

The Bankers Investment Trust

Global growth with growing income

The Bankers Investment Trust (BNKR) is a global investment trust that aims to deliver capital growth in excess of the return on the FTSE All-Share index, as well as growing its dividend by more than the rate of UK inflation. Lead manager Alex Crooke looks after UK stock selection (c 38% of the portfolio) and sets the geographical asset allocation; regional portfolios are run by specialists from Henderson Global Investors' well resourced fund management team. While there is no overall 'house style', all the managers are focused on not overpaying for growth. 12-month returns to 30 June have been particularly strong versus the benchmark and the trust is on track to grow its dividend for a 49th successive year.

12 months ending	Share price (%)	NAV (%)	FTSE All-Share (%)	FTSE AW Dev Eur ex UK (%)	FTSE World Nth America index (%)	FTSE AW Asia Pacific ex Jap
30/06/12	0.5	(3.8)	(3.1)	(20.0)	5.9	(10.6)
30/06/13	34.7	23.1	17.9	28.3	23.6	13.4
30/06/14	9.2	8.9	13.1	16.9	11.0	4.6
30/06/15	15.7	13.8	2.6	1.4	15.1	8.6

Source: Thomson Datastream. Note: Total return basis.

Investment strategy: Seeking growth with a value tilt

BNKR seeks to achieve total returns above those of the broad UK FTSE All-Share index, by investing in a global portfolio of stocks. Lead manager Alex Crooke sets the gearing level and geographical weightings, as well as managing the UK portfolio, which is large versus global benchmarks at c 38%. Regional stock selection is delegated to specialist managers within Henderson Global Investors. While the managers have different investment styles, there is an overall focus on attractively valued stocks with good capital and income growth potential. During 2014 a China A share portfolio was introduced.

Market outlook: Near-term uncertainty

Stock markets in the US, UK, Europe and Asia have retrenched somewhat since the early part of the year after three years of gains, although P/E valuations remain close to 10-year highs in most cases, suggesting a selective approach to stock picking is advisable to avoid areas of overvaluation. Short-term volatility is likely, given the still uncertain fallout from the Greek debt negotiations, a sharp sell-off in China and the fact that the summer is often an unsettled period for markets, owing to thin trading volumes.

Valuation: Narrowing discount since March low

BNKR's discount to cum-income net asset value narrowed sharply in the second quarter of 2015 and the shares stood at a 0.2% premium at 10 July, compared with a one, three and five-year average discount of 3.3%, 3.0% and 6.6% respectively. The shares also briefly moved to a premium in mid-June but have not traded consistently above NAV since early 2014. In March 2015, when the discount was the widest over the last 12-months at c 6%, BNKR bought back 25,000 shares, the first time it has done so since 2012.

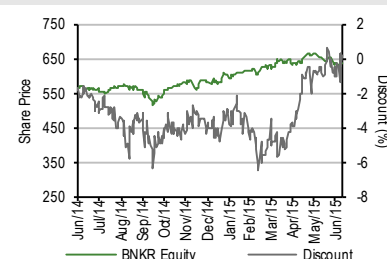
Investment trusts

13 July 2015

Price **640.5p**
NZ\$14.50
Market cap **£717.9m**
AUM **£793.9m**

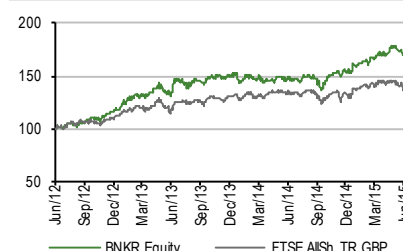
NAV* 635.2p
Premium to NAV 0.8%
NAV** 639.1p
Premium to NAV 0.2%
*Excl income. **Incl income. Data at 10 July 2015.
Yield 2.4%
Ordinary shares in issue 112.1m
Code BNKR
Primary exchange LSE
AIC sector Global

Share price/discount performance*



*Including income. Negative values indicate a discount; positive values indicate a premium.

Three-year cumulative perf. graph



52-week high/low 668.0p 519.0p
NAV* high/low 685.7p 550.2p

*Including income.

Gearing

Gross 1.0%
Net 1.0%

Analysts

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[Edison profile page](#)

Exhibit 1: The Bankers Investment Trust at a glance
Investment objective and fund background

The Bankers Investment Trust aims to maximise total returns to shareholders by means of a broadly diversified portfolio of international equities. It aims to exceed the long-term growth of the FTSE All-Share index and to grow its dividend ahead of the Retail Prices Index. BNKR has one of the longest records of uninterrupted annual dividend growth for an investment trust, at 48 years (based on year ended 31 October 2014). It is listed on the London Stock Exchange with a secondary listing in New Zealand.

Recent developments

18 June 2015: half-year results for the six months ended 30 April. NAV TR +18.3% compared with +7.5% for FTSE All-Share.
18 May 2015: BNKR announced the issuance of £50m of fixed rate 20-year unsecured private placement notes at an annualised coupon of 3.68%.

