Annual Report 2017

Capital and income growth from active global equity investment

Witan investment trust plc

Witan Investment Trust plc
Our objective

Long-term growth in income and capital through active multi-manager investment in global equities.

Witan is an investment trust which is listed on the London Stock Exchange and was founded in 1909.

Witan offers actively managed exposure to global markets (principally equities) using a multi-manager approach. The portfolio is diversified by geographical region, industrial sector and at the individual stock level.

Witan typically uses between 10 and 15 investment managers. The blend of different active approaches and styles aims to deliver added value for shareholders while smoothing out the volatility normally associated with a single manager.

Strategic Report

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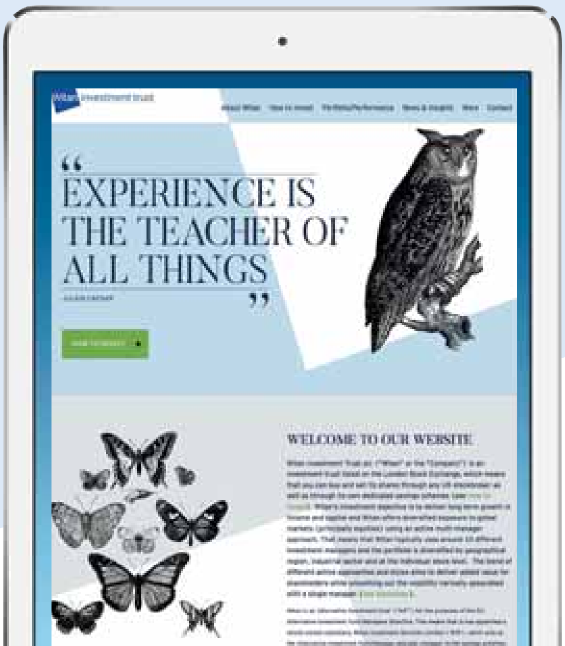
Other Information



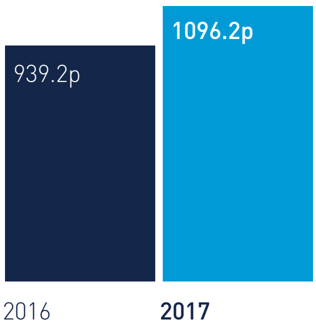
To find out more:
To view the report online and to see video updates, please visit www.witan.com

Performance snapshot: 2017

Net asset value total return

19.0%

2016: 22.5%

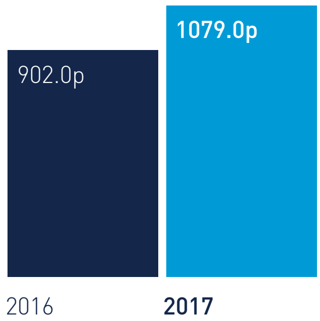


Net asset value per share (pence)

Share price total return

22.1%

2016: 18.4%

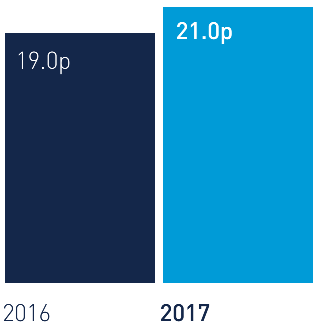


Share price (pence)

Dividend per share

+10.5%

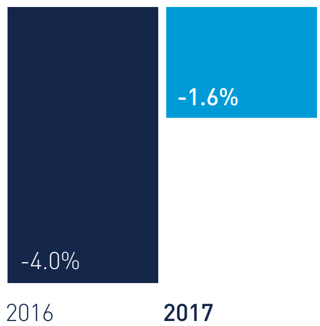
2016: +11.8%



Discount level

-1.6%

2016: -4.0%



Alternative Performance Measures

The financial statements (on pages 64 to 93) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on pages 1 to 3 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 9. Definitions of the terms used are set out on page 99. A reconciliation of the NAV per ordinary share (debt at par value) to the NAV per ordinary share (debt at fair value) is shown in note 18 on page 91.

Financial highlights
As at 31 December 2017

Key data

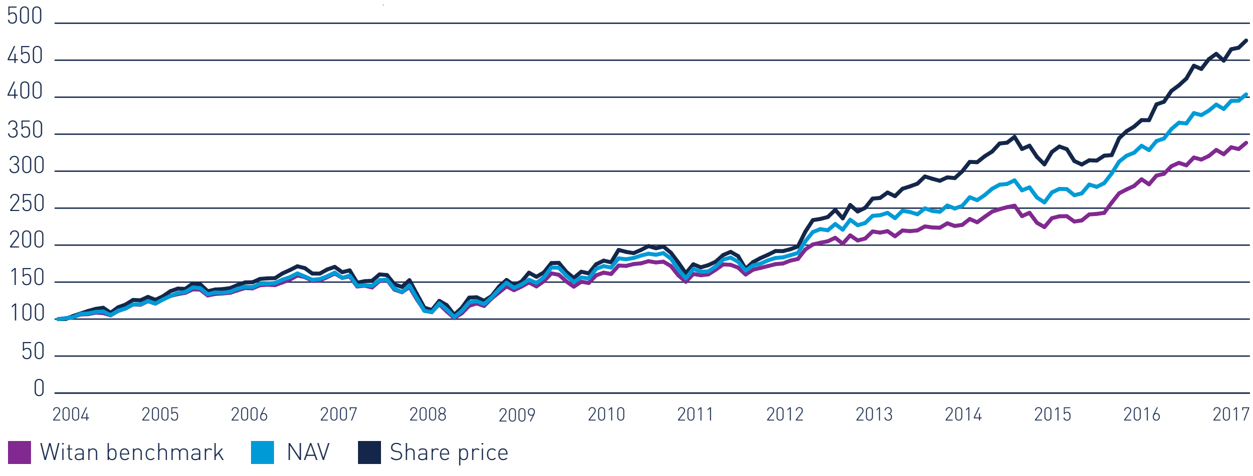
	2017	2016	% change
Share price	**1079.0p**	902.0p	▲ 19.6
NAV per ordinary share (debt at par value)[4]	**1109.8p**	952.8p	▲ 16.5
NAV per ordinary share (debt at fair value)[4]	**1096.2p**	939.2p	▲ 16.7
Discount (NAV including income, debt at fair value)[1][4]	**1.6%**	4.0%	

Total return performance

	1yr % Return	3yrs % Return	5yrs % Return
Share price total return[2][4]	22.1	52.7	140.4
Net asset value total return[2][4]	19.0	55.7	114.9
Witan Benchmark[2]	15.1	46.5	86.6
FTSE All-Share Index[3]	13.1	33.3	63.0
FTSE World Index[3]	13.8	53.5	106.7
UK CPI return	3.0	4.8	7.5

Notes:
(1) The average discount on this basis in 2017 was 2.8% (2016: 5.8%), (Source: Morningstar).
(2) Source: Morningstar.
(3) Source: Morningstar. See also FTSE International for conditions of use (www.ftse.com).
(4) Alternative Performance Measure (see pages 1 and 99).

Total returns since the introduction of the multi-manager structure (30.09.04)



Dividend information

	2017	2016	% change
Revenue per share	**23.8p**	22.1p	▲ 7.7
Dividend per share	**21.0p**	19.0p	▲ 10.5

Since 2007, Witan's dividend per share has risen 112%, compared with 26% for the UK consumer price index.

2018 Dividend schedule

Ex-dividend date	Pay date	Dividend type	Dividend payable per share
01 March 2018	29 March 2018	Fourth Interim (2017)	6.75p
17 May 2018	18 June 2018	First Interim	5.25p
23 August 2018	18 September 2018	Second Interim	5.25p
22 November 2018	18 December 2018	Third Interim	5.25p

Please note that the dates and amounts for the first, second and third interim dividends could be subject to change.

Other financial information

	2017	2016	% change
Net assets	**£1,980,521,000**	£1,726,637,000	▲ 14.7
Number of ordinary shares in issue[1]	**200,071,000**	200,071,000	–
Gearing[2]	**9.7%**	10.3%	
Ongoing charges excluding performance fees[2]	**0.76%**	0.75%	
Ongoing charges including performance fees[2]	**0.78%**	0.65%	

Notes:
(1) Of which 21,621,411 (2016: 18,860,261) shares are held in treasury (see note 15, page 89).
(2) Alternative Performance Measure (see pages 1 and 99).

Key facts as at 31 December 2017

> Market capitalisation:
£1.925bn

> Net asset value per share:
1096.2p

> Gearing:
9.7%

> Active share:
77%

> Ongoing charges:
0.76%

> Ongoing charges (inc performance fee):
0.78%

Chairman's report

Highlights

19.0%
NAV total return of 19.0%, outperforming the benchmark's return of 15.1% by 3.9%

115%
5 year NAV total return of 115%, 28% ahead of the benchmark

1.6%
Share price discount to NAV reduced to 1.6% at year-end (2016: 4.0%)

2.74%
£30m of long-term debt issued at a fixed rate of 2.74%

2.8m
2.8m shares bought back, helping to narrow the discount to 1.6%

10.5%
Dividend increased by 10.5% to 21.0p, more than double the level in 2007 and the 43rd consecutive annual rise

Summary

Witan has been operating a multi-manager approach since 2004. Over this period we have beaten the returns on our equity benchmark and raised the dividend significantly faster than the rate of inflation. We will strive to extend this record.

Global economic growth strengthened and became more broadly based during 2017 and corporate earnings followed suit. In the UK the Brexit negotiations and political uncertainties affected corporate confidence but in Europe political developments were generally helpful to sentiment. Steady growth in the US allowed the Federal Reserve to continue gradually raising interest rates and to begin reducing its bond holdings, accumulated during the quantitative easing period.

With inflation subdued, interest rates low and corporate earnings rising, the backdrop for equity markets was generally positive. Our investment portfolio benefited from this environment, outperforming the benchmark. The net asset value (NAV) total return was 19.0%, 3.9% ahead of our benchmark's total return of 15.1%. The share price total return, enhanced by a narrower discount, was 22.1%.

A fourth interim dividend of 6.75 pence was declared in February 2018, payable on 29 March 2018. As a result, the dividend for the year increased by 10.5% to 21.0 pence per share (2016: 19.0 pence), fully covered by revenue earnings, with £5.5m added to the Company's revenue reserves. This is the 43rd consecutive year of rising dividends at Witan, with the dividend more than double that paid in 2007.

Taking a longer perspective, over the past 5 years Witan has achieved a NAV total return of 115%, compared with the benchmark's 87% return over this period. During the 10 years to the end of 2017, shareholders have had a NAV total return of 155%, compared with the benchmark's return of 114%.

> "Global economic growth strengthened and became more broadly based during 2017. Our investment portfolio benefited from this environment, outperforming the benchmark."

Witan's shares in the market

During 2017, the Company bought back a total of 2.8m shares at discounts between 6% and 1.5%, adding £0.9m to the net asset value for remaining shareholders and contributing to a reduction in the discount from 4% at the end of 2016 to 1.6% at the end of 2017.

It remains a long-term objective to create sustainable liquidity in Witan's shares at or near to net asset value.

Issue of long-term debt

The Company issued £30m of long-term (37 year) debt at a fixed rate of 2.74%, which is the lowest long-term borrowing rate secured by an investment trust for many years and well below the historical average level of interest rates. The Board believes that borrowing at such a low rate will benefit shareholder returns. This issue, together with the low cost debt issued in 2015, has reduced the average interest rate on the Company's fixed-rate borrowings from 7% in 2014 to 4.3% as at the end of 2017.

Board changes

Robert Boyle will be standing down at the AGM, after serving on the Board since 2007 and as Chairman of the Audit Committee since 2008. Catherine Claydon will also be standing down, having served on the Board and as Chairman of the Remuneration and Nomination Committee since 2009. On behalf of shareholders, I thank them both warmly for their valued service on behalf of Witan's shareholders.

Jack Perry, who joined the Board in January 2017, will take over as Chairman of the Audit Committee, following the AGM, while Richard Oldfield will succeed Catherine as Remuneration and Nomination Committee Chairman.

AGM

Our Annual General Meeting will be held at Merchant Taylors' Hall on Wednesday 2 May 2018 at 2.30 pm. Formal notice of the meeting will be sent to shareholders when the Annual Report is published. We look forward to the opportunity to meet you then for the Company's 110th AGM.

Harry Henderson
Chairman
12 March 2018

Chief Executive's report

> "The changes made over the past year increase the stock specific focus of the portfolio, at a time when index valuations offer few windfalls."

The investment markets in 2017

Equity markets performed well during 2017, with global equities up 13.8% in sterling terms. After lagging significantly during 2016, UK equities (+13.1%) kept pace with overseas markets, despite the vicissitudes of the Brexit negotiations. Overseas market returns of over 20% in many regions were partly offset as the pound reversed some of its 2016 losses but in sterling terms most regions still delivered strong absolute returns, with a better performance by non-US markets, after a long period of US leadership. The strongest regions were Europe (+16.9%) and Asia (+19.5%), while North America returned 11.3%.

Witan's multi-manager approach is to select a range of external managers who have demonstrated the potential to outperform, to create a portfolio targeting both capital and income growth. 2017 was a good year for active management and our external managers as a whole beat their benchmarks. The net asset value total return outperformance was principally driven by this, along with the decision to maintain 10% gearing for most of the year. Notable performances were achieved by Lindsell Train (+21.8%), Lansdowne (+19.1%) and Veritas (+17.1%). These, together with the Direct Holdings portfolio (+27.2%) all materially outperformed their benchmarks.

Portfolio changes

One measure of the portfolio's potential to benefit from the managers' stock picking decisions is the "active share" which describes the proportion of the portfolio which differs from the benchmark (see page 10). This rose from 70% to 77% during 2017. Exposure to emerging markets was raised in February with the appointment of GQG. In May, the five global managers were consolidated into three and in October two managers with concentrated portfolios were appointed to increase European exposure.

The Strategic Report on pages 8 to 20 sets out details of the third party managers' performance during the year as well as decisions made in the areas of gearing, the use of index futures, changes in external managers and the portfolio of directly held collective investments.

Outlook

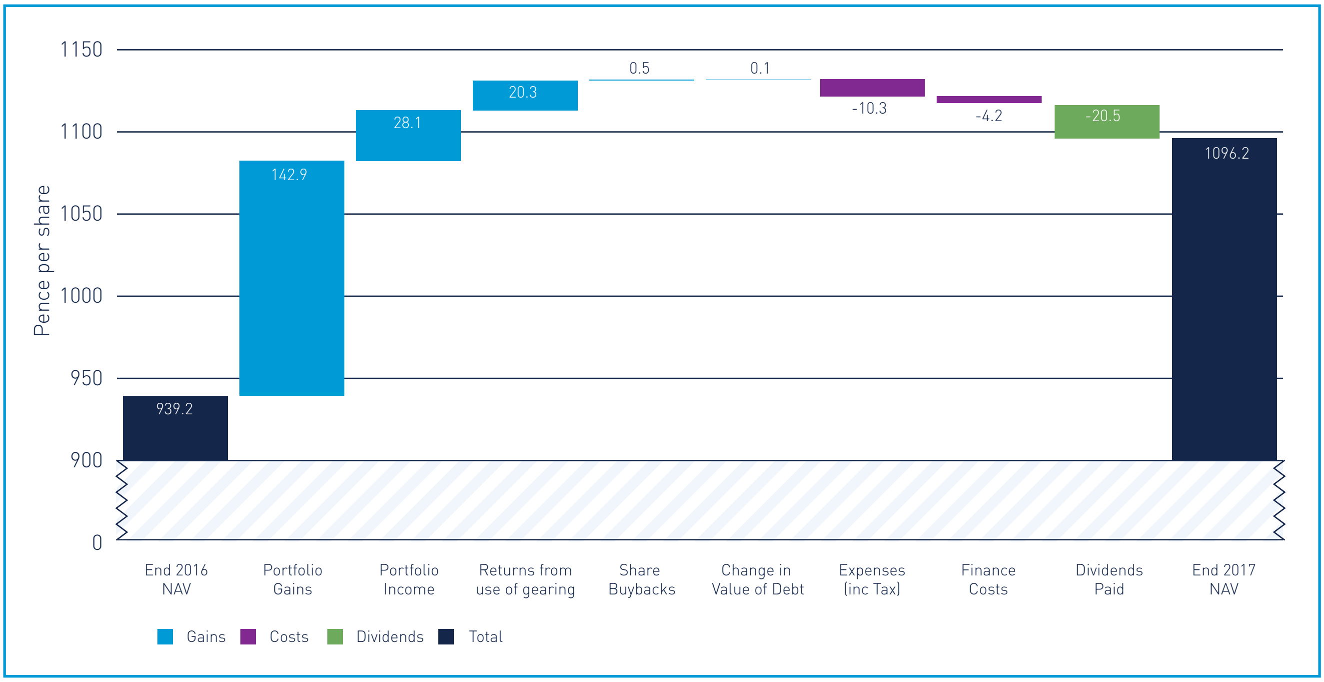
During 2017, some central banks began to raise interest rates or to reduce (and, in the US, start to reverse) the monetary stimulus stemming from their purchases of financial assets (quantitative easing). Inflation remained low and less responsive than expected to rising economic activity, enabling monetary tightening to take place very gradually – more a case of taking the foot off the accelerator than applying the brakes.

2018 seems set to be another year of broadly-based, steady but not especially rapid, global economic growth. Whilst this should be supportive of growth in profits, bond and equity markets may be vulnerable if currently benign inflation assumptions are disappointed. There are several potential risks.

The enactment of a significant programme of tax cuts in the US at the end of 2017 will potentially boost growth at a time when there is limited spare capacity in the US economy. The success of oil producers in restraining output has pushed oil prices up which, unless the move is reversed, will increase energy costs for oil users. Increased cost pressures may reduce corporate profits, given the widespread lack of pricing power as a result of globalisation and the disruptive effect of technological change. Central banks might react to higher than expected inflation with faster than expected rate rises. A further factor is that reducing central bank bond purchases will progressively weigh on the balance between supply and demand in government bond markets which, other things being equal, will exert upward pressure on yields.

Performance attribution of Witan's growth in net asset value during 2017

The chart below shows the contributions (in pence per share) attributable to the various components of investment performance and costs, which together add up to the rise from the starting NAV for the year of 939.2 pence to the ending NAV of 1096.2 pence, after the payment of dividends to shareholders.



N.B. Figures may not sum due to rounding.

These developments will be monitored carefully. Although moderate rises in inflation, interest rates and bond yields can coincide with healthy economic growth and rising equity markets, watchfulness is called for given the degree of investor optimism reflected in equity valuations. The volatile market conditions that appeared in early February were a reminder of the need for optimism on growth to be tempered by realism on valuations amid bond-market nervousness concerning possible inflation risks.

On the home front, the underperformance by domestically-exposed UK equities suggests lingering concerns, as a result of 2016's Brexit referendum and the policy uncertainty engendered by 2017's General Election. The Board and its managers will continue to take account of the implications of these issues, amongst others, in managing Witan's globally diversified portfolio.

The improvement in economic growth should allow corporate profits to catch up with the expectation built into equity valuations. Assuming that rises in bond yields are moderate, equity ratings continue to look competitive with the returns offered from bonds and cash. Equity ratings are high by historic standards, but interest rates are extraordinarily low. The changes made over the past year increase the stock-specific focus of the portfolio, at a time when index valuations offer few windfalls.

Andrew Bell
Chief Executive
12 March 2018

Strategic Report

Strategy and business model

This Strategic Report is intended to help shareholders assess the Company's strategy. It contains certain forward-looking statements. These are made by the directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including economic and business risks, underlying any such forward-looking information.

This report falls into three main sections:

1. **Performance and principal developments in 2017 (page 8)**
2. **Strategy and business model (page 15)**
3. **Corporate and operational structure (page 17)**

Witan is an Investment Trust, founded in 1909 and listed on the London Stock Exchange since 1924. It is managed by the Executive team of its subsidiary Witan Investment Services Limited (WIS), as Alternative Investment Fund Manager (AIFM), under the control and supervision of the Company's Board of directors.

Special note: *The European Union's Packaged Retail Investment and Insurance based Products ('PRIIP's) Regulations cover Investment Trusts and require Boards to prepare a Key Information Document ('KID') in respect of their Companies. Witan's KID is available on the Company's website. Investors should note that the processes for calculating the risks, costs and potential returns in the KID are prescribed by EU law and the Company has no discretion over the format or content of the document. The illustrated performance returns in the KID cannot be guaranteed and, together with the prescribed cost calculation and risk categorisation, may not reflect figures for the Company derived using other methods. Accordingly the Board recommends that investors also take account of information from other sources, including the Annual Report.*

1. Performance and principal developments in 2017

Performance summary and attribution

Witan's NAV total return (with debt at fair value and after all costs) was 19.0%, 3.9% ahead of the 15.1% return from the Company's equity benchmark. Taking the par value of debt, the NAV total return was 18.8%, 3.7% ahead of the benchmark. The shareholder total return was 22.1%, as the discount narrowed to 1.6% (2016: 4.0%). Five out of the seven third party managers in place for the full year outperformed their benchmarks. The Direct Holdings portfolio also significantly outperformed Witan's benchmark.

Significant value was added by Witan's use of gearing, which averaged 10.5% during the year. The gross contribution from gearing of 2.2% was 1.7% after taking account of the Company's borrowing costs. Share buybacks contributed 0.05% (£0.9m) to NAV returns. Further details of the portfolio's performance attribution are shown in the table below.

Net asset value total return	+19.0%	Portfolio total return (gross)		+18.2%
Benchmark total return	+15.1%	Benchmark total return		+15.1%
		Relative investment performance		+3.2%
		Gearing impact	+2.2%	
		Effect of changed fair value of debt	+0.0%	
		Share buybacks	+0.1%	
				+2.2%
				+5.4%
		Borrowing costs	-0.5%	
		Operating costs and tax	-1.1%	
				-1.6%
Relative performance	+3.9%			+3.9%

N.B. Figures may not sum, due to rounding.

Key Performance Indicators

The financial statements on pages 64 to 93 set out the required statutory reporting measures of the Company's financial performance.

Success is monitored against Key Performance Indicators ('KPIs') viewed as significant measures of longer-term success. Given the inherent volatility of investment returns, success over the long term is viewed as most important, although performance is also monitored over shorter periods.

Aside from the statutory accounting measures, the principal financial KPIs are set out below, with a report of Witan's performance during the year. With respect to non-financial measures, details of the Company's policies and compliance in relation to the UK Corporate Governance Code are set out in the Corporate Governance Statement on pages 32 to 40.

A. Investment performance

Positive long-term real returns and outperformance of Witan's equity benchmark.

The Company seeks at least 2% p.a. long-term outperformance in NAV total return and shareholder total return.

In 2017, Witan achieved a NAV total return of 19.0%, 3.9% ahead of its benchmark (see page 16), with a shareholder total return of 22.1% benefiting from a narrowing of the discount. Witan's total returns were also well ahead of inflation of 3% for the year to December 2017.

Returns over the longer term, set out on page 2, indicate that the return objectives have also been met over the past 3 and 5 year periods.

Long-term outperformance by the individual managers relative to their benchmarks.

In 2017, five of the seven third party managers in place for the full year and the internally-managed Direct Holdings portfolio outperformed their benchmarks. The returns since each manager's appointment are set out in the table on page 11. Further details are set out on page 11.

B. Annual growth in the dividend per share ahead of inflation

The dividend was increased by 10.5%, 7.5% ahead of the inflation rate of 3% in the year to December 2017. Further details are set out on page 12.

C. A positive contribution to investment returns from the use of borrowings

The Company employed average gearing of 10.5% during the year, which contributed 2.2% to gross returns. After allowing for the payment of interest, there was a net contribution of 1.7%. Further details are set out on page 12.

D. A share price trading at a sustainable low discount (or a premium) to NAV (including income, with debt at fair value), taking account of prevailing investment conditions

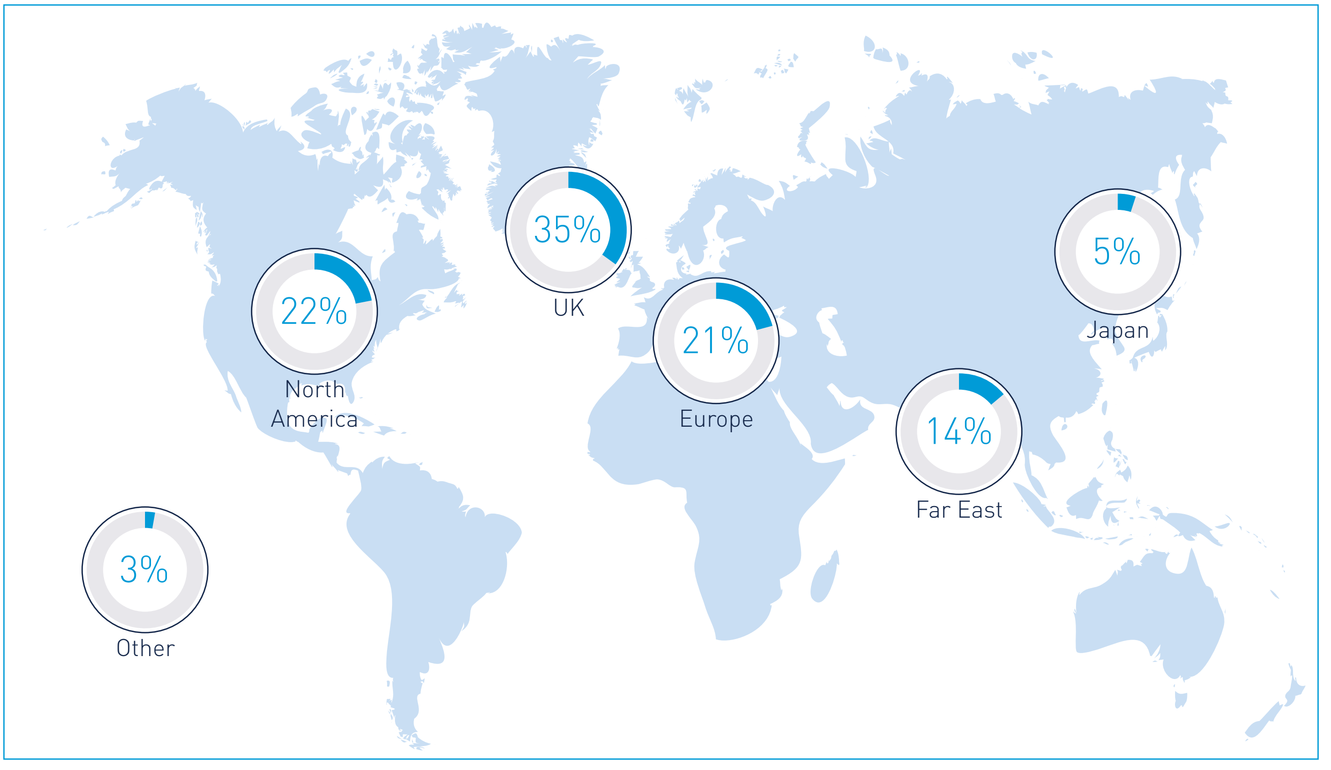
The shares traded at an average discount of 2.8% in 2017, compared with an average 5.8% discount in 2016. The discount at the year-end was 1.6% (2016: 4.0%). Further details are set out on page 13.

E. A competitive level of ongoing charges, balancing the need to pay for high quality investment management with keeping the costs of managing the business as low as possible

In 2017, the ongoing charges figure ('OCF') was 0.76% excluding performance fees (2016: 0.75%) and 0.78% including performance fees (2016: 0.65%). Further details are set out on pages 13 and 14.

Strategic Report
continued

Geographical distribution as at 31 December 2017



Combined portfolio composition
The sector and regional structure are summarised on this page. The top 50 holdings are set out on page 24. They represented 46% of Witan's portfolio at 31 December 2017 (2016: 44%). These analyses highlight the portfolio's substantial diversification.

The portfolio's active share
Achieving outperformance requires the portfolio to differ from the benchmark. It is important that diversification does not suppress the benefits sought when selecting active managers. One measure of active management is known as "active share". A portfolio identical to the benchmark has an active share of 0% while one with no holdings in common with its benchmark has an active share of 100%. Although active share is an incomplete measure of active management (let alone likely success), the active share of our combined portfolio was circa 77% at the end of 2017 (2016: 70%). This indicates that Witan's portfolio differs markedly from the relevant indices, while remaining well-diversified across global regions, industry sectors and at the individual company level.

