Witan Investment Trust plc Annual Report 2021

Collective Wisdom

Witan investment trust

Company overview

Our investment policy

Witan invests primarily in listed companies across global equity markets, using a multi-manager approach. The Company's actively managed portfolio covers a broad range of markets and sectors, offering a distinctive way for investors to access the opportunities created by global economic growth.

Our purpose

is to achieve significant growth in our investors' wealth by investing in global equity markets, using a multi-manager approach.

Our objective

is to achieve an investment total return exceeding that of the Company's benchmark(1) over the long term, together with growth in the dividend ahead of inflation.

aic DIVIDEND HERO

Where to find us

Our website has a full range of information about Witan and regular commentary about investment markets.

Find us online @ www.witan.com

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(1) Witan's benchmark is 85% Global (MSCI All Country World Index) and 15% UK (MSCI UK IMI Index).

Financial highlights

To read more about
our KPIs **see pages 4 and 5**

Key data

252.0p
SHARE PRICE 2021
2020: 230.5p

267.4p
NAV PER ORDINARY SHARE (DEBT AT FAIR VALUE)[3]
2020: 236.0p

5.8%
DISCOUNT (NAV INCLUDING INCOME, DEBT AT FAIR VALUE)[3]
2020: 2.4%

5.60p
DIVIDEND PER SHARE
2020: 5.45p

Total return performance

	1 year % return	5 years % return	10 years % return
SHARE PRICE TOTAL RETURN[1][3]	11.9	57.4	255.3
NAV TOTAL RETURN[1][3]	15.8	59.6	232.7
WITAN BENCHMARK[1]	19.9	70.1	210.2
MSCI UK IMI INDEX[2]	18.7	26.7	102.6
MSCI ACWI INDEX[2]	20.1	83.3	270.6

(1) Source: Morningstar.
(2) Source: Morningstar. See also MSCI for conditions of use (www.msci.com).
(3) Alternative performance measure (see page 115).

A high conviction yet well-diversified portfolio

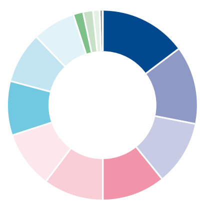
To read more about
our diversified portfolio **see pages 34-36**

Percentage of total funds

38% NORTH AMERICA
20% UNITED KINGDOM
17% EUROPE
4% OTHER
5% ASIA PACIFIC EX JAPAN
3% JAPAN
2% UNQUOTED FUNDS
11% INVESTMENT COMPANIES

SECTOR BREAKDOWN OF THE PORTFOLIO

- **14.6%** Information Technology
- **13.2%** Industrials
- **11.3%** Investment Companies
- **10.7%** Healthcare
- **10.5%** Consumer Staples
- **9.7%** Communication Services
- **9.1%** Financials
- **8.7%** Consumer Discretionary
- **7.4%** Materials
- **1.7%** Energy
- **1.7%** Unquoted Funds
- **1.1%** Utilities
- **0.3%** Real Estate



Source: BNP Paribas
as at 31 December 2021.

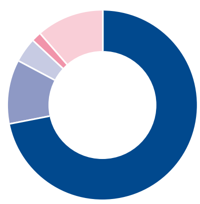
79%[3]

Active share at end 2021

We are active investors with a highly selective approach to portfolio construction. This is different from a passive fund which replicates a particular index.

COMPANY SIZE BREAKDOWN OF THE PORTFOLIO

- **72.0%** Large Cap
- **11.0%** Mid Cap
- **4.0%** Small Cap
- **1.7%** Unquoted Funds
- **11.3%** Investment Companies



Our investment approach

Talent

We search for the best fund managers worldwide, choosing managers to complement each other, not to cover all styles. Our managers are active investors and construct high conviction portfolios focusing on their best ideas.

This high level of conviction produces portfolios which are differentiated from their benchmarks which they aim to outperform.

Experience

Founded in 1909, we have a long track record of producing capital and income growth. We have invested through challenging economic cycles, wars and political crises, helping put contemporary events into perspective. Since the adoption of the current multi-manager strategy in 2004, shareholders have enjoyed a share price total return of 514% versus 396% for Witan's benchmark and 226% for the MSCI UK Index.

Collective Wisdom

A one-stop shop for global equity investment, offering growth in capital and income.

Independence

Witan is an independent and self-managed investment company – dedicated to sustainable growth in its shareholders' wealth. Witan's employees are solely focused on the success of the Company.

Our independence means we simply seek, without pre-set constraints, to select the best managers available, in the interest of our shareholders.

Adaptable

Our multi-manager strategy allows us to respond to changes in long-term trends either by changing managers and investment style or investing via our specialist portfolio with managers who have expert knowledge of particular sectors or regions. Using gearing and derivatives we can also adapt our portfolio to short-term opportunities or to manage risk.

We search for the best managers around the world to create a portfolio that is diversified by region, investment sector and individual company level. This provides broad opportunities for investors and reduces the risks arising from reliance on a single manager.

Our highly experienced Board of directors and Executive have many years' collective experience of both managing assets, selecting managers and of delivering sound, independent governance.

Key performance indicators

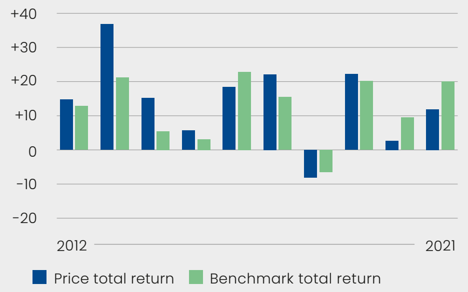
The financial key performance indicators ('KPIs') below are monitored as significant measures of longer-term success. With respect to non-financial measures, details of the Company's policies and compliance in relation to the UK Corporate Governance Code are set out in the Corporate Governance Statement on pages 48 to 56.

KPI → **OUTCOME** →

Share price total return [1]

The Company seeks at least 2% p.a. long-term outperformance in the share price total return

TOTAL RETURN PERFORMANCE (%)



The share price total return in 2021 was 11.9%, compared with the benchmark's return of 19.9%. The shortfall was partly because our NAV total return was less than that of the benchmark and partly due to a wider discount at year end. Over five years, the share price total return was 9.5% p.a. compared with 11.2% for the benchmark.

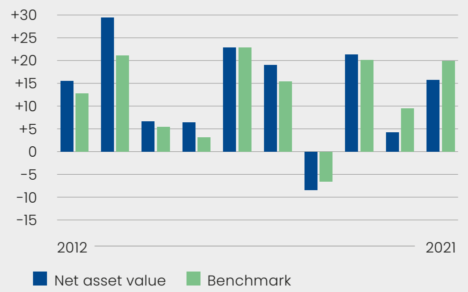
+11.9%

IN 2021

NAV total return [1]

The Company seeks at least 2% p.a. long-term outperformance in NAV total return, debt at fair value

TOTAL RETURN PERFORMANCE (%)



Witan's NAV total return in the year was 15.8%, compared with the return on our benchmark which was 19.9%. Over the past five years, the NAV total return was 9.8% p.a., compared with 11.2% for the benchmark.

+15.8%

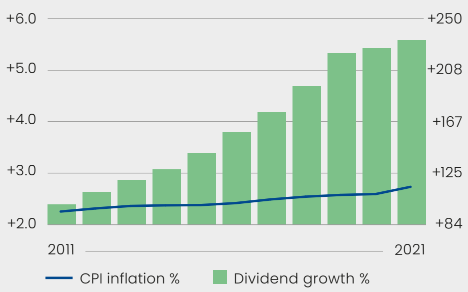
IN 2021

Dividend growth [1]

The Company seeks to grow its dividend ahead of the rate of inflation

aic DIVIDEND HERO

DIVIDEND PER SHARE GROWTH (%)



The dividend rose by 2.8% in 2021, which was ahead of the 2.6% average increase in the UK CPI during the year. This was Witan's 47th consecutive year of dividend increases. Over the past five years, the dividend has risen by over 47%, compared with a 13% rise in the UK Consumer Price Index.

+2.8%

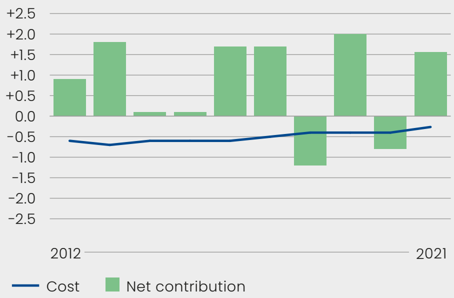
IN 2021

KPI → OUTCOME →

Net contribution from borrowings[(1)]

Gearing to contribute to returns, after interest costs

CONTRIBUTION FROM BORROWINGS (% OF NAV)



In 2021, gearing contributed 1.8% to returns before interest costs and 1.6% including interest costs. Gearing was varied around an average of c. 11% during the year, which amplified the benefits of rising markets. Interest costs were lower, benefiting from the repayment of a high cost debt instrument in 2020. Over the long term, as shown in the chart, gearing has been a material benefit to Witan's returns.

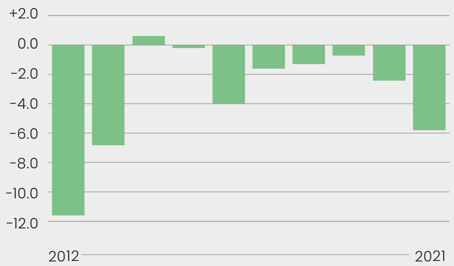
+1.6%

IN 2021

Discount/premium to NAV[(1)]

Achieve a sustainable low discount or a premium to NAV, taking account of market conditions

DISCOUNT/PREMIUM TO NAV PER SHARE



In 2021, the year-end discount was 5.8%, compared with 2.4% at the end of 2020. 2021's average discount of 6.9% was wider than that in 2020 (6.0%). A widening trend in recent years is also evident in a number of sector peers. Witan continued to buy back shares at a discount, which helps limit discount volatility and boosts the NAV for continuing shareholders. In 2021, we bought back 8% of our shares at an average discount of 7%. The resulting £10.7million uplift offset the majority of the Company's ongoing charges during the year.

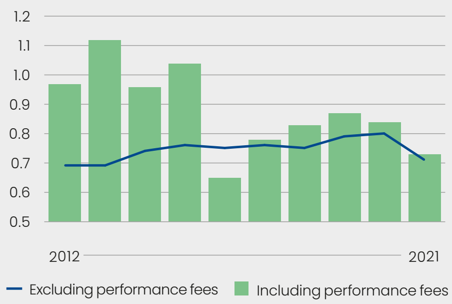
-5.8%

AT YEAR END

Ongoing Charges Figure ('OCF')[(1)]

Achieve an OCF as low as possible, consistent with choosing the best available managers

ONGOING CHARGES AS % OF AVERAGE NET ASSETS



In 2021, we achieved a significant reduction in the OCF, which was 0.71% (2020: 0.78%) excluding performance fees and 0.73% (2020: 0.82%) including them. There were also reductions in indirect costs from collective fund holdings, transaction charges and interest costs. Further details of costs are set out on page 43.