Forthcoming

AGM	February 2016
Annual results	January 2016
Year end	31 October
Dividend paid	May, Aug, Nov, Feb
Launch date	13 April 1888
Continuation vote	None

Capital structure

Ongoing charges	0.53%
Net gearing	1.0%
Annual mgmt fee	0.45% (see page 8)
Performance fee	No
Trust life	Indefinite
Loan facilities	See page 8

Fund details

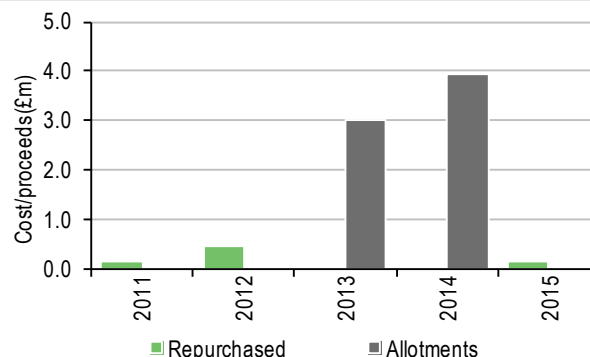
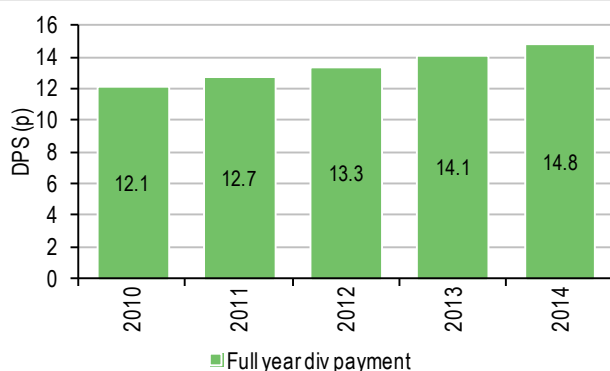
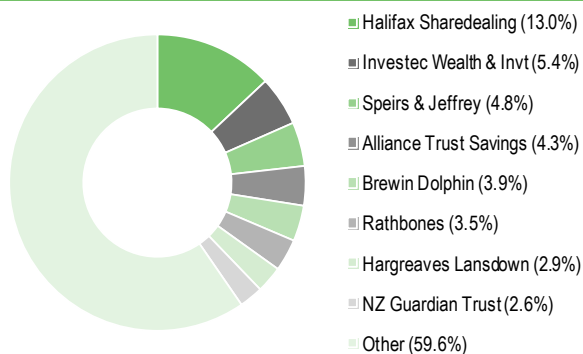
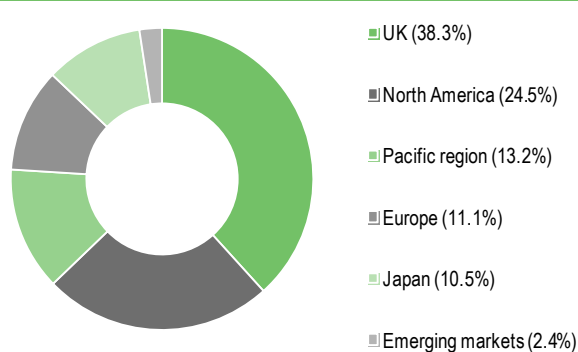
Group	Henderson Global Investors
Manager	Alex Crooke
Address	201 Bishopsgate, London EC2M 3AE
Phone	020 7818 6825
Website	www.bankersinvestmenttrust.com

Dividend payments

Dividends paid quarterly in May, August, November and February. The trust has paid a dividend in all but two of its 126 years of existence and has grown its dividend for the last 48 years in a row.

Share buyback policy and history

BNKR seeks authority annually to buy back its shares at a discount or issue at a premium to NAV in order to manage supply and demand.


Shareholder base (as at 1 June 2015)

Geographical breakdown of portfolio (as at 31 May 2015)

