

The Bankers Investment Trust

Global portfolio with 49 years of dividend growth

The Bankers Investment Trust (BNKR) is a long-established, globally invested fund with a focus on achieving long-term capital growth greater than that of the FTSE All-Share index, and above-inflation dividend growth. Lead manager Alex Crooke makes use of the substantial resources of Henderson Global Investors, delegating ex-UK stock selection to regional specialists. BNKR has recently achieved its 49th consecutive annual dividend increase, the joint-longest record in the investment company sector. A proposal to merge its stablemate Henderson Global Trust with Henderson International Income Trust could see BNKR – which will be offered as a rollover option to investors who wish to retain a global growth mandate – receive a boost to its assets under management.

12 months ending	Share price	NAV	FTSE All-Share	FTSE AW Dev Eur ex UK	FTSE World N America	FTSE AW Asia Pac ex Jp
29/02/12	3.8	1.3	1.5	(9.6)	5.6	3.4
28/02/13	27.3	15.4	14.1	18.5	18.3	15.2
28/02/14	14.9	12.6	13.3	16.5	12.6	(10.5)
28/02/15	9.2	13.4	5.6	5.2	23.8	18.7
29/02/16	(5.3)	(4.3)	(7.3)	(5.0)	2.3	(11.8)

Source: Thomson Datastream. Note: All % on a total return basis in GBP.

Investment strategy: Value and income tilt

BNKR's portfolio is global with a bias (c 35% but likely to fall to c 30%) towards the UK. Lead manager Alex Crooke works with the board to decide the level of gearing and the geographical allocation and is also responsible for the UK portfolio; ex-UK stock selection is undertaken on a bottom-up basis by regional specialists from Henderson's well resourced team. The overall style is biased towards value, with all the managers aiming to buy stocks at less than their intrinsic worth. Sustainable dividend growth is also a key area of focus when selecting stocks.

Outlook: Opportunities from recent correction?

Global stock markets have experienced a period of volatility and heightened investor risk aversion in recent months, fuelled by concerns over the effect of continued low commodity prices, divergent central bank policy and slowing growth in China, previously the engine of the world economy. However, the recent correction may provide investors with the opportunity to access attractive investments at lower valuations and while dividends in some sectors are under pressure, income growth can still be found in many markets.

Valuation: Market volatility sees discount widening

At 11 March 2016 BNKR's shares traded at a 6.3% discount to cum-income net asset value, narrower than the three-year widest point of 8.9% reached in mid-February but above the three-year average of 1.8%. The widening has largely occurred since the start of the year as investor risk aversion has risen. Having issued shares in order to manage a premium over the past two-and-a-half years, the board has recently undertaken four share buybacks to help manage the discount.

Investment trusts

14 March 2016

Price 565.0p
NZ\$12.05

Market cap £645.9m

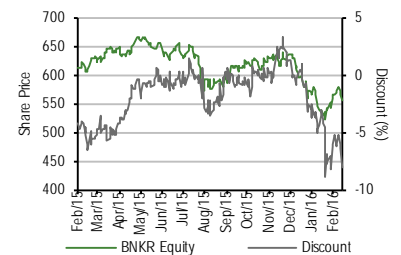
AUM £767.9m

NAV* 598.9p
Discount to NAV 5.7%
NAV** 603.3p
Discount to NAV 6.3%

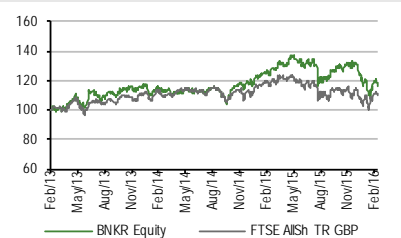
*Excluding income. **Including income. Data at 11 March 2016.

Yield 2.8%
Ordinary shares in issue 114.33m
Code BNKR
Primary exchange LSE
AIC sector Global

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low 674.5p 522.0p
NAV** high/low 685.7p 550.0p

**Including income.

Gearing

Gross* 10.0%
Net* 2.0%

*As at 31 January 2016.

Analysts

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[Edison profile page](#)

Exhibit 1: Trust at a glance

Investment objective and fund background

The Bankers Investment Trust aims to maximise total returns 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 49 years (based on year ended 31 October 2015). It is listed on the London Stock Exchange with a secondary listing in New Zealand.

Recent developments

- 25 February 2016: First interim dividend of 4.0p declared for FY16, payable 31 May. (FY15 first interim: 3.9p.)
- 18 January 2016: Annual results for the year ended 31 October 2015. NAV TR of +8.4% compared with +3.0% for FTSE All Share. Final dividend of 4.0p brings total dividend for the year to 15.8p, the 49th annual increase.
- 30 September 2015: Third interim dividend of 4.0p declared for the year ending 31 October 2015.