0.71%

IN 2021

(0.73% INCLUSIVE OF PERFORMANCE FEES)

(1) Alternative Performance Measures

The financial statements (on pages 86 to 111) 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 in the key performance indicators on pages 4 to 5. Definitions of the terms used are set out on page 115. 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 108.

What we do

Witan is an investment trust which aims to grow shareholders' wealth and outperform its benchmark through active investment in listed individual companies across a broad spread of global equity markets.

Portfolio structure

Witan's portfolio consists of two primary components: core and specialist. The core portfolio provides shareholders with access to a select but diversified group of managers investing in high-quality, predominantly large and mid-sized global companies. The specialist portfolio recognises that there are many attractive investment opportunities which fall outside the remit of most mainstream fund managers due to their size, domicile or their unlisted or specialist nature. The specialist portfolio aims to capture the potential for these themes to produce superior and often uncorrelated returns over the long run. This combination provides a one-stop shop for our shareholders to benefit from a wide variety of opportunities via a single investment in Witan.

Core portfolio

75% (1)

Global

65%

+/- 10%

UK

10%

+/- 5%

Managers employ a range of approaches to select from a broad universe of high-quality companies throughout the world.

The core portfolio includes companies with enduring cash flows, underappreciated growth prospects or undervalued, often cyclical businesses.

Meet the managers

see pages 26 to 32

Specialist portfolio

25% (1)

Managers able to deliver superior growth through specialist regional or sectoral expertise.

Direct holdings in collective funds. Actively managed with no fixed allocation.

Investments in Unquoted Growth funds

Provides exposure to specialist asset classes and other opportunities including Emerging Markets, Climate Change, Private Equity and Life Sciences.

(1) Indicative allocation +/-10%.

Underpinned by:

Disciplined risk management

see pages 37 to 39

Choosing our managers

We select third-party managers from across the world. Our team uses a variety of networks, databases and comprehensive due diligence to identify and interview potential managers. Shortlisted managers present to the Board, which takes the final decision on appointment.

What we look for from our managers

People Talented and accountable investment leadership, committed to serving their clients' interests

Process High-conviction portfolio construction, using clear and simple processes, with analysis taking account of secular change

Portfolio Investments characterised by long-term growth in sustainable cash flows and the integration of ESG principles

Performance Potential for material outperformance over the long term, after fees

For more information,
see pages 26 to 32

Capital allocation

We seek to add to performance by varying the use of gearing and a range of additional levers to adapt to different conditions.

Capital allocation framework

The Company seeks to set gearing at levels appropriate for market conditions, borrowing more when markets are attractively valued and less when returns are expected to be poorer.

Witan uses derivatives as transparent, cost-effective tools for efficient portfolio management and to help control risk.

For more information,
see page 14

Value creation

We aim to generate total returns which exceed the benchmark over the long term.

Outperformance of benchmark

6/10

years to 31/12/2021

NAV total return over past ten years

232.7%

vs

210.2%

for benchmark to 31/12/2021

Dividend growth over past ten years

8.8%

p.a.

Commitment to responsible investment

see pages 18 to 21

Chairman's Statement

Strong absolute returns from an incomplete recovery

Highlights

- Full-year NAV total return of 15.8%. Share price total return 11.9%
- The benchmark returned 19.9%, led by the US, whose return was disproportionately driven by five companies
- Ten-year NAV total return of 233%, compared with 210% for the benchmark
- Share price discount to NAV 5.8% at year end (2020: 2.4%)
- The NAV uplift from share buybacks offset the majority of the Company's ongoing charges during the year
- Dividend increased by 2.8% to 5.6 pence, more than double that paid in 2011 and an unbroken run of increases since 1974
- Became a signatory to the Net Zero Asset Managers initiative in early 2022

Andrew Ross
Chairman

Although this is the Annual Report for 2021, the outlook at the time of writing is dominated by the consequences flowing from the Russian invasion of Ukraine. Apart from the immediate suffering imposed on the Ukrainian people, the longer-term effects on international relations and economies are hard to predict. In investment terms, this calls for steady judgement and a long-term perspective.

Looking back, 2021 was a year of considerable progress for markets and it is pleasing to be able to report a 15.8% advance in your Company's NAV total return. However, progress was not smooth, with changing investor reactions to COVID-19 outbreaks, vaccination programmes, struggling global supply chains and rising interest rates causing erratic swings in market leadership.

The relative fortunes of 'COVID winners' and 'COVID losers' in the market tracked the fluctuations in news about the pandemic. The seasonal rise in cases in the Northern hemisphere and the rapid spread of the new Omicron variant meant that the year ended with renewed restrictions and a reversal in the share prices of companies linked to the reopening of economies.

These events were reflected in Witan's performance, which showed a strong absolute trend and was ahead of our global benchmark until the final furlong. Unfortunately, the last two months saw market leadership move away from the economically sensitive stocks which had served our managers well and a further dramatic shrinkage in the breadth of performance in the US market. Of the 500 companies in the index, in both 2020 and 2021 a disproportionate share of the US market's return (over 50% in 2020, over 30% in 2021) was generated by five technology-related stocks. This late correction meant Witan's NAV return was below the 19.9% return from our benchmark at the year end.

We believe our managers were right to be positioned for a broadening of economic recovery as, following the technology leaders' strong performance in 2021, the 2022 earnings prospects for a wider range of companies looked set to improve. In the early weeks of 2022, there was a correction in the highly rated technology sector and better performance from sectors seen as beneficiaries from economic recovery, such as natural resources and financials. However, the Russian invasion of Ukraine shifted the focus from hopes of a recovery from COVID-19 to the uncertainties created by an outbreak of war in Europe. This has made the outlook much less predictable, with much depending upon the duration, scale and outcome of the Russian aggression. Andrew Bell's CEO report covers these points as well as the macroeconomic backdrop in more detail.

The other aspect that impacted returns during the year was the widening of the discount. After a number of years during which the shares traded close to asset value, Witan is suffering from a sector-wide phenomenon of widening discounts despite the continuation of our share buyback programme. Your Board remains committed to this because we believe it offers heightened market liquidity and NAV enhancement for long-term holders.

Taking a longer-term perspective, since Witan adopted a multi-manager approach in 2004, we have beaten the returns on our benchmark and raised the dividend well ahead of the rate of inflation. Over the ten years to the end of 2021, Witan achieved a NAV total return of 233% and a share price total return of 255%, both of which exceeded the benchmark's 210% return.

RESPONSIBLE INVESTMENT

We have built on 2020's progress in formalising our engagement on Environmental, Social and Governance ('ESG') issues with our investment managers and continue to integrate ESG issues more deeply into our manager selection, investment analysis, risk management and the central oversight of our investment portfolio. Managing these risks is, in our view, inextricably bound up with the delivery of strong and sustainable returns for shareholders, not a separate activity.

The Responsible Investment section of the report is on pages 18 to 25. This highlights our activities in 2021 and shows the commitments your Board has made to the Net Zero Asset Managers initiative ('NZAM') and the UN Principles of Responsible Investment ('UNPRI'). It is notable that all our delegated external managers are signatories to the UNPRI and four out of eight have also committed to the NZAM in the past 12 months. These initiatives provide a structured framework for engagement and reporting on how we and our managers are addressing the regulatory and business risks associated with corporate governance, changing social attitudes towards business and meeting the objectives set out in the Paris Agreement on climate change.

However, I would like to concentrate here on Witan's attitude to Responsible Investment and our intentions for the future. As an investment company, we aim to make well-informed investment decisions that ensure that the pursuit of prosperity for our shareholders is not achieved at the expense of the planet or its people. Indeed, we believe companies which disregard this will fail to deliver sustainable returns to shareholders in the long term. Far from there being a conflict between good returns and responsible investing, managing your assets in line with these principles is key to achieving good returns that are sustainable in terms of businesses' strategies as well as the enterprises' wider acceptance by society.

We are therefore adopting a new target to ensure that Witan is managed in line with these beliefs. The target is that our portfolio will consist entirely of sustainable businesses (as defined on pages 20 and 21) by 2030 or earlier. This is in addition to the portfolio carbon reduction targets which we will commit to as a signatory to the NZAM. It is important to stress that this does not impose blanket exclusions on our managers (other than a prohibition on 'controversial weapons') as we believe that engagement with companies has a greater positive impact than divestment, as well as the potential for better returns for shareholders. We will, of course, continue working with our managers to ensure ESG issues are accounted for, to hold them to account where necessary and if warranted make changes to the manager line-up.

2021 DIVIDEND

A fourth interim dividend of 1.52 pence was declared in February 2022, payable on 18 March 2022. As a result, the dividend for the year increased by 2.8% to 5.60 pence per share (2020: 5.45 pence), ahead of the 2.6% average rate of UK consumer price inflation during the year. This was partly funded using £14.6 million from our revenue reserves (in 2020 we used £19 million).

The Board expects portfolio dividends to recover further in coming years and it is the Company's intention to continue to make use of these retained earnings to increase the dividend to shareholders annually while cover is rebuilt. If necessary, realised capital reserves could also be used, as part of a defined path towards our dividends once again being fully funded by revenue earnings.

We have increased the dividend every year for the last 47 years. The latest dividend is more than double that paid in 2011 and well ahead of inflation over the period, albeit that dividend growth is likely to be slower in coming years as dividend cover is rebuilt.

BOARD COMPOSITION

The Board consists of eight directors, seven of whom are non-executive, representing a broad diversity in background, experience, ethnicity and gender. This fulfils the primary need to have the right balance of skills to oversee the Company's affairs while fully meeting formal corporate governance guidelines on diversity.

In terms of length of service on the Board, there is a balance to be struck between stability and change. Six of Witan's seven non-executive directors have been appointed within the past two to six years, while Suzy Neubert, our Senior Independent Director has, exceptionally, ten years' service on the Board, providing an essential element of continuity. All directors stand for re-election each year.

AGM

We very much look forward to being able to meet shareholders in person at this year's AGM, after two years when the AGM had to be conducted remotely. Our 114th Annual General Meeting will be held on 5 May 2022, at the Merchant Taylors' Hall. For those not able to attend in person, there will be the opportunity to attend the meeting virtually and put questions to the Board. Details will be included in the formal notice of the meeting which will be sent to shareholders at the end of March.