Sector breakdown of the portfolio

	%
Financials including investment companies	29.4
Consumer Services	15.5
Industrials	14.7
Technology	11.8
Consumer Goods	10.2
Health Care	6.0
Other	8.4
Open-Ended Funds	0.7
Equity Index Futures	1.1
Cash/Bonds	2.2

Investment managers' performance

Investment manager	Value of Witan's assets managed at 31.12.17 £m	% of Witan's assets under management at 31.12.17 (Note 1)	Performance in 2017 (%)	Benchmark performance in 2017 (%)	Performance since appointment (%) (Note 2)	Benchmark performance since appointment (%)
Artemis	184.8	8.3	7.7	13.1	10.1	6.8
Heronbridge	138.1	6.2	12.0	13.1	11.2	9.0
Lindsell Train	175.6	7.9	21.8	13.1	16.8	10.1
Lansdowne Partners	330.6	14.9	19.1	11.6	22.7	16.1
Pzena	315.3	14.2	14.0	13.8	13.8	14.3
Veritas	311.4	14.0	17.1	13.8	14.5	12.3
CRUX	98.7	4.4	n/a	n/a	0.7	(1.4)
S.W. Mitchell	99.5	4.5	n/a	n/a	(1.2)	(1.4)
Matthews	260.3	11.7	21.5	20.6	12.7	11.0
GQG	92.6	4.2	n/a	n/a	16.7	16.0
Witan Direct Holdings	203.3	9.1	27.2	15.1	12.9	10.0

Notes:
(1) Percentage of Witan's investments managed and cash balances held centrally by Witan.
(2) The percentages are annualised where the date of appointment was more than one year ago.

Manager structure and performance

The third party managers follow mandates set by the Company. The mandate, benchmark, investment style and the date of appointment for each manager are shown on pages 21 to 23.

In February, GQG Partners LLP was appointed to manage a portfolio of Emerging Market equities. In May, Witan's five global managers were consolidated into three, with the assets managed by MFS and Tweedy, Browne being allocated between the remaining three global managers. In October, the pan-European portfolio managed by Marathon was reallocated to two new Europe ex-UK managers, CRUX and S.W. Mitchell, as the opportunity was taken to increase portfolio concentration and European exposure. These moves were undertaken after careful analysis of the impact on overall portfolio returns and, in the case of new managers, extensive search processes.

Seven of the third party managers were in place throughout the year. Strong returns were delivered by Lindsell Train (+21.8%), Lansdowne (+19.1%) and Veritas (+17.1%), which significantly outperformed their benchmarks, and Matthews (+21.5%) which performed 1% ahead of the Asia-Pacific index. Artemis and Heronbridge both underperformed the UK market, for stock specific and Brexit-related reasons.

Directly held investments

Up to 12.5% of the portfolio (previously 10%) may be invested by the Executive team, with the objective of outperforming Witan's equity benchmark. Up to 10% (at the time of investment) may be invested in specialist collective funds. These investments may represent undervalued asset categories or funds viewed as longer-term generators of superior returns. Up to 2.5% may be allocated in smaller mandates to third party managers with strong potential to add value, which are more newly-established or in highly specialised investment areas.

The Direct Holdings portfolio delivered a return of 27.2%, compared with 15.1% for Witan's benchmark. Returns were driven by strong performances from the specialist life sciences company Syncona (+52%), Princess Private Equity (+35%) and Aberforth Geared Income Trust (+36%) which restructured in June, enabling Witan to exit at NAV.

This portfolio is actively managed, with no fixed allocation. More capital is invested when opportunities appear (subject to the limits noted above) and the allocation falls when sales occur and there is a shortage of attractive new ideas. After two very strong years of returns, we have moderately reduced the proportion of our assets in this area. The portfolio held 10.2% of assets at the start of the year and was 9.1% of the investment portfolio at the end of 2017.

The main investments, which are all collective funds, are in listed private equity, life sciences and specialist regional or sector funds.

Strategic Report
continued

Dividend performance in 2017

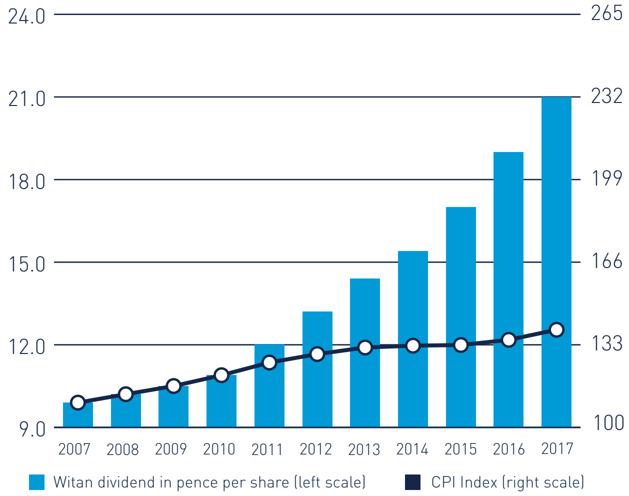
The Company's dividend policy (subject to circumstances) is that the annual rate of growth in dividends per share should be greater than inflation, as measured by the UK Consumer Price Index ('CPI').

Revenue earnings increased by 7.7% to 23.8 pence per share in 2017. This was driven by an increase in portfolio dividends and, for much of the year, favourable foreign exchange impacts on overseas currency dividends.

For 2017, the Board has declared a fourth interim dividend of 6.75 pence per share, to be paid to shareholders on 29 March 2018, making a total distribution for the year of 21.0 pence (2016: 19.0 pence). This represents an increase of 10.5%, 7.5% ahead of the 3% rate of CPI inflation in the year to December 2017. This is the 43rd consecutive year of Witan dividend increases.

In addition to increasing the dividend, the Company has added £5.5m to its revenue reserves. At £60m after allowing for 2017's fourth interim payment, the reserves are equivalent to over one and a half times the annual dividend. These reserves enable the Company to maintain or grow its dividends in years when revenue from the portfolio is less buoyant, or falls. Since 2007, Witan's dividend per share has more than doubled, rising 112% compared with 26% for the CPI. The chart below shows the growth in Witan's dividend over the past 10 years.

Witan's dividend per share compared with the UK Consumer Price Index



Source: Datastream

The Company pays dividends quarterly. The first three payments for 2018 (in June, September and December) will, in the absence of unforeseen circumstances, be paid at a rate of 5.25 pence per share (2017: 4.75 pence), being one quarter of the full year payment for 2017. The fourth payment (in March 2019) will be a balancing amount, reflecting the difference between the three quarterly dividends already paid and the payment decided for the full year.

Gearing and the use of derivatives

The Policy on the use of gearing (leverage) and the use of derivatives is detailed in Section 2 of the Strategic Report on page 16.

Gearing activity during 2017

The Company issued £30m in Private Placement Notes in November, bearing interest at 2.74% and repayable in 2054.

The size of the Company's short-term facility was increased to £125m in February 2017. At the end of December, the drawn balance on this facility was £73m (2016: £71m).

Gearing was maintained at around 10-11% for most of the year, reflecting improved economic news and a positive view being taken of the opportunities within global equity markets. The calculation of gearing takes account of cash balances and the full nominal value of any derivatives held.

At the end of 2016, gross gearing (the total value of all investment positions, less cash) was 10.3%. This included £21m in Emerging Markets equity index futures, equivalent to 1.2% of net assets. Gearing excluding this was 9.1%. At the end of 2017, gross gearing (on the same basis) was 9.7%. This included £23m in European equity index futures, equivalent to 1.2% of net assets. Gearing excluding this was 8.5%. Further details of the accounting treatment for these positions are given in note 1 on page 71.

Derivatives activity during 2017

The holding in MSCI Emerging Markets futures at the end of 2016 was sold in the months following the appointment of an emerging markets manager in February.

In April, an investment was made in European equity index futures ahead of the French election, as European political risks appeared to be fading and the region's economy was enjoying an upswing. This position was added to over the summer, to increase exposure to the region while a search was undertaken for new active managers. The search resulted in two managers being appointed in October, following which the index futures position was reduced from 2.5% of assets to 1.2%. At the year-end an investment of £23m remained, equivalent to 1.2% of assets.

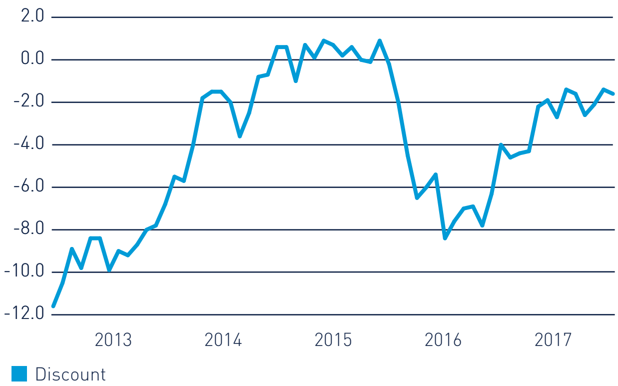
The realised capital gain on index futures during the year was £7.6m, as shown in the cash flow statement on page 67.

Witan's shares in the market – liquidity and discounts

Witan is a member of the FTSE 250 index, with a market capitalisation of £1.9bn. The Board places great importance on the encouragement of a liquid market in Witan's shares on the London Stock Exchange and on clear communications with shareholders and potential investors.

Although delivery of sound investment performance remains the principal focus, the Board has also always paid attention to discount-related issues and has, over many years, made significant use of share buybacks, purchasing shares when they have stood at an unduly wide discount. In addition to being accretive to NAV, this has the objective of reducing the discount.

Witan Investment Trust Discount Trend



Source: Datastream

The discount trend since the end of 2012 is illustrated in the chart above. The exceptional discount widening experienced during 2016 (affected by an institutional share sale and the aftermath of the Brexit vote) has been reversed during 2017. During 2017, Witan bought a total of 2.8m shares into treasury, 2m early in the year at an average discount of 4%, with the balance repurchased since April at an average discount of 1.9%. This has added a total of £0.9m to the net asset value for remaining shareholders.

Discounts are affected by many factors outside the Company's control but where it is in shareholders' interests, (taking account of market conditions) the Company is prepared to buy back shares at a discount to NAV or to issue shares at a premium.

It remains a long-term objective to create sustainable liquidity in Witan's shares at or near to asset value. The actions taken during 2017 are evidence of this commitment.

Costs

Investment management fees

Each of the third party managers is entitled to a management fee, based on the assets under management. The agreements can be terminated on one to three months' notice. Two managers, in total managing 16% of Witan's portfolio, have performance-related fees, which are subject to capping in any particular year. They have lower base fees than the managers without performance fees.

The base fee rates for managers in place at the end of 2017 ranged from 0.25% to 0.80% per annum. The weighted average base fee was 0.52% as at 31 December 2017 (2016: 0.49%).

As an illustration, if our external managers uniformly outperformed their benchmarks by 3% after base management fees, this would generate a total investment management fee rate of 0.58% (including a 0.52% base fee and a performance fee of 0.05%), 9% lower than the comparable estimate in 2016 (0.64%). The actual fees payable will vary according to the actual performance of managers with higher or lower fees.

Witan takes care to ensure the competitiveness of the fees it pays. A majority of the fee structures incorporate a "taper" whereby the average fee rate reduces as the portfolio grows.

The Company's investment managers may use certain services which are paid for, or provided by, various brokers. They may place business, including transactions relating to the Company, with those brokers. Under the requirements of MiFID II broker-provided services (other than the execution of transactions) must either be minor non-monetary benefits or, for research received by investment managers and charged to the Company, separately accounted for.

Ongoing charges and costs

The Key Information Document on the Company's website contains a measure of costs calculated in accordance with EU PRIIPs regulations, which includes average figures over a period. In accordance with AIC guidance, Witan will continue to calculate the Ongoing Charges Figure ('OCF') for the Annual Report on a consistent basis with those published in previous years, to facilitate comparison. It is emphasised that the Company's investment performance is reported after all costs, whichever measure is used.

Strategic Report
continued

Category of Cost	2017 £m	2017 % of average net assets	2016 £m	2016 % of average net assets
Other expenses (excluding investment management expenses)	6.46	0.35	5.21	0.33
Less expenses relating to the subsidiary (those expenses not relating to the operation of the investment company)	(1.45)	(0.08)	(0.89)	(0.06)
Investment management base fees (note 4 (page 73))	9.02	0.49	7.62	0.48
Ongoing Charges Figure (including investment management base fees)	14.03	0.76	11.94	0.75
Investment management performance fees (note 4 (page 73))	0.53	0.02	(1.46)	(0.10)
Ongoing Charges (including performance fees)	14.56	0.78	10.48	0.65
Portfolio transaction costs*	3.18	0.17	2.00	0.13
Interest costs	7.62	0.41	9.62	0.60
Costs including transaction costs and borrowing costs	25.35	1.37	22.10	1.38
Outperformance during the year (after all costs, debt at fair value)		3.9%		-0.1%

Figures may not sum due to rounding
* Including costs relating to manager changes

The main cost headings constituting the OCF are set out in the table above. As in previous years, the figure for transaction costs is shown. The figure for borrowing costs is also included in the table, for easy reference.

The OCF (the recurring operating and investment management costs, as a percentage of average net assets) was 0.76% in 2017 (2016: 0.75%). Including performance fees due to third party managers, the OCF was 0.78% in 2017 (2016: 0.65%). The weighted average OCF for the AIC Global sector was 0.65% and 0.67% including performance fees (source: Morningstar). Investment management costs rose by more than the average level of net assets, due to the appointment of an emerging market manager (replacing an index futures investment) and to manager changes during the year. Other expenses rose owing to increased staff, regulatory and overseas custody costs.

The Company exercises strict scrutiny and control over costs. The Board believes that the OCF during the year represents good value for money for shareholders, taking account of recent and longer-term performance.

Priorities for the year ahead

In 2018, the priorities for Witan include:

> **Investment:** Seek to build on the good returns achieved for shareholders in recent years. Make use of a range of active managers to deliver Witan's strategic objectives. Continue to deliver dividend growth ahead of inflation;

> **Communication:** Communicate Witan's distinct and active investment approach and achievements effectively to existing and potential shareholders;

> **Regulatory change:** Continue to operate robust risk and investment management processes, liaising closely with the Company's AIFM to ensure compliance with regulatory developments.

2. Strategy and business model

Objective and strategy

The Company's objective is to achieve a competitive return for shareholders by generating long-term capital growth, providing an income that rises faster than inflation and outperforming a representative equity benchmark.

The Company's strategy is to add value by investing primarily in listed individual companies across a broad spread of global equity markets, while communicating effectively with existing and potential shareholders. The Company seeks to construct a combined portfolio covering a broad range of markets and sectors, offering a distinctive way for individual as well as institutional investors to access the opportunities created by global economic growth.

The Company uses an active multi-manager approach, allocating funds to selected third party investment managers. The aim is to access the best available managers, including those not accessible on the same terms (or at all) to UK investors. Individual portfolios are actively managed by each investment manager, in accordance with its mandate, with overall asset allocation and risk being managed by the Executive team, within delegated limits set by the Board.

This approach, adopted in 2004, recognises that no manager is likely to excel in all market conditions and regions. Selecting managers to invest in their areas of greatest competence should improve returns, while reducing performance variability relative to using a single manager.

Witan's approach is to combine different investment approaches and geographical mandates, creating a portfolio which can profit from the managers' ability to outperform over time. The selection process seeks managers focusing on fundamental value drivers rather than short-term trends.

Business model

The Company has appointed its wholly-owned subsidiary Company, Witan Investment Services Limited ('WIS') as its AIFM under the Alternative Investment Fund Managers Directive ('AIFMD'). As such, WIS is responsible for operating the Company's portfolio and risk management processes. WIS delegates certain portfolio management responsibilities to third party portfolio managers. The Company outsources other corporate functions. The Company's activities are overseen by the Executive team, headed by the Chief Executive Officer (CEO), who is a director of the Company.

Whilst the third party managers appointed are responsible for stock selection in their individual portfolios, the Company's Board and WIS are responsible for the overall delivery of performance to shareholders, through the following means:

- Setting the overall investment objective;
  - Selecting competent managers, who are expected to outperform a relevant benchmark;
  - Operating appropriate portfolio, corporate governance and risk management controls;
  - Adjusting asset allocation according to opportunity;
  - The judicious use of borrowings with the aim of adding to performance;
  - Direct investment in specialist funds;
  - Selective use of exchange-traded derivatives for efficient portfolio management; and
  - Clear communication of Witan's objective and results to shareholders and potential investors.

The Board's and the Executive's role in investment management

The Board is responsible for setting the Company's investment strategy, policy and guidelines.

The selection of individual investments is largely delegated to third party managers, subject to investment limits reflecting the particular mandate. The managers are chosen by the Witan and WIS Boards after a selection process focused on their scope to add value as part of the overall portfolio.

The overwhelming majority of the portfolio is in segregated accounts, held in custody by the Company's depositary. The operations of the custodian and the safeguarding of the Company's assets are supervised by the depositary.

At the end of 2017, the Company had 10 third party investment managers, covering a range of investment remits. The proportion of Witan's assets managed by each and their performance during the year are set out on page 11.

The returns from the third party investment managers' portfolios are expected to be the principal driver of performance. Aside from its role in selecting and overseeing the managers, the Executive seeks to add to performance by adjusting the level of gearing, by the selective use of exchange-traded derivatives to alter the asset allocation and by the use of specialist funds to gain exposure to areas viewed as offering attractive returns. The Executive operates within delegated parameters that are periodically reviewed by the Board and its AIFM. In essence, the Company seeks to have sufficient levers to pull to take advantage of a wide range of investment opportunities.

Strategic Report
continued

Witan's benchmark
The Company's benchmark is used as a transparent reference point for comparing performance. It is a combination of global equity markets, giving access to a wide range of investment opportunities in the global economy, covering the investment universe from which most of the portfolio holdings are chosen.

The benchmark consists of 30% UK, 25% North America, 20% Europe ex-UK, 20% Asia Pacific and 5% Emerging Markets. The component weightings reflect the Board's belief that returns derive from the changing opportunities as economies evolve, more than market capitalisation.

The portfolio is actively managed and not designed to track any combination of indices. Performance can be expected to vary, sometimes considerably, from benchmark returns, while aiming for long-term outperformance.

Gearing policy
The purpose of using borrowings (or 'gearing/leverage') is to improve returns for shareholders, by achieving investment returns higher than the cost of borrowing. Attention is paid to using a level of gearing appropriate for market conditions (borrowing more when markets are attractively valued and less when returns are expected to be poorer). A blend of long-term and short-term borrowings is used, to balance the certainty of cost from locking in fixed rates for longer periods with the flexibility of short-term facilities which can be readily repaid.

Although the Company has the legal power under its Articles of Association to borrow up to 100% of the adjusted total of shareholders' funds (which is also the maximum level set by its AIFM), the Board's longstanding policy is not to allow gearing (as defined on page 99) to rise to more than 20%, other than temporarily in exceptional circumstances. Over the past five years it has generally varied between 5% and 15%. Where appropriate the Company may hold a net cash position.

Structure of borrowings
The Company has fixed-rate borrowings (see note 13 on page 79) principally consisting of:

Secured Bonds 2025 6.025%	£64m
Private Placement Notes 2035 3.29%	£21m
Private Placement Notes 2045 3.47%	£54m
Private Placement Notes 2054 2.74%	£30m

The average interest rate paid on the Company's fixed-rate borrowings is 4.3%. The Company also has a £125m one-year facility, providing additional flexibility over the level of gearing, as well as enabling the Company to borrow in currencies other than sterling, if deemed appropriate. Witan may either invest its borrowings fully, or neutralise their effect with cash balances according to its assessment of the markets. The Company's third party managers are not permitted to borrow within their portfolios but may hold cash.

Use of derivatives
Where financial instruments are available that help with efficient portfolio management their use will be considered. Witan's policy on the use of derivatives prioritises transparency, cost effectiveness and the minimisation of counterparty risk. In recent years, exchange-traded index futures have been the only instruments used. These give exposure to a market index, are readily tradable and depend upon the creditworthiness of the exchange, not an individual firm. The value of the investments (which are traded on official exchanges) is marked to market every day.

The use of index futures enables Witan to adjust its investment exposure or asset allocation quickly and flexibly. In both cases changes can be made without interfering with the objective of our investment managers, to pick stocks that will grow in value and outperform their benchmarks over the long term. The operation of this investment area is the responsibility of the CEO, acting under guidelines set and supervised by the Board. The Company's third party managers are not permitted to use derivatives and may not gear their portfolios.

Marketing
Witan and its Board place great importance in effectively communicating the Company's strategy and operating results to existing and potential shareholders. The Board and Witan's Executive maintain regular contact with shareholders and the wider market's participants including private and professional investors, financial advisers and intermediaries. Clear communication of the Company's investment objective and its success in implementing its strategy helps investors to decide how Witan fits with their own investment objectives. Other things being equal, this should help the shares to trade at a narrow discount or a premium to NAV, from which all shareholders benefit.

Information on the Company, its strategy and portfolio is regularly made available via the website (www.witan.com), newsletters and videos. Important shareholder information such as the Annual Report, the Key Information Document and Investor Disclosure Document can be found there, as well as details of the Company's Wisdom and Jump savings scheme operated by the Company's subsidiary, Witan Investment Services Limited. Investors can also purchase shares on a wide range of other investment platforms listed on page 98. Key contact information can be found on page 100.

3. Corporate and operational structure

Witan is an Investment Trust with a Premium Listing on the London Stock Exchange. It has a single, wholly-owned subsidiary, Witan Investment Services Limited ('WIS') which acts as the Company's AIFM.

Operational management arrangements

In addition to the appointment of third party investment managers, Witan and WIS contract with third parties for other services, including:

- BNP Paribas Securities Services London Branch ('BNPSS') for depositary services, custody, investment accounting and administration;
- Frostrow Capital LLP for company secretarial services;
- DST Services Ltd ('DST'). as the savings plan administrator of Witan Wisdom and Jump Savings;
- The Company takes specialist advice on regulatory compliance issues and, as required, procures legal, investment consulting, financial and tax advice.

The service quality and value received from major service providers are reviewed regularly by the Board.

The contracts governing the provision of all services are formulated with legal advice and stipulate clear objectives and guidelines for service required.

Premises and staffing

The Company has a lease on office premises at 14 Queen Anne's Gate, London SW1H 9AA, which is the Company's registered office. The current lease has a 5 year term, which commenced in October 2015.

The Company's policy towards its employees is to attract and retain staff with the particular skills and expertise required to manage the affairs of an investment trust company. Details of the Company's remuneration policies and required disclosures are set out in the Directors' Remuneration Report on pages 43 to 55. Employees and those who seek to work at Witan are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin. The Company has seven direct employees, four men and three women. At the end of 2017, the Board consisted of eight non-executive directors (six men and two women) and the Chief Executive Officer, Andrew Bell, who is an employee. Given its outsourced model and small number of direct employees, the Group has no specific policies in respect of environmental or social and community affairs.

Witan Investment Services ('WIS')

Witan Investment Services Limited is authorised and regulated by the Financial Conduct Authority ('FCA'). It is authorised to act as Witan's AIFM, to provide investment savings accounts and marketing services and to give investment advice to professional investors.

WIS's principal activities are acting as Witan's AIFM, providing executive management services to the Boards of Witan and Witan Pacific Investment Trust plc ('Witan Pacific'), communicating information about the companies to the market and the provision of savings plans for investors to hold Witan and Witan Pacific shares.

WIS's operational objectives for 2018 are:

- to fulfil its responsibilities as Witan's AIFM;
- to provide suitable advice to the Boards of its corporate clients;
- to manage the Witan Wisdom and Jump Savings Plans;
- to reduce the net operating costs for Witan; and
- to seek appropriate business opportunities that can add value for shareholders.

In 2017, WIS had two principal sources of income. These were savings plan revenues and the fees (as AIFM or Executive Manager and for marketing services) paid by its corporate clients. The main costs incurred were fees to the savings schemes administrator (DST), staff costs and professional advice to ensure compliance with its regulatory and accounting obligations.

Principal risks and uncertainties

The directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. These risks, and the actions taken to mitigate them, are set out on pages 18 and 19. In addition, note 14 to the Financial Statements on pages 80 to 88 sets out in more detail the nature of and management processes for the principal financial risks identified.

Risks are inherent in investment and corporate management. It is important to identify important risks and ways to control or avoid them. WIS has a Risk Committee in order to monitor compliance with its risk management and reporting obligations as Witan's AIFM. The Company has a framework of the key risks, with policies and processes devised to manage those risks. Its detailed risk map is reviewed regularly by the Audit Committee and the WIS Risk Committee, which report

Strategic Report
continued

on issues arising to their respective boards. The guiding principles remain watchfulness, proper analysis, prudence and a clear system of risk management.

Where appropriate, the Witan and WIS Boards meet jointly to cover matters of common interest. The WIS Board consists of seven non-executives and one executive director who are also directors of Witan, and one executive director who is a Company employee.

The Group's key risks fall broadly under the following categories:

Market and investment portfolio risks

Witan invests in global equity markets on behalf of its shareholders. Equity exposure is unlikely to drop below 80% of net assets, in normal conditions. A key risk of investing in Witan is a general fall in equity prices, which could be exacerbated by gearing. Other risks are the portfolio's exposure to country, currency, industrial sector and stock specific factors. There are also risks associated with the performance of its investment managers and changes in Witan's share price rating.

The Board seeks to manage these risks through:

- a broadly diversified equity benchmark;
- appropriate asset allocation decisions;
- selecting competent managers and regularly monitoring performance;
- attention to key economic and political events;
- active management of risk, whether to preserve capital or capitalise on opportunities;
- the application of relevant policies on gearing and liquidity; and
- share buybacks and issuance to respond to market supply and demand.

During the year Andrew Bell (the CEO) managed the overall business and the investment portfolio in accordance with limits, determined by the Board and its AIFM, on which the CEO reports at each Board meeting. The Board also regularly reviews investment strategy and performance, supported by comprehensive management information and analysis.

Operational

Many of the Group's financial systems are outsourced to third parties, principally BNP Paribas Securities Services ('BNPSS'). Disruption to their accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position. BNPSS as the Company's depositary has a key responsibility for monitoring such issues on behalf of the Company. DST acts as the Administrator for the Witan Wisdom and Jump Savings Plans so the effectiveness of their systems and controls is also key. Details of the Board's monitoring and control processes are explained further in the Corporate Governance Statement on pages 39 and 40.

Corporate governance

The Board takes its regulatory responsibilities very seriously and compliance issues and potential regulatory changes are regularly reviewed by the Board and its AIFM.

Details of the Company's corporate governance policies are set out in the Corporate Governance Statement on pages 32 to 40. The Board conducts an annual assessment of the effectiveness of its governance processes. There is also a 3-yearly independent external review, the most recent of which was in late 2016. See page 35 for further details.

Operational and regulatory risks are regularly reviewed by Witan's Audit Committee and WIS's Risk Committee. WIS is subject to its own operating rules and regulations and is regulated by the FCA. The Company has established a modus operandi for the effective coordination of its responsibilities and those of WIS, as its AIFM.

Operationally the multi-manager structure is robust, as the investment managers, the custodian and the fund accountants keep their own records which are regularly reconciled. The depositary, AIFM and the Board provide additional checks and safeguards. Management monitors the activities of all third parties and reports any significant issues to the Board.

Accounting, legal and regulatory

The Company must comply with sections 1158-59 of the Corporation Tax Act 2010 ('CTA'). A breach could result in the Company losing investment trust status and, as a consequence, capital gains realised would be subject to Corporation Tax. The accounting criteria are monitored by the CEO and AIFM and the Company carefully monitors compliance with the applicable rules.

The Company must comply with the provisions of the Companies Act 2006 ('Companies Act') and with the UK Listing Authority's Listing Rules and Disclosure Rules ('UKLA Rules'). A breach of the Companies Act could result in the Company and/or the directors being fined or becoming the subject of criminal proceedings. Breach of the UKLA Rules could result in the suspension of the Company's shares which would itself constitute a breach of the provisions of the CTA.

These requirements offer significant protection for shareholders. The Board relies on the CEO, the AIFM, the Company Secretary and the Group's professional advisers to ensure compliance with all applicable rules. WIS is authorised and regulated by the FCA to act as the AIFM for Witan, for the marketing and administration of savings plans and the provision of investment advice to professional clients.