Forthcoming

AGM	February 2017
Interim results	June 2016
Year end	31 October
Dividend paid	May, Aug, Nov, Feb
Launch date	13 April 1888
Continuation vote	None

Capital structure

Ongoing charges	0.52%
Net gearing	2.0%
Annual mgmt fee	See page 8
Performance fee	No
Trust life	Indefinite
Loan facilities	See page 8

Fund details

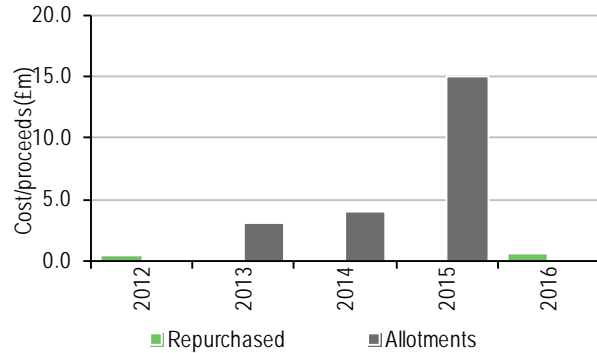
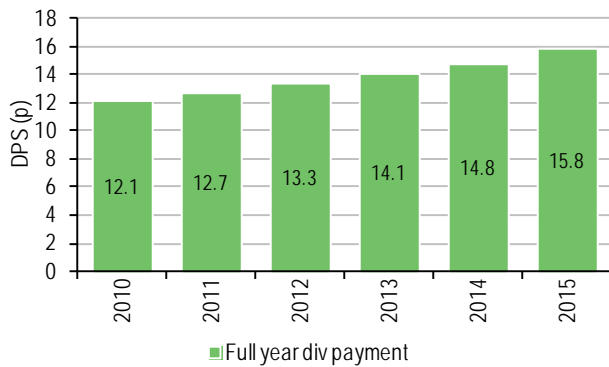
Group	Henderson Global Investors
Manager	Alex Crooke
Address	201 Bishopsgate, London, EC2M 3AE
Phone	020 7818 6825
Website	www.bankersinvestmenttrust.com

Dividend policy and history

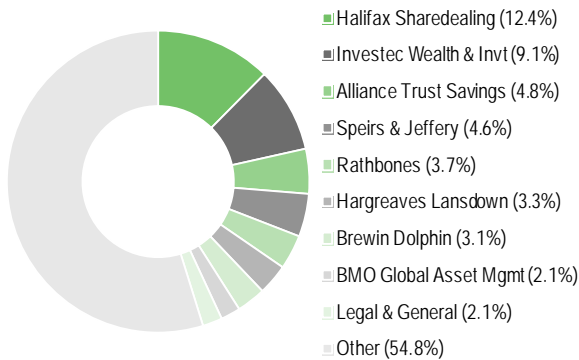
Dividends paid quarterly in May, August, November and February. The trust has paid a dividend in all but two of its 127 years of existence and has grown its annual dividend in each of the last 49 years.

Share buyback policy and history

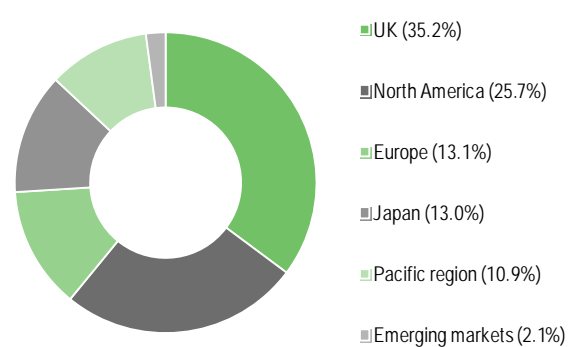
BNKR seeks authority annually to buy back its shares at a discount or issue at a premium to NAV in order to manage supply and demand.



Shareholder base (as at 1 October 2015)



Portfolio exposure by geography (as at 31 January 2016)



Top 10 holdings (as at 31 January 2016)

Company	Country of listing	Sector	Portfolio weight %	
			31 Jan 2016	31 July 2015*
BP	UK	Oil & gas	1.8	1.8
British American Tobacco	UK	Personal & household goods	1.5	1.4
ITV	UK	Media	1.5	1.5
Galliford Try	UK	Construction & materials	1.3	1.5
CVS Health	US	Healthcare retailer	1.3	1.3
Delphi Automotive	US	Automobiles & parts	1.3	1.3
BT Group	UK	Telecommunications	1.3	N/A
Apple	US	Technology	1.3	1.3
American Tower	US	Telecommunications	1.3	N/A
Roper Technologies	US	Technology	1.2	N/A
Top 10 (% of portfolio)			13.8	14.8

Source: The Bankers Investment Trust, Edison Investment Research, Morningstar, Thomson. Note:

*N/A where not in July 2015 top 10.