Top 10 holdings as at end May

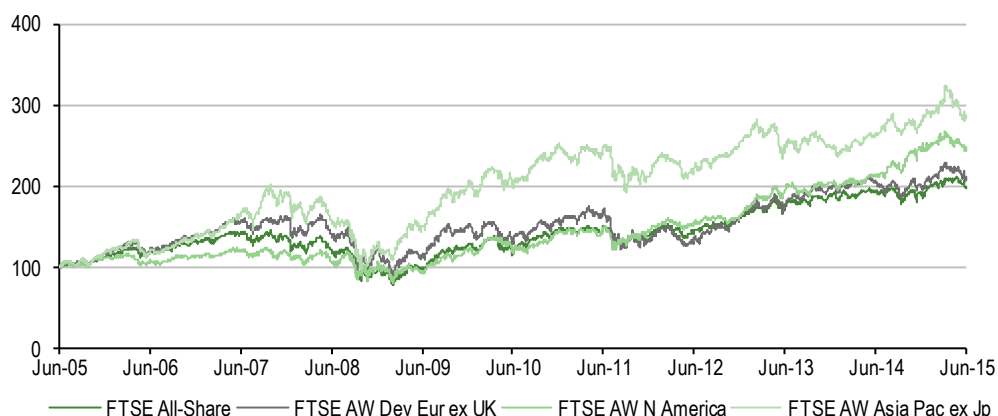
Company	Country	Sector	Portfolio weight %	
			31 May 2015	30 November 2014*
BP	UK	Oil & gas producers	2.0	2.0
Walt Disney	US	Media	1.6	1.4
Delphi Automotive	US	Automobiles & parts	1.5	1.3
ITV	UK	Media	1.4	1.2
Apple	US	Technology	1.4	1.3
Barclays	UK	Banking	1.4	N/A
Galliford Try	UK	Home construction	1.4	N/A
British American Tobacco	UK	Tobacco	1.3	1.5
Sports Direct International	UK	General retailers	1.2	1.3
BorgWarner	US	Automobiles & parts	1.2	1.2
Top 10 (% of portfolio)			14.4	13.8

Source: The Bankers Investment Trust, Edison Investment Research, Morningstar, Bloomberg. Note: *Top 10 – N/A where not in top 10 at end November 2014.

Global equity outlook: Pause in three-year bull run

Global market conditions have been unsettled recently, with Europe holding its breath for the outcome of Greek debt negotiations and China in the grip of a domestic equity market sell-off. Against this, continuing economic improvement in the US and UK and a cautious normalisation of monetary policy should support corporate health, while in Europe and Japan the continuation of extraordinary liquidity measures has provided a near-term boost.

Exhibit 2: Regional equity market returns over 10 years



Source: Thomson Datastream. Note: Sterling-adjusted, total return indices, rebased to 100.

As Exhibit 2 shows, returns since early 2015 from all major regions have been flat to negative after three years of gains. Valuations meanwhile (Exhibit 3), are above long-term averages across the board, and are within c 3-7% of 10-year highs in all areas shown except for Asia (based on Datastream indices). This suggests a measure of caution is advised at the aggregate level, although within each index there will be areas where valuations are less extended. Dividend yields of at least 2% in all areas shown provide support for total returns in an environment where returns on cash and bonds continue to be low. (The possible exception here is Asia, where interest rates are higher, although Asian stocks have far superior dividend growth prospects to those in other areas, according to Michael Kerley, who manages BNKR's Asia ex-Japan portfolio.)

Exhibit 3: Global market valuations (12-month forward P/E) and dividend yields

Index	12m fwd P/E	10yr high	10yr low	10yr ave	Last as % of ave	Dividend yld %
World	15.2	16.1	8.8	13.0	117%	2.4
US	17.2	17.8	9.4	14.1	121%	2.0
Europe	14.5	15.6	7.7	11.7	124%	3.0
Asia	13.5	17.4	10.1	13.4	101%	2.1
UK	15.3	16.0	7.4	11.8	131%	3.4

Source: Thomson Datastream, Edison Investment Research. Data to 1 July 2015. Uses Datastream indices.

Fund profile: Focus on growth and growing income

The Bankers Investment Trust (BNKR) is one of the older trusts in existence, dating back to 1888. It invests globally, although with a bias to the UK compared with global indices (c 38% of the portfolio versus c 8% for indices). BNKR has been managed by Alex Crooke at Henderson Global Investors since 2003. The trust is listed on the London and New Zealand stock exchanges.

Although it invests globally, BNKR uses the FTSE All-Share index as a performance yardstick, taking the view that UK investors should be rewarded for the extra risk of investing overseas with better long-term returns than they could have achieved at home. The trust has twin objectives of

producing long-term capital growth and increasing its dividend by more than the rate of UK inflation. It has raised its dividend for 48 years in a row and is on track for a 49th successive increase.

Portfolio construction is largely unconstrained within the geographical allocations set by Crooke, although no more than 10% of the portfolio can be held in an industry subsector (for example food producers or insurance companies). The trust is structurally geared through debentures and a new issue of loan notes, although the level of gearing remains low at c 1% and would be less than 10% if fully deployed.

The fund manager: Alex Crooke

The manager's view: Positive outlook amid 'normalisation'

Crooke remains positive on the outlook for global equities, although he is conscious of short-term challenges. He notes that the world economy is growing modestly and inflation is low but not completely absent, while credit creation has not reached a level at which he would be worried about overheating in mainstream equity markets. Crooke is heartened by signs of normalisation in global monetary conditions, with the US and UK heading towards their first interest rate rises since the global financial crisis. He says companies are being sensible with their cash and M&A is picking up, while bond yields are rising – all signs that the global economy is no longer in a “disaster zone”.

“There is always geopolitical noise, but all companies want is a bit of stability to invest, so we hope to see capex picking up,” he says, adding that measures such as falling unemployment figures show companies eating into their spare capacity. “The only note of caution is that markets are reflecting that in share prices and aren't as cheap as they were,” he adds.

