

The Bankers Investment Trust

Outperforming benchmarks old and new

The Bankers Investment Trust (BNKR) is celebrating its 130th anniversary with a 51st consecutive year of annual dividend growth, and a new FTSE World index benchmark that better reflects its investment approach. Recent performance has been strong, buoyed by good returns from the US portfolio and eye-catching outperformance in China, while dividends grew ahead of forecasts in FY17. Manager Alex Crooke cautions that recent sterling strength could be a headwind for overseas dividend income in the current period, although the trust's large revenue reserve (1.8x the FY17 dividend) and focus on stocks with attractive dividend growth should help to ensure that BNKR's long record of year-on-year growth is maintained. Crooke has recently been appointed co-head of equities at Janus Henderson Investors, but remains committed to overseeing BNKR.

12 months ending	Share price (%)	NAV (%)	Blended benchmark (%)	FTSE World (%)	FTSE All-Share (%)
30/04/14	7.2	7.1	10.5	6.8	10.5
30/04/15	16.7	18.8	7.5	18.0	7.5
30/04/16	(4.9)	(3.9)	(5.7)	0.5	(5.7)
30/04/17	33.7	31.2	20.1	31.0	20.1
30/04/18	14.9	11.4	5.7	7.5	8.2

Source: Thomson Datastream. Note: All % on a total return basis in GBP. Blended benchmark is FTSE All-Share index until 31 October 2017 and FTSE World index thereafter.

Investment strategy: Growth in capital and income

BNKR aims to achieve its twin objectives of long-term capital growth and above-inflation dividend increases by investing globally in well-run, cash-generative firms that are trading at attractive valuations. Lead manager Alex Crooke sets the overall geographical allocation, with stock selection in each region undertaken by specialists from across Janus Henderson Investors (JHI). David Smith has taken on BNKR's UK equity portfolio following Crooke's appointment as JHI's co-head of equities.

Market outlook: Focus on value amid volatility

Global indices have largely recovered from the stock market pullback in the early part of 2018, with the headline UK FTSE 100 index flirting with a new all-time high. While the sell-off has arguably blown some of the froth off historically high forward P/E multiples, average valuations in many markets remain above long-term norms. Against such a backdrop, an investment approach that focuses on cash-generative stocks trading at attractive valuations may find favour with investors.

Valuation: Shares trading close to NAV

At 24 May 2018, BNKR's shares traded at a discount of 1.2% to cum-income NAV (with debt at fair or market value). This compares with average discounts of 2.1%, 3.5%, 2.9% and 6.5% respectively over one, three, five and 10 years. Following a period of discount volatility from early 2016, BNKR's discount to NAV has narrowed steadily since mid-2017. The board has the authority to buy back or issue shares to manage a discount or a premium, but has not done so since October 2016. The 2.2% dividend yield is a little below the 2.4% yield on the FTSE World index.

Investment trusts

29 May 2018

Price 886.0p
NZ\$17.30

Market cap £1,086.3m

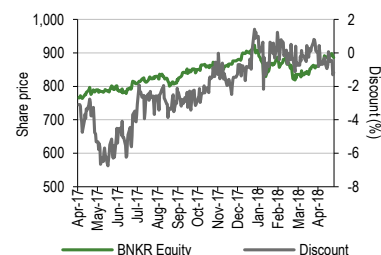
AUM £1,169.7m

NAV* 889.4p
Discount to NAV 0.4%
NAV** 896.6p
Discount to NAV 1.2%

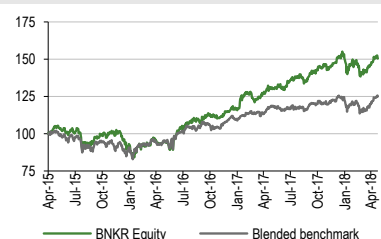
*Excluding income. **Including income. As at 24 May 2018.

Yield 2.2%
Ordinary shares in issue 122.6m
Code BNKR
Primary exchange LSE
AIC sector Global
Benchmark FTSE World index

Share price/discount performance



Three-year performance vs index



52-week high/low 923.0p 779.0p
NAV** high/low 913.4p 822.0p

**Including income.

Gearing

Gross* 6.3%
Net* 4.0%

*As at 30 April 2018.

Analysts

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[Edison profile page](#)

The Bankers Investment Trust is a research client of Edison Investment Research Limited

Exhibit 1: Trust at a glance

Investment objective and fund background

The Bankers Investment Trust (BNKR) aims over the long term to achieve capital growth in excess of the FTSE World index and annual dividend growth greater than UK RPI inflation, by investing in companies listed throughout the world. BNKR has one of the longest records of uninterrupted annual dividend growth for an investment trust (51 years based on year ended 31 October 2017). It is listed on the London Stock Exchange with a secondary listing in New Zealand.

Recent developments

- 23 March 2018: BNKR non-executive director Susan Inglis appointed to the board of newly launched Baillie Gifford US Growth Trust.
- 21 February 2018: All resolutions passed at AGM. Matthew Thorne and David Wild have retired from the board.
- 21 February 2018: First interim dividend of 4.86p declared for the year ending 31 October 2018, payable on 31 May.