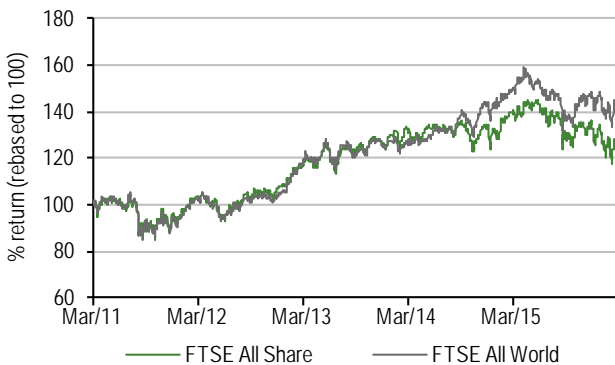
Market outlook: Growth could support equity markets

Heightened risk aversion and macroeconomic concerns have contributed to global market weakness since mid-2015, with volatility accelerating since the beginning of 2016. Looking at the trend over the last five years (Exhibit 2, left-hand chart), UK equities (as measured by the FTSE All-Share) moved closely in line with the FTSE All World index (which includes emerging markets) until the second half of 2014, but have subsequently underperformed. This illustrates the potential diversification benefit for investors of considering an allocation away from their domestic market.

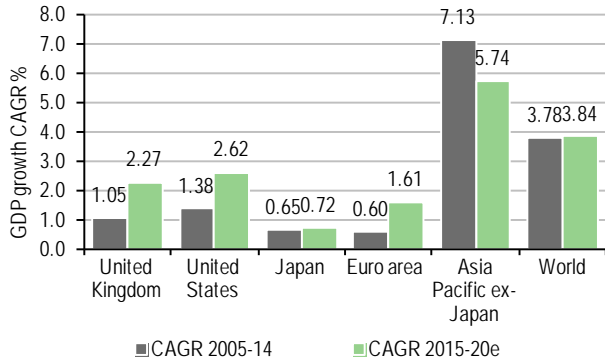
While by no means the only driver of equity returns, the economic backdrop can have a significant influence on the ability of companies to grow and consumers to spend. The right-hand chart in Exhibit 2 clearly shows the effect of the global financial crisis on developed markets, with very low growth between 2005 and 2014 across the UK, Europe, the US and Japan. The International Monetary Fund's GDP growth forecasts for all these areas are higher for the period until 2020, providing a more constructive environment for corporate earnings growth, which could prove supportive for equity markets. While the Asia Pacific region is projected to experience lower growth over the coming years (having been less badly hit in the previous period), it is still expected to be the highest-growth region and an important component of world growth, suggesting that a diversified approach that includes an allocation to Asia (which also benefits from lower valuations following a period of negative sentiment) could be beneficial in the longer term.

Exhibit 2: Market performance and global economic growth

Performance of UK and world indices



IMF economic growth forecasts by region



Source: Thomson Datastream, Edison Investment Research, IMF October 2015 World Economic Outlook

Fund profile: Global portfolio for growth and income

The Bankers Investment Trust (BNKR) was founded in 1888, making it one of the oldest investment trusts. It is listed on the London and New Zealand stock exchanges. Lead manager Alex Crooke at Henderson Global Investors has overseen the portfolio since 2003 and is also responsible for the UK stock selection. Regional portfolios covering Europe, North America, Asia Pacific, Japan and China A shares are managed by specialists within Henderson's large fund management team, as well as a small allocation to non-Asian emerging markets.

BNKR aims to achieve long-term capital growth while growing its dividend by more than RPI inflation. In 2015 it announced its 49th consecutive annual dividend increase. Although it is a global portfolio, the trust uses the FTSE All-Share as a performance benchmark, working on the premise that UK investors who take the additional risk of putting some of their money overseas should be rewarded with average returns that exceed those they could have achieved at home.

The trust is broadly diversified with c 200 holdings. Crooke sets the geographical asset allocation but the regional managers are largely unrestricted in the construction of their portfolios. Broad risk controls state that no more than 10% of the portfolio (at acquisition) may be held in a single stock, and no more than 15% in an industry subsector (for example mining or media companies). Gearing is permitted up to 20% of net assets but in practice has tended to be much lower than this.