Andrew Ross
Chairman
15 March 2022

CEO's review of the year

Recovery hopes clouded by Russian aggression

Although the Russian war against Ukraine currently overshadows the outlook for 2022, this report covers events in 2021. Where 2020 was defined by the shock of the pandemic and the search for a way to combat it, 2021 marked a turning of the tide, as vaccines, more effective treatment of the sick, help from fiscal and monetary stimulus and the adoption of new systems of working and routes to market began to alleviate the health consequences and economic costs of COVID-19. Progress was uneven, with some countries experiencing the worst of their outbreaks, while others saw improving trends. Consequently, despite the case numbers through the year showing signs of improvement in the severity associated with successive infection waves, the mood remained hesitant. This was clearly illustrated by the reaction to the more contagious Omicron variant towards the year end, with renewed lockdowns in some European economies and the reintroduction of travel restrictions.

As noted in the Chairman's Statement, fluctuating hopes for an end to the pandemic, and differing regional experience, were reflected in changeable trends within investment markets. An early rise in bond yields and cyclically sensitive stocks was reversed in the summer when a slowdown in economic growth played on fears of renewed recession and rekindled interest in highly rated faster-growing companies. This was followed in turn by a rise in inflation, as companies were unable to meet the surge in demand from reopening economies. There was unexpected disruption to production in key sectors, such as autos and semiconductors, and in labour markets, where several factors (including early retirement, reduced international mobility, health worries) have reduced the number of people seeking employment in a resurgent economy. Energy prices also rose sharply, as the growth in sustainable non-polluting sources of energy is not yet sufficient to accommodate the world's growing overall demand for energy at a time when oil and gas output has stalled due to supply restrictions from OPEC and the effect of several years of weak capital investment.

By the year end, some central banks began to curtail the exceptional liquidity support provided during the crisis and to raise interest rates in response to this rise in inflation, helped by confirmation of a revival in growth after the pause during the summer.

Nonetheless, the developed world's equity markets enjoyed a buoyant year, fuelled by abundant liquidity and sharply recovering earnings. Global equities finished the year up 20%, led by a 30% rise in the US. The UK (+19%) and Europe (+18%) also delivered a strong recovery. Emerging markets and Asia fared less well, owing to slower vaccination rates and lockdowns associated with successive pandemic waves. The Pacific Basin fell 2%, Japan rose only 2% and Emerging Markets declined by 1%.

WITAN'S PERFORMANCE

Witan's net asset value ('NAV') total return in 2021 was +15.8%. This strong absolute return was outstripped late in the year by the return on our global benchmark which was 19.9%. Our share price total return was 11.9%, owing to the discount ending the year wider than at the end of 2020. For most of 2021, our performance was ahead of our global benchmark, but the end of the year coincided with renewed lockdowns and a setback to recovery hopes.

Despite the uncertainties created by Russia's aggression in Ukraine, our managers believe that being positioned for a recovery from the COVID-19 pandemic and the prospect of a broadening economic recovery is appropriate, although the timing has become less certain and the risks have increased. Witan's portfolio includes core holdings of quality growth companies offering compounding earnings growth, as well as exposure to sectors expected to benefit from the post-pandemic reopening of economies, from decarbonisation, and from the growth in infrastructure spending.

PRINCIPAL PERFORMANCE DRIVERS

The financial statements on pages 86 to 111 set out the required statutory reporting measures of the Company's financial performance.

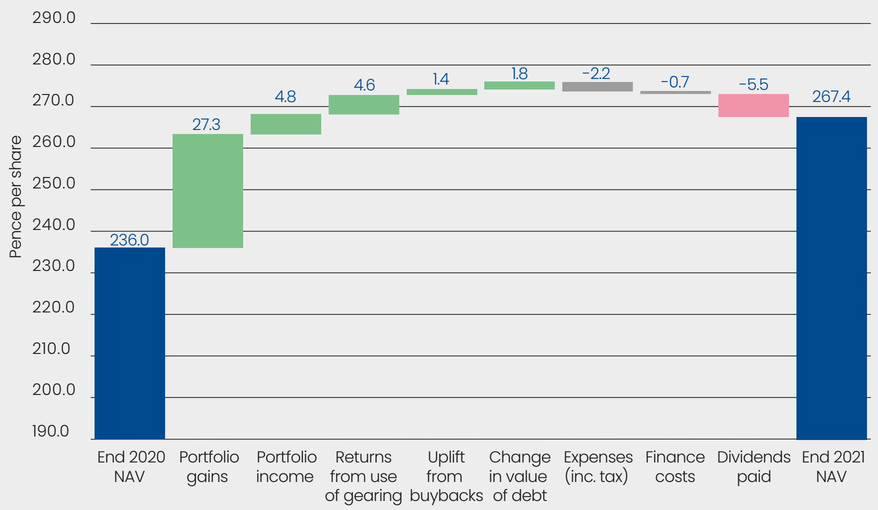
The chart to the right shows the contributions (in pence per share) attributable to the various components of investment performance and costs, which together add up to the rise from the 236.0 pence starting NAV to the year-end NAV of 267.4 pence, after the payment of dividends to shareholders.

A breakdown of the relative performance attribution in 2021 (based on the Company's financial statements) is shown in the table on page 12.

Witan benefited from maintaining a significant level of gearing during the year (amplifying our portfolio gains) and from taking advantage of the widening in our discount to buy back 8% of our shares, which generated an uplift in NAV of £10.7 million (offsetting the majority of our ongoing charges). In addition, the rise in gilt yields reduced the fair value of our fixed-rate debt, benefiting the debt at fair value NAV. By contrast, our external managers collectively underperformed significantly during the year, so our overall returns lagged our benchmark.

The benefits of gearing and buybacks are meant to be the icing on the cake in performance terms but in 2021 our cake did not fully rise to the occasion. This was a disappointing relative outcome in the short term. However, the portfolio is positioned for a normalisation of economic activity as the pandemic becomes less acute, while paying close attention to the new risks posed by Russia's invasion of Ukraine in late February.

NAV BRIDGE



STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

CEO's review of the year continued

PORTFOLIO STRUCTURE AND MANAGER PERFORMANCE

Our portfolio is structured with c. 75% allocated to mainstream 'core' managers (five global, one UK) and the 25% balance allocated to specialist regional or sector managers; up to 15% may be invested in investment companies offering exposure to faster-growing or otherwise attractive asset categories.

There were no changes to the six core managers in 2021, although the allocation to Jennison was gradually increased. Their focus on companies with exceptional growth prospects is attractive for the long term and we have taken advantage of tactical opportunities to add to our small initial allocation (which reflected the elevated performance of growth companies at their appointment date in August 2020). During the first half of the year, we reduced the Lansdowne allocation on several occasions following outperformance and we added to Lindsell Train and GQG late in the year. This followed their underperformance of global equities which we do not expect to be sustained, although we can rationalise it given the cross-currents of 2021's markets (with quality growth portfolios being derated and emerging markets underperforming).

We sold the Matthews Asian portfolio in April and the Latitude global portfolio in October, the former to remove a previous structural overweighting of Asian equities, the latter to concentrate allocations upon our core global managers.

We increased our allocation to the GMO Climate Change fund in May and October, reflecting our increasing conviction in this as a long-term growth area. The fund has delivered strong returns since purchase in 2019 and 2021's price consolidation offered a good chance to increase our exposure.

We invested in two specialist funds during the year, both unavailable to individual investors. The first, in July, was an £18 million investment in Lindenwood, a fund managed by Greenoaks Capital Partners, a San Francisco based specialist technology investor. The fund invests in selected unquoted technology companies, seeking to identify future winners in the sector at an earlier stage rather than simply investing in the known leaders in the quoted markets. The second, in October, was to invest £20 million (1% of assets) in the Lansdowne Opportunities fund, a fund which invests in mostly unlisted companies capitalising on the intellectual property of the UK's leading universities. Lansdowne has long-established links in this area and the position was funded by realising assets from our existing Lansdowne global portfolio.

Our third-party managers implement mandates set by the Company. Each manager's mandate, benchmark, investment style and date of appointment are shown on pages 28 to 31. Their returns during the year and since appointment are set out in the table opposite (page 13). Highly unusually, only one of our external managers (GQG) outperformed its benchmark during the year, despite many being ahead for most of the year. However, over the longer term since inception, most of the principal current managers have outperformed their benchmarks, despite a difficult performance environment in 2021. The exceptions are Lindsell Train (appointed with a global mandate at the start of 2020, after nine years successfully managing a UK portfolio for Witan) and Jennison (August 2020).

In the case of Lindsell Train, the market appeared to have an appetite for either fast-growing profitable technology stocks or selected cyclical sectors during 2021. The more steadily growing mainstream consumer areas favoured by Lindsell Train were bypassed and, after many years when this strategy performed well, they lagged the global benchmark by over 13% in 2021. There was also adverse sentiment towards several holdings such as London Stock Exchange (which completed a large acquisition in 2021) and some Japanese holdings (affected by COVID-related weak conditions in the Japanese and Chinese consumer markets). Jennison was ahead of the global market for much of the year but, reflecting its focus on fast-growing companies, performance was volatile, and the year end coincided with a reversal in sentiment towards this area. The weakest absolute performance came from GQG's emerging markets portfolio. Although they outperformed the emerging market universe, emerging markets had to contend with extended COVID-19 disruption (partly owing to the delayed availability of vaccines) and with the lockdown and regulatory disruptions to China's economy during the year.

BREAKDOWN OF THE PERFORMANCE ATTRIBUTION IN 2021 (%)

Net asset value total return	**15.8**	Portfolio total return (before costs)	**13.5**	
Benchmark total return	**19.9**	Benchmark total return	**19.9**	
		Relative investment performance	**-6.4**	
		Investment management costs	**-0.5**	
		Investment contribution		**-6.9**
		Gearing impact	**1.8**	
		Borrowing costs	**-0.2**	
		Gearing contribution		**1.6**
		Effect of changed fair value of debt	**0.9**	
		Share buybacks	**0.6**	
		Other contributors		**1.5**
		Other operating costs and tax	**-0.3**	
				-0.3
Relative performance[1]	**-4.1**			**-4.1**

(1) N.B. Figures may not sum due to rounding.

STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

The markets are no respecters of financial reporting calendars, with a dip in our portfolio's relative performance coinciding with the year end. The changeable investment environment meant that out of 11 sectors in total, the only sectors to outperform global market indices in 2021 were information technology and financials, together with two smaller sectors (energy and real estate). This is an unusual assortment of 'winners' which is rarely held in combination by active managers. Without being remotely complacent, we believe Witan's external managers are well positioned, and appropriately diversified, to deliver outperformance in coming years and the Board is closely focused on securing a turnaround in the manager underperformance of the two pandemic years.