Forthcoming

AGM	February 2019
Interim results	July 2018
Year end	31 October
Dividend paid	May, Aug, Nov, Feb
Launch date	13 April 1888
Continuation vote	None

Capital structure

Ongoing charges	0.44%
Net gearing	4.0%
Annual mgmt fee	Tiered (see page 8)
Performance fee	None
Trust life	Indefinite
Loan facilities	See page 8

Fund details

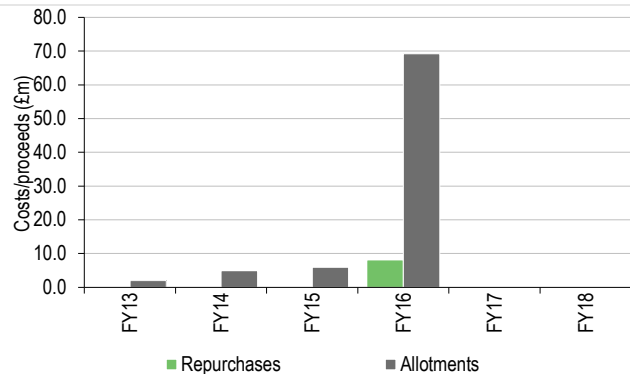
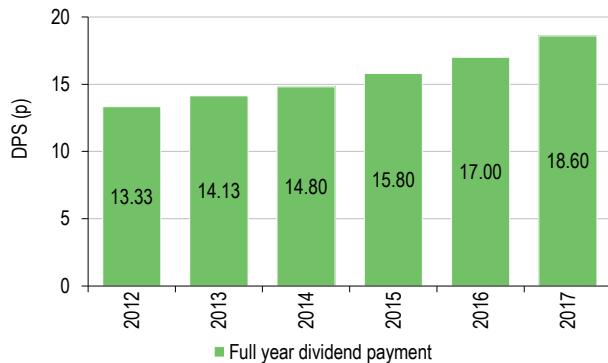
Group	Janus Henderson Investors
Manager	Alex Crooke
Address	201 Bishopgate, London EC2M 3AE
Phone	+44 (0) 20 7818 1818
Website	janushenderson.com

Dividend policy and history (financial years)

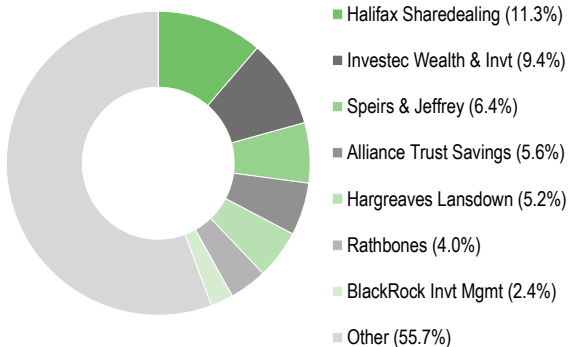
Dividends are paid quarterly in May, August, November and February. The trust has paid a dividend in all but two of its 130 years of existence, and produced a 51st consecutive year of dividend growth in FY17.

Share buyback policy and history (financial years)

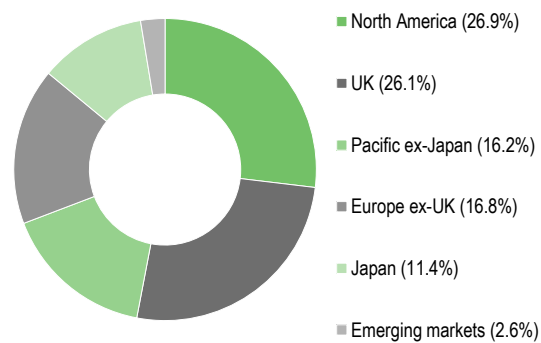
BNKR seeks authority annually to buy back shares at a discount or issue them at a premium to NAV in order to manage supply and demand. 2016 allotments include shares issued as a result of the rollover of Henderson Global Trust.



Shareholder base (as at 21 February 2018)



Portfolio exposure by geography (as at 30 April 2018)



Top 10 holdings (as at 30 April 2018)