As part of a planned merger of Henderson Global Trust into Henderson International Income Trust, in February 2016 it was announced that investors who wished to continue to follow a global growth rather than an income mandate would be offered the choice of rolling their investments over into BNKR. At the time of writing this scheme is still in the process of being finalised, but it would provide a potential boost to BNKR in terms of assets under management.

The fund manager: Alex Crooke

The manager's view: Stockpicking to navigate volatility

With BNKR having exceeded its forecast dividend growth for FY15 (achieving 6.8% vs a prediction of at least 4.4%), manager Alex Crooke is confident that dividend growth will continue to come through in the current year, in spite of the likelihood of dividend cuts from some portfolio holdings. The trust is very underweight commodities, where some cuts have already occurred, and has good exposure to housebuilders and insurance, both of which have contributed special dividends on top of their ordinary dividend growth. Crooke is encouraging the regional portfolio managers to buy more dividend growth, and says a shift away from the US, where cyclically adjusted P/E valuations are beginning to look expensive, to the cheaper and higher-yielding areas of Europe and Japan will also have a positive impact on portfolio income.

In terms of the macroeconomic outlook, Crooke's view is that the continued deleveraging cycle will lead to lower growth for companies but also lower volatility, meaning a stockpicking approach is preferable. Economic growth rates for some major economies, which had picked up in recent years following the global financial crisis, are now beginning to slow, and with wages growing ahead of productivity, aggregate corporate earnings growth will continue to struggle. With no sign of overproduction of oil abating, Crooke does not see an imminent turning point for the troubled sector.

While a large portion of the market volatility in recent months has been attributed to slowing growth in China, Crooke says he is not overly bearish on the market. Reforms are continuing, the anti-corruption drive is now well established, and growth in the retail sector suggests the shift to a more consumption-led economy is being achieved. However, the manager describes China as a market in which to 'tread lightly and be careful', and he has increased the cash weighting in BNKR's China A share portfolio, preferring to wait until the Hong Kong-Shanghai Connect facility is more established.

Crooke is not yet ready to increase BNKR's weighting in non-Asian emerging markets, where the weight of US dollar-denominated corporate debt, particularly in Latin America, is likely to continue to cause pain in an environment of low or absent growth and falling currencies.

Having secured £50m of long-term borrowing at low rates in mid-2015, Crooke has yet to deploy much of the available gearing, although in the current environment of negativity towards equity markets he is looking to take advantage of poor sentiment, particularly in Europe and Japan. The gearing is unlikely to be put to work in the UK, where the portfolio weighting is expected to continue to decrease. This is part of a long-term shift to reduce the bias to the UK rather than on any potential Brexit concerns; Crooke says that while sterling is reflecting the mood of pre-referendum uncertainty, the market view is that the 'silent majority' will vote in favour of the status quo.

Asset allocation

Investment process: Diversified, global approach

Lead manager Alex Crooke sets the level of gearing and the geographical allocation for BNKR in discussion with the board, as well as having day-to-day responsibility for the UK portfolio. Exposure to the UK (c 35% at 31 January 2016) has been gradually reducing over recent years and is set to fall further towards 30%, but is likely to remain the largest regional weighting. The overall style of the portfolio is bottom-up and tilted towards value investing, together with a sustainable and growing dividend stream. With the exception of the UK portfolio (which had c 65 stocks at 31 October 2015) and emerging markets (10 stocks), each regional portfolio is expected to feature 25-30 stocks. The expectation is that the number of UK stocks will fall as the weighting reduces.

Regional stock selection responsibilities outside the UK are as follows:

- **North America (25.4% of the portfolio at FY15)** – Ian Warmerdam, based in Edinburgh. Warmerdam has a bias to ‘growth at a reasonable price’ and manages the portfolio in line with four themes: disruptive technology, energy efficiency, leading consumer goods and healthcare improvements. In FY15 performance was 5.5% ahead of the local FTSE index.
- **Europe ex UK (12.5%)** – Tim Stevenson, who also manages the Henderson Eurotrust investment trust. Stevenson adopts more of a value style for his BNKR portfolio, which returned 7.3% more than the local FTSE index in FY15.
- **Japan (11.0%)** – Will Garnett has recently replaced Michael Wood-Martin. The portfolio has a large/mid-cap focus and a tilt towards companies benefiting from economic reform in Japan. Returns in FY15 were 10.1% ahead of the local FTSE index.
- **Asia Pacific (8.1% excluding China)** – Michael Kerley, who also manages Henderson Far East Income (HFEL). Kerley has a value focus but his portfolio for BNKR is markedly different from HFEL as he is not trying to fulfil a specifically income remit. Performance was 2.2% ahead of the local FTSE index in FY15.
- **Emerging markets (1.7%)** – managed by Henderson’s EM desk; for the purposes of BNKR emerging markets are classified as emerging Europe, Middle East and Africa, and Latin America. Performance was 7.4% behind the relevant FTSE index in FY15.
- **China ‘A’ shares (3.2%)** – managed by Charlie Awdry, this is in addition to Hong Kong listed stocks in the Asia Pacific portfolio. In what Crooke describes as ‘a year of two halves’, the portfolio ended FY15 8.3% ahead of the CSI300 index.