Liquidity

The Company's portfolio consists mainly of readily realisable securities. The Company and its AIFM regularly review liquidity needs (for example operational costs, loan servicing and repayment, shareholder dividends and share buybacks) relative to the Company's portfolio income and the value and tradability of the Company's assets. Most of the likely liquidity requirements are foreseeable (for example timetabled loan payments and dividends) while others (such as share buybacks) are subject to the Company's discretion. The Board is satisfied that unexpected liquidity needs are not significant and could be readily met without compromising normal portfolio management practice.

Viability Statement

In accordance with the 2016 UK Corporate Governance Code, the Board has assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

The Company's current position and prospects are set out in the Chairman's and Chief Executive's Report and the Strategic Report. The principal risks are set out on pages 17 to 19. The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its expenses as they fall due and notes the following:

- The portfolio consists of investments traded on major international stock exchanges and there is a spread of investments. In normal conditions, the current portfolio could be liquidated to the extent of more than 87% within 5 trading days and there is no expectation that the nature of the investments held will be materially different in future;
- The closed-ended nature of the Company means that, unlike an open-ended fund, it does not need to realise investments when shareholders wish to sell their shares;
- The Board has considered the viability of the Company under various scenarios and concluded that it would usually be able to take appropriate action to protect the value of the Company's assets. As set out in note 14 to the accounts, the Board has considered price risk sensitivity (the sensitivity of the profit after taxation for the year and the value of the shareholders' funds to changes in the fair value of the Group's investments) and foreign currency sensitivity (the sensitivity to changes in the exchange rates for the £/US dollar, £/Euro and £/Japanese yen);
- In addition to its cash balances, which were £74.0m at 31 December 2017 (2016: £49.2m), the Company has a short-term bank facility which can be used to meet its liabilities, and fixed-rate financing in the form of Secured Bonds, Secured Notes and cumulative preference shares. With the exception of the short-term facility, this financing will remain in place until at least 2025. Details of the Company's non-current liabilities are set out in note 13 to the accounts;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

As well as considering the principal risks on pages 18 and 19 and the financial position of the Company, the Board has made the following assumptions in considering the Company's longer-term viability:

- The Company's remit of investing in the securities of global listed companies will continue to be an activity to which investors will wish to have exposure;
- Investors will continue to want to invest in closed-ended investment trusts;
- The performance of the Company will continue to be satisfactory. The Board is able to replace any of the current investment managers when it considers it appropriate to do so;
- The Company will continue to have access to adequate capital when required;
- The Company will continue to be able to fund share buybacks when required. The Company bought back 2.8m ordinary shares in 2017 at a cost of £26.6m and experienced no issues with liquidity in doing so. It had shareholders' funds in excess of £1.9bn at the end of 2017.

Strategic Report
continued

Based on the results of its review, and taking into account the long-term nature of the Company and its financing, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for the foreseeable future, taken to mean at least the next five years. The Board has chosen this figure because, whilst it has no information to suggest this judgement will need to change in the coming five years, forecasting over longer periods is imprecise. The Board's long-term view of viability will of course be updated each year in the Annual Report.

Going concern
In light of the conclusions drawn in the foregoing Liquidity and Viability Statements, the Company has adequate financial resources to continue in operational existence for at least the next 12 months. Therefore, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

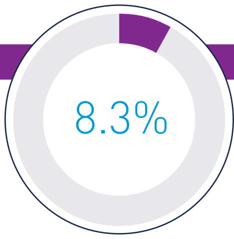
Approval
This report was approved by the Board of Directors on 12 March 2018 and is signed on its behalf by:

H M Henderson
Chairman
12 March 2018

A L C Bell
Chief Executive

Investment Managers

UK

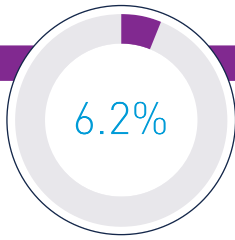


Artemis Investment Management LLP

Established in 1997, Artemis Investment Management Limited manages £27.8bn. Derek Stuart and Andy Gray manage a UK Special Situations mandate for Witan, a contrarian strategy that aims to achieve superior long-term growth by looking for undervalued opportunities. This philosophy leads to a focus on stocks that are out of favour, have turnaround potential or are special situations, identifying companies where much of the return is driven by internal change.

Benchmark	Investment style	Inception date
FTSE All-share	Recovery/ special situations	06.05.2008

UK

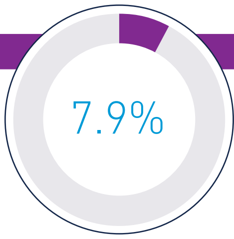


Heronbridge Investment Management LLP

Heronbridge is a long-only, value-biased equity investment management boutique. Founded in 2005, the firm remains small, focused, and independent, currently managing £1.8bn for institutional and charity clients in the UK, the US and elsewhere. To maximise the alignment of interests, Heronbridge's partners have capped the size of the investment programme and have a considerable proportion of their own assets co-invested alongside those of clients.

Benchmark	Investment style	Inception date
FTSE All-share	Intrinsic value growth	17.06.2013

UK

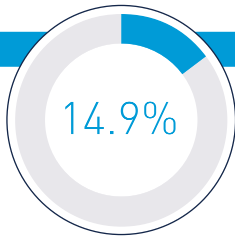


Lindsell Train Limited

Lindsell Train was established in 2000 by Michael Lindsell and Nick Train and focuses on managing UK, Global and Japanese equity mandates, based on their shared investment philosophy. The founders' aim was to provide a working environment that would give them the best opportunity to achieve strong investment results for clients and this is reflected in the small and simple organisational structure. At 31 December 2017, assets under management totalled £13.1bn.

Benchmark	Investment style	Inception date
FTSE All-share	Long-term growth from undervalued brands	01.09.2010

GLOBAL



Lansdowne Partners (UK) LLP

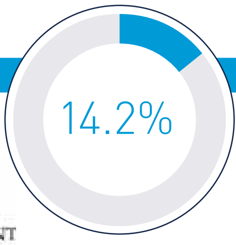
Lansdowne Partners manages over £15bn across multiple equity investment strategies each with its own dedicated team of portfolio managers and analysts. Central to Lansdowne Partners' investment philosophy is a rigorous process of fundamental bottom-up research. The Developed Markets Strategy is managed by Peter Davies and Jonathan Regis, who have worked together for over 20 years. The Developed Markets Long-Only Fund leverages the fundamental stock analysis of the team, investing in +$10bn market cap companies in developed markets.

Benchmark	Investment style	Inception date
DJ Global Titans	Concentrated, benchmark-independent investment in developed markets	14.12.2012

Information is as at 31 December 2017. At that date, 9.1% was managed by Witan's Executive team, as described on page 11.

Investment Managers
continued

GLOBAL

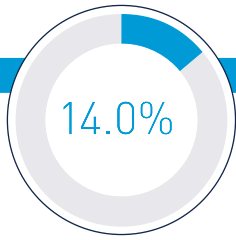


Pzena Investment Management LLC

Pzena is a New York-based asset manager with a strict focus on long-term, classic value investing. Pzena began managing assets in 1996 and, by the end of 2017, managed $38.5bn for clients around the world. Today Pzena employs 105 people, including 26 on the investment team. Headquartered in New York, Pzena also has marketing and sales offices in Melbourne, Australia and in London, United Kingdom.

Benchmark	Investment style	Inception date
FTSE All-World	Systematic value	02.12.2013

GLOBAL

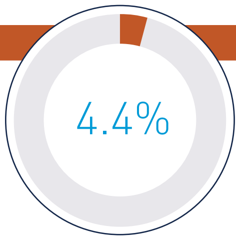


Veritas Asset Management LLP

Veritas is an affiliate of AMG Group, managing approximately £17bn of assets, with the key objective of delivering long-term real returns to its clients. Veritas aligns its interests with clients' objectives and is committed to partnership. Veritas manages both segregated portfolios and funds, with either long-only or long-short real return mandates. Their clients are largely institutions, charities and trusts. The strategy in which the Witan Investment Trust is invested is currently closed to new investors.

Benchmark	Investment style	Inception date
FTSE All-World	Fundamental value, real return objective	11.11.2010

EUROPE (EX-UK)

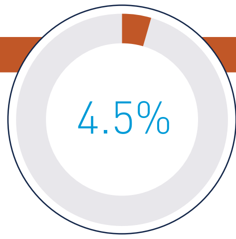


CRUX Asset Management

CRUX Asset Management is a specialist active asset management house specialising in European equities. The investment approach is defined by an unwavering bottom-up philosophy which aims to deliver superior returns over the long-term by identifying and investing in the best stock ideas within its universe. Independent and privately-owned, the interests of the business are closely aligned with those of its clients as all members of the team invest significant amounts of their own assets in their funds.

Benchmark	Investment style	Inception date
FTSE Europe (ex-UK)	Sound businesses with quality management at attractive valuations	26.10.2017

EUROPE (EX-UK)

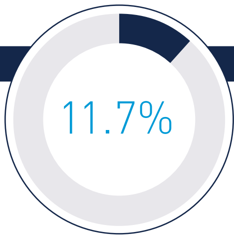


S. W. Mitchell Capital LLP

S. W. Mitchell Capital is a specialist investment management boutique focused exclusively on European equities. Founded in 2005, the firm is based in London and manages $2.2bn in assets on behalf of global institutional clients. Stuart Mitchell's bottom up investment philosophy is designed to uncover unrecognised value, with a process centred on company meetings. Portfolios are unconstrained and concentrated, including only the investment team's highest conviction ideas.

Benchmark	Investment style	Inception date
FTSE Europe (ex-UK)	High conviction portfolio of companies which offer unrecognised value	26.10.2017

ASIA MARKETS



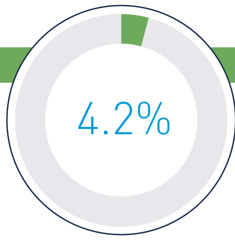
Matthews Asia

Matthews International Capital Management (Matthews Asia)

Based in San Francisco, Matthews Asia is an independent, privately owned firm, and the largest dedicated Asia investment specialist in the United States. Matthews believes in the long-term growth of Asia and employ a bottom-up fundamental investment philosophy with a focus on long-term investment performance. As of 31 December 2017, Matthews Asia had US$33.9bn in assets under management.

Benchmark	Investment style	Inception date
MSCI Asia Pacific Free	Quality Companies with dividend growth	20.02.2013

EMERGING MARKETS



GQG PARTNERS

GQG Partners LLC

GQG Partners is a majority employee owned boutique investment management firm focused on global and emerging markets equities. The Fort Lauderdale, Florida-based investment team is led by Rajiv Jain, who brings over 24 years of equity investment experience. GQG's portfolios are long-only, high conviction and benchmark-agnostic, with an investment process focused on high-quality companies with sustainable long-term growth prospects that are available at a reasonable price.

Benchmark	Investment style	Inception date
MSCI Emerging Markets	High quality companies with attractively-priced growth prospects	16.02.2017

Fifty Largest Investments
at 31 December 2017

	Company	Market value of holding £m	% of portfolio	Country	Sector
1	Vonovia	38.8	1.81	Germany	Real Estate Investment Services
2	Syncona	37.4	1.74	UK	Investment Company
3	BlackRock World Mining	37.1	1.73	UK	Investment Company
4	JPMorgan Chase	37.1	1.73	USA	Banks
5	Apax Global Alpha	36.7	1.71	UK	Investment Company
6	Taiwan Semiconductor Manufacturing	30.8	1.43	Taiwan	Technology Hardware & Equipment
7	London Stock Exchange	29.7	1.38	UK	Financial Services
8	Lloyds Banking	29.6	1.38	UK	Banks
9	Alphabet	28.3	1.31	USA	Software & Computer Services
10	Bank of America	27.9	1.30	USA	Banks
11	Princess Private Equity	26.9	1.25	UK	Investment Company
12	Delta Air Lines	24.3	1.13	USA	Travel & Leisure
13	Diageo	24.3	1.13	UK	Beverages
14	Relx	23.3	1.08	UK	Media
15	Samsung Electronics	23.0	1.07	South Korea	Leisure Goods
16	International Consolidated Airlines	22.0	1.03	UK	Travel & Leisure
17	Comcast	20.8	0.97	USA	Media
18	Schroders	20.4	0.95	UK	Financial Services
19	Unilever	20.3	0.95	UK	Personal Goods
20	Airbus	20.1	0.94	Netherlands	Aerospace & Defense
21	Electra Private Equity	19.9	0.92	UK	Investment Company
22	Citigroup	19.6	0.91	USA	Banks
23	BT	18.7	0.87	UK	Fixed Line Telecommunications
24	Vivendi	18.2	0.85	France	Media
25	Deutsche Lufthansa	16.8	0.78	Germany	Travel & Leisure
	Top 25	**652.0**	**30.35**		
26	Somerset Emerging Markets Small Cap Fund	16.7	0.78	UK	OEIC
27	American Express	16.4	0.76	USA	Financial Services
28	Sage	16.1	0.75	UK	Software & Computer Services
29	Hargreaves Lansdown	15.8	0.73	UK	Financial Services
30	NB Distressed Debt Inv. Fund	15.7	0.73	USA	Investment Company
31	Amazon	15.5	0.72	USA	General Retailers
32	Tesco	15.5	0.72	UK	Food & Drug Retailers
33	Daily Mail & General	14.0	0.65	UK	Media
34	Minth	13.6	0.63	China	Automobiles & Parts
35	Burberry	13.4	0.62	UK	Personal Goods
36	Charter Communications	13.2	0.62	USA	Media
37	Oracle	12.9	0.60	USA	Software & Computer Services
38	Baidu	12.8	0.60	China	Software & Computer Services
39	Microsoft	12.7	0.59	USA	Software & Computer Services
40	HSBC Holdings	12.4	0.58	UK	Banks
41	CVS Health	12.1	0.56	USA	Food & Drug Retailers
42	Express Scripts	11.9	0.55	USA	Health Care Equipment & Services
43	Volkswagen	11.7	0.55	Germany	Automobiles & Parts
44	Travis Perkins	11.7	0.54	UK	Support Services
45	Qualcomm	11.7	0.54	USA	Technology Hardware & Equipment
46	Ping An Insurance	11.1	0.52	China	Life Insurance
47	Rathbone Brothers	11.1	0.52	UK	Financial Services
48	Rolls Royce	10.8	0.50	UK	Aerospace & Defence
49	Pearson	10.5	0.49	UK	Media
50	Unitedhealth	10.2	0.48	USA	Health Care Equipment & Services
	Top 50	**981.5**	**45.68**		

The top ten holdings represent 15.5% of the total portfolio (2016: 14.9%).
The full portfolio is not listed because it contains more than 300 companies.

Classification of Investments

at 31 December 2017

	Notes	United Kingdom %	Continental Europe %	North America %	Asia Pacific (ex Japan) %	Japan %	Latin America %	Other %	Total 2017 %
Basic Materials	Chemicals	0.4	0.4	–	0.4	–	–	–	1.2
	Industrial Metals & Mining	–	0.5	–	0.3	–	–	–	0.8
	Mining	0.4	0.1	–	–	–	–	–	0.5
		0.8	1.0	–	0.7	–	–	–	2.5
Consumer Goods	Automobiles & Parts	–	0.8	–	1.2	0.5	–	0.1	2.6
	Beverages	1.2	0.1	–	0.3	–	–	–	1.6
	Food Producers	–	0.1	–	0.4	–	–	–	0.5
	Household Goods & Home Construction	0.2	0.3	0.1	0.2	0.1	–	–	0.9
	Leisure Goods	–	–	–	1.1	0.1	–	–	1.2
	Personal Goods	1.6	–	–	0.5	0.4	–	–	2.5
	Tobacco	0.6	–	–	0.1	0.3	–	0.1	1.1
		3.6	1.3	0.1	3.8	1.4	–	0.2	10.4
Consumer Services	Food & Drug Retailers	1.1	–	0.8	0.5	–	0.1	–	2.5
	General Retailers	–	0.4	1.1	0.6	0.4	0.1	–	2.6
	Media	3.0	1.4	2.3	–	–	–	–	6.7
	Travel & Leisure	1.8	0.8	1.3	0.1	0.1	–	0.3	4.4
		5.9	2.6	5.5	1.2	0.5	0.2	0.3	16.2
Financials	Banks	2.7	1.7	4.1	1.4	0.5	0.2	0.1	10.7
	Investment Companies	6.3	1.8	0.7	–	–	–	–	8.8
	Financial Services	3.7	0.4	1.5	0.2	–	0.1	0.2	6.1
	Life Insurance	0.6	–	–	0.7	–	–	0.1	1.4
	Non–life Insurance	0.1	–	0.2	–	–	–	0.1	0.4
	Real Estate Investment Services	0.1	2.3	–	0.4	–	–	–	2.8
	Real Estate Investment Trusts	–	–	–	0.1	–	–	–	0.1
		13.5	6.2	6.5	2.8	0.5	0.3	0.5	30.3
Health Care	Health Care Equipment & Services	0.1	0.6	2.8	0.5	0.1	–	–	4.1
	Pharmaceuticals & Biotechnology	0.5	0.8	1.2	–	–	–	–	2.5
		0.6	1.4	4.0	0.5	0.1	–	–	6.6
Industrials	Aerospace & Defence	1.4	1.6	–	–	–	–	–	3.0
	Construction & Materials	0.4	0.3	–	–	–	–	–	0.7
	Electronic & Electrical Equipment	0.5	0.6	0.3	0.2	0.3	–	–	1.9
	General Industrials	0.4	0.3	–	–	0.1	–	–	0.8
	Industrial Engineering	0.7	0.7	0.3	0.2	0.5	–	–	2.4
	Industrial Transportation	0.2	0.4	–	0.1	–	0.1	0.1	0.9
	Support Services	3.4	1.2	0.2	0.1	0.2	–	–	5.1
		7.0	5.1	0.8	0.6	1.1	0.1	0.1	14.8
Oil & Gas	Oil & Gas Producers	0.4	1.2	0.1	0.2	0.4	–	–	2.3
	Oil Equipment Services & Distribution	0.1	–	–	0.3	–	–	–	0.4
		0.5	1.2	0.1	0.5	0.4	–	–	2.7
Technology	Software & Computer Services	2.1	0.6	3.7	1.0	–	–	0.3	7.7
	Technology Hardware & Equipment	0.1	0.5	1.5	1.7	0.7	–	–	4.5
		2.2	1.1	5.2	2.7	0.7	–	0.3	12.2
Telecommunications	Fixed Line Telecommunications	0.9	0.3	–	0.1	–	–	–	1.3
	Mobile Telecommunications	0.5	0.4	–	0.4	0.1	–	0.2	1.6
		1.4	0.7	–	0.5	0.1	–	0.2	2.9
Utilities	Electricity	–	0.2	–	0.1	–	–	–	0.3
	Gas, Water & Multi-utilities	–	0.3	–	–	–	–	–	0.3
		–	0.5	–	0.1	–	–	–	0.6
Open–ended Funds (see note 3)		–	0.2	–	0.2	–	0.1	0.3	0.8
Total 2017		**35.5**	**21.3**	**22.2**	**13.6**	**4.8**	**0.7**	**1.9**	**100.0**
Total 2016		39.8	16.3	26.0	10.8	4.6	0.6	1.9	100.0

Notes:
(1) The holding of £23.3m equity futures (1.2% of net assets) is not included in this classification (see page 12).
(2) Included in the above are fixed interest holdings (including convertibles) of £7,940,000 (2016: £29,056,000).
(3) Open-ended Funds relates to an Emerging Markets fund.

Board of Directors

Harry Henderson

Chairman (A), (C), (D)

Appointed as director in 1988, Harry Henderson became Chairman in March 2003. He was formerly a partner of Cazenove & Co. and subsequently a senior executive at Cazenove Group plc, retiring in 2002. Mr Henderson is Chairman of Witan Investment Services Limited. He is also a director of Cadogan Settled Estates Limited.

Andrew Bell

Chief Executive Officer (D)

Appointed as director and Chief Executive of Witan in February 2010. Previously, he spent 9 years at a leading wealth manager prior to which he was an equity strategist and Co-Head of the Investment Trusts team at BZW and Credit Suisse First Boston. Before working in the City, he worked for Shell in Oman, leaving to take a Sloan Fellowship at the London Business School. He is a former Chairman of the AIC, currently Chairman of Gabelli Value Plus+ plc and a non-executive director of Henderson High Income Trust plc.

Robert Boyle

Chairman of the Audit Committee (A), (B), (D)

Appointed as director in 2007. He is a Chartered Accountant and was a partner of PricewaterhouseCoopers LLP, where he was responsible for multi-national client accounts, specialising in the telecoms and media sectors: he was chairman of the PWC European Entertainment and Media Practice for twelve years, retiring in 2006. He is a non-executive director and chairman of the audit committee of Centaur Media plc.

Catherine Claydon

Chairman of the Remuneration and Nomination Committee (A), (B), (C), (D)

Appointed as director in 2009. Previously she was a Managing Director in the Pension Advisory Group at Goldman Sachs and Lehman Brothers. She is a non-executive director of the Dunedin Income Growth Investment Trust. She is a director of the Barclays UK Pension Fund and B.S.P.S. Limited and an independent member of Unilever UK Pension Fund's Investment Committee.

Suzy Neubert

Director (A), (D)

Appointed as director in 2012. She is Sales & Marketing Director at J O Hambro Capital Management, which she joined in March 2006. She was previously Managing Director of Equity Markets within the Global Markets and Investment Banking Group at Merrill Lynch Securities in London. She is a qualified barrister.

Richard Oldfield

Director (A), (C), (D)

Appointed as director in 2011. He is chairman of Oldfield Partners, an investment management firm. He was previously chairman of the Oxford University investment committee and of Keystone Investment Trust plc. He is a trustee of Royal Marsden Cancer Charity, Canterbury Cathedral Trust and Clore Duffield Foundation, and a director of Shepherd Neame Limited.

Jack Perry

Director (A), (B), (D)

Appointed as director in 2017. He is chairman of European Assets Trust NV and ICG-Longbow Senior Secured UK Property Debt Investments Limited. He was Chief Executive of Scottish Enterprise and a former Managing Partner and Regional Industry Leader of Ernst and Young LLP. He has served on the Boards of FTSE 250 and other public and private companies and is a member of the Institute of Chartered Accountants of Scotland.

Ben Rogoff

Director (A)

Appointed as director in 2016. He has been Portfolio Manager of Polar Capital Technology Trust plc since 2006 and is also joint Manager of Polar Capital Global Technology Fund. He has been a technology specialist for 20 years having begun his career in fund management at CMI, as a Global Technology Analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a Senior Technology Manager prior to joining Polar Capital in May 2003.

Tony Watson

Senior Independent Director (A), (B), (D)

Appointed as director in 2006 and Senior Independent Director in 2008. He was the Senior Independent Director of Lloyds Banking Group plc until 2017 and was chairman of the Trustees of the Marks & Spencer Pension Scheme, chairman of the Strategic Investment Board Limited (Northern Ireland), a member of the Financial Reporting Council, the Senior Independent Director of Hammerson plc and a non-executive director of Vodafone Group Plc, the Shareholder Executive and the Investment Management Association (now the Investment Association). He retired in 2006 from an executive career in the investment management industry, most recently as Chief Executive of Hermes Fund Managers Limited.

(A) Independent non-executive directors.

(B) Members of the Audit Committee which is chaired by Mr Boyle.

(C) Members of the Remuneration and Nomination Committee which is chaired by Mrs Claydon.

(D) Director of Witan Investment Services Limited.

Directors' Report

Statutory Information

The directors present the Annual Report of the Group for the year ended 31 December 2017.

Activities and business review

A review of the business is given in the Chairman's and Chief Executive's reports on pages 4 to 7 and in the Strategic Report on pages 8 to 20. The directors are required by the Companies Act to prepare a Strategic Report for each financial year, which contains a fair review of the business of the Group during the financial year ended 31 December 2017 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group. This information can be found within the Strategic Report on pages 17 to 19.

The Corporate Governance Statement on pages 32 to 40 forms part of this Directors' Report.

Investment policy

The Company's investment policy is set out on the inside front cover.

Status

Witan Investment Trust plc ('the Company') is incorporated in the United Kingdom and registered in England and Wales and domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010. The Company has received confirmation from HM Revenue and Customs that it has been accepted as an approved investment trust with effect from 1 January 2012, provided it continues to meet the eligibility conditions of section 1158 and of the ongoing requirements for approved companies in the Investment Trust (Approved Company) (Tax) Regulations 2011.

Subsidiary company

The Company has one subsidiary company, Witan Investment Services Limited, which provides marketing services and investment products to the Company and executive management and marketing services to third party investment trust clients. Witan Investment Services Limited is authorised and regulated by the Financial Conduct Authority to act as the Company's AIFM, provide investment advice to professional investors and manage savings schemes for investors.

ISAs

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

Substantial share interests

As at 31 December 2017, the Company had not been notified of any substantial interests in the Company's voting rights.

There have not been any new holdings notified between the year end and the date of this Report.

Assets

At 31 December 2017 the total net assets of the Group were £1,980.5m (2016: £1,726.6m). At this date the net asset value per ordinary share was 1109.8p (2016: 952.8p).

Revenue and dividend

The total profit for the year was £317m (2016: £327m. A profit of £43m is attributable to revenue (2016: £42m). The profit for the year attributable to revenue has been applied as follows:

	£'000
Distributed as dividends:	
First interim of 4.75p per ordinary share (paid on 16 June 2017)	8,509
Second interim of 4.75p per ordinary share (paid on 18 September 2017)	8,485
Third interim of 4.75p per ordinary share (paid on 18 December 2017)	8,478
Fourth interim of 6.75p per ordinary share (payable on 29 March 2018)	12,038
Added to the Company's revenue reserve	5,515
	43,025

The directors have declared a fourth interim dividend instead of a final dividend in order to ensure that, as in previous years, the distribution is made to shareholders before 5 April .

Directors

The current directors of the Company are shown on pages 26 and 27.

All the directors held office throughout the year under review. Mr Bell and Ms Neubert will retire in accordance with the Company's Articles of Association and, being eligible, will seek re-election by shareholders. Mr Henderson and Mr Watson will also retire and stand for re-election, as each of them has served as a director for more than nine years and is eligible to stand for re-election. The Board considers them to be independent despite their length of service. This is explained in more detail in sections 1 and 2 of the Corporate Governance Statement on page 33. Mr Boyle and Mrs Claydon will retire at the Annual General Meeting ('AGM') on 2 May 2018 and will not seek re-election.

The Board has reviewed the performance and commitment of the directors standing for re-election and considers that each of them should continue to serve on the Board as they bring wide, current and relevant experience that allows them to contribute effectively to the leadership of the Company.

The Board's policy on the frequency of the re-election of directors is set out on page 33 in the Corporate Governance Statement.

During the year the membership of the Audit Committee comprised Mr Boyle (Chairman), Mrs Claydon, Mr Perry and Mr Watson. During the year the membership of the Remuneration and Nomination Committee comprised Mrs Claydon (Chairman), Mr Henderson and Mr Oldfield.

No director was a party to, or had an interest in, any contract or arrangement with the Company at any time during the year or to the date of this report. With the exception of Mr Bell, no director has or had a service contract with the Company.

Directors' interests

The interests of the directors in the share capital of the Company are set out in the Directors' Remuneration Report on page 46.

Directors' conflicts of interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. The Companies Act 2006 ('the Act') allows directors of public companies to authorise such conflicts and potential conflicts, where appropriate, but only if the Articles of Association contain a provision to this effect. The Act also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. There are two circumstances in which a potential conflict of interest can be permitted: either the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or the matter has been authorised in advance by the directors. The Company's Articles of Association, which were adopted by shareholders on 27 April 2010, give the directors the relevant authority required to deal with conflicts of interest.

Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest, if any, applicable to the Company. A register of conflicts of interest has been compiled and approved by the Board. The directors have also undertaken to notify the Chairman as soon as they become aware of any new potential conflicts of interest that need to be approved by the Board and added to the register, which is reviewed annually by the Board. It has also been agreed that directors will advise the Chairman and the Company Secretary in advance of any proposed external appointment and new directors will be asked to submit a list of potential situations falling within the conflicts of interest provisions of the Act in advance of joining the Board. The Chairman will then determine whether the relevant appointment causes a conflict or potential conflict of interest and should therefore be considered by the Board. Only directors who have no interest in the matter being considered would be able to participate in the Board approval process. In deciding whether to approve a conflict of interest, directors will also act in a way they consider, in good faith, will be most likely to promote the Company's success in taking such a decision. The Board can impose limits or conditions when giving authorisation if the directors consider this to be appropriate.

