stock lending transactions are carried out with a number of approved counterparties, whose credit-standard is reviewed periodically by the Manager, and limits are set on the amount that may be lent to any one counterparty. Collateral details can be found in note 4.

None of the Group's financial assets or liabilities is secured by collateral or other credit enhancements.

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.3 Credit and counterparty risk (continued)

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

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

Credit risk exposure

The table below summarises the credit risk exposure of the Group as at year end:

	2009 £'000	2008 £'000
Cash	5,989	21,882
Receivables:		
Securities sold for future settlement	–	11,395
Prepayments and accrued income	1,868	2,307
	7,857	35,584

17.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments and derivatives) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the multi-currency loan facility). The par value of the debenture stocks can be found in note 16. The fair value of the debenture stocks at 31 October 2009 was £30,038,000 (2008: £32,049,000). The fair values are calculated using prices quoted on the exchange on which the instruments trade.

17.5 Capital management policies and procedures

The Group'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 objectives through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total 0.3% (2008: 0.2%) of the total portfolio and which are held at directors' fair valuations.

The Group's capital at 31 October 2009 comprises its equity share capital, reserves and debt that are shown in the balance sheet at a total of £473,863,000 (2008: £410,661,000).

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

- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium);

Notes to the Financial Statements

continued

17 Risk management policies and procedures (continued)

17.5 Capital management policies and procedures (continued)

- the need for new issues of equity shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

The Company is subject to several externally imposed capital requirements:

- under the multi-currency facility total borrowings not to exceed 35% of net asset value and net asset value not to fall below £180,000,000. These are measured in accordance with the policies used in the annual financial statements.
- as a public company, the Company has a minimum share capital of £50,000.
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by law.
- the terms of the debenture trust deeds have various covenants which prescribe that moneys borrowed should not exceed 20% to 100% of the adjusted total of capital and reserves as defined in the debenture trust deeds. These are measured in accordance with the policies used in the annual financial statements.

These requirements are unchanged since last year, and the Company has complied with them.

18 Net asset value per ordinary share

The net asset value per ordinary share is based on net assets attributable to ordinary shares of £448,863,000 (2008: £385,661,000) and on the 112,246,050 ordinary shares in issue at 31 October 2009 (2008: 113,159,824).

	£'000
Net assets attributable to ordinary shares at 1 November 2008	385,661
Total net profit on ordinary activities after taxation	79,355
Dividends paid	(12,851)
Buy back of ordinary shares	(3,302)
Net assets attributable to ordinary shares at 31 October 2009	448,863

19 Called up share capital

Allotted, issued and fully paid:

112,246,050 (2008: 113,159,824) ordinary shares of 25p each

2009 £'000	2008 £'000
28,062	28,290

During the year, 913,774 (2008: 1,015,740) ordinary shares were bought back for cancellation at a cost of £3,302,000 (2008: £4,141,000). Further details can be found on page 28.

20 Share premium account

As at 31 October 2008 and 2009

£'000
452

Notes to the Financial Statements

continued

21	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
(a) Group					
	At 1 November 2008	11,920	316,609	(1,826)	314,783
	Transfer on disposal of assets	–	(18,381)	18,381	–
	Net gains on investments	–	224	66,291	66,515
	Withholding tax on special dividends taken to capital	–	(7)	–	(7)
	Net gains on foreign exchange	–	333	–	333
	Expenses and finance costs charged to capital net of tax relief	–	(860)	–	(860)
	Purchases of own shares for cancellation	228	(3,302)	–	(3,302)
	At 31 October 2009	12,148	294,616	82,846	377,462
		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
(b) Company					
	At 1 November 2008	11,920	316,609	(920)	315,689
	Transfer on disposal of assets	–	(18,381)	18,381	–
	Net gains on investments	–	224	66,291	66,515
	Withholding tax on special dividends taken to capital	–	(7)	–	(7)
	Net gains on foreign exchange	–	333	–	333
	Expenses and finance costs charged to capital net of tax relief	–	(860)	–	(860)
	Purchases of own shares for cancellation	228	(3,302)	–	(3,302)
	At 31 October 2009	12,148	294,616	83,752	378,368
22	Revenue reserve			Group £'000	Company £'000
	At 1 November 2008			30,216	29,310
	Net revenue return after tax for the year			13,374	13,374
	Dividends paid			(12,851)	(12,851)
	At 31 October 2009			30,739	29,833
23	Contingent liabilities				

As at 31 October 2009 there were contingent commitments in respect of sub-underwriting for the Group and Company of £2,455,000 (2008: £nil). Subsequent to the year-end, the Group was not required to take up any shares in respect of the underwriting commitments.