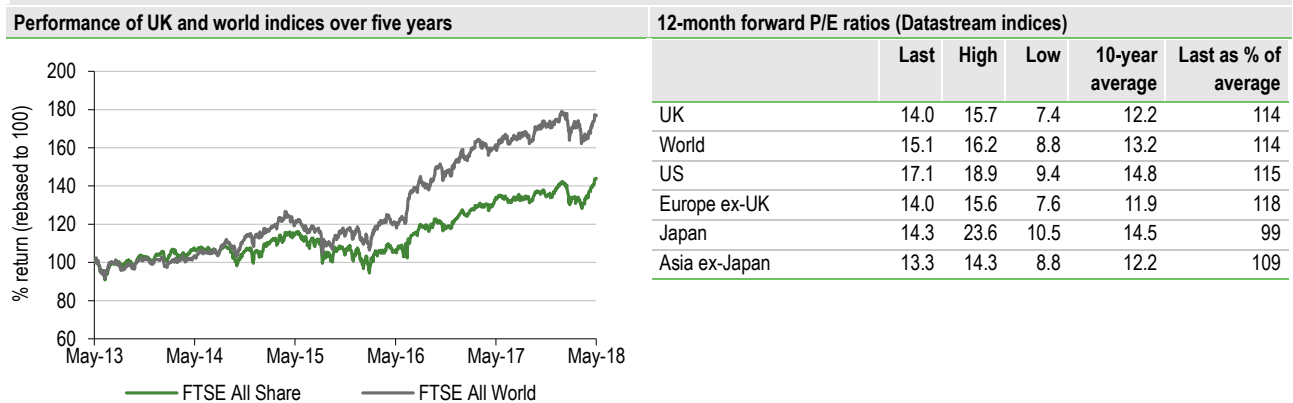
Company	Country	Sector	Portfolio weight %	
			30 April 2018	30 April 2017*
BP	UK	Oil & gas	1.7	2.2
Microsoft	US	Technology	1.6	N/A
Apple	US	Technology	1.6	1.6
American Express	US	Financials	1.5	1.2
Royal Dutch Shell	UK	Oil & gas	1.4	1.2
FedEx	US	Industrials	1.3	N/A
British American Tobacco	UK	Consumer goods	1.3	1.8
Alphabet	US	Technology	1.3	1.3
Union Pacific	US	Industrials	1.3	N/A
Estee Lauder	US	Consumer goods	1.2	N/A
Top 10 (% of portfolio)			14.2	14.5

Source: The Bankers Investment Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in April 2017 top 10. **Parent of Google.

Market outlook: Valuations remain high amid recovery

Global stock markets have largely recovered from the wobble they experienced in the first quarter of 2018, with the UK FTSE 100 index flirting with a new all-time high. As seen in Exhibit 2 (left-hand side), however, the gap that opened up between the UK and global markets in the period of sterling weakness following the EU referendum in mid-2016 is yet to close, with the FTSE All-World index total return outperforming the FTSE All-Share in sterling terms over one and two years to 16 May 2018, as well as over the five-year period shown. This is in spite of a stronger pound versus the US dollar over the past 12 months, and illustrates the potential benefits to UK-based investors of allocating some of their investments to overseas markets.

Exhibit 2: Market performance and valuation



Source: Thomson Datastream, Edison Investment Research. Note: Valuation data as at 16 May 2018.

Valuations across the majority of global markets remain high relative to history (right-hand table), with only Japanese equities currently trading on a 12-month forward P/E ratio below the 10-year average. While European stocks currently look the most elevated in terms of valuations versus the 10-year average, it is important to note that Europe ex-UK has the lowest 10-year average forward P/E, a hangover from the eurozone crises of 2011-13. The US, meanwhile, has fallen back somewhat from the 10-year high of 18.9x forward earnings seen just before the market sell-off in February, although it has the highest average forward P/E overall. While stronger earnings growth in 2017, and continuing into 2018, to some extent supports these higher multiples, investors may wish to take a more valuation-aware approach in order to avoid pockets of overvaluation.

Fund profile: Value-tilted global growth & income trust

BNKR is one of the UK's oldest closed-end funds, launched in 1888 and celebrating its 130th anniversary this year. The trust invests in global equity markets with the aim of achieving capital and income growth, and is managed by Janus Henderson Investors (JHI). Lead manager Alex Crooke, who was recently appointed as JHI's co-head of equities, has been in place since 2003 and oversees a group of regional portfolio managers, as well as working with the board to set the overall geographical allocation and the level of gearing (permitted up to 20% of net assets).

The trust has recently changed its benchmark and the wording of its investment objective in order to add clarity (it was felt that a global index was more appropriate for a global fund), although its approach remains unchanged. With effect from 1 November 2017, the benchmark has switched from the FTSE All-Share index to the FTSE World index. While the investment objective was previously to achieve long-term capital growth in excess of that of the All-Share index (thereby compensating investors for the extra risk of investing outside the domestic market), it is now to achieve long-term capital growth in excess of that of the FTSE World index. The objective of

providing annual dividend growth in excess of RPI inflation remains unchanged. BNKR has the second-longest record of unbroken annual dividend growth for a UK investment trust, having raised its dividend in each of the last 51 years.

The fund manager: Alex Crooke

The manager's view: Optimism tempered with cautious note

After a strong run in global stock markets over the past 12 months (notwithstanding increased volatility of returns so far in 2018), Crooke is more circumspect on the near-term prospects for equities. While there may still be value in out-of-favour UK names, he says US stocks in particular are in need of repricing, even after a degree of re-rating following the market sell-off in February and March. "Although I don't see a crash, at these P/E valuation levels I can see the US underperforming other markets over the next three years," he explains. He contrasts the US – where 'financial engineering' measures such as share buybacks, and the one-off impact of tax cuts, have made a notable contribution to company earnings growth and share prices – with Europe, which tends to be more cyclical, and offers significant catch-up potential given its economic recovery has lagged that of the US by several years. US corporate earnings also recovered more sharply and more quickly than those in Europe following the global financial crisis, having previously moved more or less in tandem. Meanwhile, with earnings growth in Japan forecast to accelerate in 2018 after an already strong year in 2017, Crooke views the market's combination of growth, corporate reform, loose monetary policy and low valuations vs global indices as attractive.