The Board believes that its arrangements for the authorisation of conflicts operate effectively. The Board also confirms that its procedures for the approval of conflicts of interest have been followed by all the directors and that there are currently no conflicts of interest.

Directors' indemnity

The Company's Articles of Association allow the Company, subject to the provisions of UK legislation, to:

(a) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her, or otherwise, in relation to the Company or any associated company; and

(b) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her, or otherwise, in relation to the Company or any associated company.

Directors' and officers' liability insurance cover is in place in respect of the directors and was in place throughout the year under review.

Directors' Report
continued

Directors' fees

The report on the directors' remuneration is set out on pages 43 to 55.

Investment managers

It is the opinion of the directors that the continuing appointment of the investment managers listed on page 11 is in the interests of the Company's shareholders as a whole and that the terms of engagement negotiated with them are competitive and appropriate to the investment mandates.

The Board and the Company's AIFM review the appointments of the investment managers on a regular basis and make changes as appropriate.

Share capital

The Company's share capital comprises:

(a) ordinary shares of 25p nominal value each ('shares')

The voting rights of the shares on a poll are one vote for every four shares held (one vote per £1 of nominal value). At 31 December 2016 there were 200,071,000 shares in issue. During the year, 2,761,150 shares were bought back and are held in treasury and at 31 December 2017 there were 21,621,411 shares held in treasury. These shares do not carry voting rights or the right to receive dividends and thus the number of voting rights was 44,612,397 on a poll. Since the year end, 161,134 shares have been bought back and at the date of this report there were 200,071,000 shares in issue of which 21,782,545 were held in treasury.

The Company's Articles of Association permit the Company to purchase its own shares and to fund such purchases from its accumulated realised capital profits. At the AGM in April 2017 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2018, to make market purchases to be held in treasury of the Company's ordinary shares up to a maximum of 26,860,811 shares (being 14.99% of the issued ordinary share capital as at 27 April 2017). The Company has bought back 903,085 shares since the date of the last AGM.

The Board is seeking to renew its powers at the forthcoming AGM to buy shares into treasury, for possible reissuance when the shares trade at a premium. The Company makes use of share buybacks, purchasing shares to be held in treasury with the objective of achieving a sustainable low discount (or a premium) to net asset value. Shares are not bought back unless the result is an increase in the net asset value per ordinary share. Shares will only be re-sold from treasury at, or at a premium to, the net asset value per ordinary share.

The Company is also seeking to renew shareholder approval to issue shares, up to 10% of the starting total, provided that such shares are issued at or at a premium to net asset value.

(b) 2.7% preference shares of £1 nominal value each ('2.7% preference shares')

The 2.7% preference shareholders have no rights to attend and vote at general meetings. At 31 December 2017 there were 500,000 2.7% preference shares in issue. Further details on the preference shares are given in note 17 on page 90.

(c) 3.4% preference shares of £1 nominal value each ('3.4% preference shares')

The 3.4% preference shareholders have no rights to attend and vote at general meetings. At 31 December 2017 there were 2,055,000 3.4% preference shares in issue. Further details on the preference shares are given in note 17 on page 90.

At the AGM in April 2017 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2018, to make market purchases for cancellation of the Company's own 2.7% preference shares and 3.4% preference shares up to a maximum of all those in issue. This authority has not been used. Accordingly, as at 31 December 2017 the Company had valid authority, outstanding until the conclusion of the AGM in 2018, to make market purchases for cancellation of 500,000 2.7% preference shares and 2,055,000 3.4% preference shares. No preference shares were bought back between the year end and the date of this report. Accordingly, the Company has valid authority to make market purchases for cancellation of 500,000 2.7% preference shares and 2,055,000 3.4% preference shares. The directors intend to seek a fresh authority at the AGM in May 2018.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer which are known to the Company; and no agreements to which the Company is party that might affect its control following a successful takeover bid.

Independent auditor

Resolutions to reappoint Grant Thornton UK LLP as the Company's auditor and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM. Further details are included in the Report of the Audit Committee on pages 41 and 42.

Directors' statement as to the disclosure of information to the auditor

Each of the directors at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report. Details of Mr Bell's Long-Term Bonus are included in the Directors' Remuneration Report on pages 52 and 53. The directors confirm that there are no other disclosures to be made in respect of Rule 9.8.4.

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private in the UK or abroad to secure any improper benefit for themselves or for the Company. The Board applies the same standards to its service providers in their activities for the Company. A copy of the Company's Anti-Bribery and Corruption Policy can be found on its website at www.witan.com. The policy is reviewed regularly by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

During the year and in response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website www.witan.com. The policy is reviewed annually by the Audit Committee.

Common Reporting Standard (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and is an annual requirement. The Company's registrar, Computershare, has been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Modern Slavery Act 2015

As an investment vehicle, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Securities Financing Transactions

As the Company undertakes securities lending, it is required to report on Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending as at 31 December 2017 are detailed on pages 94 and 95.

Greenhouse gas emissions

The Company has a staff of seven employees, operating from small serviced office premises. Accordingly it does not have any significant greenhouse gas emissions to report from its own operations, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Annual General Meeting

The AGM will be held at 2.30 pm on Wednesday 2 May 2018 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB. The formal notice of the AGM is set out in the accompanying circular to shareholders, together with explanations of the resolutions.

By order of the Board

Frostrow Capital LLP
Secretary
12 March 2018

Corporate Governance Statement

Background

This Statement forms part of the Directors' Report on pages 28 to 31.

The UK Listing Authority's Disclosure Guidance and Transparency Rules (the 'Disclosure Rules') require listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code ('Corporate Governance Code'), as issued by the Financial Reporting Council ('FRC'). The provisions of the Corporate Governance Code, which was issued by the FRC in April 2016, were applicable in the year under review. The Corporate Governance Code can be viewed at www.frc.org.uk.

The related Code of Corporate Governance ('the AIC Code'), issued by the Association of Investment Companies ('AIC'), provides specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies (the 'AIC Guide') will be meeting their obligations in relation to the Corporate Governance Code and the associated disclosure requirements of the Disclosure Rules. The AIC Code issued in July 2016 was applicable in the year under review. The AIC Code can be viewed at www.theaic.co.uk.

The Board is aware of the new UK Corporate Governance Code which was published by the FRC for consultation in December 2017. The new Code is expected to apply for financial years beginning on or after 1 January 2019 and accordingly the Board will report on its compliance with the new Code in the Company's 2019 Annual Report.

Compliance

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the Corporate Governance Code) will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the best practice provisions of the Corporate Governance Code throughout the year ended 31 December 2017 except as set out below:

> The Corporate Governance Code (C.3.6) includes provisions relating to the need for an internal audit function. As explained on page 40, the Company does not have an internal audit function.

> The Corporate Governance Code (B.7.1) includes provisions relating to the annual re-election of all directors. As explained on page 33, the Company considers that this provision is inappropriate to the Company.

The principles of the AIC Code

The AIC Code is made up of twenty one principles. Its three sections cover the Board; Board meetings and relations with the investment managers; and shareholder communications.

The Board

1. The chairman should be independent.

Mr H M Henderson has been Chairman of the Company since March 2003; he joined the Board in 1988. The Board considers that Mr Henderson is, and has been since his appointment, an independent non-executive director. Independence stems from the ability to make decisions that conflict with the interests of management; this is a function of confidence, integrity and judgement. Having served on the Board for more than nine years, Mr Henderson stands for re-election by the shareholders each year and will do so for as long as he continues to serve on the Board. The Board is firmly of the view, however, that length of service does not of itself impair a director's ability to act independently; rather, a director's longer perspective adds value to the deliberations of a well-balanced investment trust company board. The other independent non-executive directors, under the chairmanship of the Senior Independent Director, review and evaluate annually the performance and continuing independence of the Chairman.

Mr A Watson was appointed as the Senior Independent Director in February 2008. He is also able to act as a sounding board for the Chairman and serve as an intermediary for the other directors, should this prove necessary, and to act as a channel of communication for shareholders in the event that contact through the Chairman has failed to resolve concerns or is inappropriate.

2. A majority of the board should be independent of the manager.

At 31 December 2017 the Board was composed of eight independent non-executive directors and one executive director (the Chief Executive Officer). The Board is therefore independent of the Company's executive management. All the directors are wholly independent of the Company's various investment managers. In the opinion of the Board, each of the directors is independent in character and judgement and there are no relationships or circumstances relating to the Company that are likely to affect their judgement (see also section 1 above).

3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.

New directors stand for election by the shareholders at the annual general meeting that follows their appointment. Thereafter all directors stand for re-election at least every three years, as required by the Company's Articles of Association. Directors who have served for more than nine years stand for re-election annually. There are currently four directors with service of more than nine years: Mr H M Henderson, the Chairman, Mr Boyle, Mrs Claydon and Mr Watson. Mr Boyle and Mrs Claydon intend to retire at the forthcoming AGM.

The Board has reviewed Provision B.7.1 of the Corporate Governance Code, which states that all directors of FTSE 350 companies should be subject to annual election by shareholders. The Board considers that the annual re-election of all the directors is inappropriate to the Company. There are two main reasons: (a) it appears to place excessive emphasis on the short term and insufficient emphasis on the need for an effective board to work together and to refresh its composition over time; and (b) there is some danger, because many small and nominee shareholders do not exercise their voting rights, that if all the directors seek re-election at once a minority of the shareholders could engineer the removal of the whole Board for reasons injurious to the interests of the Company's investors as a whole. Therefore the Board considers it appropriate to continue to apply Provision B.7.1 as if the Company were not a constituent of the FTSE 350 Index, a view which a number of prominent institutional investors have shared.

Every year the Board reviews its composition and the composition of its two Committees. The Board's Remuneration and Nomination Committee oversees this process. Further details are given under section 7 on page 35.

Corporate Governance Statement
continued

The Board

4. The board should have a policy on tenure, which is disclosed in the annual report.

New directors are appointed for an initial term ending three years from the date of their first annual general meeting after appointment, with the expectation that they will serve a minimum of two three-year terms. There is no absolute limit to the period for which a director may serve although the continuation of directors' appointments is contingent on satisfactory performance evaluation and re-election at annual general meetings. Directors' appointments are reviewed formally by the Board ahead of their submission for re-election. None of the non-executive directors has a contract of service and a non-executive director may resign by notice in writing to the Board at any time; there are no set notice periods. The Board's tenure and succession policy seeks to ensure that the Board is well-balanced and refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. Directors must be able to demonstrate their commitment to the Company, including in terms of time. The Board seeks to encompass past and current experience of areas relevant to the Company's objective and operations, the most important skill-sets being investment management, finance, marketing, financial services, risk management, custody and settlement, and investment banking. Specialist firms are usually used to assist with recruitment. Whilst the roles and contributions of longer serving directors are subject to rigorous review, the Board is strongly of the view that length of service is only one factor and that shareholders benefit from having directors with a longer perspective of the Company's history and its place in the savings market.

5. There should be full disclosure of information about the board.

Details of the directors are set out on pages 26 and 27. They demonstrate a broad range of experience, gained overseas as well as in the United Kingdom.

6. The board should aim to have a balance of skills, experience, length of service and knowledge of the Company.

The Board considers that it has achieved this aim. Brief biographical details of each director are set out on pages 26 and 27.

Board Diversity

The Company supports the objectives of the Davies Report to improve the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity on the Board, including gender, and takes this into account in its Board appointments. The Company is committed to ensuring that its director search processes actively seek both men and women with the right qualifications so that appointments can be made, on the basis of merit, against objective criteria from a diverse selection of candidates. The Board will continue to consider diversity during the director search process.

The Board

7. The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The Board has established a process to evaluate its performance annually. This process is based on open discussion and seeks to assess the strengths and weaknesses of the Board and its Committees. The Chairman leads on applying the conclusions of the evaluation. The Chairman reviews with each director his or her individual performance, contribution and commitment to the Company. The Senior Independent Director leads the annual evaluation of the Chairman and reviews the conclusions with him. The Board's Remuneration and Nomination Committee oversees this process. In addition, in consideration of Provision B.6.2 of the Corporate Governance Code, which states that evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years, in 2016, the Board appointed BoardAlpha Limited to carry out an evaluation programme. The Board reviewed their report in March 2017 and the Chairman has led on implementing those changes recommended by the report that the Board considered should be made. The report did not identify any material weaknesses or concerns. BoardAlpha Limited does not have any other connection with the Company. The Board intends to appoint an external organisation to facilitate its evaluation in 2019.

8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.

The Directors' Remuneration Report on pages 43 to 55 details the process for determining the directors' remuneration and sets out the amounts payable.

9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.

The Board's Remuneration and Nomination Committee oversees the recruitment process, which includes the use of a firm of non-executive director recruitment consultants. However, all the independent non-executive directors are asked to contribute and to consider serving on the sub-committee appointed to draw up the shortlist of candidates. Notwithstanding this, the Chairman would not expect to lead the process of selecting his successor.

10. Directors should be offered relevant training and induction.

Directors newly appointed to the Board are provided with an introductory programme covering the Company's strategy, policies and operations, including those outsourced to third parties. Thereafter, directors are given, on a regular and ongoing basis, key information on the Company's investment portfolios, financial position, internal controls and details of the Company's regulatory and statutory obligations (and changes thereto). The directors are encouraged to attend industry and other seminars, conferences and courses, if necessary at the Company's expense, and to participate generally in industry events. A log of directors' training is maintained and reviewed each year by the Audit Committee.

The directors have access to the advice and services of the Company's Executive team and AIFM and of the Company Secretary, through its appointed representative, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

11. The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.

This principle does not apply to the Company, which is a long established investment trust company.

Corporate Governance Statement
continued

Board meetings and the relationship with the manager

12. Boards and managers should operate in a supportive, co-operative and open environment.

Typically, the Board meets approximately ten times each year. The Chief Executive Officer (who is a director), other representatives of the Company's Executive team and the AIFM and a representative of the Company Secretary expect to be present at all meetings. The Board devotes two days each year to meetings with the Company's investment managers and each investment manager sends representatives at least once a year. The Chairman seeks to encourage open debate within the Board and a supportive and co-operative relationship with the Executive team and with the Company's investment managers, advisors and other service providers.

13. The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.

The Chief Executive Officer and the AIFM monitor investment performance and all associated matters. The Chief Executive Officer reports to each Board meeting, at which investment performance, asset allocation, gearing, marketing and investor relations are usually key agenda items.

14. Boards should give sufficient attention to overall strategy.

The Board is responsible for determining the strategic direction of the Company and for promoting its success. At least one of its meetings each year is devoted entirely to reviewing overall strategy and progress is monitored throughout the year.

15. The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).

The Board's Remuneration and Nomination Committee reviews the performance of and the contractual arrangements with the Chief Executive Officer. The Chief Executive Officer is responsible to the Board for reviewing the performance and the contractual arrangements of his staff. The Board's Remuneration and Nomination Committee oversees this process.

The Chief Executive Officer leads on the selection and monitoring of the investment managers and their terms of reference, which are approved by the Board and the AIFM.

16. The board should agree policies with the manager covering key operational issues.

The Company manages its own operations through the Board and that of its AIFM, as set out on page 38. Each investment manager runs a discrete investment portfolio within the terms of their investment management contract. Further details are given on page 38. Shares are held by the Company's custodian/depositary.

17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.

The Chief Executive Officer and his team monitor the share price and the discount/premium to net asset value daily and he reports to every Board meeting.

The Board makes use where appropriate of share buybacks (at a discount) and issuance (at a premium) in order to add to the net asset value per share and achieve a sustainable low discount (or a premium) to net asset value.

18. The board should monitor and evaluate other service providers.

The Chief Executive Officer and the AIFM are responsible for monitoring and evaluating the performance of the Company's service providers. The Board's Audit Committee oversees this process together with the WIS Risk Committee.

Shareholder communications

19. The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.

The Chairman is responsible for ensuring that there is effective communication with the Company's shareholders. He works closely with the Chief Executive Officer and there is regular liaison with the Company's stockbroker. There is a process in place for analysing and monitoring the shareholder register and a programme for meeting or speaking with the institutional investors and with private client stockbrokers and advisors. In addition to the Chief Executive Officer, the Chairman, or the Senior Independent Director, expects to be available to meet the larger shareholders and the Chairman of the Remuneration and Nomination Committee is available to discuss remuneration matters.

The Company encourages attendance at its Annual General Meeting as a forum for communication with individual shareholders. The Notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. The Chairman, the Chief Executive Officer, the Chairman of the Audit Committee and the Chairman of the Remuneration and Nomination Committee all expect to be present at the Annual General Meeting and to answer questions from shareholders as appropriate. Details of the proxy votes received in respect of each resolution are made available to shareholders. The Chief Executive Officer makes a presentation to the meeting.

The directors may be contacted through the Company Secretary at the address shown on page 100.

20. The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.

While the Chief Executive Officer and his team expect to lead on preparing and effecting communications with investors, all major corporate issues are put to the Board or, if time is of the essence, to a Committee thereof.

21. The board should ensure that shareholders are provided with sufficient information for them to understand the risk: reward balance to which they are exposed by holding the shares.

The Board places importance on effective communication with investors and approves a marketing programme each year to enable this to be achieved. Copies of the Annual Report and the Half Year Report are circulated to shareholders, to those who hold shares through the subsidiary company's products and, where possible, to investors through other providers' products and nominee companies (or written notification is sent when they are published online). In addition, the Company publishes a factsheet monthly and its net asset value per share daily. All this information is readily accessible on the Company's website (www.witan.com). A Key Information Document, prepared in accordance with new EU rules is also published on the Company's website.The Company belongs to the Association of Investment Companies which publishes information to increase investors' understanding of the sector.

Corporate Governance Statement
continued

The Board

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of controls that enable risk to be assessed and managed. The Board sets the Company's strategic aims (subject to the Company's Articles of Association and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board has typically met approximately ten times a year and deals with the most important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, the review of investment performance and the extent to which borrowings may be used.

The Chief Executive Officer ('CEO') is responsible to the Board and the AIFM for the overall management of the Company including investment performance, business development, shareholder relations, marketing, investment trust industry matters, administration and unquoted investments. The duties of the CEO include leading on investment strategy and asset allocation, on the selection and monitoring of the investment managers and their terms of reference and on the use of derivatives. The Board, in conjunction with the AIFM, sets limits on matters such as asset allocation, gearing and investment in derivatives, within which the CEO has discretion.

The CEO reports to each meeting of the Board. His report includes confirmation that the Board's investment limits and restrictions and those which govern the Company's tax status as an investment trust, have been adhered to.

The individual investment managers are each appointed to manage a discrete portfolio in accordance with guidelines which limit, for example, the markets in which they can invest, the maximum size of each investment and the amount of cash that may be held in normal circumstances. They are not allowed to invest in unquoted securities, to gear the portfolio, to sell stocks short or to use derivatives. The investment managers take decisions on individual investments and are responsible for effecting transactions on the best available terms. The Company and the AIFM receive monthly confirmation from each investment manager that it has carried out its duties in accordance with their investment mandates.

In addition to his responsibilities for the overall management of the Company, the CEO manages the Direct Holdings portfolio. A maximum of 10% of the Company's gross assets (at the time of purchase) may be invested in specialist funds within this portfolio and there are restrictions on the number, size and type of investments that may be made. Up to a futher 2.5% may be allocated to newly-established or smaller third party managers that are viewed as having potential to add value to the overall portfolio.

The Chairman is responsible for ensuring that the directors are provided with management, regulatory and financial information that is timely, accurate and relevant.

Matters specifically reserved for decision by the full Board have been defined. There is an agreed procedure for directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

Board Committees

The Board has established an Audit Committee and a Remuneration and Nomination Committee. The membership of the Audit Committee and the Remuneration and Nomination Committee is set out on pages 26 and 27. The roles and responsibilities of the Committees are described in the Report of the Audit Committee on pages 41 and 42 and in the Directors' Remuneration Report on pages 43 to 55.

Meetings of the Board and its Committees

The number of formal meetings during the year of the Board and its Committees, and the attendance of the individual directors at those meetings, is shown in the table that follows.

	Board	Audit Committee	Remuneration and Nomination Committee
Number of meetings	**10**	**4**	**2**
H M Henderson	10	2*	2
A L C Bell	10	4*	2*
R W Boyle	10	4	–
M C Claydon	9	4	2
S E G A Neubert	9	–	–
R J Oldfield	7	–	2
J S Perry	9	4	–
B C Rogoff	10	–	–
A Watson	10	4	–

* Not a member of the Committee but in attendance by invitation for all or part of the meetings.

All the then directors attended the Annual General Meeting in April 2017 other than Mr Oldfield and the Board's 'Away Day' in May 2017.

Directors' remuneration

The directors' remuneration is detailed in the Directors' Remuneration Report on pages 43 to 45.

Accountability and audit

The directors' statement of responsibilities in respect of the accounts is set out on page 56.

The report of the independent auditor is set out on pages 57 to 63.

The Board has delegated contractually to external agents, including the various investment managers, the management of the investment portfolio, global custody (which includes the safeguarding of the assets), the investment administration, management and financial accounting, company secretarial and certain other administrative requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the investment managers and ad hoc reports and information are supplied to the Board from its other contractors as required.

Internal control

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process accords with the Corporate Governance Code guidance, is subject to regular review by the Audit Committee and was fully in place during the year under review and up to the date of this Annual Report. The Board remains responsible for the Company's system of internal control and has charged the Audit Committee with conducting an annual review of the effectiveness of the system, covering all the controls, including financial, operational and compliance controls and risk management systems. This review took into account points raised during the year in the regular appraisal of specific areas of risk. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with provisions C2 and C3 of the Corporate Governance Code the Board reviews the Company's business risks at least once a year. These are analysed and recorded in a risk map, which the Audit Committee reviews at each meeting. The Company receives from its main contractors formal reports which detail the steps taken to monitor the areas of risk and which report the details of any known internal control failures.

As described elsewhere, the management of Witan's portfolio is outsourced to a number of third party investment managers around the world. There are currently 10 such investment managers as well as the Direct Holdings portfolio which is managed by the Chief Executive Officer.

The Chief Executive Officer has responsibility (under delegation from the Board and the AIFM) for a number of aspects of the management of the portfolio, including asset allocation, gearing and investment in derivatives. The Board has set guidelines in respect of each of these aspects within which he may operate. The Chief Executive Officer reports to the Board regularly on each of these areas, as well as on the overall performance of the Company and other matters of significance.

The in-house Executive management team of Witan and WIS is responsible for managing and controlling the relationships with the third party managers.

The management team receives monthly reports on investment and compliance matters from each manager. During 2017, the investment managers were asked to provide detailed information on their operational structures and systems. The Board also receives each year from its investment managers reports on their internal controls; in most cases these include a report from the relevant company's auditors on the control policies and procedures in operation.

The Chief Executive Officer makes regular reports to the Board on the performance of and activity within the Direct Holdings portfolio. In addition, the portfolio's performance is independently measured, along with those of the third party managers.

The Company's subsidiary, WIS, is authorised and regulated by the Financial Conduct Authority to provide investment products and services and was appointed as the Company's AIFM from July 2014. The compliance structures required for these activities, including a compliance manual and a compliance monitoring programme, have been duly put into place.

The Company has a formal policy for staff to raise in confidence any concerns about possible improprieties, whether in matters of financial reporting or otherwise, for appropriate independent investigation. Its staff comprises only seven people (including the Chief Executive Officer), who are well known to and have frequent formal and informal contact with the members of the Board.

Corporate Governance Statement
continued

The Company does not have an internal audit function. Through WIS, the AIFM, it delegates to third parties the management of its investments and most of its other operations and employs only a small staff. The investment managers and certain other key contractors are subject to external regulation and most have compliance and internal audit functions of their own. The Company's investments are held on its behalf by a global custodian appointed by the depositary. A specialist firm of investment accountants and administrators is responsible for investment administration, for maintaining accounting records and for preparing financial accounts, management accounts and other management information. Their work is reviewed by an independent accountant who also carries out some of the work that an internal audit function would cover. In addition, the Board receives from the investment administrator an annual report on its internal controls, including a report from its auditor on the control policies and procedures in operation. The investment performance of the investment managers, both individually and collectively, is measured for Witan by a company that is independent of all the investment managers. The corporate Company Secretary is a company with well-established experience in servicing investment trusts.

The appointment of these and other professional contractors provides a clear separation of duties and a structure of internal controls that is balanced and robust. The Board and the AIFM will continue to monitor its system of internal control in order to provide assurance that it operates as intended and the directors will review at least annually whether a function equivalent to an internal audit is needed.

Stewardship and the exercise of voting powers

It is the Board's view that, in order to achieve long-term success, companies need to maintain high standards of corporate governance and corporate responsibility. Therefore Witan expects the companies in which it is invested to comply with best practice in corporate governance matters, or to provide adequate explanation of any areas in which they fail to comply, whilst recognising that a different approach may be justified in special circumstances. In respect of UK companies, current best practice in corporate governance matters is set out in the UK Corporate Governance Code.

The Board encourages the Company's appointed investment managers to engage with companies and to vote shares, in the best long-term interest of Witan shareholders but in accordance with their own investment philosophies. Where applicable, it monitors the policies of the investment managers in respect of the UK Stewardship Code. Elsewhere in the world it can be more difficult to vote shares as each country has its own rules and practices regarding shareholder notification, voting restrictions, registration conditions and share blocking, including, for example, dealing constraints. Therefore, whilst the Company's investment managers are apprised of the Company's approach to the stewardship of its assets and the importance of sound corporate governance, they use their discretion according to their knowledge of the relevant circumstances. The investment managers report their compliance with the UK Stewardship Code, or equivalent legislation, to the Audit Committee each year.

In respect of the direct investments held, the Company's Executive management maintains regular touch with the management of the investee holdings and engages when issues arise that are controversial or potentially prejudicial to the interests of Witan's shareholders. An annual report is provided to the Audit Committee in compliance with the UK Stewardship Code.

Approval

This report was approved by the Board of directors on 12 March 2018 and is signed on its behalf by:

H M Henderson
Chairman
12 March 2018

Report of the Audit Committee

Statement by the Chairman of the Committee

As Chairman of the Audit Committee ('the Committee'), I am pleased to present the Report of the Committee for the year ended 31 December 2017.

Composition and responsibilities of the Committee

During the year under review, the Committee comprised four non-executive directors, including its Chairman, who are appointed by the Board. I was appointed Chairman of the Committee in 2007. The Board has taken note of the requirements that the Committee as a whole should have competence relevant to the sector in which the Company operates and that at least one member of the Committee should have recent and relevant financial experience. The Committee is satisfied that the Committee is properly constituted in both respects: I am a Chartered Accountant and was previously a partner in PricewaterhouseCoopers LLP and the other Committee members have a combination of financial, investment and other relevant experience gained throughout their careers.

Mr Watson, who was appointed to the Committee in 2006, and Mrs Claydon, who was appointed to the Committee in 2013, were members of the Committee throughout the year. Mr Perry was appointed as a member of the Committee with effect from 22 February 2017. Details of our qualifications and experience are given on pages 26 and 27.

The role of the Committee is to assist the directors in protecting shareholders' interests through fair, balanced and understandable reporting, ensuring effective internal controls and maintaining an appropriate relationship with the Group's auditor. The Committee's role and responsibilities are set out in its terms of reference, which comply with the UK Corporate Governance Code. The terms of reference are available on request from the Company Secretary and can be seen on the Company's website (www.witan.com). In summary, the Committee is responsible for:

> monitoring the integrity of the Company's financial statements, including consideration of the Company's accounting policies and significant reporting judgements;

> ensuring the application of the Company's internal financial and regulatory compliance controls and risk management systems using external consultants where appropriate;

> the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;

> reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process; and

> reporting to the Board on how it has discharged its duties.

Meetings of the Committee

The Committee held four meetings during 2017 and also met in February 2018. Meetings are usually attended, by invitation, by the Chairman of the Company, members of management, relevant external advisers and the auditors. I report to the Board after each meeting on the main matters discussed at the meeting. In summary, the main matters arising in relation to 2017 were:

> Assessment of the controls to ensure the ownership, valuation and liquidity of investments: this includes assessing management reports on the controls and procedures of external managers and the external custodian/administrator and the review of the audit work performed. No significant issues were identified.

> Consideration of other matters in relation to the financial statements including appropriateness of accounting policies, revenue recognition, portfolio valuation and calculation of management fees.

> Interim and year-end reporting, in the light of the requirements of the Code of Corporate Governance issued by the AIC and FRC guidance to audit committees on key developments for annual reports and non-financial reporting. The Committee agreed the process, timing and responsibility for compliance.