Notes to the Financial Statements

continued

24 Transactions with the Investment Manager

Under the terms of an agreement dated 23 June 2006 the Company has appointed wholly owned subsidiary companies of Henderson Global Investors (Holdings) plc ("Henderson") to provide investment management, accounting, secretarial and administrative services. Details of the management fee arrangements for these services are given in the Report of the Directors on page 22. The total fees paid or payable under this agreement to Henderson in respect of the year ended 31 October 2009 were £1,511,000, (2008: £1,705,000), of which £252,000 is included in prepayments at 31 October 2009 (2008: prepayment of £284,000).

No performance fee was payable to Henderson for the year ended 31 October 2009 (2008: £nil).

In addition to the above services, Henderson has provided the Company with share plan administration and marketing services during the year. The total fees paid or payable for these services for the year ended 31 October 2009 amounted to a charge of £13,000 (2008: a write back of £7,000), of which £1,000 was outstanding at 31 October 2009 (2008: £nil).

25 Segmental reporting

Geographical segments

Geographical segments are considered to be the primary reporting segments. An analysis of investment income by geographical segment is set out in note 3 on page 43. Analyses of expenses by geographical segment and of profit by geographical segment have not been given as it is not possible to prepare such information in a meaningful way. An analysis of investments by geographical segment is set out on page 61. Analysis of the remaining assets and liabilities by geographical region 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.

Business segments

The Board considers the secondary reporting segment to be the Company's activity as an investment trust company. This activity is the Company's single business segment.

26 VAT on management fees

In 2004 the Association of Investment Companies (the "AIC"), together with JPMorgan Claverhouse Investment Trust plc, launched a case against HM Revenue & Customs ("HMRC") to challenge whether Value Added Tax ("VAT") should be charged on fees paid for management services provided to investment trust companies. On 28 June 2007 the European Court of Justice delivered its judgement on the case in favour of the AIC. Since then, HMRC has accepted that the provision of investment management services to investment trust companies is VAT exempt and has acknowledged its liability to pay claims in respect of VAT borne by investment companies.

The VAT borne by the Company on investment management fees invoiced for the period from 1 October 2000 to 30 June 2007 which was written back in the years ending 31 October 2007 and 2008 totalling £1,288,000 was all received in the year.

The Company has also been able to recover further amounts in respect of the VAT charged on investment management fees in the period from 1 January 1990 to 4 December 1996 (following the decision of the House of Lords in the Fleming/Conde Nast case) amounting to £525,000, all of which has been recognised and received in 2009 (see note 5). The write back has been allocated to revenue return according to the allocation of the amounts originally paid.

Notes to the Financial Statements

continued

26 VAT on management fees (continued)

The Company has also received from the Investment Manager interest paid by HMRC on the total amounts recovered. This amounted to £215,000 of interest received relating to the VAT reclaim for 2000-2007, which was recognised in the prior year, and £377,000 of interest received relating to the VAT reclaim for 1990-1996, and is recognised in the financial year ended 31 October 2009 (see note 4).

Independent Auditors' Report

to the members of The Bankers Investment Trust PLC

We have audited the financial statements of The Bankers Investment Trust PLC for the year ended 31 October 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2009 and of the Group's profit and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

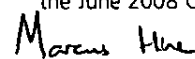
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 21, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.



Marcus Hine (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 15 January 2010