Global economic growth figures remain encouraging and employment numbers are strong, yet inflation remains low at c 0-2% across most developed markets. Crooke says that with fixed income investments looking less attractive against a backdrop of (albeit slower than forecast) rising interest rates, even a modest increase in inflation would make equity markets seem the obvious choice for investors seeking real returns. However, the manager sounds a note of caution, particularly with regard to technology companies. Tech stocks are now at their highest percentage share of the US equity market since the TMT bubble of the early 2000s, at c 25%, and the weighting of technology stocks in emerging markets is close to its highest level ever, at nearly 30%. While Crooke says he is not calling the top, historically sectors that reach such dominant levels have been vulnerable to periods of relative underperformance. With this in mind, BNKR has been taking profits in tech names such as Samsung and Amazon, although the trust's exposure to the sector as a whole is relatively limited owing to a combination of high valuations and low dividend yields.

Asset allocation

Investment process: Value and income tilt for global portfolio

Crooke sets the geographical allocation for BNKR, with the regional portfolios all being managed by specialists at Janus Henderson Investors. While each manager has their own approach, the overall investment style for the BNKR portfolios is bottom-up and tilted towards value and income, with a preference for cash-generative companies whose dividend growth can support BNKR's own impressive record of growing dividends year-on-year. As shown in Exhibit 3, in sterling terms all the regional portfolios outperformed their reference indices in FY17, with the exception of the UK, where underperformance was marginal.

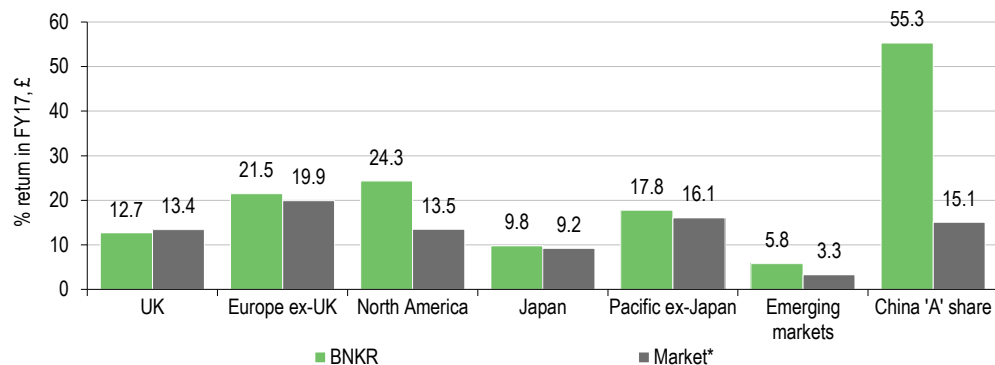
Key details of each regional portfolio at 31 October 2017 are shown below.

- **UK (68 stocks and 27.0% of the portfolio)** – until recently managed by Alex Crooke, the portfolio is now in the hands of David Smith following Crooke's appointment as JHI's co-head of equities. Smith also manages Henderson High Income (formerly co-manager alongside

Crooke), and the two managers worked together on the BNKR UK portfolio for a six-month transitional period until September 2017. Smith has recently reduced exposure to domestic UK stocks, which had been an area of focus, as the current critical stage of the Brexit negotiations makes them vulnerable to changes in sentiment. The UK exposure remains very overweight versus the new benchmark, however, and the manager still sees some value in the market.

- **North America (27 stocks and 28.3% of the portfolio)** – managed by Ian Warmerdam, the largely US portfolio is much more concentrated than the majority of BNKR’s other regional portfolios, and more growth-biased. The portfolio markedly outperformed the regional index in FY17, thanks to its significant exposure to mid-cap growth stocks, as well as some strongly performing technology names such as Apple. The strong absolute return is arguably more impressive given the strengthening of sterling versus the US dollar over the period.
- **Europe ex-UK (40 stocks and 15.2% of the portfolio)** – Tim Stevenson, who also manages Henderson EuroTrust, runs a diversified portfolio in which all but one stock posted gains in FY17. The top contributor was Deutsche Post, which performed well after growing its parcel business and delivering strong cash returns. Crooke increased the allocation to Europe in spring 2017, which paid off as the region posted the best sterling performance of all BNKR’s regions in FY17.
- **Japan (28 stocks and 11.9% of the portfolio)** – managed since March 2017 by Junichi Inoue, with a focus on companies that are generating positive returns on capital, allowing them to invest for the future and increase dividend payouts. The portfolio has a quality growth bias, with an emphasis on domestic stocks rather than exporters. The key performance driver in FY17 was stock selection within industrials, while underweight positions in healthcare and utilities also helped relative returns. While previously some of BNKR’s Japan exposure was through funds, the portfolio is now all directly invested in equities.
- **Pacific ex-Japan (16 stocks and 11.0% of the portfolio)** – Henderson Far East Income manager Mike Kerley runs a concentrated portfolio with large weightings in Hong Kong, Korea and Australia. Strong performance from the largest holding, Samsung Electronics, was a key driver of returns in FY17, while Hong Kong-listed leisurewear firm Anta Sports also did well.
- **China ‘A’ shares (16 stocks and 6.3% of the portfolio)** – Crooke increased exposure to the growing ‘A’ share market, where the portfolio is managed by Charlie Awdry. Stellar performance (40.2pp above the index return in FY17) was achieved from a portfolio with an increased focus on domestic discretionary consumption rather than more defensive areas.
- **Emerging markets (10 stocks and 2.5% of the portfolio)** – managed by Nicholas Cowley, the BNKR emerging markets portfolio contains stocks from Latin America, Africa and emerging Europe, with a focus on special situations. The weighting is relatively small, partly because of the separate Asia Pacific and China portfolios, but also because of Crooke’s preference for getting emerging markets exposure through developed market stocks with significant operations or sales in these higher-growth areas.