Sector and stock-level drivers in the markets in which BNKR invests are different because each region is recovering at a different pace from the global financial crisis of 2008. While the environment for commodities is tough across the board, making the decision to be underweight resources an easy one at present, Crooke says other areas are more regionally dependent. “In the US, the tech end of the market has been good, as have cyclicals and financials, but cyclicals have given a bit back in Europe and financials are not working everywhere,” he says. “In Europe there is a lot of liquidity flowing in, and that has had distortion effects. You have to tread carefully, but we like it in challenging markets because there are more opportunities for stock pickers.”

Japan is one area about which he is more positive than previously. “Talking to companies in Japan it genuinely feels as though Abe's three arrows are coming through,” he says. “Financials are seeing lending growth, which shows both that the banks have confidence to lend and that consumers have confidence to borrow. With inflation and wage growth, there are better trends in Japan than elsewhere.”

Crooke says that net equity flows are still broadly negative, with any change in this trend likely to provide support for markets. Japan could stand to benefit from flows into equities, with both the government pension fund and individuals reallocating and becoming more positive on the asset class. There is less support for flows in the US, says Crooke, explaining that domestic American investors are already quite heavily weighted towards the stock market.

Crooke notes that the portfolio has been somewhat under-geared in the recovery phase, during which, gearing has been broadly in the 0-5% range. Having issued new loan notes (see page 8) and with a little cash on the sidelines following the acquisition of UK insurance stock Catlin by an American firm, the manager says he is well placed to take advantage of opportunities that may arise in the summer and autumn.

Asset allocation

Investment process: Bringing together regional expertise

BNKR manager Alex Crooke draws on the extensive in-house resources of Henderson Global Investors to build a portfolio largely on principles of 'growth at a reasonable price', along with sustainable and growing income. Crooke sets the geographical asset allocation and gearing level in agreement with the trust's board, and also has responsibility for stock selection in the UK, the largest geographical area of the portfolio. Stock selection in the regions is delegated to specialist managers as follows:

- **North America** – Ian Warmerdam, based in Henderson's Edinburgh office. Warmerdam has a growth tilt and has increased the proportion of the portfolio in small-caps since taking over from previous manager Antony Gifford in 2014.
- **Europe** – Tim Stevenson, who also manages BNKR stablemate Henderson Eurotrust. While Stevenson is broadly a growth investor, his portfolio for BNKR has more of a value focus.
- **Japan** – Michael Wood-Martin, who has a bias to mid- and large-cap stocks and has tilted the portfolio to benefit from Abenomics and domestic reflation. In the six months to 30 April, the Japan portfolio produced a total return of 28.6%, 10.4 percentage points ahead of the local FTSE index.
- **Pacific ex-Japan** – Michael Kerley, who also manages Henderson Far East Income. Kerley has a focus on valuation and tends to invest in stocks trading on lower P/E ratios than market averages. Over the past 18 months, he has reduced his smaller company weighting in favour of a greater proportion in mid- to large-cap stocks.
- **Emerging markets** – managed by Henderson's EM desk, the portfolio is mainly invested in Latin America, although there is some exposure to South Africa and Eastern Europe.
- **China A shares** – Charlie Awdry, an experienced China specialist, whose strategy is to seek out the strongest operators in attractive industries – broadly, cheaper, large-cap companies that have not been pumped up by the surge of domestic retail investor cash into high-growth, smaller technology companies.

Exhibit 4: Bankers portfolio metrics vs 50/50 FTSE All-Share and FTSE World

Metric	BNKR portfolio	Blended index
One year forward P/E	16.2x	17.0x
Price to cash flow per share	9.9x	10.6x
One year forecast EPS growth	5.5%	1.7%
One year forecast sales growth	5.0%	1.9%
Return on equity	18.2%	16.2%

Source: Bankers Investment Trust, at 30 April 2015

The UK portfolio has c 65 stocks, while the majority of the regional portfolios have 25-35, although the emerging markets and China A share portfolios are smaller. While there is no overall Henderson 'house style', all the managers have a focus on buying stocks below their intrinsic value (see Exhibit 4), and use metrics such as free cash flow and dividend-paying ability to evaluate possible holdings for income and growth potential.

Current portfolio positioning

BNKR had 200 holdings at 31 May 2015; while not the longest stock list in the AIC Global sector, this was nevertheless well above the 92-stock average for the sector, and reflects the trust's model of having specialist regional managers running their own sub-portfolios. The trust is also less concentrated than its peers, with 14.4% of assets held in the top 10 stocks, compared with an average of 38.3%.