Statistical Record

adjusted to present capital

Year ended 31 October	Earnings and dividends per 25p ordinary share					Net asset value per 25p Market price per 25p			Indices of growth					
	Gross revenue £'000	Earned Net p	Total Div. Net p	Tax Credit p	Total Div. Gross p	Total assets less current liabilities £'000	ordinary share p	ordinary share p	Market price per 25p asset value	Market price per 25p ordinary share	Dividend per 25p ordinary share Net	FTSE All-Share Price Index	FTSE World Index (ex-UK)	UK Retail Prices Index
1999*	15,265	7.40	6.00	0.67	6.67	513,827	316	274	100	100	100	100	100	100
2000	14,306	7.33	6.35	0.71	7.06	536,360	360	310	114	113	106	106	116	103
2001	12,852	6.88	6.58	0.73	7.31	404,063	299	281	95	103	110	83	84	105
2002	12,303	7.02	6.78	0.75	7.53	340,887	249	234	79	85	113	67	66	107
2003	12,194	7.12	7.05	0.78	7.83	383,449	283	266	90	97	118	73	75	110
2004	12,902	8.05	7.47	0.83	8.30	406,277†	304†	262	96	96	125	79	77	113
2005	13,940	9.07	8.25	0.92	9.17	461,923†	363†	313	115	114	138	92	90	116
2006	14,972	10.13	9.48	1.05	10.53	540,363	443	386	140	141	158	108	100	120
2007	16,437	11.32	10.24	1.14	11.38	596,020	500	439	158	160	171	119	111	125
2008	18,613	12.76	11.06	1.23	12.29	410,661	341	305	108	111	184	75	81	131
2009	16,866	11.83	11.50	1.28	12.78	473,863	400	348	127	127	192	89	94	130

*Restated for changes in accounting policies made in 2000 in respect of the recognition of dividend income and the charging of management fee and finance costs to capital.

†Restated for changes in accounting policies in respect of valuation of investments and dividends payable. Years prior to 2004 have not been restated.

Rates of Exchange

The principal exchange rates at 31 October were:

	2009	2008		2009	2008
US dollar	1.6484	1.6158	Singapore dollar	2.305	2.398
Japanese yen	149.209	158.909	New Taiwanese dollar	53.609	53.292
Euro	1.117	1.274	Danish krone	8.315	9.489
Hong Kong dollar	12.78	12.52	Swiss franc	1.688	1.887
Australian dollar	1.824	2.449	New Zealand dollar	2.280	2.780
South African rand	12.902	15.915	Canadian dollar	1.776	1.965

Distribution of Assets and Liabilities

at 31 October 2009

	Equities £'000	Convertibles £'000	Fixed Interest £'000	Current Assets £'000	Total Assets £'000	%	Total Liabilities £'000	Geographical Exposure of Net Assets £'000	%
United Kingdom	207,938	–	19,079	16,986	244,003	51.4	(25,179)	218,824	48.7
Europe (ex UK)	39,037	–	–	1,734	40,771	8.6	(458)	40,313	9.0
North America	73,925	–	–	2,408	76,333	16.1	(158)	76,175	17.0
Japan	43,997	–	–	330	44,327	9.3	–	44,327	9.9
Pacific (ex Japan)	52,229	–	–	140	52,369	11.0	–	52,369	11.7
Emerging markets	16,757	–	–	98	16,855	3.6	–	16,855	3.7
Total	433,883	–	19,079	21,696	474,658	100.0	(25,795)	448,863	100.0
Percentage	96.6%	0.0%	4.3%	4.8%	105.7%		(5.7%)	100.0%	

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

Largest Investments

at 31 October 2009

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

Rank (2008)		Valuation 2008 £'000	Purchases £'000	Sales Proceeds £'000	Appreciation/ (Depreciation) £'000	Valuation 2009 £'000
1	(1) BP	15,217	2,592	–	2,221	20,030
2	(2) HSBC	8,534	1,185	–	970	10,689
3	(8) Petroleo Brasileiros	5,982	–	–	4,099	10,081
4	(5) GlaxoSmithKline	7,445	1,609	–	596	9,650
5	(3) Vodafone	8,086	–	–	1,048	9,134
6	(4) Royal Dutch Shell	7,465	–	–	455	7,920
7	(6) British American Tobacco	6,919	1,014	(1,090)	1,065	7,908
8	(7) Catlin	5,988	1,429	(166)	638	7,889
9	(9) BG	5,752	–	–	895	6,647
10	(16) Rolls-Royce	3,589	–	–	1,381	4,970
11	(12) Aviva	4,063	2,729	(2,913)	951	4,830
12	(14) Mitsubishi UFJ Financial	3,822	1,367	(448)	(345)	4,396
13	(10) National Grid	5,092	–	–	(702)	4,390
14	(11) Scottish & Southern Energy	4,856	–	–	(540)	4,316
15	(*) Wetherspoon (J.D.)	2,360	–	–	1,864	4,224
16	(13) Jardine Lloyd Thompson	3,960	–	–	124	4,084
17	(*) Bank of China	–	1,793	–	1,938	3,731
18	(22) Reckitt Benckiser	3,132	–	–	510	3,642
19	(*) Xstrata	1,424	567	–	1,582	3,573
20	(*) Shire	2,662	–	–	822	3,484
21	(*) DBS	1,840	497	–	1,065	3,402
22	(*) ICAP	2,563	–	–	834	3,397
23	(25) QBE Insurance	2,775	822	(924)	686	3,359
24	(*) Smiths News	1,450	114	–	1,779	3,343
25	(20) Novartis	3,210	–	–	98	3,308
		118,186	15,718	(5,541)	24,034	152,397

These investments total 33.6% of the portfolio.