Exhibit 3: Regional portfolio and index returns in FY17



Source: The Bankers Investment Trust, Edison Investment Research. Note: *Local FTSE indices except China 'A' share, which is CSI300 index.

Current portfolio positioning

At 30 April 2018, there were 192 stocks in the BNKR portfolio, a reduction from 203 a year earlier. The majority of the regional sub-portfolios contain between 10 and 40 stocks, with the exception of the UK (68 stocks at end-FY17), historically the largest weighting, but now second behind North America having fallen by 2.2pp over 12 months (Exhibit 4). In line with the large number of stocks in the portfolio, concentration in the top 10 holdings is low, at 14.2% (14.5% at 30 April 2017).

Exhibit 4: Portfolio geographic exposure vs benchmark (% unless stated)						
	Portfolio end-April 2018	Portfolio end-April 2017	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
North America	26.9	25.9	1.0	57.1	(30.2)	0.5
UK	26.1	28.3	(2.2)	6.5	19.7	4.0
Pacific ex-Japan	16.2	14.3	1.9	8.5	7.7	1.9
Europe ex-UK	16.8	17.3	(0.5)	16.3	0.5	1.0
Japan	11.4	10.9	0.5	9.2	2.2	1.2
Emerging markets	2.6	3.2	(0.6)	2.5	0.2	1.1
	100.0	100.0		100.0		

Source: The Bankers Investment Trust, Edison Investment Research

As seen in the table above, North America is well below and the UK is well above the new FTSE World index benchmark weighting (previously FTSE All-Share). It is unlikely BNKR's US exposure will converge with that of the index, given the dominance of highly valued, low-yielding tech stocks in the US index. The portfolio is also overweight Pacific ex-Japan, principally because of the exposure to China (c 10% of the portfolio in early 2018 including Hong Kong-listed Chinese stocks), which is excluded from the index. Crooke says that after the strong performance of the China 'A' share portfolio in FY17, he is happy not to add to the current weighting until manager Charlie Awdry sees a broader range of attractively valued stocks. However, over time the exposure to China could rise further. The UK weighting is down over the past year, having already been reduced in the previous 12 months from more than 30%. Though historically an important source of dividends, Crooke says he is now comfortable looking further afield for yield, with both Europe and Asia offering dividend yields at a similar level to the UK. The shape of the UK portfolio has also shifted somewhat over the past year, with more emphasis on mid-cap stocks such as Pets At Home, Victrex and Ted Baker.

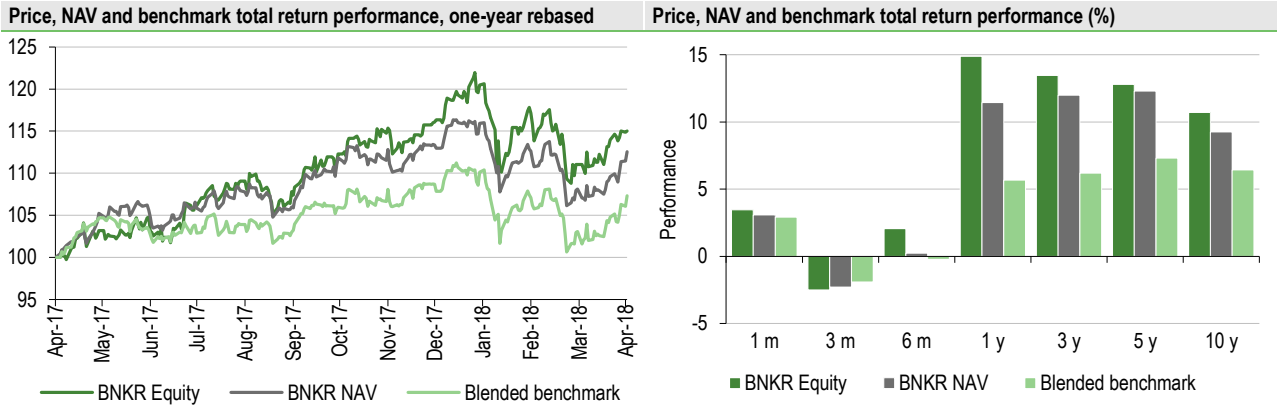
Exhibit 5: Portfolio sector exposure vs benchmark (% unless stated)						
	Portfolio end-April 2018	Portfolio end-April 2017	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Financials	22.9	23.7	(0.7)	22.1	0.8	1.0
Consumer goods	19.3	20.3	(1.0)	12.6	6.7	1.5
Industrials	15.4	15.2	0.3	13.2	2.3	1.2
Consumer services	12.1	14.6	(2.5)	11.1	1.0	1.1
Technology	10.9	8.5	2.4	13.7	(2.8)	0.8
Healthcare	6.0	6.6	(0.5)	10.6	(4.6)	0.6
Oil & gas	4.9	4.6	0.3	6.3	(1.3)	0.8
Basic materials	3.6	1.8	1.8	4.7	(1.1)	0.8
Telecommunications	3.6	3.6	(0.0)	2.7	0.9	1.3
Utilities	1.2	1.2	(0.0)	3.0	(1.8)	0.4
	100.0	100.0		100.0		