Exhibit 5: Exposure by region (% unless stated)

	Portfolio end May 2015	Portfolio end Nov 2014	Change from Nov (% pts)	FTSE All World index* weight	Active weight vs index* (% pts)	Trust weight/ index weight* (x)
UK	38.3	38.7	-0.4	7.3	31.0	5.3
North America	24.5	24.9	-0.4	53.4	-28.9	0.5
Pacific region	13.2	12.5	0.7	12.0	1.2	1.1
Europe	11.1	11.7	-0.6	15.8	-4.7	0.7
Japan	10.5	8.9	1.6	8.6	1.9	1.2
Emerging markets	2.4	3.2	-0.8	2.9	-0.5	0.8
	100.0	100.0	0.0	100.0	0.0	

Source: The Bankers Investment Trust, Edison Investment Research. Note: *FTSE All World index is not the benchmark but has been included for comparison. Rounding errors mean some figures may not sum.

While BNKR uses the FTSE All-Share as a benchmark for performance measurement, it is a global portfolio, so Exhibit 5 includes a comparison with FTSE All World index weightings. BNKR has a core portfolio of UK stocks, which made up 38.3% of the total at 31 May, although this is drifting down gently over time and may settle towards the 20-30% level. Crooke says he will continue to trim the UK weighting as positions hit mature valuations and while there are better opportunities in other markets.

One area Crooke currently favours is Japan, where benefits are being seen from the Abenomics programme of economic stimulus. The 10.5% weighting includes a 1% holding in an externally managed small and mid-cap fund, to broaden the opportunity set.

The North American position is naturally underweight because of the US dominance of global benchmarks, in which the UK tends to account for only 7-8%. Manager Ian Warmerdam has now been running this part of the portfolio for more than a year, and his thematic focus has meant there have been multiple drivers of performance rather than over-reliance on any one area.

Exhibit 6: Sector allocations (% unless stated)

	Portfolio end May 2015	Portfolio end Nov 2014	Change from Nov (% pts)	FTSE All World index* weight	Active weight vs index* (% pts)	Trust weight/ index weight* (x)
Consumer services	15.9	14.5	1.4	10.9	5.0	1.5
Industrials	16.3	17.5	-1.2	12.2	4.1	1.3
Consumer goods	16.7	14.0	2.7	13.1	3.6	1.3
Financials	24.8	25.5	-0.7	22.4	2.4	1.1
Telecoms	3.8	4.5	-0.7	3.5	0.3	1.1
Utilities	1.4	2.0	-0.6	3.2	-1.8	0.4
Basic materials	3.2	3.0	0.2	5.2	-2.0	0.6
Oil & gas	4.7	6.0	-1.3	7.3	-2.6	0.6
Technology	8.2	7.5	0.7	11.0	-2.8	0.7
Health care	5.0	5.5	-0.5	11.1	-6.1	0.4
	100.0	100.0	0.0	100.0	0.0	

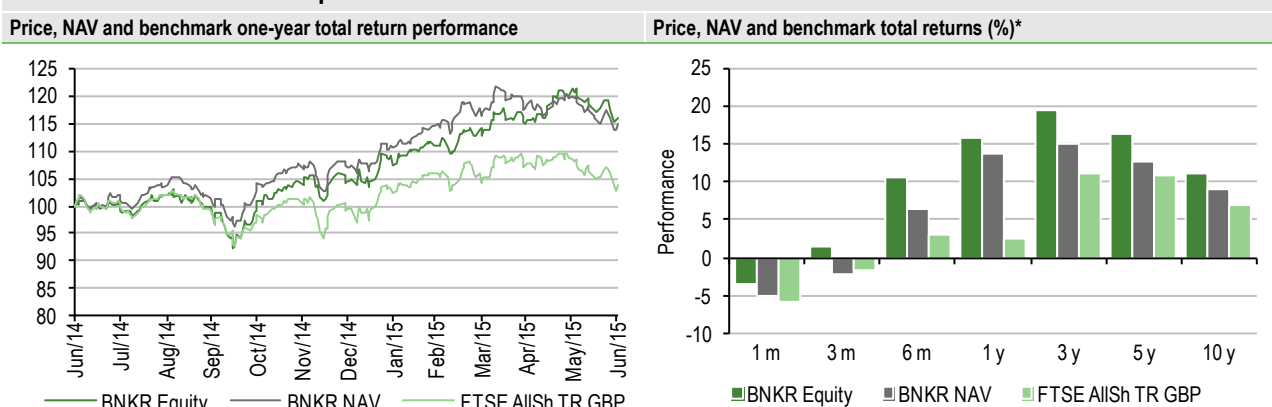
Source: The Bankers Investment Trust, Edison Investment Research. Ranked by active weight. Note: *FTSE All World index is not the benchmark but has been included for comparison. End Nov figures are approximate. Rounding errors mean some figures may not sum.

Changes to the portfolio over the past six months have been minimal; Crooke says BNKR has a long-term approach, and turnover has averaged 26.1% over the past five financial years. However, changes made during FY14, including the introduction of the China A share portfolio and the change in North American management responsibility, pushed turnover up to 43.0%.