The UK portfolio outperformed the FTSE All-Share by 3.3% in the year ended 31 October 2015.

Current portfolio positioning

At 31 January 2016 BNKR had 194 holdings, above the 102-stock average for its peer group. Portfolio concentration is lower than the AIC Global sector average, with the top 10 stocks making up 13.8% of the total compared with an average of 37% for the peer group.

Geographically (see Exhibit 1) the UK is the largest regional weighting, followed by North America. During the six months to the end of January 2016, the allocation to the UK, Asia Pacific and emerging markets reduced, with proceeds put to work in Japan, Europe and North America. Compared with the FTSE All World index (a broad index that includes emerging as well as developed markets) the portfolio is c 28% overweight the UK and c 30% underweight North America, with the other regional weightings being closer to their representation in the index.

Exhibit 3: Portfolio sector exposure vs FTSE All World index (% unless stated)

	Portfolio end Jan 2016	Portfolio end July 2015	Change (% pts)	FTSE All World index weight*	Active weight vs index (% pts)	Trust weight/index weight (x)
Industrials	15.8	16.8	-1.0	12.0	3.8	1.3
Consumer Services	15.2	16.1	-0.9	11.4	3.8	1.3
Consumer Goods	17.6	16.8	0.8	14.3	3.3	1.2
Financials	24.2	25.5	-1.3	21.5	2.7	1.1
Telecommunications	4.8	3.7	1.1	3.8	1.0	1.3
Basic Materials	2.4	2.5	-0.1	4.1	-1.7	0.6
Utilities	1.2	1.2	0.0	3.5	-2.3	0.3
Oil & Gas	3.6	3.7	-0.1	6.3	-2.7	0.6
Technology	8.5	7.5	1.0	11.5	-3.0	0.7
Healthcare	6.7	6.2	0.5	11.5	-4.8	0.6
	100.0	100.0		100.0		

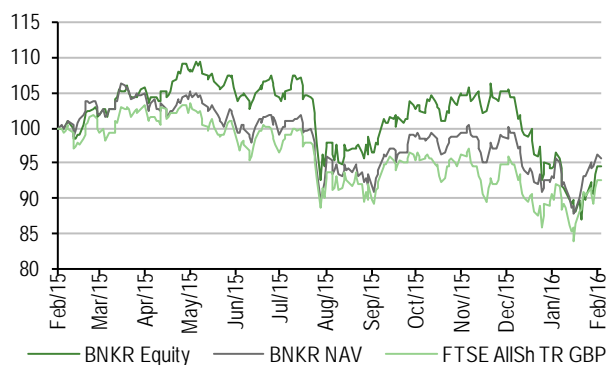
Source: The Bankers Investment Trust, Edison Investment Research. Note: Ranked by active weight. *FTSE All World index is not the benchmark but has been included for comparison. Trust weightings are approximate.

Sector weightings (Exhibit 3) are largely an output of regional stock selection rather than macro views, although oil services exposure is almost nil as the manager expects continued oil price weakness. The largest active weightings vs the FTSE All World index are to industrials, consumer services, consumer goods and financials, although the latter has seen the biggest reduction in weighting over the six months to 31 January 2016.

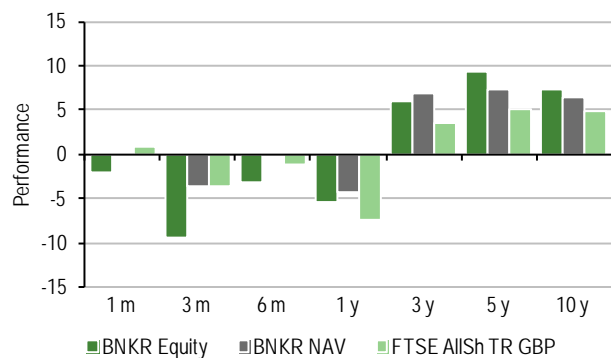
Performance: Achieving long-term objectives