> A variety of specific matters including whistleblowing, anti-money laundering compliance, data and IT systems security and business continuity. As explained elsewhere in this Report (see page 40), the Company makes extensive use of third party service providers, who are overseen by the WIS Executive. The Committee approves the programme of oversight and reviews the results.

> In light of the relative simplicity of the operations and the use of independent external consultants, who report directly to the Committee, to advise on regulatory compliance and adherence to internal procedures, it was concluded that no internal audit function was required (see page 40).

Following the appointment of WIS as the Company's AIFM, the Committee works with the Risk Committee of WIS, the Company's subsidiary, to ensure WIS' compliance with Financial Conduct Authority ('FCA') regulations. Particular topics in 2017 included monitoring the implementation of the regulations contained within the Client Assets sourcebook ('CASS') of the FCA.

The Committee also monitored the work required to ensure the Company's compliance with new legislation in 2017 and 2018, including MiFID II, the Criminal Finances Act and the General Data Protection Regulation ('GDPR').

Risk

Management has identified (Strategic Report pages 18 and 19) five main areas of potential risk: market and investment

Report of the Audit Committee
continued

portfolio, operational, corporate governance, accounting, legal and regulatory, and liquidity, and has set out the actions taken to evaluate and manage these risks.

The auditor has also detailed three key audit matters in its report: valuation and existence of investments; accuracy and completeness of investment income and accuracy and completeness of performance and management fees and has set out the work it has performed to satisfy itself that these have been properly reflected in the financial statements.

The Committee has monitored the controls designed to mitigate the risks associated with these matters during the year including reviewing management's risk report at each meeting and requiring amendments to both risks and mitigating actions as appropriate. The Committee considers that management has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and has taken appropriate action to mitigate those risks. There were no significant areas of material judgement or unadjusted errors.

Going concern and viability
The Committee has assessed the information, forecasts and assumptions underlying the Viability and Going Concern Statements on pages 19 and 20 and recommended to the Board that they are appropriate.

External audit
Grant Thornton UK LLP was appointed as statutory auditor in 2016. In accordance with the current legislation, the Company will need to re-tender for new auditors at least every 10 years and will have to change its auditor after 20 years.

The audit partner is Marcus Swales. The auditor is required to rotate partners every five years and it is proposed that Mr Swales should serve until the AGM in 2021, provided shareholders approve the continued appointment of Grant Thornton.

Accordingly, the Committee considers that the Company has complied with the provisions of the Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year.

The Committee reviews the scope and effectiveness of the audit process, including agreeing the auditor's assessments of materiality, and monitors the auditor's independence and objectivity. The Committee conducts a formal review of the performance of the auditor following the conclusion of the audit.

In addition, Grant Thornton has been appointed to provide an assurance report on client assets in accordance with the FCA's Client Assets Sourcebook (the CASS Report) to the FCA in respect of Witan Investment Services Limited, to be completed by the end of April 2018.

Financial statements
The Board has requested the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole document, underpinned by involvement in the planning for its preparation, review of the processes to assure the accuracy of factual content, and by assurances from the Remuneration and Nomination Committee.

Non-audit services
The Committee has adopted the new limit on non-audit fees that has been introduced with effect from January 2017, from which time non-audit fees cannot be more than 70% of the average audit fees for the last three years. Any new engagement with Grant Thornton for any non-audit service must be approved in advance by the Committee. The Committee assesses each service individually having considered the cost-effectiveness of the service and the impact on the auditor's independence.

Grant Thornton are not providing any non-audit services to the Company other than to provide the CASS report, for which their fees are budgeted at £25,000 and compliance with covenants on the Secured Bonds (£4,000). The ratio of audit to non-audit work in the year was 64:36. The Committee considered that it was in the interests of the Company to appoint Grant Thornton for this work as it would not be cost-effective to appoint another firm.

Effectiveness of the Committee
The Committee assessed its own effectiveness during the year. The Committee considered that its approach was comprehensive and appropriate and that it focused on the right issues and was managed well. Some suggestions were made to improve the papers provided to the Committee in order to focus the Committee's review of issues and the risk register.

Committee changes
As you will have read elsewhere, I shall be retiring from the Board at the AGM on 2 May 2018. I am pleased to report that Mr Perry has been appointed to succeed me as Chairman of the Committee. As a Chartered Accountant and former partner of Ernst & Young, he has the right experience and qualifications for this role.

Approval
This report was approved by the Committee on 12 March 2018 and is signed on its behalf by:

Robert Boyle
Chairman of the Audit Committee
12 March 2018

Directors' Remuneration Report

Chairman's statement

Introduction

As Chairman of the Remuneration and Nomination Committee (the 'Committee'), I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2017.

This report covers the remuneration-related activities of the Committee for the year ended 31 December 2017. It sets out the remuneration policy and remuneration details for the non-executive and executive directors of the Company. It has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations') and the requirements of the Association of Investment Companies. The report is split into three main areas: this statement from me as Chairman of the Committee, an annual report on remuneration and a policy report. The annual report on remuneration provides details of remuneration during the financial year ended 31 December 2017 and other information required by the Regulations. It will be subject to an advisory vote at the Annual General Meeting in May 2018.

The Company's existing remuneration policy was subject to a binding shareholder vote at the Annual General Meeting in 2016 and took effect from 1 January 2016.

The Companies Act 2006 requires the auditor to report to shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the report.

Role of the Committee

The remuneration-related role of the Committee is essentially twofold. First, it has a role in respect of executive remuneration, assisting the directors in determining the remuneration of the Chief Executive Officer ('CEO') and evaluating his performance, as well as assisting the CEO in determining the remuneration arrangements for the Company's staff. Second, the Committee considers the remuneration of the non-executive directors. In addition, the Committee serves as the Board's nomination committee with responsibility for reviewing the effectiveness and composition of the Board. The Committee's role and responsibilities are set out in its terms of reference, which are available on request from the Company Secretary and can be found on the Company's website (www.witan.com).

The Committee normally consists of three non-executive directors, including its Chairman, who are appointed by the Board. During the year I served as Chairman of the Committee and Mr H M Henderson and Mr R J Oldfield were members of the Committee. I was appointed to the Committee, and to act as its Chairman, in 2009. Mr Henderson and Mr Oldfield were appointed to the Committee in 2003 and 2011 respectively.

The Committee's programme is to meet formally at least twice a year and on such other occasions as required. The Committee held two formal meetings during the year, during which it addressed all the matters under its remit.

In February 2017, the Committee undertook a review of the non-executive directors' fees. The Committee recommended to the Board, and the Board agreed, that non-executive directors' fees should be increased with effect from 1 April 2017 by £1,500 per annum for the non-executive directors other than the Chairman and by £3,000 per annum for the Chairman. The additional fee payable to the Chairman of the Audit Committee was increased from £6,000 to £7,500 and that of the Chairman of the Remuneration and Nomination Committee and the Senior Independent Director from £4,000 to £5,000. This was the first increase in these fees since 1 April 2014. Accordingly, with effect from 1 April 2017, the non-executive directors' fees have been paid at the following annual rates:

	£
Chairman of the Company	**60,000**
Chairman of the Audit Committee	**39,000**
Chairman of the Remuneration and Nomination Committee	**36,500**
Senior Independent Director	**36,500**
Other non-executive Directors	**31,500**

The Company's Articles of Association currently limit the aggregate fees payable to the non-executive directors to £350,000 per annum.

The aggregate non-executive directors' fees currently amount to £298,000 per annum.

Committee changes

As reported elsewhere, I shall be retiring from the Board at the AGM on 2 May 2018. I am pleased to report that Mr Oldfield has been appointed to succeed me as Chairman of the Committee.

Catherine Claydon
Chairman of the Remuneration and Nomination Committee.
12 March 2018

Directors' Remuneration Report
continued

Annual report on remuneration

An ordinary resolution for the approval of this section of the Report (together with the Chairman's statement on page 43) will be put to members at the forthcoming Annual General Meeting.

The following section sets out the executive director's and the non-executive directors' remuneration for the year ended 31 December 2017. The information provided on pages 44 to 46 of this Report (other than the Total shareholder return performance graph) has been audited by Grant Thornton UK LLP.

Single total figure table for the year (audited)

Non-executive directors

The following table shows the single figure of remuneration of the non-executive directors for the financial year ended 31 December 2017, together with the comparative figures for 2016:

	31 December 2017 Fees and total remuneration £[1] [2]	31 December 2016 Fees and total remuneration £[1] [2]
JEB Bevan (retired 28 April 2016)	**–**	10,000
R W Boyle	**38,250**	36,000
M C Claydon	**35,875**	34,000
H M Henderson	**59,250**	57,000
S E G A Neubert	**31,125**	30,000
R J Oldfield	**31,125**	30,000
J S Perry (appointed 1 January 2017)	**31,125**	–
B C Rogoff	**31,125**	7,500
A Watson	**35,875**	34,000
Total	**293,750**	238,500

Notes:

(1) The non-executive directors are not entitled to any valuable payments or benefits. No taxable benefits were paid in the year, although all reasonably incurred business expenses will be met.

(2) Non-executive directors' fees were last increased with effect from 1 April 2017.

CEO

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 December 2017 for the CEO, Mr A L C Bell, together with the comparative figures for 2016. Aggregate emoluments are shown in the last column of the table.

	Base pay[1] £		Benefits[2] £		Annual Bonus[3] benefits £		Long-Term Bonus[3] £		Pension related benefits £		Total £	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Mr A L C Bell	**285,000**	281,000	**19,149**	18,366	**199,500**	89,920	**126,757**	76,425	**28,500**	28,100	**658,906**	493,811

Notes:

(1) Mr Bell is entitled to hold outside appointments and to retain any fees payable, subject to receiving the Board's permission. During 2017, in addition to the base salary set out above, Mr Bell received £58,250 (2016: £57,750) in respect of his directorship of Henderson High Income Trust plc and as chairman of Gabelli Value Plus+ Trust plc.

(2) Taxable benefits include life assurance and health insurance.

(3) Mr Bell's current service agreement provides that he is eligible to receive a bonus of up to 170% of his basic salary. The cash bonus arrangement consists of three separate elements:

(i) Discretionary bonus
For a description of the terms of the discretionary bonus (including the performance measures), please see the policy report. The Committee reviewed Mr Bell's perfomance against the performance criteria, described on page 52, over the preceding year at its meeting in February 2018 to determine the appropriate level of the discretionary bonus that is payable for that year. Following that review, the Committee recommended, and the Board agreed, that Mr Bell should receive a discretionary bonus equal to 30% (compared with the maximum of 40%) of his basic salary (£85,500) in respect of the financial year ended 31 December 2017 (2016: 32%, £89,920).

(ii) One-year Bonus
For a description of the terms of the One-year Bonus (including the performance measures), please see the policy report. The Company outperformed its benchmark in 2017 by 3.6% (net asset value debt at par, excluding the effect of share buybacks) and therefore a bonus of £114,000 will be paid to Mr Bell based on the Company's financial performance for the year ended 31 December 2017 (2016: underperformed, £nil).

(iii) Long-Term Bonus
A description of the terms of the Long-Term Bonus (including the performance measures), was included in the policy report approved by Shareholders at the 2016 AGM. In summary, Mr Bell is eligible to receive up to 50% of his basic annual salary by reference to the Company's performance over the previous three financial years.

The level of bonus is determined by reference to the performance against the benchmark, where performance is in line with benchmark generates a bonus rising on a straight line basis to a full bonus where the benchmark is exceeded by an average of 3% per annum.

The Company has outperformed its benchmark over the three financial years to 31 December 2017 by 8.0% (net asset value debt at par, excluding the effect of share buybacks) and therefore a Long-Term Bonus of £126,757 will be paid to Mr Bell (2016: 4.9%, £76,425).

Mr Bell's total variable remuneration in respect of the year ended 31 December 2017 is £326,257 (2016: £166,345).

Payment of the discretionary bonus and One-year Bonus will be partly deferred in accordance with the current policy, with 60% paid in March 2018 and the remaining 40% paid on a deferred basis in three equal instalments in March 2019, 2020 and 2021, subject to continued employment. The Long-Term Bonus of £126,757 is payable in March 2018 in accordance with the terms which applied under the previous policy in force when the terms of the Long-Term Bonus were set.

Directors' Remuneration Report

continued

Scheme interests awarded during the financial year

No directors were awarded any interest over shares in the Company during the financial year ended 31 December 2017 (2016: nil).

Payments to past directors

No payments were made to former directors of the Company during the financial year ended 31 December 2017 (2016: £nil).

Payments for loss of office

No loss of office payments were made to any person who has previously served as a director of the Company at any time during the financial year ended 31 December 2017 (2016: £nil).

Statement of directors' shareholdings (audited)

The interests of the CEO and the non-executive directors (including connected persons) in the Company's ordinary shares are shown in the table below. No share options or other share-based awards, with or without performance measures, were awarded to the CEO or to any non-executive director. There are no requirements or guidelines for the CEO or the non-executive directors to own shares in the Company.

	Shares held as at 31 December 2017	Shares held as at 31 December 2016
A L C Bell	**140,000**	140,000
R W Boyle	**57,508**	55,092
M C Claydon	**50,806**	49,271
H M Henderson	**788,232**[1]	788,232[1]
S E G A Neubert	**9,941**	9,750
R J Oldfield	**21,500**	21,500
J S Perry[2]	**14,792**	–
B C Rogoff	**3,248**	2,300
A Watson	**25,021**	25,021

Notes:

(1) H M Henderson is the legal and beneficial owner of 722,732 shares in the Company and 65,500 shares in the Company are owned by connected persons (2016: 722,732 and 65,500 shares).

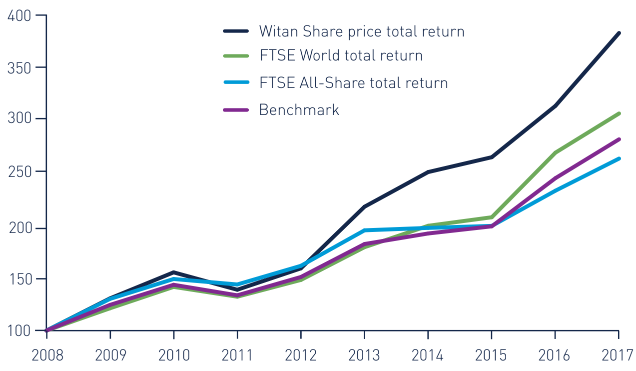
(2) Mr Perry owned 14,505 shares at the date of his appointment, 1January 2017.

Since the year end, Mr Rogoff has purchased 148 ordinary shares. There have not been any other changes in the directors' interests.

None of the directors had an interest in the secured bonds or preference shares of the Company.

Total shareholder return performance graph

The line graph below sets out the Company's nine-year total shareholder return performance relative to the FTSE All-Share Index and the FTSE World Index (sterling adjusted). This line graph assumes a notional investment of £100 into the Indices on 31 December 2008 and the reinvestment of all income, excluding dealing expenses.



Source: Morningstar.

The Company is required to compare the Company's share price with a single broad equity market index. The Company has compared the share price total return against (i) a UK market index, namely the FTSE All-Share Index because the Company's shares are listed on the UK market and also (ii) a global index, namely the FTSE World Index because the Company invests across a broad spread of global equity markets. The performance of the Company's benchmark is also shown.

CEO remuneration table

Year ended 31 December	CEO single figure of total remuneration £	Annual discretionary and One-year Bonus pay-out against maximum %	Long-Term Bonus pay-out against maximum %
2017 – Mr Bell	**658,906**	**87.5**	**89.0**
2016 – Mr Bell	493,811	40.0	54.4
2015 – Mr Bell	593,431	95.2	100.0
2014 – Mr Bell	544,514	76.2	100.0
2013 – Mr Bell	486,802	95.0	64.2
2012 – Mr Bell	400,535	86.5	13.7
2011 – Mr Bell	314,160	40.0	n/a
2010 – Mr Bell	409,495	100.0	n/a
2010 – Mr Clarke[1]	111,318	15.0	n/a
2009 – Mr Clarke[1]	253,273	30.0	n/a

Note:
(1) Mr R E Clarke was the CEO until 8 February 2010, when Mr Bell was appointed.

Percentage change in remuneration of CEO

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2016 and 2017 compares with the percentage increase in each of those components of pay for the Group's employees taken as a whole:

	Percentage increase/(decrease) in remuneration in 2017 compared with remuneration in 2016	
	CEO %	Employees %
Salary and fees	1	4
All taxable benefits	3	6
Annual bonuses (discretionary and One-year Bonus)	122	0
Long-Term Bonus	66	n/a
Total	33	3

The increase in the CEO's bonuses in 2017 is primarily due to the outperformance of the Company in 2017, which resulted in the One-year Bonus being paid in respect of 2017 (see note 3(ii) on page 45), whereas it was not paid in respect of 2016, and an increase in the performance-determined Long-Term Bonus.

Relative importance of spend on pay

Spend	2017 £'000	2016 £'000	Difference £'000
Fees of non-executive directors	**294**	239	**55**
Remuneration paid to or receivable by all employees of the Group (including the CEO) in respect of the year[1]	**1,439**	1,020	**419**
Dividends paid to shareholders in respect of the year ended 31 December 2017	**37,510**	35,292	**2,218**
Share buybacks[2]	**26,622**	142,918	**(116,296)**
Total payments to shareholders	**64,132**	178,210	**(114,078)**

Notes:
(1) Includes any accruals for future payment of the CEO's Long-Term Bonus, subject to performance being sustained and to his continued employment with the Company.
(2) Share buyback activity reflects changes in the discount, which narrowed during the year (see also comments on page 13).

Statement of implementation of remuneration policy

The revised remuneration policy for the CEO as detailed in the policy section of the report was agreed by shareholders at the 2016 AGM and implemented with effect from 1 January 2016. The fees for non-executive directors were increased with effect from 1 April 2017.

Consideration by the directors of matters relating to directors' remuneration

The Board as a whole sets the fees that are payable to the non-executive directors and it has appointed the Committee to consider matters relating thereto. The Committee also considers the remuneration of the CEO and makes a recommendation on this to the Board for its approval.

The Committee was not provided with any advice or services, during the financial year ending 31 December 2017, in respect of the fees payable to the non-executive directors or the remuneration payable to the CEO.

The Committee assesses the workload and responsibilities of the non-executive directors and reviews, from time to time, the fees paid to non-executive directors of other investment trust companies.

Directors' Remuneration Report
continued

Herbert Smith Freehills LLP provided legal advice to the Company during the year. This advice was available to be considered by the Committee.

The table below sets out the members of the Committee who were present during any consideration of the CEO's remuneration, and shows the number of meetings attended by each non-executive director:

Name	Number of meetings attended
M C Claydon	2
H M Henderson	2
R J Oldfield	2

Statement of shareholder voting

At the Annual General Meetings held on 28 April 2017 and 28 April 2016 respectively, ordinary resolutions to approve the Directors' Remuneration Report for the year ended 31 December 2016 and to approve the Remuneration Policy were passed on a show of hands. The proxy votes in each case were as follows:

Votes for	Votes against	Votes at proxies' discretion	Votes withheld	Total votes cast (excluding votes withheld)
Approval of Directors' Remuneration Report				
16,338,235	323,166	42,920	38,976	16,704,321
97.8%	2.0%	0.2%	–	100%
Approval of Remuneration Policy				
22,358,405	399,993	48,204	217,226	22,806,602
98.0%	1.8%	0.2%	–	100%

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to directors' remuneration, the reasons for any such vote will be sought and any actions in response will be detailed in future Directors' Remuneration Reports. There were no substantial shareholder votes against the resolutions at the Annual General Meetings in 2017 or 2016.

Remuneration policy

The Company reports on its remuneration policy in accordance with the Regulations each year. An ordinary resolution for the approval of a revised policy was put to members at the AGM on 28 April 2016 and passed by the members. This policy took effect from 1 January 2016.

All provisions of the revised policy are expected, in the absence of regulatory or other reasons for change, to remain in effect until the AGM in 2019 when the Company will next be required to submit its remuneration policy to its members.

For ease of reference we have included the full policy as approved by shareholders, updated to reflect application of the policy in 2017, on the following pages. The unamended version of the policy as approved by shareholders may be viewed in the Annual Report for 2015 at www.witan.com

Non-executive directors

All the directors are non-executive, with the exception of the CEO. New directors are appointed for an initial term ending three years from the date of their first annual general meeting after appointment and with the expectation that they will serve two three-year terms. The continuation of directors' appointments is contingent on satisfactory performance evaluation and re-election at annual general meetings. Non-executive directors' appointments are reviewed formally every three years by the Board as a whole. Each of the non-executive directors has a letter of appointment which sets out the terms on which they provide their services. A non-executive director may resign by notice in writing to the Board at any time; there are no set notice periods.

Remuneration policy for non-executive directors

The following table provides a summary of the key elements of the remuneration of the non-executive directors:

	PURPOSE	OPERATION
Fees	Fees payable to the directors should reflect the time committed to the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. There are no performance-related elements and no fees are subject to clawback provisions.	Non-executive directors are to be remunerated in the form of fees, payable monthly in arrears, to the director personally or to a third party specified by him or her. There are no long-term incentive schemes or pension arrangements and the fees are not specifically related to their performance, either individually or collectively. The Committee determines the level of fee at its discretion. The fees are reviewed each year, although such review will not necessarily result in any increase in the fees. Proposed increases in fees are determined in the light of increases in inflation and in the Company's share price, net asset value and dividend payments. The Chairman of the Board, the Chairmen of the Board's Committees and the Senior Independent Director are paid higher fees than the other non-executive directors in recognition of their more onerous roles (see below). Each non-executive director's annual base fee is £31,500. Additional fees are payable as follows: > Chairman of Audit Committee £7,500. > Chairman of Remuneration and Nomination Committee £5,000. > Senior Independent Director £5,000. All of the above fees are effective from 1 April 2017. The maximum amount of fees, in aggregate, that may be paid to non-executive directors in any financial year is £350,000 following approval by shareholders at the Annual General Meeting in April 2014.

Directors' and officers' liability insurance cover is held by the Company in respect of all the directors (including the CEO).

Directors' Remuneration Report
continued

Remuneration policy for the CEO (and any future executive directors)

Currently the Company operates with one executive director, the CEO. This policy applies to the CEO, but would also be applied to any other executive director appointed by the Company.

	PURPOSE AND LINK TO STRATEGY	OPERATION AND CLAWBACK	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
Base salary	Base salary is set at market competitive levels in order to recruit and retain an executive director of a suitably high calibre. The level of pay reflects a number of factors including individual experience, expertise and pay appropriate to the position.	Base salary is reviewed annually and fixed for 12 months.	The Committee has agreed to increase the CEO's salary, with effect from 1 January 2018, by 3% to £293,550 per annum. Year-on-year, salary increases for any executive director will not exceed 10% per annum other than in times of abnormal inflation or other exceptional circumstances, in which case the increase will not exceed 20%.	Not applicable
Benefits-in-kind	Offering market-competitive level of benefits-in-kind to help recruit or retain an executive director of a suitably high calibre.	An executive director may be eligible to receive a range of benefits including some or all of: > private medical insurance for the executive director and their family; > death in service insurance; > business-related expenses. Where benefits are sourced through third party providers, the expense will reflect the cost of the provision of the benefits from time to time but will be kept under review by the Committee.	The maximum benefit that can be offered or paid to an executive director is: > private medical insurance provided on a family basis; > death in service insurance of 4 times base salary; > business-related expenses.	Not applicable

	PURPOSE AND LINK TO STRATEGY	OPERATION AND CLAWBACK	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
Pension	Offering market-competitive levels of guaranteed cash earnings to help recruit or retain an executive director of a suitably high calibre.	The CEO currently receives a cash payment, equal to 10% of base salary, in lieu of pension contributions.	The maximum cash payment in lieu of pension contributions is 10% of base salary.	Not applicable.
Discretionary bonus	The purpose of the bonus arrangements is to incentivise the CEO to maximise the Company's performance and its return to shareholders.	The CEO is eligible to receive a discretionary bonus of up to 40% of basic annual salary. The Committee will review the CEO's performance against the performance criteria to determine the appropriate level of bonus payable in respect of the preceding year. The Committee may change the terms of this bonus or reduce any bonus payment that would otherwise be payable in order to comply with any relevant current or future regulations, including the FCA Remuneration Code. See note 2 on page 53 for the operation of deferral, malus and clawback.	The maximum cash bonus payable to any executive director is 40% of base salary.	Please see Note 1 on page 52 for details of the performance measures subject to the CEO's discretionary bonus.
One-year Bonus	The purpose of the bonus arrangements is to incentivise the CEO to maximise the Company's performance and its return to shareholders.	The CEO is eligible to receive a bonus of up to 40% of base salary by reference to the performance of the Company over the previous financial year. The Committee may change the terms of this bonus or reduce any bonus payment that would otherwise be payable in order to comply with any relevant current or future regulations, including the FCA Remuneration Code. See note 2 on page 53 for the operation of deferral, malus and clawback.	The maximum cash bonus payable to any executive director is 40% of base salary.	Please see Note 1 on page 52 for details of the performance measures subject to the CEO's One-year Bonus.

Directors' Remuneration Report
continued

	PURPOSE AND LINK TO STRATEGY	OPERATION AND CLAWBACK	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
Long-Term Bonus	The purpose of the bonus arrangements is to incentivise the CEO to maximise the Company's performance and its return to shareholders.	The CEO is eligible (with effect from 1 January 2016) to receive a bonus of up to 90% of base salary by reference to the performance of the Company over the previous three financial years. The Committee may, with shareholder approval as appropriate, change the terms of this bonus or reduce any bonus payment that would otherwise be payable in order to comply with any relevant current or future regulations, including the FCA Remuneration Code. See note 2 on page 53 for the operation of deferral, malus and clawback.	The maximum cash bonus payable to any executive director is 90% of base salary.	Please see Note 1 below for details of the performance measures subject to the CEO's Long-Term Bonus.

Notes:

1. Performance measures

Mr Bell's service agreement, as amended, provides that with effect from 1 January 2016 he is eligible to receive a bonus of up to 170% of his basic annual salary. The cash bonus arrangement consists of three separate elements as set out below:

(i) Discretionary bonus

Each year Mr Bell is eligible to receive, at the absolute discretion of the Committee, a cash bonus of up to 40% of his basic annual salary. The Committee has determined a number of criteria that it takes into account, including the management and administration of the Company and reporting to the Board, shareholders and other stakeholders, on which to judge his performance.

(ii) One-year Bonus

Each year Mr Bell is eligible to receive an additional cash bonus of up to 40% of his basic annual salary. The bonus will be determined by the Company's net asset value per share total return performance over the previous financial year (debt at par, excluding the effect of share buybacks or issuance) relative to its benchmark. Outperformance of the benchmark by 3.0% or more will generate a bonus of the full 40%. No bonus is payable if performance is in line with or below that of the benchmark. Relative performance of between nil and 3.0% will generate a pro rata bonus. With effect from 1 January 2017, the benchmark is a composite of 30% FTSE All-Share Index, 25% FTSE All-World North America Index, 20% FTSE All-World Europe (ex UK) Index, 20% FTSE All-World Asia Pacific Index and 5% FTSE All-World Emerging Markets Index.

(iii) Long-Term Bonus

With effect from 1 January 2016 Mr Bell is eligible to receive a Long-Term Bonus each year of up to 90% of his basic annual salary by reference to the Company's performance over the previous three financial years. The Long-Term Bonus will be determined by reference to the Company's net asset value per share total return (debt at par, excluding the effect of share buybacks or issuance) relative to its benchmark, as set out in the Company's audited annual accounts for the applicable financial years. Compounded average annual outperformance of the Benchmark by 2.5% per annum or more will generate a bonus of the full 90%. No bonus is payable if performance is in line with or below that of the Benchmark. Relative performance of between nil and 2.5% per annum will generate a pro rata bonus.

The Long-Term Bonus will be halved if, despite outperformance of the Benchmark over the relevant three financial years, the Company's net asset value total return per share is negative over that period.

The Long-Term Bonus is payable for the first time on this basis in respect of the three-year period from1 January 2016 to 31 December 2018. Prior year Long-Term Bonuses are payable in accordance with the policy approved at the 2014 AGM.

2. Deferral, malus and clawback

2.1 Deferral

All bonuses (other than Long-Term Bonuses in respect of which terms were set prior to this policy taking effect) are subject to deferral in terms of payment. 60% of any bonus will be paid in March following the performance year end ('First Bonus Payment Date'). 40% of any bonuses will be payable on a deferred basis over the following three years, in equal instalments on each anniversary of the First Bonus Payment Date.