DIRECTLY HELD INVESTMENTS

The return on the portfolio of directly managed investment company holdings was +19%, marginally lagging the 19.9% return from our composite benchmark but the best absolute portfolio return during the year. The listed private equity funds (amounting to 52% of the total) all delivered strong returns. Apax Global Alpha rose 23.9% and Princess Private Equity was up 21.6%. We trimmed the latter in December following a strong run. Electra Private Equity delivered a 56.7% return over the year, despite falling back during a period of market indigestion late in the year. This followed its split into two separate companies, Hostmore being the Fridays restaurant chain and Electra itself (renamed 'Unbound') consisting of an online retail platform including the Hotter Shoes brand.

Our holding in Schroder Real Estate Investment Trust rose 45.3%, having been depressed by poor sentiment towards the sector during the pandemic lockdowns. We added significantly to the position at that time, since when the dividend has increased, the NAV has risen, and the shares' discount has narrowed.

The BlackRock World Mining Trust delivered a return of 17.5% over the year. This masks a period of significant earlier strength, when we reduced our exposure before adding to it again during the summer, when the mining sector weakened. The trust, although invested in an energy intensive sector, is managed according to best ESG practice and gives Witan exposure to metals (notably copper) that are essential to electrification programmes and reducing the carbon intensity of the world economy. On the environmental theme, we invested 1% of assets in the VH Sustainable Energy Opportunities fund, to take advantage of growing investment in power generation which does not require fossil fuels.

INVESTMENT MANAGERS' PERFORMANCE

			Witan assets managed as at 31.12.21[1]		Performance in 2021 %		Performance since appointment[2] %	
Investment manager	Mandate	Appointment date	£m	%	Manager	Benchmark	Manager	Benchmark
Core								
Jennison	Global	31.08.20	143.1	6.3	10.1	20.1	17.3	22.3
Lansdowne	Global	14.12.12	431.6	18.9	17.5	20.1	15.4	14.2
Lindsell Train	Global	31.12.19	335.6	14.7	4.0	20.1	8.6	16.5
Veritas	Global	11.11.10	427.2	18.7	17.1	20.1	14.0	12.4
WCM	Global	31.08.20	261.6	11.5	16.9	20.1	23.5	22.3
Artemis	UK	06.05.08	142.3	6.1	16.0	18.7	9.2	5.8
Specialist								
GMO	Climate Change	05.06.19	106.2	4.7	13.0	20.1	24.3	16.6
GQG	Emerging Markets	16.02.17	148.8	6.5	0.2	(1.3)	11.0	6.7
Unquoted Growth	Specialist Funds	02.07.21	37.9	1.7	n/a	n/a	(5.2)	6.9
Witan Direct Holdings	Specialist Funds	19.03.10	247.9	10.9	18.8	19.9	12.0	10.1

(1) Amount and percentage of Witan's investments managed, excluding centrally managed cash.
(2) The percentages are annualised where the date of appointment was more than one year ago.

CEO's review of the year continued

> **Since March 2010, the direct holdings portfolio has delivered a compound annual return of 12%, outperforming Witan's benchmark by 1.9% p.a.**

On the downside, after a strong 2020, Syncona had a disappointing year in share price terms but not before we significantly pruned the position at elevated prices. 2021's weak performance was principally due to a reduction in its premium to NAV from over 30% at the start of the year to an estimated 6% at the year end. The NAV fell by 4% during the year, owing to substantial declines in three holdings listed on the Nasdaq market, where early-stage biotech stocks were out of favour. The pandemic had delayed trials of their innovative drug treatments, but a number of results are expected during 2022 which will determine future progress. Towards the year end, Syncona agreed the sale of their largest holding, Gyroscope Therapeutics, to the Swiss pharmaceutical company Novartis, for a price which represented a 55% IRR on Syncona's investment and resulted in a 16% uplift to its prevailing NAV. This continued the management team's successful record of profitable exits from investments. Despite the price falls in its quoted holdings, which weighed on its overall 2021 NAV performance, we believe Syncona gives Witan access to a differentiated and successful investment area that mainstream managers cannot offer.

The remaining holding of note, the NB Distressed Debt fund, which represents under 0.4% of assets, is in run-off, awaiting the optimal opportunity to realise the remaining investments. Its total return over the year was 4.4%.

The portfolio held 10.2% of assets at the start of the year and was 10.9% of the investment portfolio at the end of 2021. Over the period since March 2010, it has delivered a compound annual return of 12%, outperforming Witan's benchmark by 1.9% p.a. Aside from performance, it gives Witan's shareholders exposure to specialist asset categories that our core managers (and many shareholders themselves) do not cover.

GEARING ACTIVITY DURING THE YEAR

Gearing was varied according to opportunity during the year, ranging from 9.1% to 13.4%. The average of 10.7% boosted returns by 1.8% in the year, or 1.6% after taking account of the (mostly fixed) interest charges. Gearing has contributed positively to returns in eight out of the past ten years, as illustrated in the KPI chart on page 5.

Under its Articles of Association, the Company may borrow up to 100% of the adjusted total of shareholders' funds. However, the Board's longstanding policy is not to allow gearing (as defined on page 115) to be more than 20%, other than temporarily in exceptional circumstances. Where appropriate, the Company may hold a net cash position.

At the end of 2020, net gearing (the total value of borrowings less cash) was 12.3% of net assets. At the end of 2021, gearing (on the same basis) was 11.3%.

STRUCTURE OF BORROWINGS

The Company has fixed-rate borrowings (including £2.6 million preference shares) of £158 million, consisting principally of:

Secured Notes 2035 3.29%	**£21m**
Secured Notes 2045 3.47%	**£54m**
Secured Notes 2051 2.39%	**£50m**
Secured Notes 2054 2.74%	**£30m**

The Company has a £150 million one-year borrowing 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. The drawn balance was £98 million at the end of 2021 (2020: £109 million). The average interest rate on the Company's fixed-rate borrowings is 3.0% (2020: 3.0%). The average interest rate, including short-term borrowings, is currently 2.1% (2020: 2.0%).

Witan will 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.

DERIVATIVES ACTIVITY

There was no derivatives investment activity during the year.

DIVIDEND AND REVENUE PERFORMANCE

The Company has already paid three quarterly dividends of 1.36 pence per share in respect of 2021 which, together with the fourth interim dividend of 1.52 pence per share, increases the total distribution for the year to 5.60 pence (2020: 5.45 pence). At the end of 2020, retained revenue reserves were £52 million (after deducting the fourth interim dividend payment). The purpose of such reserves is to enable income payments to shareholders to be supported during leaner times, and £14.6 million was used towards funding the 2021 dividend (2020: £19.0 million).

Revenue earnings per share rose by almost 17% to 3.6 pence per share in 2021, with the recovery quickening through the year. The recovery in revenue earnings has facilitated an increase in the dividend, an increased level of dividend cover and a lower call on past revenue reserves.

The Board has reviewed the prospects for portfolio dividend growth in 2022 and future years and, recognising the importance for many shareholders of a reliable and growing income, intends to use revenue reserves to bridge what is expected to be a narrowing gap between portfolio revenue earnings and the dividends paid to shareholders. The Board anticipates dividend cover improving each year, alongside continued annual dividend growth.

2022 DIVIDENDS

The first three quarterly payments for 2022 (in June, September and December) will, in the absence of unforeseen circumstances, be paid at a rate of 1.40 pence per share (2021: 1.36 pence), being one quarter of the 5.60 pence per share full-year payment for 2021. The fourth payment (in March 2023) will be a balancing amount, reflecting the difference between the three quarterly dividends already paid and the payment decided for the full year.

WITAN'S SHARES IN THE MARKET – LIQUIDITY AND DISCOUNTS

Witan is a member of the FTSE 250 Index, with a market capitalisation of over £1.8 billion.

The Board has always paid attention to discount-related issues and has, over many years, made significant use of share buybacks, when Witan's shares have stood at a discount, as well as being prepared to issue shares at a premium to NAV to meet demand from investors. Both actions are accretive to NAV, provide liquidity in the market and help to moderate discount volatility.

WITAN INVESTMENT TRUST DISCOUNT TREND

The discount trend during the past five years is illustrated in the chart below. Although the discount narrowed in the second half of 2021, it remained wider than the pre-pandemic trend (along with many of our peers), despite the more positive market environment. Witan was active in buying back shares, helping to moderate the level of the discount, as well as delivering an uplift to NAV. During the year 63.7 million shares were bought back (8% of the total at the start of the year), at an average 7% discount to NAV, which resulted in an uplift to NAV of £10.7 million, or 1.4 pence per share. For perspective, this sum exceeds the investment management fees paid to our external managers, offsetting the majority of the Company's ongoing charges.

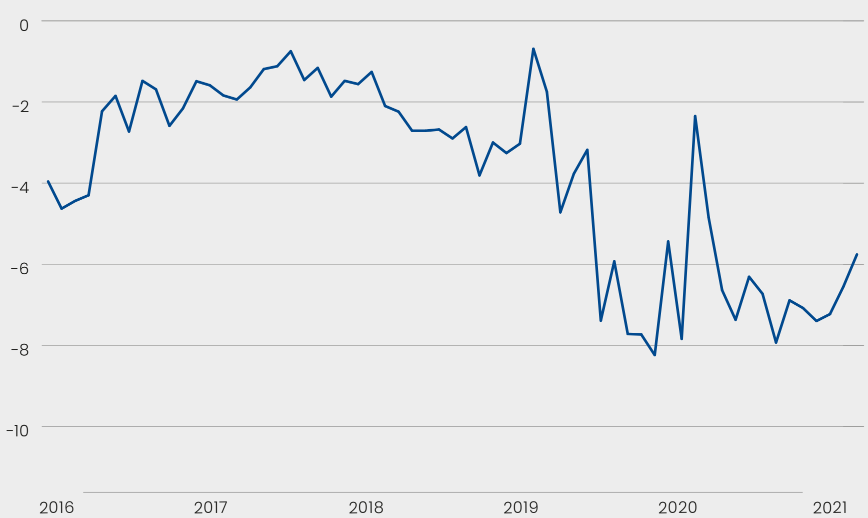
The discount finished the year at 5.8% (2020: 2.4%) and the average discount during the year was 6.9% (2020: 6.0%).

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 remains prepared to buy back shares at a discount to NAV or to issue shares (though only at a premium). It remains a long-term objective to create sustainable liquidity in Witan's shares at or near to asset value and the robust actions taken over the past two years are evidence of this continuing commitment.

OUTLOOK

The early weeks of 2022 saw a contrast between the accelerating numbers of cases of COVID-19 and increasing hopes that the Omicron variant responsible was less of a threat to most of those infected. Effective vaccines and improved therapeutic treatments for those most affected offer hope that 2022 will be the year when the world learns to coexist with a virus that is becoming endemic. This, of course, depends upon the continued global vaccine rollout, wider availability of treatments for those most seriously affected and immunity holding up against future mutations of the virus.