China A shares have been in the news because of a domestically driven bull run followed by a major pullback in late June and early July. The BNKR allocation to the area (3.6% at 31 May) has focused on domestically orientated stocks on low P/Es with value and growth opportunities, and more recently (before the beginning of the market downturn) the manager scaled back exposure to financial stocks such as brokerages, in favour of companies like VW/General Motors joint venture SAIC, on a c 8x P/E with a c 6% dividend yield. So far, mainland Chinese exposure has come via a qualified foreign institutional investor (QFII) licence, but Crooke says he is considering use of the Hong Kong Shanghai Connect system, which is less restrictive and looks more attractive following changes in custody arrangements.

Performance: Outperforming over almost all periods

Exhibit 7: Investment trust performance to 30 June



Source: Thomson Datastream, Edison Investment Research. Note: *Three, five and 10-year figures annualised.

Exhibit 8: Share price and NAV total return performance, relative to indices

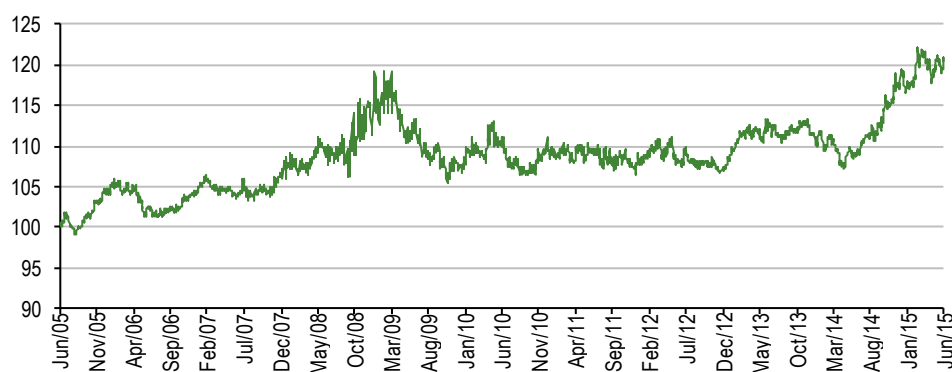
	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to FTSE All Share	2.3	3.0	7.3	12.8	24.3	27.6	45.8
NAV relative to FTSE All Share	0.9	(0.5)	3.2	10.9	11.5	9.3	20.9
Price relative to FTSE AW Dev Europe ex UK	2.2	7.7	5.9	14.1	11.9	35.0	38.8
NAV relative to FTSE AW Dev Europe ex UK	0.8	4.0	1.9	12.2	0.3	15.7	15.1
Price relative to FTSE World North America	1.4	7.2	10.3	0.6	7.8	4.5	17.7
NAV relative to FTSE World North America	(0.0)	3.5	6.2	(1.1)	(3.4)	(10.5)	(2.4)
Price relative to FTSE AW Asia Pac (ex-Jp)	3.5	8.2	7.7	6.6	32.2	52.2	1.5
NAV relative to FTSE AW Asia Pac (ex-Jp)	2.0	4.5	3.6	4.8	18.5	30.4	(15.9)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end June 2015. Geometric calculation.

BNKR has performed strongly in absolute terms over the year to 30 June and its NAV and share price total return are ahead of the FTSE All-Share index benchmark over almost all periods (Exhibit 7). Figures for the half-year ended 30 April show total returns were ahead of the local FTSE indices in the UK, Europe, North America and (most notably) Japan, while portfolio performance lagged local indices in Pacific ex Japan and emerging markets. Very strong performance (+81.1%) came from the small holding in China A shares.

Exhibit 8 shows positive relative NAV and share price total return performance over most periods against UK, European, North American and Asia Pacific indices. Looking at the long-term performance record relative to the FTSE All-Share benchmark (Exhibit 9), the strong performance of the portfolio over the past 12 months is clear, leading to NAV total returns c 20% ahead of the index over the period.

Exhibit 9: NAV performance relative to FTSE All Share index over 10 years



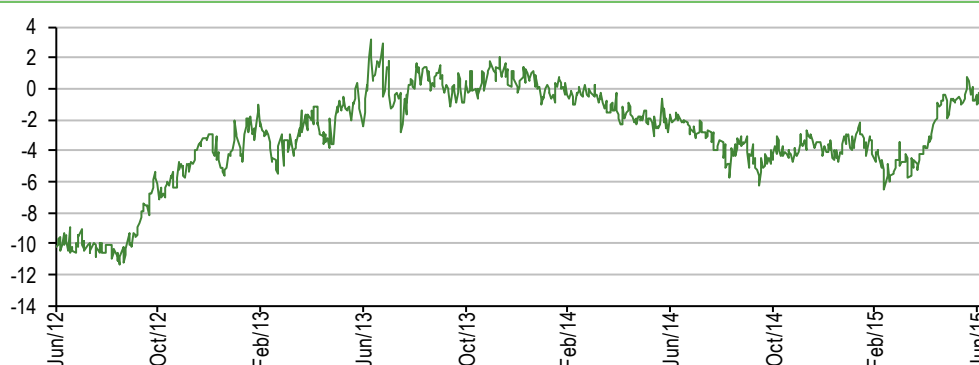
Source: Thomson Datastream, Edison Investment Research

Discount: Close to par after recent narrowing

At 10 July, BNKR's shares traded at a 0.2% premium to cum-income net asset value. This compares with the one-, three- and five-year average discounts of 3.3%, 3.0% and 6.6% respectively, and is substantially above the 12-month low of 6.3% reached in March 2015.