(*) Not in top 25 last year.

Changes in Investments

	Valuation 2008 £'000	Purchases £'000	Sales Proceeds £'000	Appreciation £'000	Valuation 2009 £'000
United Kingdom	170,608	24,634	(15,936)	28,632	207,938
Europe (ex UK)	40,685	7,420	(14,532)	5,464	39,037
North America	70,539	42,468	(41,859)	2,777	73,925
Japan	43,627	12,128	(16,088)	4,330	43,997
Pacific (ex Japan)	24,067	15,253	(4,255)	17,164	52,229
Emerging Markets	9,954	–	–	6,803	16,757
Fixed Interest	16,036	2,242	(544)	1,345	19,079
	375,516	104,145	(93,214)	66,515	452,962

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twenty-second Annual General Meeting of The Bankers Investment Trust PLC will be held on the 12th floor, 201 Bishopsgate, London EC2M 3AE on Tuesday 23 February 2010 at 2.30pm for the transaction of the following business:

- 1 To receive the report of the directors and the audited financial statements for the year ended 31 October 2009.
- 2 To approve the directors' remuneration report for the year ended 31 October 2009.
- 3 To declare a final dividend.
- 4 To re-appoint Mr R D Brewster as a director.
- 5 To re-appoint Mr F I Sumner as a director.
- 6 To re-appoint Mr R W Killingbeck as a director.
- 7 To re-appoint PricewaterhouseCoopers LLP as registered auditors to the Company.
- 8 To authorise the directors to determine the auditors' remuneration.

Special Business

To consider, and if thought fit, pass the following resolutions:

As an Ordinary Resolution

- 9 THAT in substitution for all existing authorities the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551) up to an aggregate nominal amount of £2,799,776 (being 10% of the issued ordinary share capital at the date of this Notice of Annual General Meeting for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2011), but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement.

As Special Resolutions

- 10 THAT in substitution for all existing authorities and subject to the passing of resolution 9 the directors be empowered pursuant to section 570 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of

section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 as if section 561 of the Act did not apply to the allotment. This power shall be limited:

- (a) to the allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary shareholders and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;

- (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to a maximum aggregate nominal value of £2,799,776 (being 10% of the Company's issued ordinary share capital at the date of this Notice); and

- (c) to the allotment of equity securities at a price not less than the Net Asset Value per share

and shall expire at the conclusion of the next Annual General Meeting of the Company in 2011, save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 11 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25p each in the capital of the Company provided that:

- (a) the maximum number of ordinary shares which may be purchased is 14.99% of the Company's issued ordinary share capital at the date of the Annual General Meeting (equivalent to 16,787,458 ordinary shares at the date of this notice);

Notice of Annual General Meeting

continued

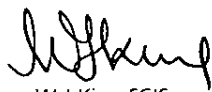
- (b) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed 105% of the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase;
- (c) the minimum price (exclusive of expenses) which may be paid for a share shall be 25p, being the nominal value per share;
- (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2011;
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and
- (f) any ordinary shares so purchased shall be cancelled.

12 THAT

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which by virtue of Section 28 of the Companies Act 2006, are to be created as provisions of the Company's Articles of Association.
- (b) the regulations contained in the printed document produced to the meeting and marked "A" (and for the purposes of identification initialled by the chairman of the meeting) be hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association.

13 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board



W J King FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
15 January 2010
Registered Office:
201 Bishopsgate, London EC2M 3AE

Notes

1. Voting record date

Only members registered in the Register of Members of the Company at 6.00pm on 19 February 2010 shall be entitled to attend and vote at the AGM in respect of the number of voting rights registered in their name at that time. Changes to entries on the Register of Members after 6.00pm on 19 February 2010 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

In the case of joint holders of a voting right, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

2. Rights to attend and vote

Members are entitled to attend and vote at the forthcoming Annual General Meeting or at any adjournment(s) thereof. On a poll each member has one vote for every four shares held.