WITAN DISCOUNT TO NET ASSET VALUE (%)



CEO's review of the year continued

The reopening in many economies that was interrupted in 2021 seems likely to resume in 2022, which will deliver significant recoveries in the service sectors which have been most affected, notably travel and hospitality. Supply disruptions (caused by the speed of the bounce-back in growth during 2021, allied to the impact of COVID-19 on component factories, ports and transport logistics) are moderating, allowing a recovery in key manufacturing sectors, including autos.

On top of this hoped-for cyclical rebound, there are two new drivers of future growth, namely the interrelated areas of infrastructure and measures to combat global warming. Over coming decades, the power generation, heating and cooling of premises and transportation sectors are set to be re-engineered to reduce dependence on coal and hydrocarbons.

This will create opportunities in the emergent industries as well as obsolescence risks for incumbents. The US is also set to embark on a programme of repairing and renewing its ageing civil engineering infrastructure, while the EU has agreed a €750 billion Next Generation EU investment programme to help support economies adversely affected by the pandemic.

Resurgent growth, damaged production systems (due to COVID-19 effects) and an energy crisis caused by premature disinvestment in oil and gas have caused inflation to surge in many economies. This has been exacerbated by the surge in energy prices following Russia's military aggression in Ukraine. Whilst some of the inflation drivers may be transient, others are potentially structural – the cheapness of goods from emerging markets is waning, supply chains are being shortened, pandemic-related changes in the workforce may endure and governments seem set to run bigger deficits.

Central bank policy is turning. The Bank of England has raised rates twice and the US Federal Reserve is phasing out its liquidity-boosting bond purchases and signalling rate rises during 2022. The resulting rise in bond yields has implications for equities as well as for relative returns within the markets. Rapidly growing companies (in many cases 'pre-profit') have been rerated in recent years due to a lower discount rate being applied to the major proportion of their value represented by sales far into the future. We have seen a reality check for some of the most optimistically valued parts of the markets at a time of improving dividend cheques from the laggards. As investors in undervalued growth (rather than cheapness alone) we have been surprised by the widening disparity in ratings within the markets.

We believe central banks will stop short of aggressive rises as, given the debt burden in major economies, high rates would rapidly impact growth. This is aside from the hard-to-forecast effect of the Russian invasion on economic confidence, particularly in Europe. Furthermore, moderate inflation is an effective way to reduce debt burdens, particularly if (as in the decades after the Second World War) it coincides with consistent economic growth. Both governments and central banks seem likely to seek (or condone) faster inflation than the 2% norm of recent decades, while hoping that government bond yields remain low. This policy, of financial repression, depends upon buyers of government bonds either being surprised by inflation or being under pressure to hold them (e.g. requirements for banks to hold gilts as liquidity, pension funds and insurers matching assets and liabilities).

Although equity market valuations are high by historic standards, interest rates remain exceptionally low. Rising interest rates will shift the burden onto earnings growth to offset potential PE derating, acting as a headwind for equities, presumably more so where valuations have expanded the most speculatively. With the exceptional liquidity injections of recent years now being withdrawn by central banks, amid rate increases aimed at tackling unexpectedly high inflation, 2022 already looked like a year when a more selective, value-conscious approach to equities was called for, while bond yields below prevailing inflation rates appeared increasingly hard to justify. Added to this, the actual and potential ramifications of the Russian military aggression against Ukraine make the immediate outlook less predictable, calling for steady judgement, a long-term approach and a focus on distinguishing substance from mirage in investment terms.

Andrew Bell
Chief Executive Officer
15 March 2022

Stay in touch

- The Company maintains a website (www.witan.com), to enable investors to keep up to date with developments at Witan and to make informed decisions when considering Witan shares for their investment portfolios. The website is regularly refreshed with new information and includes Investor Disclosure and Key Information Documents. Any investor who would like to be kept informed by email of developments at Witan (including factsheets and newsletters) can register on the Company's website (www.witan.com) or by sending their details to contact@witan.co.uk.

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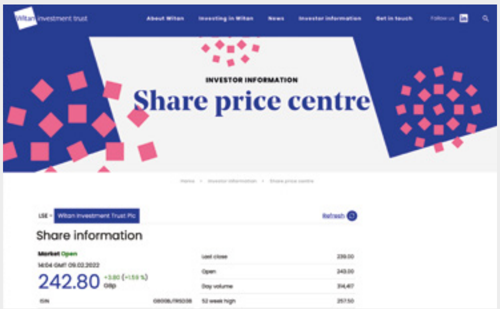
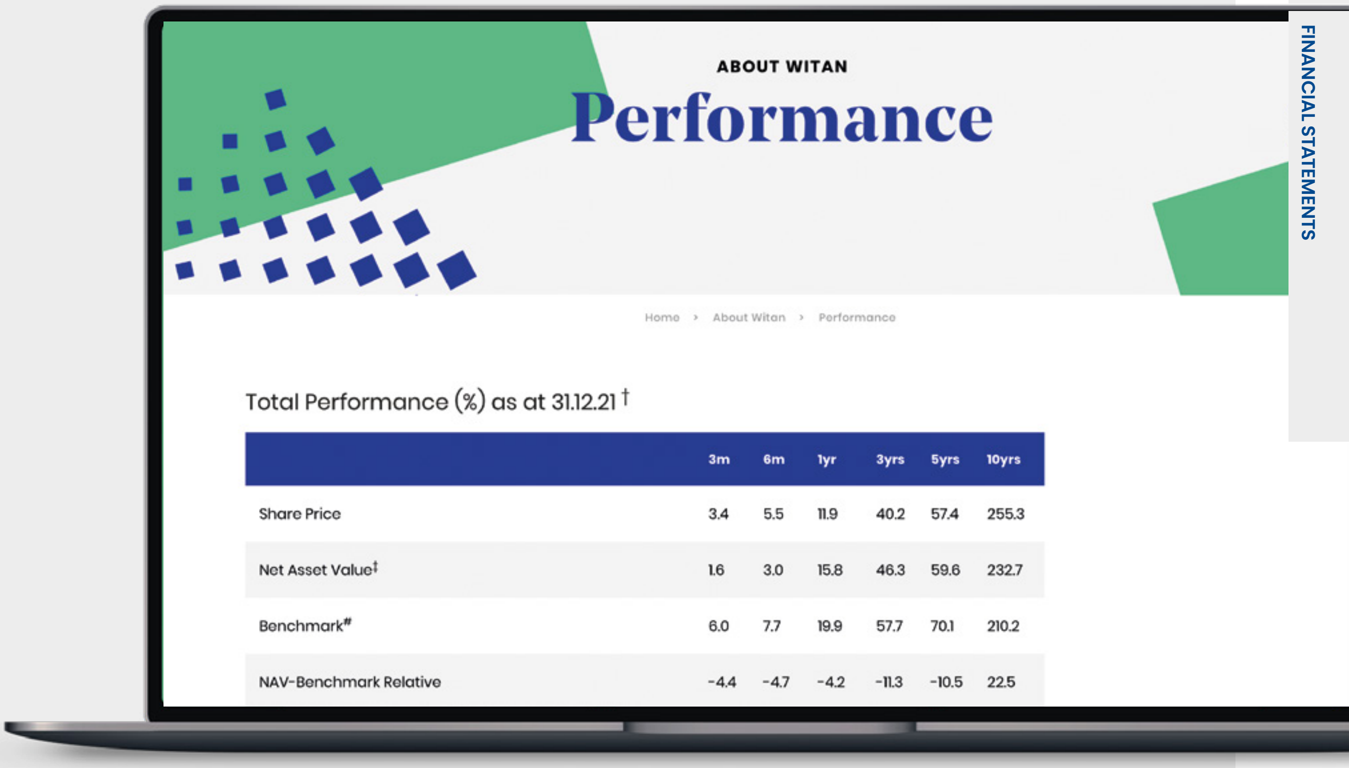




Driving prosperity through responsible investment in sustainable businesses

Our responsible investment policy

As an investment trust, Witan is an integral part of the wider financial system that powers the global economy. The global economy is facing a significant challenge: ensuring that prosperity does not come at the expense of the environment and wider socio-economic development. Witan's responsible investment strategy continues to evolve both to respond to this challenge and to capitalise on the opportunities it presents.

Witan's role in the world is to allocate capital effectively to businesses that can generate long-term, outstanding investment returns for the benefit of our shareholders.

Far from there being a conflict between good returns and responsible investing, owning well-managed businesses with attractive and undervalued growth prospects is key to achieving returns that are sustainable. Well-run businesses incorporating resilient business practices with sustainable cash flows are likely to perform better than companies which are at risk of disruption, litigation, regulation, or loss of business because of poor ESG practices.

As an investment company, Witan aims to make well-informed investment decisions to ensure our pursuit of prosperity for our shareholders is not detrimental to people and the planet. This entails integrating these considerations into our manager selection, investment analysis and oversight of our investment portfolio. Our commitment to Net Zero Asset Managers initiative ('NZAM') is core to this approach.

It is the role of Witan's appointed fund managers to identify investment opportunities that deliver superior returns for our investors. We provide oversight, holding managers to account and making changes to the manager line-up, if warranted.

"The pursuit of prosperity is achieved by working in partnership with our fund managers to ensure Witan invests in sustainable businesses

DEVELOPING OUR STRATEGY

Although Witan's direct corporate footprint is small, the scale of our portfolio means we must consider its wider impact to ensure investee companies adopt sustainable business models for the benefit of all stakeholders.

Witan has developed a comprehensive but targeted strategy that reflects Witan as a business, our role in the world and what is most important to us. The strategy has been designed with consultation and full support from the Board. It is embedded across all of Witan and is conveyed to the fund managers we engage.

GOVERNING OUR APPROACH

Witan has embedded sustainable considerations across our entire investment approach, not just in a limited part of our portfolio. Blanket exclusions, with the exception of controversial weapons, run counter to this strategy. The investment managers the Company engages are required to invest responsibly, with the expectation that its principles will be adopted by the companies we invest in.

The Board and the Investment Team review and take ownership of this strategy. Members of the Board and Investment Team are responsible for the delivery of our strategy and the due diligence and monitoring of how our managers engage and consider sustainability-related issues.

Witan has developed a comprehensive but targeted strategy that reflects where Witan can have the biggest positive impact, namely the characteristics of our investment portfolio and our engagement with the companies in it. We believe that capital allocation and engagement have more long-term impact than an exclusionary approach. The visual below provides more detail on Witan's strategy, target and focus areas.

Drivers

Climate change

Change in societal expectations

Responses

Net zero transition

Stewardship

Our strategy is to ensure that our portfolio will entirely consist of sustainable businesses by 2030.