2.2 Malus

Malus (where bonuses that have yet to be paid are forfeited) may be applied by the Remuneration Committee where:

(a) there has been material misstatement or error that causes an award to vest at a higher level than would otherwise have been the case;

(b) there has been a material failure in risk management;

(c) there has been serious misconduct that has or could result in dismissal.

2.3. Clawback

Any bonus will be subject to a clawback period of two years after it has been paid, whereby the CEO will be required to pay back part or all of any bonus already received. Clawback may be applied by the Remuneration Committee where:

(a) there has been material misstatement or error that causes an award to vest at a higher level than would otherwise have been the case;

(b) there has been a material failure in risk management;

(c) there has been serious misconduct that has or could result in dismissal.

3. Legacy plans

The Committee reserves the right to make remuneration payments and payments for loss of office that are not in line with the policy set out above (i) where the terms of such a payment were agreed before the policy came into effect or at a time when the relevant individual was not a director of the Company and (ii) in the opinion of the Committee, such a payment is not in consideration of the individual becoming a director of the Company. For these purposes, payments include the Committee making awards of variable remuneration.

4. Differences in the Company's remuneration policy for directors as compared to employees

The remuneration policy for the executive director differs principally from that for employees in that the executive director's remuneration is more heavily weighted towards variable pay so that a greater proportion of his pay is related to the Company's performance and the value created for shareholders.

Principles and approach to recruitment and internal promotion of directors

Non-executive directors

(1) Remuneration of non-executive directors should reflect the specific circumstances of the Company and the duties and responsibilities of the non-executive directors. It should provide appropriate compensation for the experience and time committed to the proper oversight of the affairs of the Company.

(2) Non-executive directors are not eligible to receive bonuses, pension benefits, share options or other benefits.

(3) The total remuneration of the non-executive directors is determined by the provisions of the Company's Articles of Association and by shareholder resolution.

(4) The basic non-executive director's fee will be paid to each non-executive director, with a higher fee per annum for the Chairman of the Company. An additional fee per annum will be paid to the Chairman of each of the Audit and the Remuneration and Nomination Committees and to the Chairman of any other Committees that the Company forms; and to the Senior Independent Director.

Executive directors

(1) When hiring a new executive director, or promoting to the Board from within the Group, the Committee will offer a package that is sufficient to retain and motivate and, if relevant, attract the right talent whilst paying no more than is necessary.

Directors' Remuneration Report
continued

(2) Ordinarily, remuneration for a new executive director will be in line with the policy set out in the table.

(3) The maximum level of variable pay that may be awarded to a new director on recruitment or on promotion to the Board shall be limited to 170% of base salary (calculated at the date of grant, excluding any buy-out awards – see below).

(4) The Committee may, where it considers it to be in the best interests of the Company and shareholders, offer an additional cash payment to an executive director in order to replace awards which would be foregone by the individual on leaving his/her previous employment (i.e. buy-out arrangements) which will be intended to mirror forfeited awards as far as possible by reflecting the value, nature, time horizons and performance measures.

Letters of appointment/service contract

Non-executive directors' letters of appointment

The non-executive directors all have letters of appointment, which may be inspected at the Company's registered office. None of the non-executive directors is subject to any notice period. All continuing non-executive directors are required to stand for re-election by the shareholders at least every three years. The initial period of appointment is two terms of three years. All reasonably incurred expenses will be met.

Mr Henderson, Mr Bell, Ms Neubert and Mr Watson are proposed for re-election at the Annual General Meeting in May 2018.

CEO's service contract

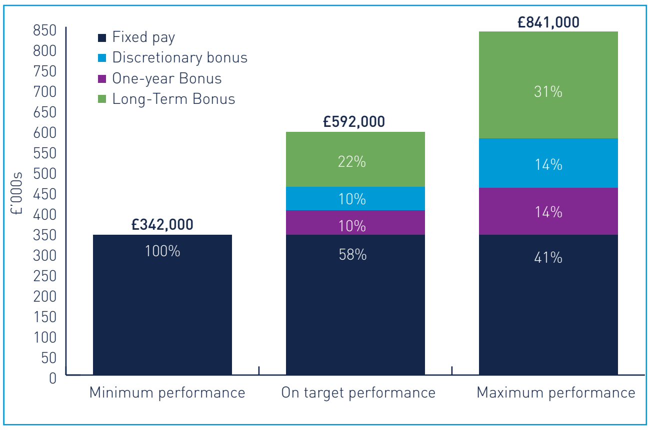
The CEO's service contract with the Company may be inspected at the Company's registered office. The CEO's service agreement dated 3 February 2010, as amended, provided in 2017 for a salary of £285,000 (2016: £281,000) per annum. The salary has been increased to £293,550 with effect from 1 January 2018. Mr Bell's appointment may be terminated by either party on the giving or receiving of not less than nine months' written notice.

Please see 'Policy on payment for loss of office' below for further details of the CEO's service contract.

Illustration of application of remuneration policy

The chart below shows an indication of the values of the CEO's remuneration that would be received by the CEO in accordance with this remuneration policy for the year ending 31 December 2018 at three direct levels of performance:

- minimum performance, i.e. fixed salary, taxable benefits and payment in lieu of pension contributions, with no bonus pay-out;
- on-target performance, fixed pay plus bonus payments assuming a 50% pay-out of each of the discretionary, One-year and Long-Term Bonuses; and
- maximum performance, fixed pay plus bonus payments assuming 100% pay-out of each of the discretionary, One-year and Long-Term Bonuses.



Policy on payment for loss of office

Non-executive directors

None of the non-executive directors is subject to any notice period. It is the Company's policy not to enter into any arrangement with any of the non-executive directors to entitle any of the non-executive directors to compensation for loss of office.

CEO (and any future executive directors)

The Company's policy is to agree a notice period for the CEO which would not exceed nine months.

The Company may, in its absolute discretion and without any obligation to do so, terminate the CEO's employment immediately by giving him written notice together with a payment of such sum as would have been payable by the Company to the CEO as salary (excluding future bonus accrual) in respect of his notice period. The Company may, at its discretion, make the termination payment in instalments over a period of no longer than six months from the termination date and on terms that any payment should be reduced to take account of mitigation by the CEO.

If a new executive director is recruited, the Company's policy regarding payments for loss of office will be the same as for the CEO.

If the CEO ceases employment as a result of a good leaver reason (i.e. death, ill-health, injury, disability, redundancy, retirement or due to any other circumstance that the Committee at its discretion permits), any bonus payment shall be pro-rated for time and performance. The Committee may, however, taking into account such factors as it considers appropriate, increase the proportion of the relevant bonus that becomes payable. If the CEO ceases employment other than as a 'good leaver', or if the CEO gives or receives notice prior to the date that the relevant bonus would otherwise have been paid, the CEO will forfeit any right to receive the relevant bonus for nil consideration unless the Committee, in its absolute discretion, determines otherwise.

A change of control of the Company shall not affect the amount of any bonus or the date on which it becomes payable unless the Committee determines otherwise, in which case the Committee shall determine whether the pro-rated performance targets attached to the applicable bonuses have been satisfied at that time.

If the Committee determines that the pro-rated performance targets have not been satisfied on the change of control, the applicable bonus shall immediately lapse unless the Committee determines otherwise. To the extent that the Committee determines that the pro-rated performance targets have been satisfied on the change of control, if the CEO ceases to be employed by the Company prior to the date that the applicable bonus would otherwise have been paid to the CEO other than as a result of:

- a reason which would have justified his summary dismissal;
- his cessation of employment without the giving or receiving of notice; or
- his resignation

the applicable bonus shall become payable to the extent determined at the time of the change of control on, or as soon as practicable after, the CEO's cessation of employment.

Statement of consideration of conditions elsewhere in the Company

The Committee considers the employment conditions, including salary increases, of employees other than the CEO when setting the CEO's remuneration.

The Company did not consult with employees when drawing up the remuneration policy.

Where possible, the Committee benchmarks the remuneration of the employees and CEO by obtaining details of remuneration paid to employees in comparable roles in other companies.

Statement of consideration of shareholder views

The Company places great importance on communication with its shareholders. The Company had frequent meetings with institutional shareholders and City analysts throughout the year ended 31 December 2017 and met with shareholders in general at the Annual General Meeting held in 2017 and can confirm that it is not aware of negative views being expressed by shareholders in relation to its policy on Directors' Remuneration.

Approval

This report was approved by the Board of directors on 12 March 2018 and is signed on its behalf by:

Catherine Claydon
Chairman of the Remuneration and Nomination Committee
12 March 2018

Statement of Directors' Responsibilities

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and Article 4 of the EU IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

> properly select and apply accounting policies;

> present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

> provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

> make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm, to the best of our knowledge, that:

> the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

> the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description (on pages 18 and 19) of the principal risks and uncertainties that they face.

We also confirm that the financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board

H M Henderson
Chairman
12 March 2018

A L C Bell
Chief Executive
12 March 2018

Note to those who access this document by electronic means

The Annual Report for the year ended 31 December 2017 has been approved by the Board of Witan Investment Trust plc. Copies of the Annual Report and the Half Year Report are circulated to shareholders, to those who hold shares through Witan Investment Services Limited's savings schemes and, where possible, to investors through other providers' products and nominee companies (or written notification is sent when they are published online). It is also made available in electronic format for the convenience of readers. Printed copies are available from the Company's Registered Office in London.

Independent Auditor's Report to the members of Witan Investment Trust plc

Our opinion on the financial statements is unmodified

We have audited the financial statements of Witan Investment Trust plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Individual Company Statement of Changes in Equity, the Consolidated and Individual Company Balance Sheets, the Consolidated and Individual Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 17 to 19 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 17 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 20 of the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 19 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report to the members of Witan Investment Trust plc *continued*

Overview of our audit approach

- Overall Group materiality: £19.8m, which represents 1% of the Group's net assets;
- Key audit matters were identified as:
  - Valuation and existence of investments measured at fair value through profit or loss;
  - Accuracy, completeness and fraudulent revenue recognition of investment income; and
  - Accuracy and completeness of performance and management fees
- Our audit approach was a risk based substantive audit focused on investments at the year end and investment income recognised during the year. There was no change in our approach from prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and parent
Valuation and existence of investments measured at fair value through profit or loss **The Group's investment objective is to provide long-term income and capital growth by investing in a diversified portfolio of global equities.** **The investment portfolio at £2.1bn (2016: £1.8bn) is a significant material balance in the Consolidated balance sheet at year end and the main driver of the Group's performance. We therefore identified the valuation and existence of investments measured at fair value through profit or loss as a significant risk, which was one of the most significant assessed risks of material misstatement.**	Our audit work included, but was not restricted to: > assessing whether the Group's accounting policy for the valuation of investments is in accordance with IFRS as adopted by the European Union and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') and testing whether management have accounted for valuation in accordance with that policy; > independently pricing 100% of the listed equity portfolio by obtaining the bid/last prices from independent market sources and recalculating the total valuation based on the Group's investment holdings, which was agreed to the holdings at the balance sheet date as shown in the Group's accounting records; > substantively testing a sample of additions and disposals of investments during the year by agreeing such transactions to trade instructions and bank statements as applicable. > testing that investments were actively traded by extracting a report of trading volumes in the week before and after the year-end as per the balance sheet from an independent market source for the equity investments held; and > confirming the existence of investments through agreeing investments held by the Company as at the year-end as per the balance sheet to an independent confirmation that we received directly from the Company's custodian. The Group's accounting policy on investments held at fair value through profit or loss is shown in note 1(h) to the financial statements and related disclosures are included in note 10. The Audit Committee identified portfolio valuation as a significant issue in its report on pages 41 and 42. **Key observations** Our testing did not identify any material misstatements in the valuation of the Group's investment portfolio as at the year-end or any issues with regard to the existence/Group's ownership of the underlying investments at the year end.

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and parent
Accuracy, completeness and fraudulent revenue recognition of investment income **The Group measures performance on a total return basis and investment income is one of the significant components of this performance measure in the Consolidated Statement of Comprehensive Income.** **Further, under International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition.** **We therefore identified accuracy and completeness of investment income as a significant risk, which was one of the most significant assessed risks of material misstatement.**	Our audit work included, but was not restricted to: > assessing whether the Group's accounting policy for recognition of investment income is in accordance with IFRS as adopted by the European Union and the SORP; > obtaining an understanding of the Group's process for recognising such income in accordance with the Group's stated accounting policy; > testing that income transactions were recognised in accordance with the policy by selecting a sample of quoted investments and agreeing the relevant investment income receivable for those quoted equities to the Group's records. For the selected investments we also obtained the respective dividend rate entitlements from independent sources and checked against the amounts recorded in the Group's accounting records that are maintained by the administrator. In addition, we agreed the receipt of the dividend income to bank statements; > performing, on a sample basis, a search for special dividends on the equity investments held during the year to check whether dividend income attributable to those investments has been properly recognised. We checked the categorisation of special dividends as either revenue or capital receipts; and > on a sample basis, recalculating the interest income using the coupon rates and checking against the amounts recorded in the Group's accounting records that are maintained by the administrator. The Group's accounting policy on income, including investment income, is shown in note 1(e) to the financial statements and related disclosures are included in note 2. The Audit Committee identified accuracy and completeness of investment income as a significant issue in its report on pages 41 and 42. **Key observations** Our testing did not identify any material misstatements in the amount of revenue recognised during the year.
Accuracy and completeness of performance and management fees **Performance and management fees are the Group's main expense and a significant material balance in the Consolidated Statement of Comprehensive Income. Accordingly, we identified the accuracy and completeness of performance and management fees as a significant risk, which was one of the most significant assessed risks of material misstatement.**	Our audit work included, but was not restricted to: > assessing whether the Group's accounting policy for performance and management fees is in accordance with IFRS as adopted by the European Union and the SORP; > checking relevant investment management agreements to ensure that performance and management fees have been calculated according to the benchmarks and the basis provided in the agreement; > recalculating the performance and management fees with reference to the Investment Management Agreement; and > checking that the performance and management fees were properly allocated between revenue and capital expenditure in the income statement. The Group's accounting policy on expenses is shown in note 1(f) to the financial statements and related disclosures are included in note 4. **Key observations** Our testing did not identify any material misstatements in the expenses recorded for performance and management fees during the year.

Independent Auditor's Report to the members of Witan Investment Trust plc *continued*

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£19.8m which is 1% of the Group's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Group's investment portfolio, are considered to be the key driver of the Group's total return performance and form a part of the net asset value calculation. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect the increase in net asset value in the year from £1.7bn to £1.9bn.	£19.7m which is 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which primarily comprise the Company's investment portfolio, are considered to be the key driver of the Company's total return performance and form a part of the net asset value calculation. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect the increase in net asset value in the year from £1.7bn to £1.9bn.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality
Specific materiality	We also determine a lower level of specific materiality for certain areas such as investment income and related party transactions, being the management fee and directors' remuneration.	We also determine a lower level of specific materiality for certain areas such as investment income and related party transactions, being the management fee and directors' remuneration.
Communication of misstatements to the audit committee	£10,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£10,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- obtaining an understanding of relevant internal controls at both the Group and third party service providers. This included obtaining and reading internal controls reports prepared by the third party service providers on the description, design, and operating effectiveness of the internal controls at the investment manager, custodian and administrator; and
- performing substantive audit procedures on specific transactions, which included journal entries and individual material balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls that address significant audit risk.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 56, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 56 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 41 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code page 32 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditor's Report to the members of Witan Investment Trust plc *continued*

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

> the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;

> the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and

> information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

> the strategic report or the directors' report; or

> the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

> the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

> certain disclosures of directors' remuneration specified by law are not made; or

> we have not received all the information and explanations we require for our audit; or

> a corporate governance statement has not been prepared by the parent company.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 56, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the audit committee in August 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement is 2 years, covering the years ending 31 December 2016 to 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Marcus Swales
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP Statutory Auditor,
Chartered Accountants
London

12 March 2018

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	Year ended 31 December 2017 Revenue return £'000	Year ended 31 December 2017 Capital return £'000	Year ended 31 December 2017 Total £'000	Year ended 31 December 2016 Revenue return £'000	Year ended 31 December 2016 Capital return £'000	Year ended 31 December 2016 Total £'000
Investment income	2	**54,425**	**–**	**54,425**	52,452	–	52,452
Other income	3	**1,318**	**–**	**1,318**	1,475	–	1,475
Gains on investments held at fair value through profit or loss	10	**–**	**289,268**	**289,268**	–	297,032	297,032
Foreign exchange losses on cash and cash equivalents		**–**	**(1,686)**	**(1,686)**	–	(417)	(417)
Total income		**55,743**	**287,582**	**343,325**	53,927	296,615	350,542
Expenses							
Management and performance fees	4	**(2,255)**	**(7,294)**	**(9,549)**	(1,905)	(4,252)	(6,157)
Other expenses	5	**(6,361)**	**(101)**	**(6,462)**	(5,109)	(101)	(5,210)
Profit before finance costs and taxation		**47,127**	**280,187**	**327,314**	46,913	292,262	339,175
Finance costs	6	**(1,967)**	**(5,651)**	**(7,618)**	(2,467)	(7,148)	(9,615)
Profit before taxation		**45,160**	**274,536**	**319,696**	44,446	285,114	329,560
Taxation	7	**(2,493)**	**–**	**(2,493)**	(2,415)	–	(2,415)
Profit attributable to equity shareholders of the parent company		**42,667**	**274,536**	**317,203**	42,031	285,114	327,145
Earnings per ordinary share	9	**23.82p**	**153.24p**	**177.06p**	22.11p	149.95p	172.06p

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRSs as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total profit, as disclosed above, is the same as the Group's total comprehensive income.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Witan Investment Trust plc, the parent company. There are no non-controlling interests.

The notes on pages 68 to 93 form part of these financial statements.

Consolidated and Individual Company Statement of Changes in Equity

for the year ended 31 December 2017

Group **Year ended 31 December 2017**	Notes	**Ordinary share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 31 December 2016		50,018	99,251	46,498	1,464,105	66,765	1,726,637
Total comprehensive income:							
Profit for the year		–	–	–	274,536	42,667	317,203
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	8	–	–	–	–	(36,697)	(36,697)
Buybacks of ordinary shares (held in treasury)	15,16	–	–	–	(26,622)	–	(26,622)
Total equity at 31 December 2017		**50,018**	**99,251**	**46,498**	**1,712,019**	**72,735**	**1,980,521**

Company **Year ended 31 December 2017**	Notes	**Ordinary share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 31 December 2016		50,018	99,251	46,498	1,464,915	65,955	1,726,637
Total comprehensive income:							
Profit for the year		–	–	–	274,178	43,025	317,203
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	8	–	–	–	–	(36,697)	(36,697)
Buybacks of ordinary shares (held in treasury)	15,16	–	–	–	(26,622)	–	(26,622)
Total equity at 31 December 2017		**50,018**	**99,251**	**46,498**	**1,712,471**	**72,283**	**1,980,521**

Group **Year ended 31 December 2016**	Notes	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 December 2015		50,018	99,251	46,498	1,321,909	59,654	1,577,330
Total comprehensive income:							
Profit for the year		–	–	–	285,114	42,031	327,145
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	8	–	–	–	–	(34,920)	(34,920)
Buybacks of ordinary shares (held in treasury)	15,16	–	–	–	(142,918)	–	(142,918)
Total equity at 31 December 2016		50,018	99,251	46,498	1,464,105	66,765	1,726,637

Company **Year ended 31 December 2016**	Notes	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 December 2015		50,018	99,251	46,498	1,322,517	59,046	1,577,330
Total comprehensive income:							
Profit for the year		–	–	–	285,316	41,829	327,145
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	8	–	–	–	–	(34,920)	(34,920)
Buybacks of ordinary shares (held in treasury)	15,16	–	–	–	(142,918)	–	(142,918)
Total equity at 31 December 2016		50,018	99,251	46,498	1,464,915	65,955	1,726,637

The notes on pages 68 to 93 form part of these financial statements.

Consolidated and Individual Company Balance Sheets
as at 31 December 2017

	Notes	Group 31 December 2017 £'000	Company 31 December 2017 £'000	Group 31 December 2016 £'000	Company 31 December 2016 £'000
Non current assets					
Investments at fair value through profit or loss	10	**2,149,267**	**2,150,619**	1,884,037	1,885,747
Current assets					
Other receivables	11	**5,217**	**5,077**	11,638	11,038
Cash and cash equivalents		**75,795**	**74,031**	50,556	49,155
		81,012	**79,108**	62,194	60,193
Total assets		**2,230,279**	**2,229,727**	1,946,231	1,945,940
Current liabilities					
Other payables	12	**(6,393)**	**(5,841)**	(8,102)	(7,811)
Bank loans	13	**(73,000)**	**(73,000)**	(71,000)	(71,000)
		(79,393)	**(78,841)**	(79,102)	(78,811)
Total assets less current liabilities		**2,150,886**	**2,150,886**	1,867,129	1,867,129
Non current liabilities					
At amortised cost:					
6.125 per cent. Secured Bonds due 2025	13	**(63,538)**	**(63,538)**	(63,434)	(63,434)
3.29 per cent. Secured Notes due 2035	13	**(20,871)**	**(20,871)**	(20,864)	(20,864)
3.47 per cent. Secured Notes due 2045	13	**(53,652)**	**(53,652)**	(53,639)	(53,639)
2.74 per cent. Secured Notes due 2054	13	**(29,749)**	**(29,749)**	-	-
3.4 per cent. cumulative preference shares of £1	13,17	**(2,055)**	**(2,055)**	(2,055)	(2,055)
2.7 per cent. cumulative preference shares of £1	13,17	**(500)**	**(500)**	(500)	(500)
		(170,365)	**(170,365)**	(140,492)	(140,492)
Net assets		**1,980,521**	**1,980,521**	1,726,637	1,726,637
Equity attributable to equity holders					
Ordinary share capital	15	**50,018**	**50,018**	50,018	50,018
Share premium account	16	**99,251**	**99,251**	99,251	99,251
Capital redemption reserve	16	**46,498**	**46,498**	46,498	46,498
Retained earnings:					
Other capital reserves	16	**1,712,019**	**1,712,471**	1,464,105	1,464,915
Revenue reserve	16	**72,735**	**72,283**	66,765	65,955
Total equity		**1,980,521**	**1,980,521**	1,726,637	1,726,637
Net asset value per ordinary share	18	**1109.85p**	**1109.85p**	952.83p	952.83p

The financial statements of Witan Investment Trust plc (registered number 101625) were approved by directors and authorised for issue on 12 March 2018 and were signed on their behalf by:

H M Henderson **A L C Bell**

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The profit of the Company dealt with in the accounts of the Group amounted to £317,203,000 (2016: £327,145,000).

The notes on pages 68 to 93 form part of these financial statements.

Consolidated and Individual Company Cash Flow Statements
for the year ended 31 December 2017

	Notes	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Cash flows from operating activities					
Dividend income received		**55,464**	**55,464**	49,178	49,178
Interest received		**29**	**28**	90	87
Other income received		**2,105**	**195**	1,384	291
Operating expenses paid		**(12,644)**	**(11,096)**	(14,688)	(13,988)
Taxation on overseas income		**(3,014)**	**(3,014)**	(2,883)	(2,883)
Taxation recovered		**412**	**412**	371	371
Net cash inflow from operating activities		**42,352**	**41,989**	33,452	33,056
Cash flows from investing activities					
Purchases of investments		**(1,097,207)**	**(1,097,207)**	(525,517)	(525,517)
Sales of investments		**1,113,894**	**1,113,894**	641,967	641,967
Realised gain on futures		**7,593**	**7,593**	7,548	7,548
Net cash inflow from investing activities		**24,280**	**24,280**	123,998	123,998
Cash flow from financing activities					
Equity dividends paid	8	**(36,697)**	**(36,697)**	(34,920)	(34,920)
Issue of secured notes net of issue expenses	19	**29,748**	**29,748**	–	–
Buybacks of ordinary shares		**(27,413)**	**(27,413)**	(142,081)	(142,081)
Repayment of debenture		**–**	**–**	(44,589)	(44,589)
Interest paid		**(7,345)**	**(7,345)**	(10,474)	(10,474)
Drawdown of bank loans	19	**2,000**	**2,000**	68,000	68,000
Net cash outflow from financing activities		**(39,707)**	**(39,707)**	(164,064)	(164,064)
Increase/(decrease) in cash and cash equivalents		**26,925**	**26,562**	(6,614)	(7,010)
Cash and cash equivalents at the start of the period		**50,556**	**49,155**	57,587	56,582
Effect of foreign exchange rate changes		**(1,686)**	**(1,686)**	(417)	(417)
Cash and cash equivalents at the end of the period		**75,795**	**74,031**	50,556	49,155

The notes on pages 68 to 93 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2017

1 Accounting policies

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. These comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ('IASC') that remain in effect, to the extent that they have been adopted by the European Union.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') issued by the Association of Investment Companies ('the AIC') in November 2014 and updated in January 2017 with consequential amendments, is consistent with the requirements of IFRSs as adopted by the European Union, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Judgements and sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. The Directors do not consider that there are any such items in these financial statements.

(b) Going concern

The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Strategic Report on pages 8 to 20. The financial postion of the Group as at 31 December 2017 is shown on the balance sheet on page 66. The cash flows of the Group for the year ended 31 December 2017 are not untypical and are set out on page 67. The Company had fixed debt and preference share capital totalling £170,365,000. In 2017, the Group renewed a one-year secured multi-currency borrowing facility for £125m, of which £73m was drawn down at 31 December 2017 (2016: £71m of £75m facility).

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary) made up to 31 December each year.

In accordance with IFRS10 the Company has been designated as an investment entity on the basis that:

- It obtains funds from investors and provides those investors with investment management services;
- It commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income; and
- It measures and evaluates performance of substantially all of its investments on a fair value basis.

The subsidiary of the Company was established for the sole purpose of operating or supporting the investment operations of the Company, and is not itself an investment entity. Therefore, under the principles of IFRS 10, the Company has consolidated its subsidiary as it is a controlled entity that supports the investment activity of the investment entity.

Control is achieved where the Company is exposed, or has the right, to variable returns from its investment in the subsidiary and has the ability to affect those returns through its power to direct the relevant activities. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used by it into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(d) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

(e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares. Interest receivable from cash and short-term deposits is accrued to the end of the period. Stock lending fees and underwriting commission are recognised as earned. Any special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as revenue or capital. Where the Group has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as revenue. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the Statement of Comprehensive Income.

(f) Expenses

All expenses and interest payable are accounted for on an accruals basis. Expenses are presented as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fees and finance costs are allocated 25% to revenue and 75% to capital to reflect the Board's expectations of long-term investment returns. Any performance fees payable are allocated wholly to capital, reflecting the fact that, although they are calculated on a total return basis, they are expected to be attributable largely, if not wholly, to capital performance.

(g) Taxation

The tax currently payable is based on the taxable profit for the period.

Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

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

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

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

When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All the Group's investments are defined by IFRSs as adopted by the European Union as investments held at fair value through profit or loss. All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or OEICs are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

Notes to the Financial Statements *continued*

for the year ended 31 December 2017

1 Accounting policies continued

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been accumulated in equity is recognised in profit or loss.

Fair values for unquoted investments, or for investments for which there is only an inactive market, are established by using various valuation techniques. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and reference to similar quoted companies. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

The subsidiary company, Witan Investment Services Limited, is held at fair value in the Company balance sheet. This is considered to be the net asset value of the shareholder's funds, as shown in its balance sheet.

(i) Cash and cash equivalents

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

(j) Dividends payable

Interim dividends are recognised in the period in which they are paid. Final dividends are not recognised until approved by the shareholders in general meeting.

(k) Fixed borrowings

All secured bonds and notes are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future payments over the expected life of the financial liabilities, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(l) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency monetary assets and liabilities that are fair valued and denominated in foreign currencies are re-translated into sterling at the rate ruling on the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and allocated to the capital return.

(m) Adoption of new and revised accounting standards

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(ii) Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

IAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7 Amendment	Disclosure Initiative

At the date of authorisation of these financial statements, the Standards and Interpretations listed on page 71, which have not been applied in these financial statements, were in issue but not effective (and in some cases had not yet been adopted by the European Union).