3. Right to appoint proxies

Pursuant to section 324 of the Companies Act 2006, a member entitled to attend and vote at the meeting may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company.

A form of proxy is enclosed. The completion of the form of proxy or any CREST proxy instruction (as described in paragraph 7 below) will not preclude a shareholder from attending and voting in person at the meeting.

Section 324 does not apply to persons nominated to receive information rights pursuant to section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 have been sent this notice of meeting and are hereby informed, in accordance with section 149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

Notice of Annual General Meeting

continued

The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to nominated persons.

4. Proxies' rights to vote at the meeting

On a vote on a show of hands, each proxy has one vote.

If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled, on a show of hands, to vote "for" or "against" as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may, on a show of hands, vote both "for" and "against" in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the member may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, section 285(4) of the Companies Act 2006 does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

5. Voting by corporate representatives

Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with section 323 of the Companies Act 2006 provided they do not do so in relation to the same shares.

6. Receipt and termination of proxies

A form of proxy is enclosed and to be valid must be lodged with the Company's Registrars (Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR) before 2.30pm on 19 February 2010.

A member may terminate a proxy's authority at any time before the commencement of the meeting. Termination must be provided in writing and submitted to the Company's Registrar.

In accordance with the Company's articles of association, in determining the time for delivery of proxies, no account shall be taken of any part of a day that is not a working day.

7. Electronic receipt of proxies

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which

is available to download from the Euroclear website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Issuer's agent (RA19) by the latest time for receipt of proxy appointments specified in note 6 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

8. Questions at the Annual General Meeting

Any member attending the meeting has the right to ask questions. Section 319A of the Companies Act 2006 requires

Notice of Annual General Meeting

continued

the directors to answer any question raised at the AGM which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.

Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.

9. Website

A copy of the notice of the Annual General Meeting, including these explanatory notes and other information required by section 311A of the Companies Act 2006, is included on the Company's website, www.bankersinvestmenttrust.com

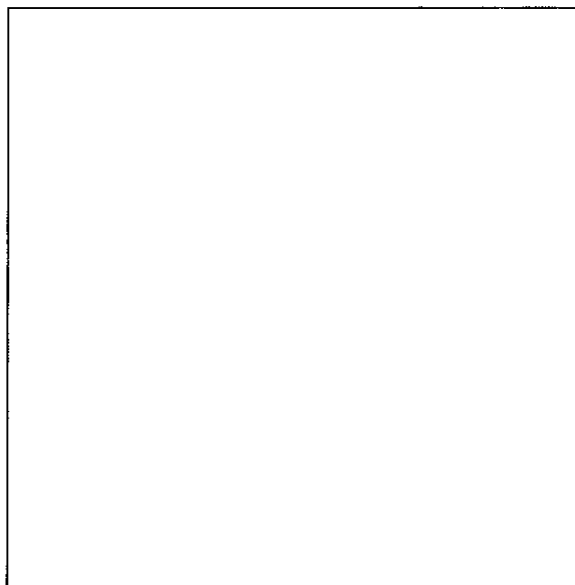
10. Total voting rights at date of notice

As at 15 January 2010 (being the last practicable date prior to the publication of this Notice) the total number of shares in the Company is 111,991,050. The total number of voting rights on that date is therefore 27,997,762.

11. Documents for inspection

A copy of the proposed new articles of association of the Company, and a copy of the existing memorandum and articles of association marked to show the changes being proposed is available for inspection at the registered office of the Company at 201 Bishopsgate, London EC2M 3AE.

Annual General Meeting Venue



Henderson Global Investors is located in the City of London at Bishopsgate. It is a few minutes walk from Liverpool Street mainline and underground stations, Bank and Moorgate underground stations.

Warning to Shareholders

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

Please note that it is very unlikely that either the Company or the Company's Registrar, Equiniti (formerly Lloyds TSB Registrars), would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided on the inside back cover of this Report.

Appendix Explanatory Notes to the Notice of Annual General Meeting of the principal changes to the Company's Articles of Association

It is proposed in resolution 12 to adopt new articles of association (the New Articles) in order to update the Company's current articles of association (the Current Articles). Below is an explanation of the principal changes.