Our own responsibility

We will identify and implement all the steps necessary to ensure that Witan is itself a 'sustainable business' by addressing our own carbon footprint and ensuring we have experienced management, skilled employees and strong corporate governance with an inclusive and diverse culture. Our ownership structure ensures that we are aligned with our shareholders.

Fund manager engagement

Witan ensures that 'sustainable business' thinking is embedded in our investment processes and that these policies are integrated into the direction of our fund managers. Our commitment to NZAM is core to this approach. We regularly engage with our fund managers to inform them of our expectations and to ensure they are equipped with the insights and tools to drive sustainable progress in their portfolios. Managers who fail to meet these expectations will not be appointed or retained.

Witan

Industry advocacy

As a multi-manager investment fund, Witan will advocate a sustainable approach, principally through our membership of industry initiatives and our network of asset managers.

Portfolio stewardship

Witan works with our fund managers to engage with the companies we are invested in. Through this engagement and using our votes as shareholders, we use the tools at our disposal to influence business culture and to ensure our managers are considering issues including net zero. As part of our active management strategy, our fund managers engage with investee companies to hold them to account when they fall short of the criteria of being a 'sustainable business'. This is the foundation for delivering good returns for shareholders as well as a sustainable economy.

Driving prosperity through responsible investment in sustainable businesses continued

What this means to us

Prosperity

What this means to Witan

Prosperity flows from the success of companies with sustainable cash flows, exhibiting good corporate behaviour, strong stakeholder engagement and a respect for their shareholders. Such businesses have a long-term outlook, are adaptive to changes in the sustainable economy and likely to provide better returns to shareholders over the long run.

What does this look like?

- A robust purpose, vision and ambition based on a strong culture and values
- Businesses which are well positioned to benefit from long-term tailwinds, with a competitive advantage and high barriers to entry
- Companies which are growing but where growth prospects are under-appreciated
- Good corporate governance with strong policies and compliance
- Regular and open engagement with stakeholders to ensure both internal and external risks and opportunities are identified

“

We believe that every sustainable business is underpinned by a strong culture and set of values that encourage the right behaviour.

Andrew Bell, CEO

People

What this means to Witan

A company that has a strong and experienced management team (and Board) with an inclusive and diverse culture that respects the well-being of its customers and others within the organisation, its value chain and its community.

What does this look like?

- A committed management team with deep and relevant experience overseen by a strong and independent Board
- A diverse and inclusive work force with a clear commitment to adopt and integrate ESG principles and sustainable working practices
- A focus on customer and client service excellence
- A remuneration policy which is commensurate with responsibility, fair by industry and regional standards and which strikes a balance between the interests of the employees and other stakeholders

“

A sustainable business backs up its commitments with investment and action particularly in the area of diversity and inclusion.

Andrew Ross, Chairman

Witan has served its shareholders for over 110 years by evolving to meet the challenges presented by an ever-changing world. We believe that investing in well-managed 'sustainable businesses' is the foundation for achieving good returns for our shareholders as well as for a better future for the planet and its people. But what defines a 'sustainable business'? We have identified four key elements which define a truly sustainable business. Our target is that, by 2030, Witan's listed equity portfolio will entirely consist of such businesses.

Planet

What this means to Witan

A company with a clear strategy and roadmap to minimise its environmental impact and, wherever possible, to transition towards net zero by 2050 in line with global efforts to limit warming to 1.5°C. Additionally, a company which is positioned to help accelerate the energy transition and or carbon reduction.

What does this look like?

- A strategic approach to assess, limit and, where possible, eliminate environmental impacts including emissions
- A commitment to follow Science Based Targets, in its climate change approach
- A clear roadmap to minimise environmental risk and capitalise on opportunity
- Transparent disclosure around environmental impacts

“

Companies which are aligned with, or help enable, the net zero transition stand to benefit from measures to curb or mitigate global warming while those that do not are at risk from obsolescence and financial or regulatory headwinds.

James Hart, Investment Director

Partnership

What this means to Witan

A company that is open to collaboration, stakeholder engagement and participation in industry initiatives which promote good practice. A company that is transparent in acknowledging mistakes and addressing issues where they arise, working to deliver a more sustainable future.

What does this look like?

- Membership of key industry coalitions to address global and regional issues
- The implementation of multi-stakeholder strategies to work in partnerships, whether internal or external
- A clear position on the key corporate challenges, led by management

“

The key thing is what companies are doing rather than just saying. Political and 'coalition' engagement is a good start but has to translate into action.

Jack Perry, Non-Executive Director

Driving prosperity through responsible investment in sustainable businesses continued

Our activity in 2021

Against a backdrop of one of the hottest years on record and the global pandemic, responsible investing became the key issue within the financial sector and across the wider investment community. Building on our track record to date, we continued to work in partnership with our managers to encourage businesses to become more sustainable in their pursuit of good returns for shareholders as well as planet and people.

FULFILLING OUR RESPONSIBILITY

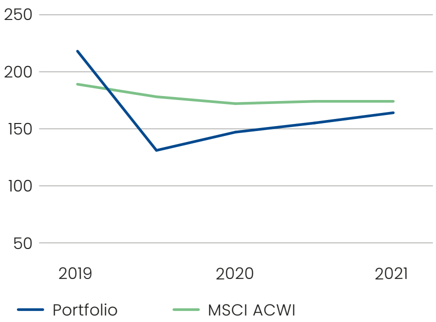
As an investment trust with six employees, Witan has a minimal corporate footprint. Nevertheless, we have taken steps to manage and disclose our environmental, social and governance impacts.

Witan's direct environmental impacts consist of our energy, water and paper consumption, waste production, and the transport related to our commuting and business travel. Based in serviced offices in London, this year we stopped using non-recycled paper throughout the business and eliminated plastic from our presentation materials to clients. We also replaced halogen bulbs with LEDs throughout the office to reduce our energy consumption.

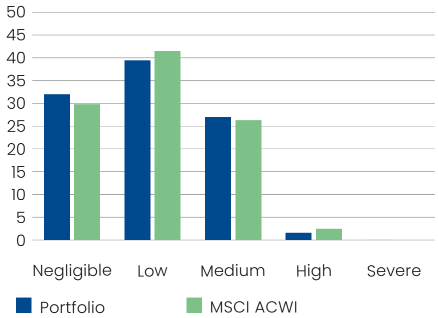
Looking ahead to 2022, Witan will measure and disclose the carbon footprint of our operations in London to set our baseline. We will also remove bottled water from our offices completely and phase out the consumption of other single-use materials.

Out of six direct employees of the Company, 50% are female (2020: 50%). Consisting of seven non-executive directors, the Board has three female directors (2020: 2).

PORTFOLIO CARBON INTENSITY tCO_2



CARBON RISK



ENGAGING OUR MANAGERS

As part of our ESG commitment, Witan ensures that our responsible investment strategy is embedded in our investment processes. We have been signatories of the United Nations Principles for Responsible Investment ('UNPRI') since 2019. Witan's policies reflect these principles and are integrated into our direction to our external fund managers. Because our portfolio is the result of our external investment managers' investment decisions, our requirement is that Witan's managers integrate responsible investing into their investment analysis and investment decision making. All Witan's managers have ESG policies to this effect in place and, to underline this, all our external fund managers were signatories to the UNPRI (2020: all).

We regularly engage with our fund managers to inform them of our expectations. At least yearly we assess each of the Company's external managers' ESG credentials and performance through ESG-focused due diligence meetings. Witan also receives regular reporting on ESG compliance from the external fund managers. Managers who fail to meet our expectations would not be appointed or retained to invest money on behalf of Witan shareholders.

Looking ahead to 2022, Witan will continue to regularly engage with our external fund managers on responsible investment practices.

STEERING OUR PORTFOLIO

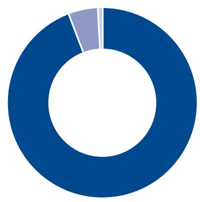
Investing in 'sustainable businesses' is at the core of our responsible investment strategy. With our target to ensure that 100% of our portfolio consists of 'sustainable businesses' by 2030, we work closely with our fund managers to invest in the right businesses. As part of our active management strategy, fund managers must hold their investee companies to account when they fall short of the criteria of being a 'sustainable business' and use engagement tools to promote changes. This is the foundation for delivering good returns for shareholders as well as a sustainable economy.

The Witan Executive assesses each of the Company's external managers' portfolio investments every year.

In 2021, five out of eight externally managed portfolios achieved a Low Carbon Designation from Morningstar. In aggregate, 71.4% (2020: 73%) of Witan's portfolio was assessed as having a low to negligible carbon risk with less than 4% fossil fuel involvement. Only 1.6% of our portfolio carries a high carbon risk (2020: 1.5%). On all these indicators Witan performs better than the MSCI All Country World Index which in 2021 carried 2.5% high and 71.2% low or negligible carbon risk with 7.5% fossil fuel involvement.

Another measure of a portfolio's environmental performance is its carbon intensity, expressed in metric tonnes of CO_2 emitted per million US dollars of revenue. Witan's portfolio carbon intensity, as calculated by Sustainalytics/Morningstar, was 164 tCO_2 in 2021 (2020: 156 tCO_20), while the MSCI All Country World Index had a carbon intensity score of 174 tCO_2 (2020: 165 tCO_2). It is important to note that, whilst we expect this figure to decline over time, in line with our commitment to reach net zero by 2050, the progress towards that target may not be linear. Additionally, we continue to focus on a company's contribution to long-term global carbon reduction rather than its own historic carbon footprint. Provided, of course, that these companies are 'best-in-class' and on a clear path to reduce emissions over time.

VOTING SUMMARY



- **94.2%** Votes with management
- **5.1%** Votes against management
- **0.7%** Votes abstain

Witan regularly reviews voting and engagement records of our fund managers. Through engagement and voting strategies, Witan and our fund managers use all the tools at our disposal to improve business culture and to support our portfolio companies on their net zero and multi-stakeholder strategies.

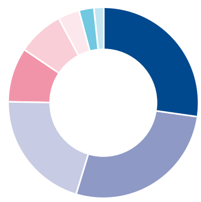
One of the primary engagement tools is voting and, in 2021, Witan's fund managers voted on over 97% of the proposals of our portfolio companies. Of those votes, 94.2% was with management (2020: 93.4%) and 5.1% against management (2020: 6.0%).

We saw a big increase in votes against management around the issue of compensation: this accounted for 27.4% in 2021 (2020: 19.2%). This was the issue most voted against, closely followed by capital management and director-related issues. There were small increases in votes against management on environmental and social issues at 1.5% and 3.7% respectively in 2021 (2020: 2.7% and 5.2%).

Witan joined the Net Zero Asset Managers initiative ('NZAM') in 2021. The NZAM is an international group of asset managers committed to supporting investing aligned with net zero emissions by 2050 or sooner. In 2021, 50% of our managers signed up to the NZAM (2020: 0%).