Exhibit 4: Investment trust performance to 29 February 2016

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



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

Exhibit 5: Share price and NAV total return performance, relative to indices (%)

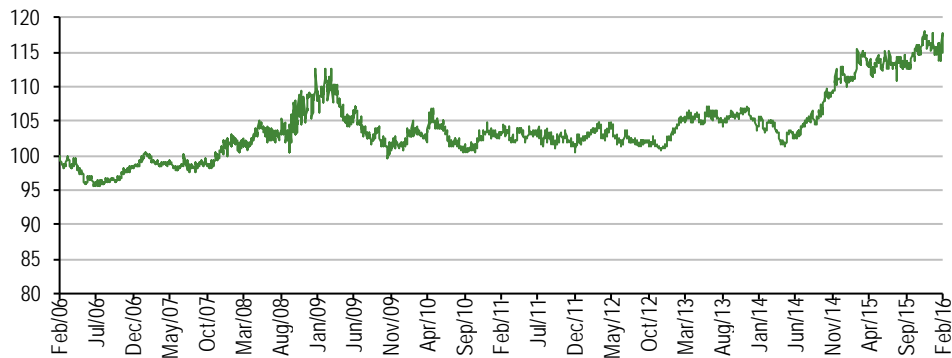
	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to FTSE All-Share	(2.8)	(6.1)	(2.0)	2.2	7.2	22.2	26.1
NAV relative to FTSE All-Share	(0.8)	(0.0)	1.4	3.3	10.3	11.4	15.0
Price relative to FTSE AW Dev Europe ex UK	(1.7)	(6.3)	(2.5)	(0.3)	2.0	25.8	22.9
NAV relative to FTSE AW Dev Europe ex UK	0.3	(0.2)	1.0	0.8	5.0	14.6	12.0
Price relative to FTSE World North America	(3.7)	(9.9)	(10.4)	(7.4)	(16.7)	(12.0)	(11.3)
NAV relative to FTSE World North America	(1.8)	(4.0)	(7.2)	(6.4)	(14.3)	(19.8)	(19.1)
Price relative to FTSE AW Asia Pac (ex-Jp)	(2.8)	(8.7)	(6.9)	7.3	26.8	40.6	(1.3)
NAV relative to FTSE AW Asia Pac (ex-Jp)	(0.8)	(2.8)	(3.6)	8.5	30.5	28.1	(10.1)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-February 2016. Geometric calculation.

BNKR has outperformed the FTSE All-Share in both share price and NAV total return terms over all periods of one year and longer (Exhibit 4), achieving its aim of providing returns for its investors in excess of the broad UK equity market. Reflecting recent global market weakness, absolute returns have been negative over periods of one year and less. Exhibit 5 compares performance of the whole portfolio with regional indices; notwithstanding a more difficult time recently, over most periods of one year and longer, BNKR has outperformed all but the North American index, where

returns have been particularly strong. Positive performance in the financial year to 31 October 2015 (during which BNKR's regional portfolios outperformed local indices in all areas except emerging markets, with the greatest outperformance coming from the US, Europe and Japan) was largely driven by stock selection, although on a relative basis Europe was helped by a bias to Northern European stocks, North America was slightly hit by an underweight position in healthcare, and the domestic bias in Japan continued to be a positive. In the Asia Pacific region, currency had a negative impact. Performance vs the FTSE All Share index (Exhibit 6) has been positive over time, with a particularly strong period of relative performance during the financial crisis in 2008/9 and from mid-2014.

Exhibit 6: NAV performance relative to FTSE All-Share index over 10 years



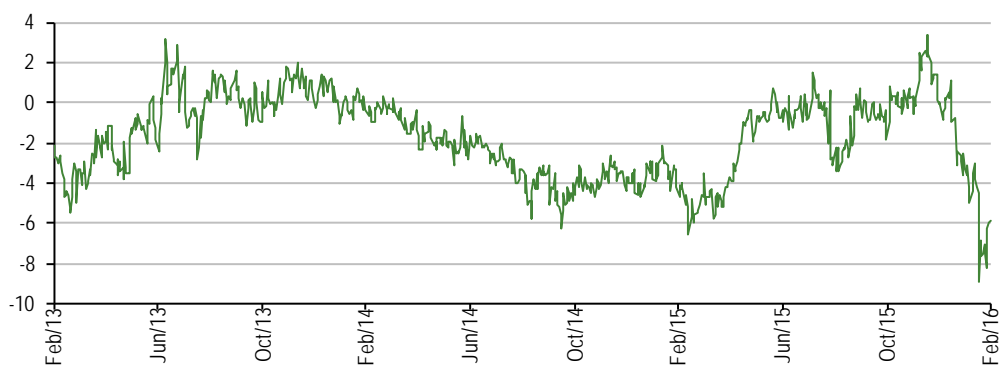
Source: Thomson Datastream, Edison Investment Research