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution. Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 12 (a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

4. Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

Furthermore, the New Articles allow the Company to re-denominate its share capital by converting shares from a fixed nominal value in one currency to having a fixed nominal value in another currency.

5. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms

and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

6. Directors' conflicts of interest

The New Articles reflect the most recent changes to the Companies Act 2006 with respect to conflicts of interest.

7. Use of seals

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

8. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

9. Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

10. Notice of general meetings

The Shareholders' Rights Regulations amend the Companies Act 2006 to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

11. Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

12. Voting record date

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations the company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The Current Articles have been amended to reflect this requirement.

13. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Investor Information

Results

Half year announced June

Full year announced January

The Report and Financial Statements are posted to shareholders in January and the AGM is held in London in late February.

Share Price Information

The market price of the Company's ordinary shares is published in The Financial Times and other leading newspapers. The share price and details of the Company's performance can be found on the following websites:

www.bankersinvestmenttrust.com

and **www.henderson.com**

The London Stock Exchange Daily Official List (SEDOL) code is 0076700.

The Financial Times also provides on a daily basis an estimate of the net asset value and of the discount/premium.

A brief history

The Company was incorporated in 1888. Since seven of the nine original directors were bankers by profession, the name The Bankers' Investment Trust, Limited was considered appropriate. The Company has paid dividends on the equity capital every year since incorporation except in the years 1892 and 1893.

Nominee Code

- The Bankers Investment Trust PLC undertakes to provide copies of shareholder communications to nominee operators who have indicated in advance a wish to receive them, for the purpose of distribution to their customers.
- Nominee operators are encouraged to advise investors that they are able to attend meetings and to speak at meetings when invited by the Chairman.
- Investors through Halifax Share Dealing Limited (formerly Itshenderson) receive all shareholder communications, an invitation to the AGM and a Voting Instruction Form to facilitate voting.

Capital Gains Tax

The calculation of the tax on chargeable gains will depend on personal circumstances. If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser.

Dividends

Ordinary shares:

First interim paid end May

Second interim paid end August

Third interim paid end November

Final paid end February

Debenture stock interest

10½% debenture stock 2016 and 8% debenture stock 2023 paid on 30 April and 31 October.

Total Expense Ratio

Total Expense Ratio is defined here as the total annual pre tax operating expenses (management fee and other administration costs) expressed as a percentage of average shareholders' funds over the year.

Investing in Bankers

Ordinary shares may be bought directly through Halifax Share Dealing. In addition, they may be bought or sold directly through a stockbroker, accountant, other independent financial adviser or through a number of banks or building societies who are also providing this service.

Disability

Copies of this Report and Financial Statement or other documents issued by the Company are available from the Company Secretary.

If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) you should dial 18001 followed by the number you wish to dial.

Investor Information

continued

Directors

Richard D Brewster (Chairman)
Richard R J Burns
Richard W Killingbeck
Francis I Sumner (Senior Independent Director)
David G Thomas
Matthew W J Thorne

Audit Committee

David G Thomas (Chairman)
Richard W Killingbeck
Francis I Sumner
Matthew W J Thorne

Management Engagement Committee

Richard D Brewster (Chairman)
Richard R J Burns
Richard W Killingbeck
Francis I Sumner
David G Thomas
Matthew W J Thorne

Nominations Committee

Richard D Brewster (Chairman)
Richard R J Burns
Francis I Sumner
Richard W Killingbeck

Charities Committee

Francis I Sumner (Chairman)
Richard D Brewster

Investment Manager

Henderson Global Investors Limited is authorised and regulated by the Financial Services Authority and is represented by Alex Crooke

Secretary

Henderson Secretarial Services Limited
represented by Wendy King FCIS

Registered Number

Registered in England No. 26351C

Registered Office

201 Bishopsgate,
London EC2M 3AE
Telephone: 020 7818 1818

Independent Auditors

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Hay's Galleria,
1 Hay's Lane,
London SE1 2RD

Registrars

UK Registrar

Equiniti Limited,
Holm Oak Business Park,
Martlets Way,
Goring by Sea,
Worthing,
West Sussex BN12 4QY
Telephone: 0870 600 3970

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

New Zealand Registrar

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

Stockbrokers

UK

JP Morgan Cazenove,
20 Moorgate,
London EC2R 6DA

New Zealand

First NZ Capital Securities,
Level 20, ANZ Centre,
23-29 Albert Street,
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Auckland,
New Zealand