Source: The Bankers Investment Trust, Edison Investment Research

Sector weightings (Exhibit 5) are broadly stable over the past 12 months, although there is a large overweight in consumer goods companies versus the index. Financials remains the biggest weighting, in line with Crooke's prevailing view of 'value' as being stocks with underappreciated cash flows, rather than simply those whose P/E or price/book valuations are low relative to their history. He comments that banks are getting to a position where they no longer have to rebuild their capital bases, meaning they have more scope to share their cash flows with shareholders. Gearing remains relatively low at c 4.0% versus a normal working range of up to 10%. Crooke comments that with valuations heading upwards for most of the past year, he had not felt it was the right time to be aggressive with BNKR's gearing; however, he is alert to opportunities in cheaper value stocks and may increase gearing as a result.

Performance: Solid long-term record

Exhibit 6: Investment trust performance to 30 April 2018



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised. Blended benchmark is FTSE All-Share index until 31 October 2017 and FTSE World index thereafter.

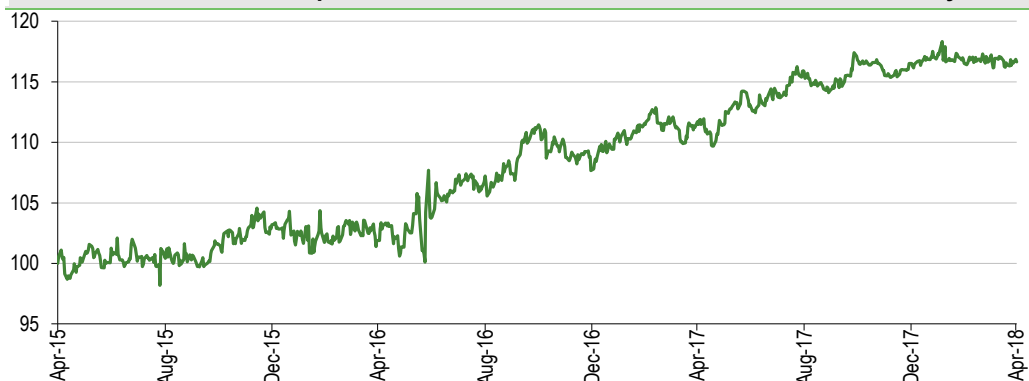
BNKR's performance has bounced back following the market sell-off in early 2018, and share price and NAV total returns are both well ahead of the blended benchmark over 12 months to 30 April (Exhibit 6). Over longer periods, annualised NAV total returns of c 9-12% are well ahead of the benchmark (FTSE All-Share index until 31 October 2017 and FTSE World index thereafter), while share price total returns are slightly higher as the discount to NAV has narrowed. As shown in Exhibit 7, returns relative to the FTSE All-Share index over longer periods far outstrip returns versus the new FTSE World index benchmark, reflecting lacklustre UK market performance relative to the rest of the world. However, BNKR's returns still exceed those of the global index over the majority of periods shown. The allocation to China (not included in the FTSE World index) is an important element in BNKR's performance on both an absolute and relative basis. Exhibit 8 illustrates the relatively low volatility of the trust's NAV outperformance versus the blended benchmark, notwithstanding a more volatile period around the time of the UK's EU referendum in mid-2016.

Exhibit 7: 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 blended benchmark	0.5	(0.6)	1.9	8.3	21.6	28.0	47.7
NAV relative to blended benchmark	0.2	(0.4)	0.1	5.0	16.9	25.2	29.4
Price relative to FTSE World	0.5	(0.6)	1.9	6.9	3.3	2.4	8.7
NAV relative to FTSE World	0.2	(0.4)	0.1	3.7	(0.7)	0.2	(4.7)
Price relative to FTSE All-Share	(2.8)	(3.5)	(0.1)	6.2	19.2	25.5	44.9
NAV relative to FTSE All-Share	(3.1)	(3.3)	(1.8)	3.0	14.6	22.8	26.9

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-April 2018. Geometric calculation. Blended benchmark is FTSE All-Share index until 31 October 2017 and FTSE World index thereafter.