Discount: Wider in recent market volatility

Having traded at or above par for most of its recent history, at 11 March 2016 BNKR's shares stood at a 6.3% discount to cum-income NAV, narrower than the three-year widest point of 8.9% seen in mid-February but well above the three-year average of 1.8%. This arguably reflects a volatile period in global stockmarkets and a rise in investor risk aversion; although BNKR's NAV total return performance has been negative over most recent periods, in the majority of cases it has been in line with or ahead of the benchmark FTSE All-Share index.

Since 2013 the board of BNKR has been active in issuing shares in response to demand (3.7m shares issued, raising £21.8m), and has initiated buybacks in response to the recent widening of the discount, repurchasing 116,756 shares into treasury in February and March 2016 at a cost of £656,597. The trust seeks authority annually to issue or buy back shares in order to manage a discount or premium.

Exhibit 7: Discount/premium over three years (to cum-income NAV with debt at fair value)



Source: Thomson Datastream, Edison Investment Research.

Capital structure and fees

Structured as a conventional investment trust, BNKR had 114.3m shares in issue at 11 March 2016. The trust is structurally geared through three tranches of debt: a £10m debenture with an interest rate of 10.5%, due for repayment in November 2016; a £15m debenture with an interest rate of 8%, repayable in 2023; and £50m of loan notes with a coupon of 3.68%, issued in July 2015 with a 20-year life. Part of the new debt will be used to repay the 2016 debenture, meaning the £10m of borrowing is essentially retained at a far lower level of interest. At present the £75m of debt represents possible gearing of c 10%, but the net gearing figure at 31 January was 2%, suggesting the majority of the borrowing has yet to be used for investment purposes.

Henderson Investment Funds Ltd acts as BNKR's alternative investment fund manager (AIFM) under the AIFM Directive, delegating investment management to Henderson Global Investors. Henderson receives an annual management fee of 0.45% of average net assets (calculated using the figure on 31 October in the two preceding years) up to £750m, and 0.4% above £750m. The management fee paid in respect of FY15 represented 0.42% of net assets at 31 October 2015. Ongoing charges for the year stood at 0.52%, one of the lowest levels of charges in the investment trust universe.

Dividend policy and record

BNKR pays dividends quarterly and has a 49-year history of year-on-year dividend growth, the joint-longest such record with its Henderson stablemate, City of London. Dividends are paid in May, August, November and February, and the total dividend for FY15 was 15.8p per share, a 6.8% increase on the previous year. Over the past five years dividends have increased at a compound rate of 5.5% a year, comfortably ahead of the rate of RPI inflation. For FY16 the board of BNKR has stated that it expects to be able to pay a dividend of at least 16.5p per share (4.4% ahead of the 2015 dividend). A first interim dividend of 4.0p for FY16 was declared on 25 February 2016. The FY15 dividend was fully covered by earnings, and BNKR had revenue reserves amounting to 31.25p per share (using the weighted average number of shares in issue during the financial year) at 31 October 2015. Based on the FY15 dividend and the 11 March share price of 565.0p, BNKR currently yields 2.8%.

Peer group comparison

There are 28 investment trusts in the AIC's Global sector, a diverse group containing some of the largest and oldest trusts. Exhibit 8 below shows the 11 largest, all with market capitalisations over £500m. BNKR's NAV total return performance is above median over one, three and five years, and its risk-adjusted performance as measured by the Sharpe ratio is broadly in line with the weighted average for the whole sector over one and three years. Its dividend yield is above average, while its ongoing charges are among the lowest in the group. Gearing is below average. Having traded close to par for much of its recent history, the recent move to a discount puts BNKR more in line with the weighted average discount for the sector.

Exhibit 8: Global investment trusts above £500m market capitalisation at 29 February 2016