Looking ahead to 2022, Witan will define our NZAM commitments in more detail, focusing on reducing the carbon risk and carbon intensity of our portfolio further. We will also identify what we can do to strengthen our engagement on social and governance issues.

CATEGORISATION OF VOTES AGAINST MANAGEMENT



- **27.4%** Director related
- **27.4%** Compensation
- **20.6%** Capital management
- **9.2%** Routine/Business
- **7.7%** Corporate
- **3.7%** Social/Human rights
- **2.5%** Other
- **1.5%** Health, safety, environmental

OUR INDUSTRY ADVOCACY

As a multi-manager investment trust, Witan expects the financial system to help drive long-term sustainability objectives. Alongside our membership of UNPRI and NZAM, we became a supporter of the Transition Pathway Initiative ('TPI') in 2021. At the core of the TPI sits a tool that helps us assess our portfolio's preparedness for the transition to a low carbon economy. This will enable us to identify further opportunities for engagement with our investments.

Ahead of COP26 in November 2021, we also supported The Investor Agenda's 2021 Global Investment Statement to Governments on the Climate Crisis. Witan joined more than 450 global investors, representing $41 trillion in assets, to call on countries to commit to net zero and to bring in legislation on mandatory climate reporting for companies. This is part of our overall engagement with the Institutional Investors Group on Climate Change ('IIGCC') in 2021.

Looking ahead to 2022, Witan is committed to continue its public advocacy around sustainable businesses. We will work with our managers responding to what we learn from our portfolio, such as in the case studies on the next page.

Driving prosperity through responsible investment in sustainable businesses continued

Our engagement in practice

Peloton Interactive: using ESG as proxy for good management

Company
Peloton Interactive

Country
US

Sector
Consumer Services

A core aspect of responsible investment is regularly engaging with a wide range of stakeholders, in order to enhance company performance. A good example of the importance of stakeholder engagement was Peloton. Peloton is the world's largest interactive fitness platform. Founded in 2012, the company pioneered connected, technology-enabled fitness and on-demand streaming of instructor-led classes.

Following a fatal accident involving a Peloton treadmill in early 2021, our manager held a call with the company's CFO to discuss product safety. Although the company emphasised that health and safety were of paramount concern, our Manager was concerned with the apparent lack of urgency with which company leadership was addressing the issue. When the company issued a voluntary (not mandatory) recall for the product, the manager decided to sell the position for our portfolio. Subsequent further reports of treadmill accidents led to the possibility of a class-action suit being filed against Peloton. Swift and decisive action by our manager enabled Witan to exit the position above the purchase cost, avoiding the subsequent fall of 50% in the share price.

Witan and its managers are, as investors, important stakeholders in the listed equity companies we invest in, but we also look at their overall stakeholder engagement for signals that they have the culture and processes to act on feedback. Executives that approach stakeholder engagement strategically and manage it systematically are in our opinion more future-focused and more likely to succeed longer term.

Diageo and Heineken

Company
Diageo and Heineken

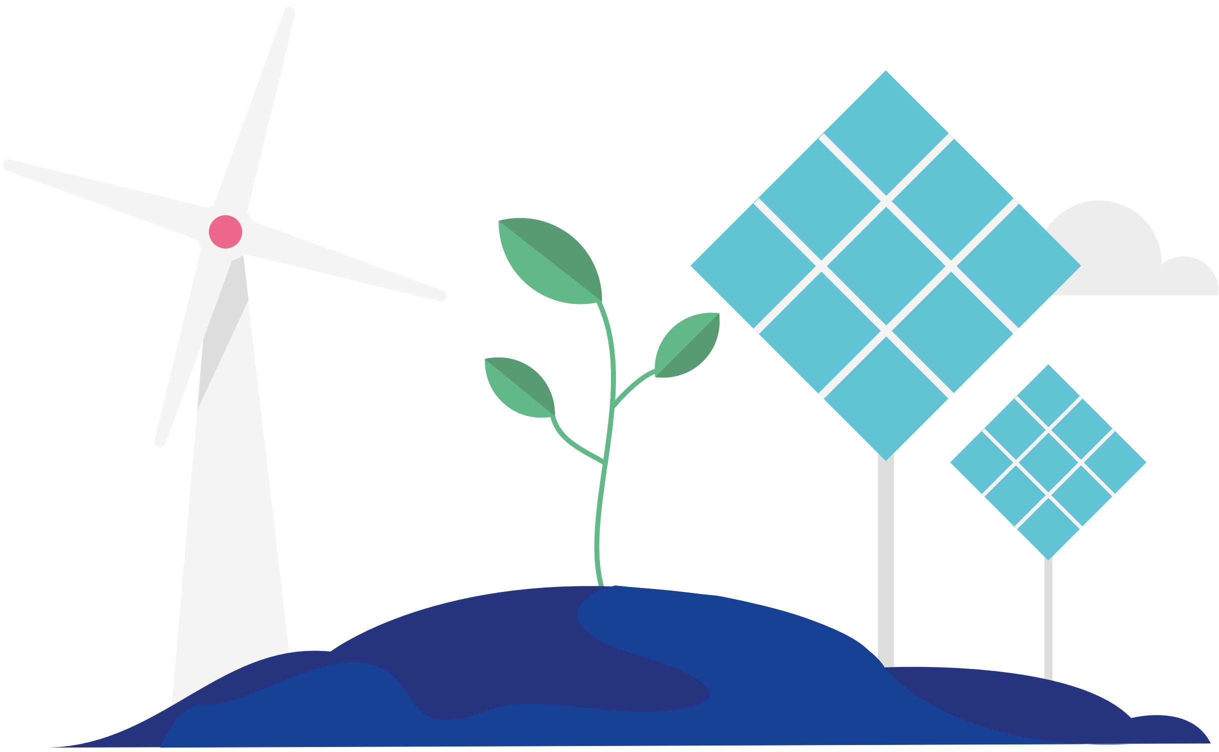
Country
UK/Netherlands

Sector
Consumer staples

The Manager engaged with Diageo and Heineken on their initiatives to promote drinking in moderation. Diageo's strategy is focused on encouraging their customers to drink less and drink better, while Heineken has had tremendous success with its zero-alcohol beer brand. Heineken 0.0 is now available in over 60 countries, making it the fastest scaling of a brand in Heineken's 150 year history.

Whilst healthier drinking is at the forefront of Manager engagement with these companies, environmental issues are not being overlooked. The Manager engaged with Heineken and Diageo on their environmental policies and strategy. These, as well as social initiatives, are summed up in Heineken's 'Brew a Better World' and Diageo's 'Society 2030: Spirit of Progress' initiatives.

Heineken has made progress with environmental targets now integrated into their operating framework and progress is being made on clean energy adoption, although this is currently region-specific due to a shortage of clean energy in some areas. Diageo are similarly stretching their ambitions. They are integrating ESG metrics ever more strongly into business performance and long-term share rewards. Notable projects include a new solar farm for a Scottish distillery and the opening of a carbon neutral bourbon distillery in Kentucky. Both companies are also committed to a significant reduction in water consumption, supporting sustainable agriculture in their supply chain and social inclusion in their workforce and local communities. There is work to be done for both companies, especially to reach their Net Zero targets, but there is clear evidence of progress.



Meet the managers

Structuring our portfolio

Drawing on our experience to deliver collective wisdom

We act as a one-stop shop for global equity investment. We search for the best fund managers internationally, so the portfolio is not reliant on the stock-picking skills of one individual. The multi-manager team-based approach ensures that the portfolio embraces many companies, sectors and geographies.

However, the sheer variety of investment opportunities means that they are not always obvious or easy to reach.

Some managers focus on large, well-known companies; while others might seek to profit from pioneering businesses in specialist sectors. However, investment opportunities evolve over time. When that happens, we can appoint or replace managers accordingly.

Our breadth of expertise adds value throughout the asset allocation process as follows:

Identifying opportunities › **Selecting the right managers** › **Monitoring the portfolio** › **Engaging with managers** › **Making changes where appropriate**

Witan's investment team

Andrew Bell and James Hart manage Witan's portfolio of direct holdings in specialist investment companies, as well as having overall responsibility for Witan's investment portfolio, under the direction of the Board.

Andrew Bell
Chief Executive Officer,
Witan Investment Trust

James Hart
Investment Director,
Witan Investment Trust

Identifying opportunities

What sets Witan apart is our unique, diversified but high-conviction portfolio structure, consisting of two distinct but complementary elements: core and specialist. This gives shareholders access to a range of investments with the aim of providing better returns over the long term while short-term performance may be quite different from that of the Company's benchmark.

Core portfolio

The core portfolio accounts for 75%
It is predominantly invested in global, large cap listed companies with strong fundamentals generating enduring cash flows or with underappreciated growth prospects. Our core portfolio managers tend to have concentrated, high-conviction portfolios with low portfolio turnover.

Specialist portfolio

The specialist portfolio accounts for 25%
It provides exposure to a range of key investment themes best accessed through managers with specialist knowledge. Through our due diligence process, we identify long-term themes which offer the ability to deliver higher returns and outperformance. Current investment themes include:

- Climate change
- Emerging markets
- Unquoted growth companies
- Listed private equity
- Life sciences

These are held either via segregated portfolios, or funds held within the direct holdings portfolio.

Selecting the right managers

We identify managers who can demonstrate independence of thought and a clear alignment of interest between themselves and their clients. They will have a clearly articulated and repeatable investment process, a high degree of intellectual rigour and sound judgement to enable them to identify attractive companies and combine them into concentrated, differentiated portfolios.

All of our managers are signatories to the UNPRI and each is expected to demonstrate a clear commitment to incorporating ESG factors into their investment process.

Monitoring and engaging with our managers

We meet with our managers regularly to discuss investment and governance issues and we expect them to uphold the highest fiduciary standards. As part of our investment process, we can adjust manager selection and allocations to ensure we create a combined portfolio which can deliver consistent long-term outperformance, while our multi-manager structure helps reduce the risks associated with a single management style.

Meet the managers continued

Core portfolio managers

We have six portfolio managers in our core portfolio.

JENNISON ASSOCIATES

2021 performance

Jennison Associates, LLC	**10.1%**
MSCI ACWI	**20.1%**

6.3%
Witan assets
2020: 4.8%

Name:
Mark Baribeau

Style:
Companies with exceptional growth prospects

Benchmark:
MSCI ACWI

Inception date:
31/08/2020

UNPRI signatory:
Yes

JENNISON ASSOCIATES, LLC

Mark Baribeau, Head of Global Equities at Jennison Associates, seeks to invest in a portfolio of market-leading companies with innovative business models, positively inflecting growth rates, and long-term competitive advantages. Mark, along with co-portfolio manager Tom Davis and a team of global sector analysts, employs a high-conviction, concentrated approach that is sector, region and country-agnostic. The team invests in a select group of companies with innovative and disruptive businesses that are driving structural shifts in their respective industries. They also look for companies with defensible business models and attractive product offerings, supported by secular demand trends. The portfolio typically has between 35 and 45 holdings and securities must meet stringent standards in order to remain or earn a place in the portfolio.