Exhibit 8: NAV total return performance relative to blended benchmark over three years

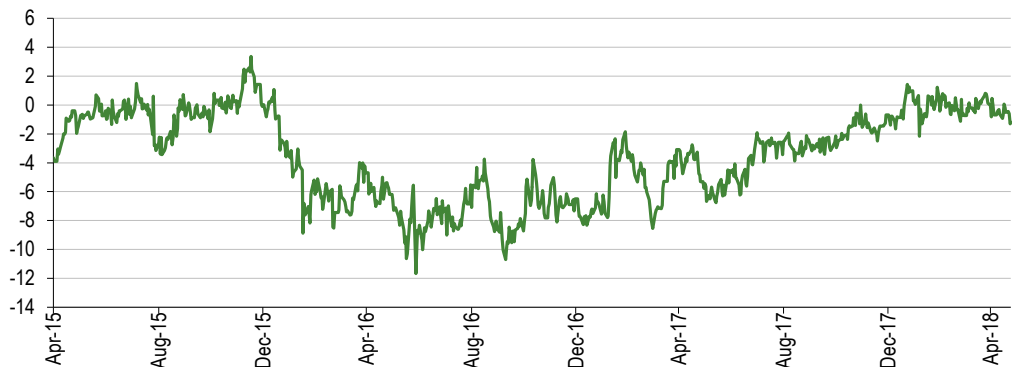


Source: Thomson Datastream, Edison Investment Research

Discount: Close to par after sustained narrowing

At 24 May 2018, BNKR's shares traded at a 1.2% discount to cum-income NAV. This follows a sustained narrowing in the discount since mid-2017 (Exhibit 9), coinciding with a period of strong NAV and share price performance, and compares with average discounts of 2.1%, 3.5%, 2.9% and 6.5% respectively over one, three, five and 10 years. The trust has the authority to buy back or allot shares to manage a discount or premium, but there is no stated discount or premium level at which this would occur, and no shares have been issued or repurchased since October 2016.

Exhibit 9: Share price premium/discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

BNKR is a conventional investment trust with one class of share. At 24 May 2018, there were 122.6m ordinary shares in issue, unchanged over 12 months. Structural gearing is in place through a £50m issue of 20-year loan notes (maturing in 2035 with a fixed coupon of 3.68%), and a £15m debenture with an interest rate of 8%, maturing in 2023. Together these equate to gross gearing of c 6.2%, but this is partly offset by cash, meaning net gearing stood at 4.0% at 30 April 2018.

Janus Henderson Investors is paid a management fee of 0.45% of the first £750m of net assets and 0.40% thereafter. There is no performance fee. For FY17, ongoing charges were 0.44%. However, this reflected a period following the Henderson Global Trust rollover and a change in the calculation basis (see our [March 2017](#) note) when fees were capped at £843,685 per quarter, effectively lowering the annual management fee to c 0.31%. The fee cap was removed as of the end of calendar 2017. Based on current net assets and assuming the level of other expenses remains constant, we calculate that ongoing charges for FY18 could be c 0.50%.

Dividend policy and record

BNKR has the second-longest record of uninterrupted dividend growth for an investment trust, having increased its payout in each of the last 51 years. Dividends are paid quarterly, in May, August, November and February. For FY17 (year ended 31 October), total dividends of 18.6p were paid, ahead of the guidance at the start of the year for at least 18.0p, and a year-on-year increase of 9.4% on FY16's 17.0p, well ahead of the rate of inflation.

So far in FY18, one interim dividend of 4.86p has been declared. If this level is maintained throughout the year, total dividends would be at least 19.44p, an increase of 4.5% on FY17. However, given the strength of BNKR's revenue reserve (1.8x the cost of the FY17 dividend at the year-end), the board has forecast that dividend growth should be at least 6.0% for FY18,

suggesting total dividends for the year of 19.7p or more. BNKR's dividend has been fully covered by income in 10 of the last 11 years (the exception was FY11). Based on the last 12 months' dividends, BNKR's shares yield 2.2%.

Peer group comparison

BNKR is classified in the AIC Global sector, a group of 21 funds containing many of the longest-established investment trusts. The sector has reduced in size somewhat in recent years as several multi-asset trusts have moved to the Flexible Investment sector, meaning the majority of the remaining peers are now diversified global equity funds like BNKR. Exhibit 10 below shows the 11 largest trusts in the sector, all of which have assets of more than £500m. Within this group, BNKR ranks fourth, seventh, sixth and sixth respectively for NAV total return performance over one, three, five and 10 years. Taking the sector as a whole, BNKR ranks ninth, 11th, 10th and 11th for NAV total returns over the same periods. Ongoing charges are among the lowest both in the subset of large trusts and the wider sector, and there is no performance fee. Gearing is below average, while the dividend yield is the third highest of the large trusts and fifth highest overall. BNKR currently trades close to NAV, compared with a small discount on average for the whole sector.