BNKR may issue or buy back shares to manage a premium or a discount. Having issued 1.2m shares between September 2013 and February 2014, when the shares were trading at a premium, the trust recently undertook its first buyback in more than three years, in March it repurchased 25,000 shares at a cost of £154,500. Discounts had widened across the investment trust sector since the start of 2015, but there has been a rerating since the unexpectedly decisive UK election result in May, and in mid-June, BNKR's shares touched a 12-month high premium of 0.7%.

Exhibit 10: Discount/premium over three years (to cum-income NAV with debt at fair value)



Source: Thomson Datastream, Edison Investment Research.

Capital structure and fees

A conventional investment trust with one class of share, BNKR had 112.1m ordinary shares in issue at 1 July. The trust is structurally geared, with £25m of debenture stock (equivalent to 3.3% of net assets at the 30 April half-year end) made up of two tranches: a 10.5% debenture repayable in November 2016 (£10m) and an 8% debenture repayable in 2023 (£15m). With the repayment of the first tranche approaching, BNKR has recently placed £50m of new 20-year loan notes with an institutional investor, at a coupon of 3.68%. Part of this will be used to repay the 2016 debenture when it falls due, locking in a much lower borrowing rate. Crooke says with total portfolio returns of 8-10% a year a realistic long-term prospect, the gearing will pay for itself and the returns it generates will accrue to shareholders. While this raises the notional level of gearing (until the 2016 debenture is repaid) to c 10%, the manager has no intention at present of raising the actual gearing from its current low level (c 1%). A £30m loan facility has been repaid.

Henderson receives an annual management fee of 0.45% on net assets up to £750m, falling to 0.4% above that threshold. The lower management fee above £750m was put in place as of 1 November 2014. Fees are charged 70% to capital and 30% to income. Ongoing charges for the year ended 31 October 2014 were 0.53%, the joint third-lowest in the AIC Global peer group.

Dividend policy and record

BNKR has one of the longest records of continuous annual dividend growth in the investment trust sector, with 48 years of consecutive increases. For FY14, it paid a dividend of 14.8p a share, an increase of 4.7% on the previous year. Over five years, the compound annual growth rate of

BNKR's dividend was 5.2%, comfortably above the 2.9% compound rate of CPI inflation. The board has guided that the FY15 dividend will be at least 15.5p a share, a 4.7% increase on the prior year. At H115, revenue returns were 23% higher than for the same period a year earlier, reflecting a number of special dividends. Based on the FY14 dividend and the 10 July share price of 640.5p, BNKR currently yields 2.3%, with a prospective yield of 2.4% using the FY15 guidance.

Peer group comparison

There are 38 investment companies in the AIC's Global sector, a large and diverse group including the oldest-established trusts, and with an aggregate market capitalisation of more than £22bn. Exhibit 11 below shows the 14 largest, with market capitalisations above £500m. This group has performed slightly better on average (in NAV total return terms) than the broader sector over one, three and five years, and BNKR has in turn modestly outperformed the weighted average for its large brethren over all these periods. (This is notable given BNKR has a higher UK and lower US weighting than the average for the group.) Risk-adjusted performance as measured by the Sharpe ratio is above average over both one and three years. Ongoing charges are among the lowest for all global trusts, while BNKR's dividend yield is the second-highest of the large trusts and top-quartile for the sector as a whole. The level of gearing is lower and the discount to NAV is tighter than the average for both the large trusts and the whole sector.