Impact of major new accounting standards

IFRS 9 'Financial Instruments' revises the approach to financial instruments framework replacing IAS 39 'Financial instruments: Recognition and Measurement'. Financial instruments are classified based on the business model and cash flow characteristics determining if financial instruments are measured at either amortised cost or fair value. New impairment requirements are applicable to financial instruments measured at amortised cost using a forward looking approach under expected credit loss methodology. Hedge accounting principles have also been revised to simplify the treatment. The classification and measurement of the Company's financial instruments are not anticipated to be impacted upon adoption of IFRS 9. The Company will continue to apply fair value to investment assets as either the cash flows are not 'solely payments of principal and interest' or the business model is to manage them on a fair value basis. The new standard will be applied in financial statements for the year ending 31 December 2018.

IFRS 15 'Revenue from Customer Contracts' revises the approach to revenue recognition from contracts with customers and replaces IAS 11 'Accounting for construction contracts', IAS 18 'Revenue' and various Interpretations. Revenue is recognised at the amount the Company expects to be entitled to receive for the transfer of control of goods or services to a customer. The majority of the Company's income is received from financial instruments which are excluded from the scope of IFRS 15. Therefore, the impact upon adoption is not anticipated to have a material impact on the financial position of the Company. The new standard, together with any amendments, will be applied in financial statements for the year ending 31 December 2018.

IFRS 16 'Leases' provides a new approach to lease accounting replacing IAS 17 'Leases'. The Company is required to recognise lease contracts as a lessee on the balance sheet as a right of use asset with a corresponding lease liability with the exception of short-term or low value leases. Currently, the impact of applying IFRS 16 cannot be reliably measured. The standard is not being early adopted and will be applied in financial statements for the year ending 31 December 2019.

IFRS 9	Financial Instruments
IFRS 9 Amendment	Prepayment Features with Negative Compensation
IFRS 15	Revenue from Contracts with Customers
IFRS 15 Amendment	Effective date of IFRS 15
IFRS 15 Amendment	Clarifications
IFRS 16	Leases
IFRS 12 Amendment (AI 2014-16)	Clarification of the scope of the Standard
IAS 12 Amendment (AI 2015-2017)	Income tax consequences of payments on financial instruments classified as equity
IAS 23 Amendment (AI 2015-2017)	Borrowing costs eligible for capitalisation
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty over Income Tax Treatments

(n) Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to manage currency risks arising from the Company's investing activities), quoted options on shares held within the portfolio, or on indices appropriate to sections of the portfolio (the purpose of which is to provide protection against falls in the capital values of the holdings) and futures contracts appropriate to sections of the portfolio (to provide additional market exposure or to provide protection against falls in the capital values of the holdings). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to the investment managers' longer-term expectations for the relevant share prices. The Group does not use derivative financial instruments for speculative purposes. Hedge accounting is not used.

The use of financial derivatives is governed by the Group's policies as approved by the Board, which has set written principles for the use of financial derivatives.

Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as they arise. If capital in nature, the associated change in value is presented as a capital item in the Statement of Comprehensive Income.

(o) Nature and purpose of reserves

Ordinary share capital

The Ordinary share capital on the balance sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising ordinary shares of 25p.

Capital redemption reserve

The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

1 Accounting policies continued

Capital reserves

Gains and losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

Revenue reserve

This reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

2 Investment income

	2017 £'000	2016 £'000
Franked:		
UK dividends from listed investments	**21,117**	20,878
UK stock dividends from listed investments	**43**	841
UK special dividends from listed investments	**1,040**	1,019
	22,200	22,738
Unfranked:		
Overseas dividends from listed investments	**30,161**	26,433
Overseas special dividends from listed investments	**683**	1,041
Property income dividends	**81**	186
Stock dividends from listed investments	**491**	888
Fixed interest and convertible bonds	**809**	1,166
	32,225	29,714
Total investment income	**54,425**	52,452

	2017 £'000	2016 £'000
Analysis of investment income by geographical segment:		
United Kingdom	**22,200**	22,739
North America	**6,260**	7,464
Continental Europe	**15,290**	13,516
Japan	**2,145**	2,121
Asia Pacific (ex Japan)	**7,237**	5,662
Latin America	**536**	108
Other	**757**	842
Total investment income	**54,425**	52,452

3 Other income

	2017 £'000	2016 £'000
Deposit interest	**41**	91
Underwriting commission	**4**	34
Stock lending income	**180**	242
Income from the subsidiary company's third party business	**1,093**	1,108
	1,318	1,475

At 31 December 2017 the total value of securities on loan by the Company for stock lending purposes was £66,964,000 (2016: £49,311,000). The maximum aggregate value of securities on loan at any time during the year ended 31 December 2017 was £103,937,000 (2016: £147,849,000). Collateral, revalued on a daily basis at a level equivalent to at least 105% (110% for equities) of the market value of the securities lent, was provided against all loans. Collateral in respect of UK securities is usually in the form of Crest DBVs (Delivery by Values); the content of Crest DBVs is subject to a concentration limit of 10%.

4 Management fees

	Year ended 31 December 2017			Year ended 31 December 2016		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Management fees	**2,255**	**6,766**	**9,021**	1,905	5,715	7,620
Performance fees	**-**	**528**	**528**	–	(1,463)	(1,463)
	2,255	**7,294**	**9,549**	1,905	4,252	6,157

A summary of the terms of the management agreements is given on page 13 in the Strategic Report.

5 Other expenses

Auditor's remuneration

The analysis of the auditor's remuneration is as follows. The figures exclude VAT.

	2017 Revenue £'000	2016 Revenue £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**41**	41
Fees payable to the Company's auditor and its associates for other services to the Group:		
– the audit of the Company's subsidiary	**10**	10
Total audit fees	**51**	51
Other services – current auditors*:		
– audit-related services	**45**	11
– other assurance services	**8**	–
Other services – previous auditors	**–**	11
Total non-audit fees	**53**	22
Total fees paid	**104**	73

* These fees relate to the CASS audit for the year ended 31 December 2017 (£25,000) and loan compliance review fees for the Secured Bonds (£4,000). These non-audit fees also include a charge of £20,000 related to the CASS audit for the year ended 31 December 2016 and the loan compliance review fees for the Secured Bonds and Debenture Stock that year of £4,000. The fees for this work were specifically approved by the Audit Committee (see page 42).

Notes to the Financial Statements *continued*

for the year ended 31 December 2017

5 Other expenses continued

	2017 Revenue £'000	2016 Revenue £'000
Auditor's remuneration (see page 73)	**104**	73
Tax advisory services	**36**	20
Directors' fees (see the Directors' Remuneration Report on page 44)	**294**	238
Employer's national insurance contributions on the directors' fees	**34**	26
Employee costs (including executive director's remuneration):		
– salaries and bonuses	**1,439**	1,020
– employer's national insurance contributions	**200**	151
– pension contributions (or payments in lieu thereof)	**82**	80
Advisory, consultancy and legal fees	**158**	165
Investment accounting fees	**320**	284
Company secretarial fees	**140**	135
Insurances	**56**	56
Occupancy costs	**153**	142
Bank charges and overseas safe custody fees	**569**	391
Depositary fees	**133**	124
Marketing expenses*	**538**	688
Savings scheme expenses (Witan Wisdom and Jump Savings)	**1,112**	597
Other expenses	**807**	749
Irrecoverable VAT	**186**	170
Total **	**6,361**	5,109

* Includes £50,000 sponsorship paid to the Royal Horticultural Society (2016: £5,000).

** The total includes costs of £1,892,000 (2016: £1,417,000) in respect of the subsidiary company's third party business which are partially offset (2016: fully offset) by the subsidiary company's income from that business. The analysis relates to the revenue return column only.

Expenses included in the capital return column for 2017 were £101,000 (2016: £101,000). These related to investment advisory costs.

The average number of employees during the year was 7 (2016: 7).

6 Finance costs

	Year ended 31 December 2017			Year ended 31 December 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on overdrafts and loans repayable within one year	**193**	**579**	**772**	733	2,197	2,930
Interest payable on secured bonds and notes repayable in more than 5 years	**1,691**	**5,072**	**6,763**	1,651	4,951	6,602
Preference share dividends	**83**	**–**	**83**	83	–	83
	1,967	**5,651**	**7,618**	2,467	7,148	9,615

7 Taxation

7.1 Analysis of tax charge for the year

	Year ended 31 December 2017 Revenue £'000	Year ended 31 December 2017 Capital £'000	Year ended 31 December 2017 Total £'000	Year ended 31 December 2016 Revenue £'000	Year ended 31 December 2016 Capital £'000	Year ended 31 December 2016 Total £'000
UK corporation tax at effective rate of 19.25% (2016: 20.00%)	–	–	–	–	–	–
Foreign tax suffered	3,269	–	3,269	3,161	–	3,161
Recovery of prior years' withholding tax	(305)	–	(305)	(399)	–	(399)
Foreign tax recoverable	(471)	–	(471)	(347)	–	(347)
Total current tax for the year (see note 7(b))	2,493	–	2,493	2,415	–	2,415

7.2 Factors affecting the current tax charge for the year

The UK corporation tax rate was 20% until 31 March 2017 and 19% from 1 April 2017, giving an effective rate of 19.25% (2016: 20%). The tax assessed for the year is lower than that resulting from applying the effective standard rate of corporation tax in the UK for a large company. The difference is explained below.

	Year ended 31 December 2017 Revenue £'000	Year ended 31 December 2017 Capital £'000	Year ended 31 December 2017 Total £'000	Year ended 31 December 2016 Revenue £'000	Year ended 31 December 2016 Capital £'000	Year ended 31 December 2016 Total £'000
Profit before taxation	45,160	274,536	319,696	44,446	285,114	329,560
Corporation tax at effective rate of 19.25% (2016: 20.00%)	8,693	52,848	61,541	8,889	57,023	65,912
Effects of:						
Non-taxable UK dividends	(4,265)	–	(4,265)	(4,379)	–	(4,379)
Non-taxable overseas dividends	(5,898)	–	(5,898)	(5,765)	–	(5,765)
Withholding tax written off	2,798	–	2,798	2,398	–	2,398
Recovery of prior years' withholding tax	(305)	–	(305)	(399)	–	(399)
Non-taxable gains on investments held at fair value through profit or loss	–	(55,360)	(55,360)	–	(59,323)	(59,323)
Realised gains on non-reporting offshore funds	–	396	396	–	297	297
Excess management expenses not utilised in year	3,389	–	3,389	3,244	–	3,244
Unused loan relationship deficits for the year	188	–	188	379	–	379
Preference dividends not deductible in determining taxable profit	17	–	17	17	–	17
Capitalised expenses	(2,116)	2,116	–	(2,003)	2,003	–
Disallowable expenses	(8)	–	(8)	34	–	34
Current tax charge	2,493	–	2,493	2,415	–	2,415

7 Taxation continued

7.3 Deferred tax

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

No provision has been made for deferred tax on income outstanding at the end of the year as this will be covered by unrelieved business charges and eligible unrelieved foreign tax (2016: £nil).

7.4 Factors that may affect future tax charges

At 31 December 2017, the Company had excess expenses of £218,091,000 (2016: £197,142,000) carried forward. This sum has arisen due to cumulative deductible expenses having exceeded income over the life of the Company. It is considered too uncertain that there will be sufficient taxable profits against which these expenses can be offset and, therefore, in accordance with IAS 12, a deferred tax asset of £37,076,000 (2016: £33,542,000) in respect of unrelieved loan relationship deficit and unrelieved management expenses based on a prospective corporation tax rate of 17% (2016: 17%) has not been recognised. The reduction in the standard rate of corporation tax was substantively enacted on 15 September 2016 and will be effective 1 April 2020. Provided the Company continues to maintain its current investment profile, it is unlikely that the expenses will be utilised and that the Company will obtain any benefit from this asset.

8 Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for the year ended 31 December 2016 of 6.25p (2015: 5.45p) per ordinary share	**11,246**	10,895
First interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**8,509**	8,490
Second interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**8,485**	7,817
Third interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**8,478**	7,739
Refund of unclaimed dividends	**(21)**	(21)
	36,697	34,920
Fourth interim dividend for the year ended 31 December 2017 of 6.75p (2016: 6.25p) per ordinary share	**12,038**	11,246

Total in respect of the year:

Set out below is the total dividend to be paid in respect of the year. This is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered.

	2017 £'000	2016 £'000
Revenue profits available for distribution (Company only)	**43,025**	41,829
First interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**(8,509)**	(8,490)
Second interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**(8,485)**	(7,817)
Third interim dividend for the year ended 31 December 2017 of 4.75p (2016: 4.25p) per ordinary share	**(8,478)**	(7,739)
Fourth interim dividend for the year ended 31 December 2017 of 6.75p (2016: 6.25p) per ordinary share	**(12,038)**	(11,246)
Revenue retained for the year (Company only)	**5,515**	6,537

9 Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the year of £317,203,000 (2016: £327,145,000) and on 179,149,747 ordinary shares (2016: 190,131,108), being the weighted average number of ordinary shares in issue during the year.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below. The Company has no securites in issue that could dilute the return per ordinary share. Therefore the basic and diluted earnings per ordinary share are the same.

	2017 £'000	2016 £'000
Net revenue profit	42,667	42,031
Net capital profit	274,536	285,114
Net total profit	317,203	327,145
Weighted average number of ordinary shares in issue during the year	179,149,747	190,131,108

	Pence	Pence
Revenue earnings per ordinary share	23.82	22.11
Capital earnings per ordinary share	153.24	149.95
Total earnings per ordinary share	177.06	172.06

10 Investments held at fair value through profit or loss

10.1 Analysis of investments held at fair value through profit or loss

	2017		2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Listed in the United Kingdom	763,029	763,029	750,079	750,079
Listed abroad	1,386,238	1,386,238	1,133,958	1,133,958
Investment in subsidiary undertaking	–	1,352	–	1,710
	2,149,267	2,150,619	1,884,037	1,885,747

10.2 Group changes in investments held at fair value through profit or loss

	Valuation 31 December 2016 £'000	Purchases £'000	Sales £'000	Investment gains/(losses) £'000	Valuation 31 December 2017 £'000	Cost 31 December 2017 £'000
United Kingdom	750,079	287,300	406,769	132,420	763,029	601,075
North America	490,372	256,336	318,417	47,772	476,064	363,787
Continental Europe	306,475	305,828	213,746	59,837	458,394	395,752
Japan	86,394	43,201	50,119	24,678	104,154	83,063
Asia Pacific (ex Japan)	204,287	164,558	104,106	27,151	291,890	219,436
Latin America	10,728	22,204	11,664	(6,629)	14,639	13,005
Other	35,702	16,247	7,188	(3,664)	41,097	34,089
	1,884,037	1,095,674	1,112,009	281,565	2,149,267	1,710,207

The above figures do not include the gains/losses on futures positions.

10 Investments held at fair value through profit or loss continued

Included in the above figures are purchase costs of £2,306,000 (2016: £1,520,000) and sales costs of £869,000 (2016: £475,000). These comprise mainly stamp duty and commission and includes £368,000 in respect of changes in portfolio managers (2016: £nil).

10.3 Gains/(losses) in investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Realised gains on sales of investments	**289,484**	80,509
Realised gain on futures	**7,593**	7,548
Movement in investment holding gains	**(7,919)**	209,800
Movement in unrealised gain/(loss) on futures	**110**	(825)
	289,268	297,032

10.4 Derivatives

Open futures contracts as at year ended 31 December 2017

Contract	**Position long £'000**	**Settlement value £'000**	**Nominal exposure £'000**	**Unrealised loss £'000**
Euro Stoxx50 Future	**750**	**23,725**	**23,256**	**(469)**

The realised gain on the closing of futures positions during the year was £7,593,000.

Open futures contracts as at year ended 31 December 2016

Contract	Position long £'000	Settlement value £'000	Nominal exposure £'000	Unrealised loss £'000
MSCI Index Future	600	21,432	20,853	(579)

The realised gain on the closing of futures positions during the year was £7,548,000.

10.5 Substantial share interests

The Company has notified interests in 3% or more of the voting rights of five of the investee companies, all of which are closed-ended investment funds. However, the Board does not consider any of the Company's investments to be individually material in the context of these financial statements.

It is the Company's stated policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

11 Other receivables

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Sales for future settlement	**621**	**621**	2,506	2,506
Taxation recoverable	**1,021**	**1,021**	1,042	1,042
Amounts due from subsidiary	**–**	**562**	–	2,913
Prepayments and accrued income	**2,864**	**2,864**	4,533	4,533
Other debtors	**711**	**9**	3,557	44
	5,217	**5,077**	11,638	11,038

12 Other payables

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Purchases for future settlement	**543**	**543**	2,610	2,610
Unrealised loss on derivatives designated as held at fair value through profit or loss*	**469**	**469**	579	579
Preference dividends	**40**	**40**	38	38
Outstanding buybacks of ordinary shares	**46**	**46**	837	837
Accruals	**5,295**	**4,743**	4,038	3,747
	6,393	**5,841**	8,102	7,811

* The unrealised loss on derivatives related to a long position in Euro Stoxx50 Futures, nominal value at 31 December 2017: £23,256,000 (2016: MSCI Emerging Markets Futures, £20,853,000) (see note 10.4).

13 Borrowings

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Financial instruments redeemable other than in instalments are as follows:				
Amounts falling due within one year:				
Bank loans	**73,000**	**73,000**	71,000	71,000
Amounts falling due after more than one year:				
6.125 per cent. Secured Bonds due 2025	**63,538**	**63,538**	63,434	63,434
3.29 per cent.Secured Notes due 2035	**20,871**	**20,871**	20,864	20,864
3.47 per cent. Secured Notes due 2045	**53,652**	**53,652**	53,639	53,639
2.74 per cent. Secured Notes due 2054	**29,749**	**29,749**	–	–
2,055,000 3.4 per cent. cumulative preference shares of £1 each[1]	**2,055**	**2,055**	2,055	2,055
500,000 2.7 per cent. cumulative preference shares of £1 each[1]	**500**	**500**	500	500
	170,365	**170,365**	140,492	140,492
	243,365	**243,365**	211,492	211,492

(1) See note 17 on page 90.

13 Borrowings continued

At the year end, the Company had a £125,000,000 secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 5 December 2018). The terms of this loan facility contain covenants that total net borrowings do not exceed 20% of the NAV.

On 15 December 2000 the Company issued £100,000,000 (nominal) 6.125 per cent. Secured Bonds due 2025, net of discount and issue costs totalling approximately £2,000,000. The discount and the issue costs will be written back over the life of the Secured Bonds. The nominal value of the remaining Secured Bonds in issue (£64,290,000 at 31 December 2017) is redeemable on 15 December 2025.

During 2015 the Company issued £21,000,000 (nominal) 3.29 per cent. Secured Notes due 2035 and £54,000,000 (nominal) 3.47 per cent. Secured Notes due 2045 net of issue costs totalling approximately £528,000. These costs will be written back over the life of the Secured Notes.

During 2017 the Company issued £30,000,000 (nominal) 2.74 per cent. Secured Notes due 2054 net of issue costs totalling approximately £252,000. These costs will be written back over the life of the Secured Notes.

The Secured Bonds and the Secured Notes are secured by floating charges over all the undertaking and assets of the Company. The security of the charges applies pari passu to the issues. The terms of the Secured Bonds contain a convenant that the aggregate principal amount outstanding in respect of moneys borrowed by the Company should at no time exceed a sum equal to the Adjusted Total of Capital and Reserves. The terms of each of the three Secured Notes contain covenants that the NAV should at no time be less than £575,000,000 and that total net borrowings do not exceed 25% of the NAV at any time.

14 Financial instruments

Risk management policies and procedures

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

These risks, primarily market risk (comprising price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of them, are set out below.

The objectives, policies and processes for managing the risks and the methods used to manage the risks, as set out below, have not changed from the previous accounting period, although in some instances additional resources have been allocated to some areas.

14.1 Market risk

The fair value of future cash flows of a financial instrument held by the Group may fluctuate due to changes in market prices. This market risk comprises: price risk (see note 14.2), currency risk (see note 14.3) and interest rate risk (see note 14.4). The Board reviews and agrees policies for managing these risks, which policies have remained substantially unchanged from those applying in the year ended 31 December 2016. The investment managers assess the exposure to market risk when making each investment decision and monitor the overall level of market risk on the whole of their investment portfolios on an ongoing basis.

14.2 Price risk

Price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the quoted and the unquoted investments.

Management of the risk

The Board manages the risks inherent in the investment portfolios by regularly reviewing relevant information from the investment managers. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the managers' compliance with their mandates and also whether each mandate and asset allocation is compatible with the Company's objective.

When appropriate, the Company has the ability to manage its exposure to risk through the controlled use of derivatives.

The Group's exposure to other changes in market prices at 31 December on its quoted equity investments, and on index futures and investments, was as follows:

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	**2,149,267**	1,884,037
Nominal futures exposure (long position)	**23,256**	20,853

Concentration of exposure to price risks

An analysis of the Group's investment portfolio is shown on page 25. This shows that the greater geographical weighting is to UK companies, with significant exposure also to North America, Asia and Continental Europe. Accordingly, there is a concentration of expsoure to those regions, although an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the value of the shareholders' funds to an increase or decrease of 15% in the fair values of the Group's equity investments (including exposure through futures contracts). This level of change is considered to be reasonably possible based on observation of market conditions and historical trends. The sensitivity analysis is based on the Group's equities and equity exposure through options and futures at each balance sheet date, with all other variables held constant. The results of these example calculations are significant but not unreasonable, given that most of the Group's assets are equity investments.

	2017		2016	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Changes to the Consolidated Statement of Comprehensive Income				
Revenue return	**–**	**–**	–	–
Capital return – investments	**322,390**	**(322,390)**	282,606	(282,606)
Capital return – futures	**3,488**	**(3,488)**	3,128	(3,128)
	325,878	**(325,878)**	285,734	(285,734)

14.3 Currency risk

A proportion of the Group's assets, liabilities and income is denominated in currencies other than sterling (the Group's functional currency in which it reports its results). As a consequence, movements in exchange rates affect the sterling value of those items.

Management of the risk

The investment managers monitor their exposure to currencies as part of their normal investment processes. The Board receives a monthly report on the currency exposures of the entire fund.

14 Financial instruments continued

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

Foreign currency exposure

The fair values of the Group's monetary items that have foreign currency exposure at 31 December are shown below. Where the Group's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2017	**US$ £'000**	**Euro £'000**	**Yen £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	**520**	**448**	**206**	**1,141**
Cash at bank and on deposit	**747**	**4,029**	**–**	**624**
Payables (due to brokers, accruals and other creditors)	**(947)**	**–**	**(72)**	**(356)**
Payables (unrealised loss on derivatives held at fair value through profit or loss)	**–**	**(469)**	**–**	**–**
Total foreign currency exposure on net monetary items	**320**	**4,008**	**134**	**1,409**
Investments at fair value through profit or loss that are equities	**573,717**	**355,602**	**104,154**	**329,541**
Total net foreign currency exposure	**574,037**	**359,610**	**104,288**	**330,950**

2016	US$ £'000	Euro £'000	Yen £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	2,966	1,444	274	1,311
Cash at bank and on deposit	3,985	912	–	167
Payables (due to brokers, accruals and other creditors)	(2,822)	(309)	–	–
Payables (unrealised loss on derivatives held at fair value through profit or loss)	(579)	–	–	–
Total foreign currency exposure on net monetary items	3,550	2,047	274	1,478
Investments at fair value through profit or loss that are equities	526,782	213,500	101,060	246,075
Total net foreign currency exposure	530,332	215,547	101,334	247,553

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

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the Group's equity in regard to the Group's financial assets and financial liabilities and the exchange rates for the £/US dollar, £/Euro and £/Japanese yen. The results of these example calculations are significant but not unreasonable in the context of the majority of the Group's assets being invested overseas.

It assumes the following changes in exchange rates:

£/US dollar +/- 15% (2016: 15%)
£/Euro +/- 15% (2016: 15%)
£/Japanese yen +/- 15% (2016: 15%)

The sensitivity analysis is based on the Group's foreign currency financial instruments held at the balance sheet date and takes account of any forward foreign exchange contracts that offset the effects of changes in currency exchange.

If sterling had depreciated against the currencies shown, this would have the following effect:

	2017			2016		
	US$ £'000	Euro £'000	Yen £'000	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	1,805	1,452	331	1,920	972	355
Capital return	101,159	65,489	18,380	91,096	37,313	17,834
Change to the profit after tax	102,964	66,941	18,711	93,016	38,285	18,189
Change to the shareholders' funds	102,964	66,941	18,711	93,016	38,285	18,189

If sterling had appreciated against the currencies shown, this would have the following effect:

	2017			2016		
	US$ £'000	Euro £'000	Yen £'000	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	(1,334)	(1,073)	(245)	(1,419)	(718)	(262)
Capital return	(74,770)	(44,361)	(13,585)	(67,332)	(27,579)	(13,182)
Change to the profit after tax	(76,104)	(45,434)	(13,830)	(68,751)	(28,297)	(13,444)
Change to the shareholders' funds	(76,104)	(45,434)	(13,830)	(68,751)	(28,297)	(13,444)

14.4 Interest rate risk

Interest rate movements may affect the level of income receivable from fixed interest securities and cash at bank and on deposit.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Group holds cash balances, partly to meet payments as they fall due but also when appropriate to offset the long-term borrowings that it has in place.

The Group finances part of its activities through preference shares that do not have redemption dates and through secured bonds and notes that were issued as part of the Company's planned gearing.

Interest rate exposure

The exposure at 31 December 2017 of financial assets and financial liabilities to interest rate risk is shown by reference to:

> floating interest rates: when the interest rate is due to be re-set; and

> fixed interest rates: when the financial instrument is due to be repaid.

The Group's exposure to floating interest rates on assets/(liabilities) is £2,326,000 (2016: £(20,444,000)). This represents cash holdings minus variable rate borrowing.

The Group's exposure to fixed interest rates on assets is £7,940,000 (2016: £29,056,000). This represents investments in bonds.

The Group's exposure to fixed interest rates on liabilities is £170,365,000 (2016: £140,492,000). This represents fixed rate borrowing.

Notes to the Financial Statements *continued*
for the year ended 31 December 2017

14 Financial instruments continued

Interest receivable and finance costs are at the following rates:

> interest received on cash balances, or paid on bank overdrafts and loans, is at margin under/over LIBOR or its foreign currency equivalent (2016: same);

> the finance charge on the preference shares is at a weighted average interest rate of 3.3% (2016: 3.3%);

> the finance charge on the secured bonds is at a weighted average interest rate of 6.125% (2016: 6.125%); and

> the finance charge on the secured notes is at a weighted average interest rate of 3.23% for an average period of 28.1 years (2016: 3.41% for an average period of 25.7 years).

The above year-end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made in fixed interest securities, long-term debt is partially redeemed and as the level of cash balances varies during the year. In the context of the Group's balance sheet, the exposure to interest rate risk is not considered to be material.

Interest rate sensitivity

Based on the Group's monetary financial instruments at each balance sheet date, an increase or decrease of 200 basis points in interest rates would decrease or increase revenue after tax by £1,151,000 (2016: £656,000), capital return after tax by £1,095,000 (2016: £1,065,000), and total profit after tax and shareholders' funds by £156,000 (2016: £409,000).

This level of change is considered to be reasonably possible based on observation of current market conditions. This is not representative of the year as a whole, since the exposure changes as investments are made. In the context of the Group's balance sheet, the outcome is not considered to be material.

14.5 Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the majority of the Group's assets are investments in quoted equities and other quoted securities that are readily realisable. The Group has borrowed £63,174,000 by its issue in 2000 of 6.125 per cent Secured Bonds due 2025. During 2015, the Group issued 3.47% and 3.29% secured notes for £54,000,000 and £21,000,000 respectively. During 2017, the Group issued 2.74% secured notes for £30,000,000. The Group is able to draw short-term borrowings of up to the sterling equivalent of £125m from its secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 5 December 2018). £73,000,000 was drawn down under the facility at 31 December 2017.

Liquidity risk exposure

	2017			2016		
	Within 1 year £'000	**Between 1 and 5 years £'000**	**More than 5 years £'000**	Within 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000
Secured bonds*	**3,938**	**15,751**	**75,931**	3,938	15,751	79,868
Secured notes*	**3,387**	**13,547**	**181,751**	2,565	10,259	128,147
Preference shares†	**83**	**332**	**2,555**	83	332	2,555
Other creditors and accruals	**6,200**	**–**	**–**	8,194	–	–
Bank loan and interest payable	**73,069**	**–**	**–**	71,053	–	–
	86,677	**29,630**	**260,237**	85,833	26,342	210,570

* The above figures show interest payable over the remaining terms of each instrument. The figures also include the capital to be repaid.
† The figures in the 'More than 5 years' columns do not include the ongoing annual finance cost of £83,000.