Exhibit 10: Global investment trusts above £500m market capitalisation at 17 May 2018*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Ongoing charge	Perf. fee	Discount (ex-par)	Net gearing	Dividend yield (%)
The Bankers Investment Trust	1,087.5	11.6	45.8	77.0	138.9	0.4	No	0.0	104	2.2
Alliance Trust	2,524.3	9.4	49.0	69.2	128.7	0.6	No	(5.6)	104	1.8
British Empire	856.1	9.8	49.1	59.2	102.2	0.9	No	(10.3)	104	1.6
Caledonia Investments	1,483.0	3.5	27.0	61.7	82.5	1.1	No	(18.9)	100	2.1
F&C Global Smaller Companies	839.2	11.0	48.8	89.1	249.0	0.6	No	0.1	104	0.9
Foreign & Colonial Investment Trust	3,708.5	12.2	51.5	82.6	139.2	0.5	No	(0.7)	109	1.5
Law Debenture Corporation	727.9	8.6	33.8	66.1	145.0	0.4	No	(13.2)	114	2.8
Monks	1,784.9	16.9	72.4	97.1	109.9	0.6	No	3.1	100	0.2
Scottish Investment Trust	672.2	9.5	44.7	62.7	111.7	0.5	No	(12.1)	104	2.3
Scottish Mortgage	7,061.7	29.5	93.4	184.2	261.4	0.4	No	4.1	106	0.6
Witan	1,953.4	9.6	45.2	77.8	160.3	0.8	Yes	(1.2)	110	2.1
Subset average (11 funds)	2,063.5	12.0	51.0	84.2	148.1	0.6		(5.0)	105	1.6
BNKR rank out of 11 funds	7	4	7	6	6	9		4	5	3
Sector average (21 funds)	1,200.3	13.3	53.2	90.2	156.1	0.7		(1.4)	104	1.7
BNKR rank out of 21 funds	7	9	11	10	11	18		8	7	5

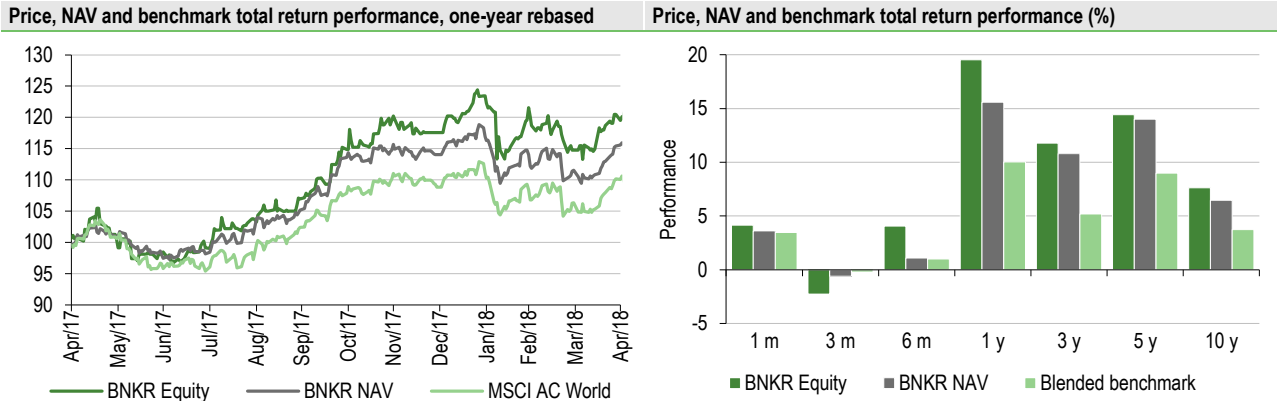
Source: Morningstar, Edison Investment Research. Note: *Performance data to 16 May 2018. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

The board

There are four independent, non-executive directors on BNKR's board. Richard Killingbeck joined the board in 2003 and became chairman in 2013. Susan Inglis, the senior independent director, was appointed in 2012, with Julian Chillingworth joining the board in 2015. The newest director, Isobel Sharp, was appointed in October 2017 and became audit committee chair on the retirement of Matthew Thorne at the February 2018 AGM. David Wild also retired as a director at the 2018 AGM. The directors have backgrounds in fund management, corporate finance and accountancy.

Performance tables in New Zealand dollar terms

Exhibit 11: Investment trust performance - in New Zealand dollar terms to 30 April 2018



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

BNKR has a listing on the New Zealand Stock Exchange, and Exhibits 11 and 12 show the trust's performance in New Zealand dollar terms. Over five years the NZ dollar is broadly stable against sterling, illustrating the tendency of currency movements to even out. Over the past 12 months, NZ dollar investors have seen share price and NAV total returns of 19.5% and 15.6% respectively, compared with 14.9% and 11.4% for sterling investors, as the pound strengthened. Conversely, over three years, share price and NAV total returns to NZ dollar investors were lower, at an annualised 11.8% and 10.8% respectively, compared with 13.5% and 12.0% for sterling investors, reflecting the period of significant sterling weakness following the EU referendum in June 2016. This is even more visible in the table of discrete returns below, where over 12 months to 30 April 2017, the translation from a weaker sterling saw share price and NAV total returns for NZ dollar investors of 16.6% and 18.0%, compared with 33.7% and 31.2% for sterling investors.

Exhibit 12: Investment trust discrete years' performance in New Zealand dollar terms

12 months ending	Share price (%)	NAV (%)	Blended benchmark (%)	FTSE World (%)	FTSE All-Share (%)
30/04/14	20.8	16.0	19.7	15.7	19.7
30/04/15	16.3	22.0	10.4	21.2	10.4
30/04/16	0.2	(0.3)	(2.1)	4.3	(2.1)
30/04/17	16.6	18.0	8.1	17.8	8.1
30/04/18	19.5	15.6	10.0	11.5	12.2

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

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