Exhibit 11: Global investment trusts with >£500m market cap

% unless stated	Market cap £m	TR one year	TR three years	TR five years	Ongoing charge	Perf. fee	Discount (-) /premium	Net gearing	Yield	Sharpe NAV 1 year	Sharpe NAV 3 years
Bankers	716.7	14.1	54.0	87.1	0.5	No	-0.9	102.0	2.4	1.4	1.5
Alliance Trust	2,717.9	10.5	39.5	65.8	0.7	No	-10.6	110.0	2.1	0.8	1.2
BACIT	503.5	10.7			1.3	No	5.3	96.0	1.5	1.6	
British Empire Securities	691.9	2.1	32.9	43.7	0.9	No	-11.5	98.0	2.1	0.0	1.0
Caledonia Investments	1,363.1	12.7	58.7	67.2	2.6	No	-13.1	96.0	2.0	1.5	1.9
F&C Global Smaller Companies	532.4	15.4	74.5	124.9	0.5	Yes	-0.3	107.0	1.1	1.6	2.0
F&C Investment Trust	2,455.8	14.0	50.4	80.2	0.9	No	-7.7	107.0	2.1	1.4	1.5
Law Debenture Corporation	611.4	3.7	53.8	112.5	0.5	No	6.4	105.0	3.0	0.3	1.5
Monks	916.8	6.9	32.5	50.9	0.6	No	-8.7	108.0	0.9	0.6	1.0
Personal Assets	601.3	3.6	6.5	34.7	0.9	No	0.9	72.0	1.6	0.5	0.2
RIT Capital Partners	2,462.3	16.0	38.8	65.6	1.2	Yes	0.1	110.0	1.9	2.3	1.5
Scottish Investment Trust	682.9	7.4	39.9	69.3	0.7	No	-8.3	106.0	1.9	0.7	1.0
Scottish Mortgage	3,373.4	20.0	84.9	127.0	0.5	No	3.6	111.0	1.1	1.4	1.6
Witan	1,562.4	11.7	60.3	87.5	0.8	Yes	1.0	108.0	2.0	1.1	1.5
Sector weighted average (38 funds)		12.4	51.0	80.0	0.9		-4.0	105.2	1.8	1.2	1.4
Selected stock average		12.8	52.5	82.2	0.9		-3.5	105.9	1.8	1.2	1.4
BNKR rank out of 38	8	10	11	9	35		16	15	8	11	9

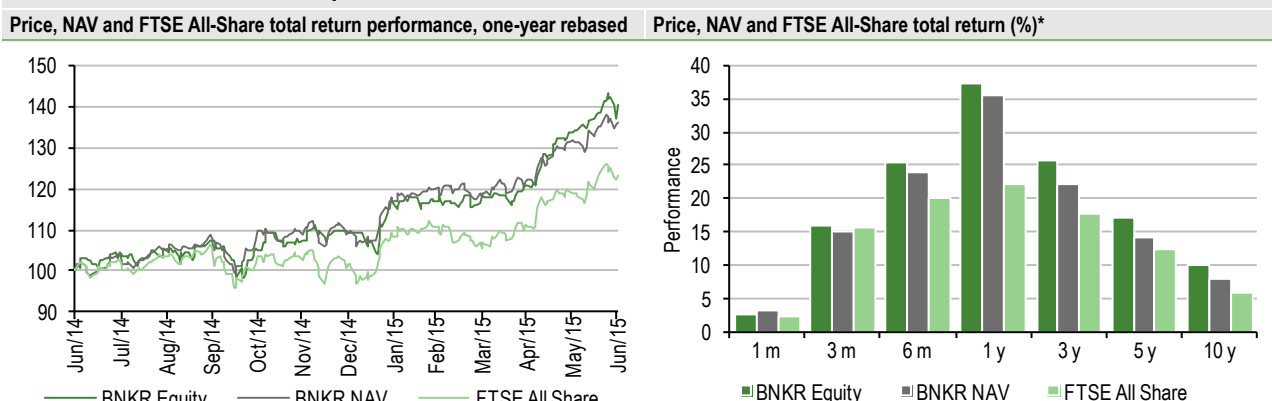
Source: Morningstar 1 July 2015, Edison Investment Research. Notes: TR = NAV total return. The Sharpe ratio is a measure of risk-adjusted return. The ratios we show are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is shown here as total assets less cash/cash equivalents as a percentage of shareholders' funds (100 = ungeared).

The board

BNKR has five independent, non-executive directors. Richard Killingbeck became a director in 2003 and was appointed chairman in September 2013. Matthew Thorne was appointed in 2008 and Susan Inglis (now the senior independent director) became a director in 2012. David Wild joined the board in February 2014 and the newest director, Julian Chillingworth, was appointed in February 2015 on the retirement of senior independent director Richard Burns. The directors have backgrounds in fund and wealth management, finance and retail.

Performance tables in New Zealand dollar terms

Exhibit 12: Investment trust performance – in New Zealand dollar terms to 30 June



Source: Thomson Datastream, Edison Investment Research. Note: *Three, five and 10-year returns are annualised.

BNKR's strong NAV and share price performance over the past year has been magnified for New Zealand investors because of a weakening of the NZD, boosting the total return from c 15% (for sterling investors) to c 35%. Returns are positive over all the periods shown in Exhibit 12, in contrast with sterling performance (see page 7) which is flat to negative over one and three months.

Exhibit 13: Investment trust discrete years performance – in New Zealand dollar terms

12 months ending	Share price (%)	NAV (%)	FTSE All-Share (%)	FTSE AW Dev Eur ex UK (%)	FTSE World Nth America index (%)	FTSE AW Asia Pacific ex Jap
30/06/12	(0.1)	(3.4)	(2.8)	(19.7)	6.3	(10.2)
30/06/13	36.7	23.9	18.7	29.1	24.4	14.1
30/06/14	5.9	8.3	12.5	16.3	10.4	4.0
30/06/15	37.2	35.5	22.2	20.7	37.0	29.3

Source: Thomson Datastream. Note: Total return basis, in NZ\$ terms.

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