% unless stated	Market Cap £m	NAV TR 1 Year	NAV TR 3 Year	NAV TR 5 Year	Ongoing Charge	Perf. fee	Discount /premium	Net Gearing	Dividend yield (%)	Sharpe 1y (NAV)	Sharpe 3y (NAV)
Bankers	649.4	(4.3)	22.1	42.8	0.5	No	(6.1)	102.0	2.8	(1.1)	0.4
Alliance Trust	2,591.6	(1.8)	18.5	38.5	0.7	No	(9.8)	112.0	2.5	(0.9)	0.3
British Empire	581.4	(12.0)	(3.7)	8.7	0.9	No	(15.0)	102.0	2.7	(2.1)	(0.4)
Caledonia Investments	1,263.6	2.9	33.8	46.3	1.2	No	(19.1)	102.0	2.3	(0.6)	0.8
F&C Global Smaller Cos	509.0	2.2	31.9	70.5	0.5	Yes	(3.9)	106.0	1.1	(0.8)	0.7
Foreign & Colonial IT	2,394.7	(0.9)	25.6	49.3	0.5	No	(8.3)	110.0	2.2	(1.0)	0.6
Law Debenture Corp	531.8	(9.5)	16.9	53.5	0.5	No	4.2	114.0	3.6	(1.6)	0.3
Monks	846.4	(5.5)	14.0	18.3	0.6	No	(11.7)	107.0	1.0	(1.1)	0.2
Scottish Investment Trust	611.6	(4.3)	12.2	32.9	0.7	No	(13.6)	105.0	3.9	(1.0)	0.1
Scottish Mortgage	3,268.7	(2.4)	46.3	69.3	0.5	No	(0.8)	113.0	1.2	(0.7)	0.8
Witan	1,461.3	(2.4)	23.8	47.6	0.8	Yes	(5.2)	113.0	2.2	(0.9)	0.5
Sector weighted average (28 funds)		(2.3)	26.3	46.4	0.7		(7.7)	108.8	2.1	(0.9)	0.5
BNKR rank out of 28	7	14	13	12	26		14	14	7	20	13

Source: Morningstar. Note: TR=NAV total return. Sharpe ratio is a measure of risk-adjusted return. The ratios shown 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 total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

The board

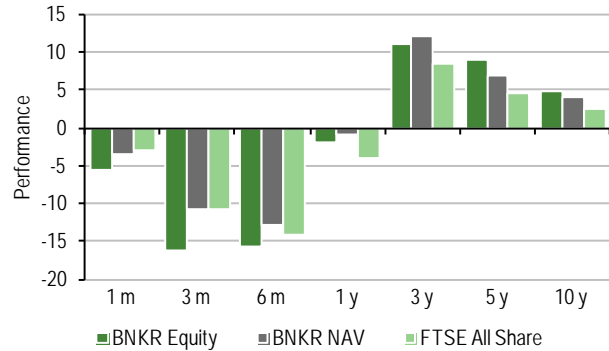
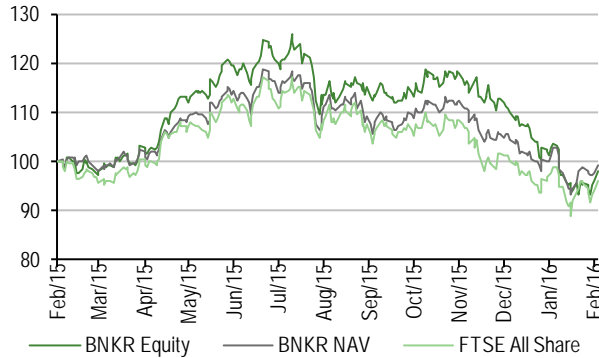
There are five non-executive directors on the board of BNKR. Richard Killingbeck has served as a director since 2003 and was appointed chairman in September 2013. Matthew Thorne joined the board in 2008 and serves as the audit committee chairman. Susan Inglis, the senior independent director since February 2015, was appointed in November 2012. David Wild became a director in February 2014 and the newest director, Julian Chillingworth, was appointed in February 2015. The directors have backgrounds in fund management, accountancy, law and commerce.

Performance tables in New Zealand dollar terms

Exhibit 9: Investment trust performance – in New Zealand dollar terms to 29 February 2016

Price, NAV and FTSE All-Share total return performance, one-year rebased

Price, NAV and FTSE All-Share total return (%)*



Source: Thomson Datastream, Edison Investment Research

The New Zealand dollar weakened vs sterling over the first half of 2015 but sterling has been weaker more recently owing to concerns over the possibility of the UK voting to leave the European Union. The weaker NZD has amplified returns from BNKR for New Zealand-based investors over one and three years, but losses over the past six months have been larger as sterling has weakened.

Exhibit 10: 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 (%)	FTSE AW Asia Pacific ex Jap
29/02/12	(9.2)	(11.3)	(11.1)	(20.9)	(7.5)	(9.5)
28/02/13	23.0	11.5	10.2	14.5	14.4	11.3
28/02/14	25.1	22.6	23.4	26.9	22.7	(2.6)
28/02/15	11.8	16.1	8.1	7.7	26.7	21.5
29/02/16	(2.0)	(0.9)	(4.1)	(1.7)	5.9	(8.7)

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

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