The Board gives guidance to the investment managers as to the maximum amount of the Company's resources that should be invested in any one company. The investment managers may hold cash from time to time but the Group's overall equity exposure is unlikely to fall below 80% in normal conditions.

14.6 Credit risk

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

Management of the risk

The risk is managed as follows:

- interest received on cash balances, or paid on bank overdrafts and loans, is at margin under/over LIBOR or its foreign currency equivalent;
- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Group of default;
- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the investment managers, and limits are set on the amount that may be due from any one broker;
- stock lending transactions are carried out with a number of approved counterparties, the credit ratings of which are reviewed periodically, and limits are set on the amount that may be sent to any one counterparty. Other than stock lending, none of the Company's financial assets or liabilities is secured by collateral or other credit enhancements; and
- cash at bank is held only with reputable banks with high quality external credit ratings.

None of the Group's financial liabilities is past its due date or impaired.

Credit risk exposure

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

	2017 £'000	2016 £'000
Fixed interest securities	**7,940**	29,056
Cash	**75,795**	50,556
Receivables:		
Sales for future settlement	**621**	2,506
Taxation recoverable	**1,021**	1,042
Accrued income	**2,864**	4,533
Other debtors	**711**	3,557
	88,952	91,250

14 Financial instruments continued

14.7 Fair values of financial assets and financial liabilities

Except for those financial liabilities measured at amortised cost that are shown below, the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments and derivatives) or the balance sheet amount is a reasonable approximation of fair value (amounts due from brokers, dividends and interest receivable, amounts due to brokers, accruals, cash at bank and bank overdrafts).

	2017 Fair value £'000	2017 Balance sheet amount £'000	2016 Fair value £'000	2016 Balance sheet amount £'000
Financial liabilities measured at amortised cost:				
Non current liabilities				
Preference shares	1,354	2,555	1,379	2,555
Secured bonds	81,620	63,538	82,840	63,434
Secured notes	111,807	104,272	80,905	74,503
	194,781	170,365	165,124	140,492

The fair values shown above are derived from the offer price at which the securities are quoted on the London Stock Exchange or, in the case of the secured notes, calculating a present value by using a discount rate which reflects the yield on a UK gilt of similar maturity plus a credit spread of 1.10%.

Level 1 Financial liabilities

The Company's preference shares, debenture stock and secured bonds are actively traded on a recognised stock exchange. Their fair value has therefore been deemed Level 1. The carrying values are disclosed in note 13.

Level 3 Financial liabilities

The Company's secured notes are not traded on a recognised stock exchange and so the fair value is calculated by using a discount rate which reflects the yield on a UK gilt of similar maturity plus a credit spread of 1.10% (2016: 1.15%). Their fair value has therefore been deemed Level 3. The carrying values are disclosed in note 13.

Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets and financial liabilities at fair value through profit or loss

At 31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	2,132,527	–	–	2,132,527
Investments in other funds	–	16,740	–	16,740
Derivatives (nominal exposure of £23,256,000)	(469)	–	–	(469)
Total	2,132,058	16,740	–	2,148,798

At 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,859,596	–	–	1,859,596
Investments in other funds	–	24,441	–	24,441
Derivatives (nominal exposure of £20,853,000)	(579)	–	–	(579)
Total	1,859,017	24,441	–	1,883,458

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in an active market for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Group are explained in the accounting policies in note 1(h). There were no transfers during the year between Level 1 and Level 2.

Level 2 Financial assets
Level 2 Financial assets refer to investments in Somerset Emerging Markets Small Cap Fund (2016: iShares MSCI fund and Somerset Emerging Markets Small Cap Fund).

Level 3 Reconciliation of Level 3 fair value measurement of financial assets
There were no Level 3 investments at 31 December 2017 or 31 December 2016.

Capital management
The Group's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Group's total capital employed at 31 December 2017 was £2,223,886,000 (2016: £1,938,129,000) comprising £243,365,000 of debt (2016: £211,492,000) and £1,980,521,000 of equity share capital and other reserves (2016: £1,726,637,000).

14 Financial instruments continued

Gearing

The Group's policy is to manage the effective gearing in the portfolio to be below 20%, other than temporarily in exceptional circumstances. Effective gearing is defined as the difference between shareholders' funds and the total market value of the investments (including the nominal value (effective underlying exposure) of futures positions which were £23,256,000 long at 31 December 2017 (2016: £20,853,000 long)) expressed as a percentage of shareholders' funds. At 31 December 2017 effective gearing was 9.7% (2016: 10.3%) and the calculation is set out below:

	2017 £'000	2016 £'000
Value of investments per the Balance Sheet	**2,149,267**	1,884,037
Add:		
Nominal exposure of futures	**23,256**	20,853
Adjusted gross value of investments (including futures nominal exposure)	**2,172,523**	1,904,890
Shareholders' funds per the Balance Sheet (A)	**1,980,521**	1,726,637
Excess of gross value of investments over shareholders' funds (B)	**192,002**	178,253
Effective gearing (B as a percentage of A)	**9.7%**	10.3%

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

> the planned level of gearing, which takes into account the Chief Executive Officer's view on the market;

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

> the extent to which revenue in excess of that which is required to be distributed should be retained.

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

The Company is subject to several externally imposed capital requirements:

> the terms of issue of the Company's secured bonds and notes require the aggregate amount outstanding in respect of borrowings, measured in accordance with the policies used to prepare the annual financial statements, not to exceed a sum equal to the Company's capital and reserves at any time;

> as a public company, the Company has a minimum issued share capital of £50,000; and

> in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since the previous year end and the Company has complied with them.

15 Called up share capital

	Group and Company 2017 £'000	Group and Company 2016 £'000
Called up and issued:		
178,449,589 ordinary shares of 25p each (2016: 181,210,739)	**44,613**	45,303
Held in treasury:		
21,621,411 ordinary shares of 25p each (2016: 18,860,261)	**5,405**	4,715
Total 200,071,000 shares (2016: 200,071,000)	**50,018**	50,018

During the year, 2,761,150 ordinary shares were bought back at a cost of £26,622,000 (2016: 18,860,261 shares bought back at a cost of £142,918,000). All of the shares were placed in treasury. Shares held in treasury do not carry a right to receive a dividend.

In the event of a poll at a general meeting of the Company, an ordinary shareholder who is present in person or by proxy has one vote for every £1 nominal value of shares registered in their name. Accordingly, on a poll each ordinary shareholder has one vote for every four shares held.

16 Share premium account and reserves

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
Group					
At 1 January 2017	99,251	46,498	1,017,705	446,400	66,765
Net movement on investments	–	–	297,077	(7,809)	–
Net movement on foreign exchange	–	–	(1,686)	–	–
Expenses and interest payable charged to capital net of tax relief	–	–	(13,046)	–	–
Buyback of ordinary shares into treasury	–	–	(26,622)	–	–
Profit for the year	–	–	–	–	42,667
Ordinary dividends paid	–	–	–	–	(36,697)
At 31 December 2017	99,251	46,498	1,273,428	438,591	72,735
Company					
At 1 January 2017	99,251	46,498	1,017,705	447,210	65,955
Net movement on investments	–	–	297,077	(8,167)	–
Net movement on foreign exchange	–	–	(1,686)	–	–
Expenses and interest payable charged to capital net of tax relief	–	–	(13,046)	–	–
Buyback of ordinary shares into treasury	–	–	(26,622)	–	–
Profit for the year	–	–	–	–	43,025
Ordinary dividends paid	–	–	–	–	(36,697)
At 31 December 2017	99,251	46,498	1,273,428	439,043	72,283

In accordance with the Company's Articles of Association, dividends may only be paid out of current period revenue or revenue reserves.

Notes to the Financial Statements *continued*

for the year ended 31 December 2017

17 Preference shares

Included in non current liabilities is £2,555,000 in respect of issued preference shares as follows:

	Group and Company 2017 £'000	Group and Company 2016 £'000
2,055,000 3.4 per cent. cumulative preference shares of £1 each	**2,055**	2,055
500,000 2.7 per cent. cumulative preference shares of £1 each	**500**	500
	2,555	2,555

The 3.4 per cent. and 2.7 per cent. cumulative preference shares constitute a single class and confer the right, in priority to any other class of shares:

(i) to receive a fixed cumulative preferential dividend at the respective rates (exclusive of tax credit thereon for payments made prior to 6 April 2016) of 3.4 per cent. and 2.7 per cent. per annum, such dividend being payable half-yearly on 15 January and 15 July in each year, in respect of the 3.4 per cent. cumulative preference shares, and on 1 February and 1 August in each year in respect of the 2.7 per cent. cumulative perference shares; and

(ii) to receive repayment of capital at par in a winding up of the Company (but do not confer any further right to participate in profits or assets).

The preference shareholders are entitled to receive notices of general meetings of the Company but are not entitled to attend or vote thereat (except on a resolution for the voluntary liquidation of the Company or for any alteration to the objects of the Company set out in its Articles of Association).

In the event of a poll at a general meeting of the Company, a preference shareholder who is present in person or by proxy and who is entitled to vote thereat in the circumstances outlined above, has one vote for every £1 nominal value of shares registered in their name. Accordingly, on a poll each preference shareholder has one vote for every one share held.

18 Net asset value per ordinary share

The net asset value per ordinary share of 1109.85p (2016: 952.83p) is based on the net assets attributable to the ordinary shares of £1,980,521,000 (2016: £1,726,637,000) and on the 178,449,589 ordinary shares in issue at 31 December 2017 (2016: 181,210,879).

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

	£'000
Total net assets at 1 January 2017	**1,726,637**
Total profit for the year	**317,203**
Dividends paid in the year on the ordinary shares (see note 8)	**(36,697)**
Share buybacks	**(26,622)**
Net assets attributable to the ordinary shares at 31 December 2017	**1,980,521**

An alternative net asset value per ordinary share can be calculated by deducting from the total assets less current liabilities of the Company, the preference shares and the secured bonds and notes at their market (or fair) values rather than at their par (or book) values. Details of the alternative values are set out in note 14.7. The net asset value per ordinary share at 31 December 2017 calculated on this basis is 1096.2p (2016: 939.2p) as set out below.

	2017		2016	
	Debt at balance sheet amount £'000	Debt at fair value £'000	Debt at balance sheet amount £'000	Debt at fair value £'000
Total assets less current liabilities per balance sheet	2,150,886	2,150,886	1,867,129	1,867,129
Liabilities at balance sheet value/fair value	(170,365)	(194,781)	(140,492)	(165,124)
	1,980,521	1,956,105	1,726,637	1,702,005
Ordinary shares in issue at 31 December	178,449,589	178,449,589	181,210,879	181,210,879
NAV per share	1109.85p	1096.17p	952.83p	939.24p

19 Reconciliation of liabilities arising from financing activities

Group and Company

	Long-term debt £'000	Short-term debt £'000	Total £'000
Opening liabilities from financing activities	140,492	71,000	211,492
Cash-flows:			
Drawdown of bank loans	–	2,000	2,000
Issue of secured notes net of expenses	29,748	–	29,748
Non-cash:			
Amortisation of expenses	125	–	125
Closing liabilities from financing activities	170,365	73,000	243,365

20 Capital commitments and contingent liabilities

At 31 December 2017 and 31 December 2016 there were no capital commitments in respect of securities not fully paid up and no underwriting liabilities. In November 2005 the Company took a five year lease on office premises at 14 Queen Anne's Gate, London SW1H 9AA which was renewed for a further five years in October 2010. In October 2015 the lease was renewed for a further five years.

Notes to the Financial Statements *continued*
for the year ended 31 December 2017

21 Operating lease arrangements

	2017 £'000	2016 £'000
Minimum lease payments under operating leases recognised for the year	49	49

At the balance sheet date, the Group had outstanding commitments for the future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	73	73
In the second to fifth years inclusive	73	146

The operating lease payments represent rentals payable by the Group for its office property.

The lease was re-negotiated during 2015 for a further term of five years and to include additional office space.

22 Subsidiary undertaking

The Company has an investment in the issued ordinary share capital of its wholly-owned subsidiary undertaking, Witan Investment Services Limited, which was incorporated on 28 October 2004, is registered in England and Wales and operates in the United Kingdom.

23 Related party transactions disclosures

Balances and transactions between the Company and its subsidiary, which are related parties, amounting to £472,000 have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company for each of the relevant categories specified in IAS 24 Related Party Disclosures is provided in the audited part of the Directors' Remuneration Report on pages 44 and 45.

Directors' transactions

Dividends totalling £227,000 (2016: £262,000) were paid in the year in respect of ordinary shares held by the Company's directors.

24 Segment reporting

The Group adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the Chief Executive Officer and that are used to allocate resources to the segments and to assess their performance. The identification of the Group's reportable segments did not change as a result of the adoption of IFRS 8.

Geographical segments

Geographical segments are considered to be the primary reporting segment. An analysis of investment income by geographical segment is set out in note 2 on page 72. Analyses of expenses by geographical segment and of profit by geographical segment have not been given as it is not possible to prepare such in a meaningful way. An analysis of the investments by geographical segment is set out in note 10 on page 77. Analyses of the remaining assets and liabilities by geographical region have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

Business segments

Business segments are considered to be the secondary reporting segment. The Group has two business segments: (i) its activity as an investment trust, which is the business of the parent company, Witan Investment Trust plc, and recorded in the accounts of that company; and (ii) the provision of alternative investment fund manager, executive and marketing management services and the management of savings schemes, which is the business of the subsidiary company, Witan Investment Services Limited, and recorded in the accounts of that company.

	31 December 2017			31 December 2016		
	Investment trust £'000	Management services £'000	Total £'000	Investment trust £'000	Management services £'000	Total £'000
Revenue*	54,649	1,094	55,743	52,816	1,111	53,927
Interest expense	7,618	–	7,618	9,615	–	9,615
Net result	317,203	–	317,203	327,145	–	327,145
Carrying amount of assets	1,979,169	1,352	1,980,521	1,724,927	1,710	1,726,637

* The investment and other income of the parent company.

25 Subsequent events

Since the year end, the Board has declared a fourth interim dividend in respect of the year ended 31 December 2017 of 6.75p per ordinary share (see also page 4 and note 8 on page 76).

From 1 January to 12 March 2018, 161,134 ordinary shares of 25p were bought back for £1,700,000.

Other Information (unaudited)

Securities Financing Transactions

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending as at 31 December 2017 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and of the Company's net assets at 31 December is disclosed below:

Stock lending 2017

Market value of securities on loan	% of lendable assets	% of AUM
£66,964,000	**3.12**	**3.11**

Stock lending 2016

Market value of securities on loan	% of lendable assets	% of AUM
£49,311,000	2.62	2.60

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 31 December are disclosed below:

Issuer	2017 Market value of collateral received £'000	2016 Market value of collateral received £'000
Japan Treasury	**30,609**	–
Network Rail	**16,248**	–
France Treasury	**5,367**	839
Government of Finland	**4,292**	4,852
Société Générale	**3,172**	992
Government of Germany	**1,770**	1,037
General Motors	**1,492**	–
UK Treasury	**1,194**	228
Fresenius	**898**	670
Philip Morris	**842**	–
Other	**–**	30,461
	65,884	39,079

The top ten counterparties of each type of securities financing transactions as at 31 December are disclosed below:

Counterparty	2017 Market value of collateral received £'000	2016 Market value of collateral received £'000
Abbey National	**37,444**	–
BNP Paribas	**9,463**	16,939
Citigroup	**6,695**	7,717
Deutsche Bank	**5,410**	18,026
ING Bank	**4,094**	4,709
HSBC	**2,587**	1,770
J P Morgan	**1,271**	147
Nomura	**–**	3
	66,964	49,311

Aggregate transaction data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 31 December:

Stock lending 2017

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £'000
Abbey National	UK	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**39,321**
BNP Paribas	France	Equity	Main Market Listing	EUR	Bilateral	BNP Paribas	**4,432**
	France	Government Bond	Investment Grade	EUR	Bilateral	BNP Paribas	**5,912**
Citigroup	US	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**1,163**
	US	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**5,929**
Deutsche Bank	Germany	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**3,044**
	Germany	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**2,780**
HSBC	Hong Kong	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**1,672**
	Hong Kong	Corporate Bond	Investment Grade	EUR	Triparty	BNP Paribas	**292**
	Hong Kong	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**829**
ING Bank	Netherlands	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**4,303**
J P Morgan	US	Government Bond	Investment Grade	EUR	Bilateral	BNP Paribas	**1,410**
							71,087

Stock lending 2016

Counterparty	Counterparty country of origin	Type	Quality	Collateral CCY	Settlement basis	Custodian	Market value of collateral received £'000
BNP Paribas	France	Equity	Main Market Listing	EUR	Bilateral	BNP Paribas	17,124
	France	Government Bond	Investment Grade	EUR	Bilateral	BNP Paribas	1,667
Citigroup	US	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	4,650
	US	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	3,674
Deutsche Bank	Germany	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	8,600
	Germany	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	10,732
HSBC	Hong Kong	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	1,169
	Hong Kong	Corporate Bond	Investment Grade	EUR	Triparty	BNP Paribas	546
	Hong Kong	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	198
ING Bank	Netherlands	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	39
	Netherlands	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	4,922
J P Morgan	US	Government Bond	Investment Grade	EUR	Bilateral	BNP Paribas	158
Nomura	Japan	Government Bond	Investment Grade	EUR	Bilateral	BNP Paribas	6
							53,485

All of the collateral is held within segregated accounts.

The lending and collateral transactions are on an open basis and can be recalled on demand.

Re-use of collateral

The funds do not engage in any re-use of collateral.

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income	Direct and indirect costs and fees deducted by securities lending agent	% return of the securities lending agent	Net securities lending income retained by the fund	% return of the fund
£240,000	**£60,000**	**25%**	**£180,000**	**75%**

2016: The gross amount of lending income was £323,000 with direct and indirect expenses deducted of £81,000.

Alternative Investment Fund Managers' Directive

Witan Investment Trust plc is an 'alternative investment fund' ('AIF') for the purposes of the EU Alternative Investment Fund Managers' Directive (Directive 2011/61/EU) (the 'AIFMD') and the Company has appointed its subsidiary, Witan Investment Services Limited ('WIS'), to act as its AIFM. WIS is authorised and regulated by the United Kingdom Financial Conduct Authority as a 'full scope UK AIFM'.

The Company is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within the Investor Disclosure Document ('IDD') which can be found on the Company's website www.witan.com. There have not been any material changes to the disclosures contained within the IDD since it was last updated in December 2017.

The Company and AIFM also wish to make the following disclosures to investors:

> the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report. A list of the top 50 portfolio holdings is included on page 24;

> none of the Company's assets is subject to special arrangements arising from their illiquid nature;

> the Strategic Report and note 14 to the accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;

> there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by the Company;

> all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code in respect of the AIFM's remuneration. The relevant disclosures required are within the IDD; and

> information in relation to the Company's leverage is contained within the IDD.

Historical record

		Debt at fair value		Debt at par value			
	Market price per ordinary share in pence	Net asset value per ordinary share in pence[a]	Share price (discount)/ premium %[a]	Net asset value per ordinary share in pence[b]	Share price discount %[b]	Earnings per ordinary share in pence	Dividends per ordinary share in pence
31 December 2007	478.5	537.9	(11.0)	545.7	(12.3)	11.08	9.90
31 December 2008	351.0	400.3	(12.3)	410.1	(14.4)	11.60	10.20
31 December 2009	444.6	497.0	(10.5)	502.7	(11.6)	10.63	10.50
31 December 2010	516.5	578.1	(10.7)	584.4	(11.6)	9.45	10.90
31 December 2011	450.0	503.7	(10.7)	516.9	(12.9)	13.27	12.00
31 December 2012	503.0	568.9	(11.6)	581.8	(13.5)	14.50	13.20
31 December 2013	669.0	717.6	(6.8)	725.2	(7.7)	15.44	14.40
31 December 2014	753.5	749.2	0.6	760.3	(0.9)	15.88	15.40
31 December 2015	780.0	781.2	(0.2)	788.4	(1.1)	18.49	17.00
31 December 2016	902.0	939.2	(4.0)[c]	952.8	(5.3)	22.11	19.00
31 December 2017	**1079.0**	**1096.2**	**(1.6)[c]**	**1109.8**	**(2.8)**	**23.82**	**21.00**

(a) The net asset value per ordinary share is calculated by deducting from the total assets less current liabilities of the Group the fixed borrowings at their fair (or market) values. The share price discount reflects this calculation.
(b) The net asset value per ordinary share is calculated by deducting from the total assets less current liabilities of the Group the fixed borrowings at their par (not their market) values. The share price discount reflects this calculation.
(c) The average discount to the net asset value, including income, with debt at fair value, in 2017 was 2.8% (2016: 5.8%). (Source: Datastream).

Unsolicited approaches for shares: warning to shareholders

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

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided on page 100.

How to invest

There are various ways to invest in Witan Investment Trust plc. Witan's shares can be traded through any UK stockbroker and most share dealing services and platforms, that offer investment trusts (including Alliance Trust Savings, Hargreaves Lansdown, Barclays Stockbrokers, Halifax Share Dealing Limited, Interactive Investor and AJ Bell), as well as Computershare, the Company's Registrars. Advisers who wish to purchase Witan shares for their clients can do so via a stockbroker, Witan Savings Schemes or via a growing number of dedicated platforms (including Seven Investment Management, Transact and Fidelity FundsNetwork).

Witan is available for investment through two savings schemes managed by Witan Investment Services – Witan Wisdom and Jump Savings.

Witan Wisdom

Witan Wisdom offers two different savings wrappers:

The Witan Wisdom ISA is a stocks and shares ISA that enables investors to buy Witan shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £20,000 for the 2017/18 and 2018/19 tax years. The minimum lump sum investment with Witan Wisdom ISA is £2,000, with the regular savings minimum being £100 per month. Investors can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer.

The Witan Wisdom Share Plan is our straightforward, low-cost savings scheme. The minimum lump sum investment is £500, and the minimum regular contribution is £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.

Jump Savings for children

Jump gives parents, grandparents and other adults the chance to invest in Witan on behalf of a child. This flexible savings plan has a minimum lump sum investment set at £250 and regular contributions can be made from £50 per month or quarter. Jump is available in three different wrappers:

The Junior ISA is a tax efficient wrapper available to children born before 1 September 2002 or after 3 January 2012, or those who did not qualify for a Child Trust Fund ('CTF'). The account can only be opened by a parent though others can add to it. It currently has an annual subscription limit of £4,128 for the 2017/18 tax year and £4,260 for the 2018/19 tax year. You can open a Jump Junior ISA with a minimum lump sum investment of £250 or £50 per month or quarter.

The Jump Child Trust Fund is, like the Junior ISA, a tax efficient savings vehicle with the same annual limits as the Junior ISA (but the annual term is measured by the child's birthday). Each child born in the UK from 1 September 2002 up to and including 2 January 2012 was eligible for a CTF. You can transfer existing CTFs to a Jump CTF or directly into a Jump Junior ISA subject to a minimum transfer value of £1,000.

The Jump Savings Plan offers greater flexibility than the Junior ISA or CTF in terms of the limits, access and control of the investment. It can also be opened by grandparents, relatives and other family friends. You can open a Jump Savings Plan with a lump sum investment of £250 or £50 per month or quarter.

NB: Given the flat rate annual fees for Wisdom and Jump, the cost is high for the minimum subscription levels to our plans and investors should consider carefully the suitability for them if they do not plan to add to the account.

Brochures, which include terms and conditions, including costs, and application forms for all of our products are available by calling 0800 082 81 80 or online via www.witan.com. If you would prefer to write to request further information, the address details can be found on page 100. To keep up to date on news and commentary from Witan Investment Trust plc please visit www.witan.com/stayintouch to provide us with your email address.

Witan Investment Trust plc is an equity investment. Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited of 14 Queen Anne's Gate, London SW1H 9AA is registered in England and Wales number 5272533. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Conduct Authority. We may record telephone calls for our mutual protection and to improve customer service.

Shareholder information and Alternative Performance Measures

Points of Reference

You can follow the progress of your investment through the newspapers. Witan's share price appears daily in the national press stock exchange listings under 'Investment Trusts' or 'Investment Companies' and is also included on the Witan website (www.witan.com). The London Stock Exchange Daily Official List (SEDOL) code is 0974406.

Dividend

A fourth interim dividend of 6.75p per share has been declared, payable on 29 March 2018. The record date for the dividend was 2 March 2018 and the ex-dividend date for the dividend was 1 March 2018 (see pages 4 and 28).

Dividend Tax Allowance

From April 2016 dividend tax credits have been replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio, reduced to £2,000 with effect from April 2018. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends it has paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Capital Gains Tax

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

Please note that tax assumptions may change if the law changes, and the value of tax relief (if any) will depend upon your individual circumstances. Investors should consult their own tax advisers in order to understand any applicable tax consequences.

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 should direct all communications to the registered holder of their shares rather than to the Company's Registrar, Computershare, or to the Company directly.

Disability Act

Copies of this Annual Report and other documents issued by Witan Investment Trust plc are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact our Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People), you should dial 18001 followed by the number you wish to dial.

Definitions of Alternative Performance Measures

Benchmark: The benchmark is a composite of five indices: the FTSE All-Share Index 30%, the FTSE All-World North America Index 25%, the FTSE All-World Europe (ex UK) Index 20%, the FTSE All-World Asia Pacific Index 20% and the FTSE Emerging Markets Index 5%.

Gearing: The difference between shareholders' funds and the total market value of the investments (including the face value of futures positions) expressed as a percentage of shareholders' funds.

Net asset value per share (debt at par and debt at fair value): This is the value of total assets less all liabilities of the Company. The Net Asset Value, or NAV, per Ordinary Share is calculated by dividing this amount by the total number of Ordinary Shares in issue (excluding those shares held in Treasury). Please refer to note 18 on pages 90 to 91.

Net asset value total return: The movement in the net asset value per share (debt at fair value) adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

Ongoing Charge: The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue as a collective fund, excluding the costs of acquisition and disposal, finance costs and gains or losses arising on investments. The calculation is performed in accordance with the guidelines issues by the AIC. Please refer to pages 13 and 14 of this Annual Report.

Premium/Discount: The amount by which the market price per share is either higher (premium) or lower (discount) than the net asset value per share expressed as a percentage of the net asset value per share.

Share price total return: The movement in ordinary share price adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

Contacts

Points of Contact

For Witan Wisdom and Jump Savings queries:

If you have any questions or need more information concerning Witan, you may contact us in the following ways:

Freephone: 0800 082 8180
From abroad: +44 1268 448646

E-mail: wisdom@ifdsgroup.co.uk

Post:
Witan Wisdom
PO Box 10550
Chelmsford
CM99 2BA

Registered Office of the Company and its subsidiary, Witan Investment Services Limited

14 Queen Anne's Gate
London SW1H 9AA

The Company is a public company limited by shares.

Registered Number

Registered as an investment company in England and Wales, Number 101625.

Company Secretary

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 020 3008 4910

Custodian, Investment Administrator and Depositary

BNP Paribas Securities Services
10 Harewood Avenue
London NW1 6AA

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1408*

* Calls cost no more than calls to geographic numbers (01 or 02) and must be included in inclusive minutes and discount schemes in the same way. Calls from landlines are typically charged up to 9p per minute; calls from mobiles typically cost between 3p and 55p per minute. Calls from landlines and mobiles are included in free call packages.

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Stockbroker

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2HS

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

The Company is a member of

aic
The Association of Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

The Company conducts its affairs so that its shares can be recommended by independent financial advisers ('IFAs') to retail private investors. The shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Our Relationship with the RHS

Witan Investment Trust plc has enjoyed a long and fruitful relationship with the Royal Horticultural Society for almost 20 years. Over this time, Witan has helped to redevelop a number of new gardens at Wisley including the Walled Garden West, the Herb Garden and the Bowes-Lyon Rose Garden, and, last year, the Global Growth Vegetable Garden at Hyde Hall. This garden, seen above, was designed by Xa Tollemache to grow everyday, exotic and ornamental vegetables from around the world. The circular design symbolises a globe with four quarters, representing Europe and the Middle East, Asia, North and Central America, and South America. Witan shareholders who hold their shares through Witan Wisdom or Jump Savings, or on the main register, are eligible to apply for a ballot for a ticket that will allow free entry for two adults to any one of the four RHS gardens in the UK.

If you would like to request a ticket then please phone us on 0800 082 8180 or email wisdom@ifdsgroup.co.uk confirming the full name of the account holder.

Printed by Park Communications on FSC® certified paper.

Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled.

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