Solicitors

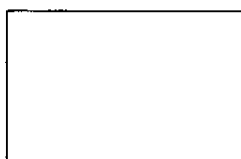
Norton Rose,
3 More London,
Riverside,
London SE1 2AQ

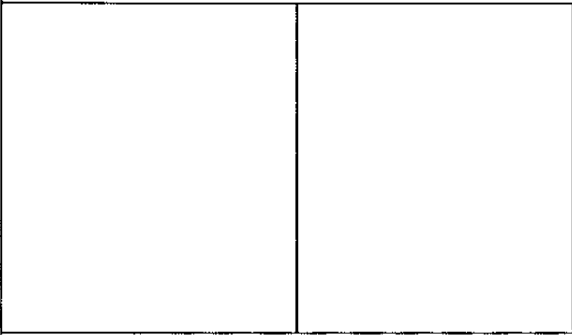
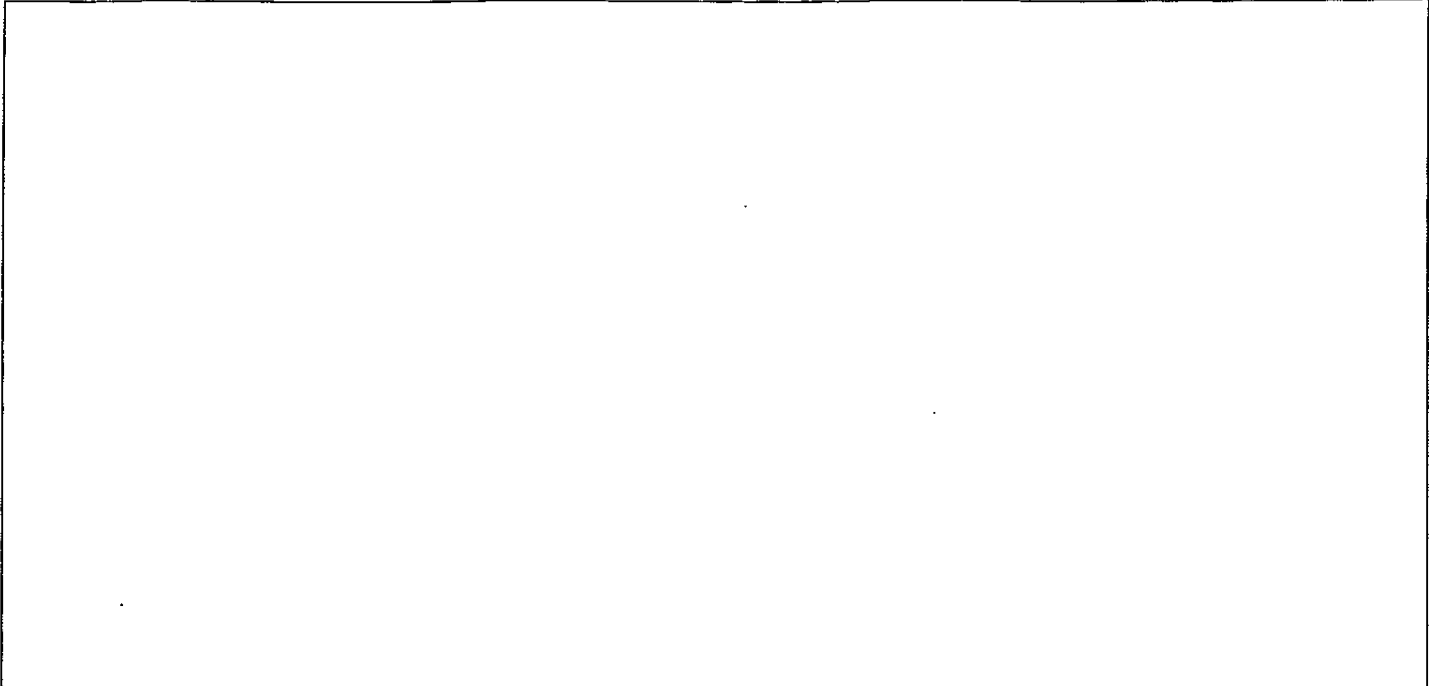
Custodian

BNP Paribas Securities Services,
55 Moorgate,
London EC2R 6PA

Halifax Share Dealing Limited

Lovell Park Road,
Leeds LS1 1NS
Telephone: 0845 609 408





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