LANSDOWNE PARTNERS

2021 performance

Lansdowne Partners	**17.5%**
MSCI ACWI	**20.1%**

18.9%
Witan assets
2020: 19.4%

Name:
Peter Davies

Style:
Concentrated, benchmark-independent investment in developed markets

Benchmark:
MSCI ACWI

Inception date:
14/12/2012

UNPRI signatory:
Yes

LANSDOWNE PARTNERS

Founded in 1998, Lansdowne Partners has evolved to become one of the UK's pre-eminent investment management boutiques. The Long Only Developed Markets Strategy, managed by Peter Davies and Jonathon Regis, combines a detailed thematic approach with rigorous company analysis to identify an adaptable portfolio positioned for underappreciated or contrarian trends. The two lead managers benefit from the support provided by a team of experienced and insightful analysts who tend to focus on key sectors of interest to the team.

The high-conviction portfolio is the result of detailed company-specific research, allied with an appreciation of global thematic developments. The team is willing to make significant adjustments to the portfolio to reflect its view of the changing investment landscape.

LINDSELL TRAIN

2021 performance

Lindsell Train	**4.0%**
MSCI ACWI	**20.1%**

14.7%

Witan assets
2020: 13.6%

Name:
Nick Train and Michael Lindsell

Style:
Long-term growth from undervalued brands

Benchmark:
MSCI ACWI

Inception date:
01/09/2010[1]

UNPRI signatory:
Yes

(1) Lindsell Train managed a UK portfolio from 01/09/10 until 31/12/19.

LINDSELL TRAIN

Lindsell Train, headed by Nick Train and Michael Lindsell, is guided by four investment beliefs: investors undervalue durable, cash-generative business franchises; concentration can reduce risk; transaction costs are a 'tax' on returns; and dividends matter even more than you think. These tenets have led to the creation of a high-conviction portfolio of approximately 20 stocks which they describe as "rare and beautiful assets" with a focus on those businesses with truly sustainable business models and/or established resonant brands. In building the portfolio they focus on companies demonstrating long-term durability in cash and profit generation. Lindsell Train Limited is a small company with about 20 employees. This small size allows the two founders and their team the freedom to concentrate on investment issues. The ownership structure allows the partners to focus on long-term performance rather than short-term market 'noise'. This clear sense of purpose and single-minded pursuit of investment excellence is a key distinguishing feature of Lindsell Train's approach.

Veritas — Asset Management

2021 performance

Veritas Asset Management	**17.1%**
MSCI ACWI	**20.1%**

18.7%

Witan assets
2020: 18.6%

Name:
Andy Headley

Style:
Real return objective from high-quality companies

Benchmark:
MSCI ACWI

Inception date:
11/11/2010

UNPRI signatory:
Yes

VERITAS ASSET MANAGEMENT

Andy Headley, Head of Global Strategies at Veritas, uses a number of research methods to help identify industries and companies that are well positioned to benefit from medium-term growth, regardless of where they are located. The aim is to generate excellent real returns and minimise the risk of permanent capital loss. Potential investments are analysed from an absolute basis rather than relative to any benchmark or index. This equity portfolio follows a Global Focus strategy, investing with a disciplined approach to valuation in 'quality' mid to large capitalisation companies. It typically contains fewer than 30 stocks, chosen with a highly selective and rigorous approach, and is focused on a handful of investment themes.

Meet the managers continued

Core portfolio managers

WCM INVESTMENT MANAGEMENT

2021 performance

WCM	**16.9%**
MSCI ACWI	**20.1%**

11.5%
Witan assets
2020: 9.5%

Name:
Mike Trigg

Style:
High-quality companies with strong culture and increasing competitive advantage

Benchmark:
MSCI ACWI

Inception date:
31/08/2020

UNPRI signatory:
Yes

WCM INVESTMENT MANAGEMENT

Based in Laguna Beach, California, WCM is an independent asset management firm that runs focused portfolios, comprised of high-quality businesses with growing economic moats, aligned with strong, adaptable corporate cultures, and supported by durable global tailwinds. The portfolio is concentrated in 30-40 high-conviction investments with the objective of securing long-term excess return and downside protection. As an active manager, WCM believes that their investee companies have meaningful structural advantages which, when allied with a 'buy and manage' low turnover approach, will allow long-term outperformance of the relevant benchmark.

ARTEMIS
The Profit Hunter

2021 performance

Artemis	**16.0%**
FTSE All-Share	**18.7%**

6.1%
Witan assets
2020: 6.4%

Name:
Derek Stuart

Style:
Recovery/special situations

Benchmark:
MSCI UK IMI

Inception date:
06/05/2008

UNPRI signatory:
Yes

ARTEMIS

Derek Stuart, manager of Artemis's UK Special Situations strategy, aims to achieve superior long-term growth by looking for unrecognised growth potential in companies, often those that are unloved or out of favour. The strategy, which favours smaller and medium-sized companies, identifies hidden value within 'problem investments', which can be companies in need of new management or refinancing or are suffering from investor indifference.

The focus on those companies which can help themselves rather than relying on a change in the business climate aims to avoid 'value traps' and other risks associated with a 'special situations' strategy. The Artemis team places great emphasis on personal knowledge of management teams and meets with them regularly. This helps them understand what can be achieved and how aligned management are with shareholders. The portfolio typically has fewer than 50 holdings.

Specialist portfolio managers

Each of our specialist portfolio managers is an expert in one of our chosen themes.

GMO

2021 performance

GMO	**13.0%**
MSCI ACWI	**20.1%**

4.7%

Witan assets

2020: 3.1%

Name:
Lucas White

Style:
Companies positioned to benefit from climate change mitigation/adaptation efforts

Benchmark:
MSCI ACWI

Inception date:
05/06/2019

UNPRI signatory:
Yes

GMO

GMO was co-founded in 1977 by the well-known investor and climate-focused philanthropist, Jeremy Grantham.

The investment process is grounded in a long-term, valuation-based investment philosophy – an approach which GMO believes provides the best risk-adjusted returns. The Climate Change strategy seeks to deliver high total return by investing primarily in equities of companies that are positioned to benefit, directly or indirectly, from efforts to curb or mitigate the long-term effects of global climate change, to address the environmental challenges presented by global climate change, or to improve the efficiency of resource consumption. As climate change is among the most important investment issues facing investors today, GMO believes that there are exceptional opportunities for long-term investors in a world mobilising to address climate change.

GQG PARTNERS

2021 performance

GQG Partners	**0.2%**
MSCI Emerging Markets	**-1.3%**

6.5%

Witan assets

2020: 6.2%

Name:
Rajiv Jain

Style:
High-quality companies with attractively priced growth prospects

Benchmark:
MSCI Emerging Markets

Inception date:
16/02/2017

UNPRI signatory:
Yes

GQG PARTNERS

GQG Partners' Emerging Markets Equity strategy seeks to invest in high-quality companies with attractively priced future growth prospects. Portfolio manager Rajiv Jain focuses primarily on high-quality, large-cap companies in emerging market economies and employs a fundamental investment process to evaluate each business. The resulting portfolio, which is constructed without reference to benchmark country weights, seeks to limit downside risk while providing attractive returns to long-term investors over a full market cycle. GQG Partners' portfolio aims to participate in the growth that emerging economies promise to deliver over the long term, while avoiding some of the risks that are often associated with individual countries and stocks within their investment universe.

Meet the managers continued

Specialist portfolio managers

Witan investment trust

A selection of specialist collective funds investing in both quoted and unquoted companies, with the overall objective of outperforming Witan's equity benchmark. These specialist themes tend to be outside the scope of investment for most equity investment managers.

2021 performance

Direct Holdings	18.8%
Unquoted Growth	N/A[1]
Benchmark	19.9%

10.9%
Direct Holdings
2020: 10.2%

1.7%[1]
Unquoted Growth
2020: N/A[1]

Name:
Witan

Style:
Specialist collective funds

Benchmark:
Witan's benchmark

Inception date:
19/03/2010

UNPRI signatory:
Yes

(1) Invested during 2021

DIRECT HOLDINGS

Private equity

Apax Global Alpha (3.1%)
Extensive portfolio of private equity investments in growing sectors.

Princess Private Equity (1.7%)
Portfolio of private equity investments managed by Swiss-based Partners Group.

Electra (0.1%)
Private equity fund in realisation mode.

Hostmore (0.9%)
Owner and operator of TGI Friday's UK casual dining franchise spun out of Electra.

Life sciences

Syncona (1.2%)
A healthcare investment company focused on founding, building and funding global leaders in innovative life sciences.

Commodities

BlackRock World Mining (1.5%)
Fund investing in mining and metal assets worldwide, principally via listed securities.

Real estate

Schroder Real Estate (1.1%)
Fund of UK commercial real estate investments.

Clean Energy

VH Global Sustainable Energy(1.0%)
Diversified energy infrastructure investments focused on accelerating the energy transition.

Credit

NB Distressed Debt (0.3%)
Portfolio of distressed, stressed and special situations investments in realisation situations.

UNQUOTED GROWTH

Lansdowne Opportunities (0.9%)
Invests mostly in unquoted companies capitalising on the intellectual property of leading universities.

Lindenwood (0.8%)
Invests in unquoted, high growth companies, seeking the next generation of technology leaders.

Forty largest investments

Top 40 investments:

Company			Market value of holding £m	% of portfolio
1	GMO Climate Change	Specialist fund investing in companies which benefit from efforts to curb or mitigate the effects of climate change	106.2	4.8
2	Apax Global Alpha	Investment company offering exposure to private equity investments in the Technology, Services, Healthcare and Consumer sectors	68.3	3.1
3	Unilever	Multi-national consumer goods company with food, home care and personal care divisions	41.9	1.9
4	Alphabet	The holding company for Google	40.3	1.8
5	Princess Private Equity	Investment company providing exposure to a portfolio of private equity investments	38.2	1.7
6	BlackRock World Mining	Diversified fund investing in mining and metal assets worldwide	33.4	1.5
7	Taiwan Semiconductor Manufacturing	The world's largest dedicated semiconductor foundry	32.8	1.5
8	Intuit	Develops and markets business and financial software solutions	30.9	1.4
9	Diageo	UK-based global leader in spirits and liqueurs and owner of the Guinness beer brand	30.2	1.3
10	Charter Communications	US cable telecommunications company offering broadcasting, internet, voice, entertainment and business services	28.2	1.3
11	Syncona	Healthcare fund focused on founding, building and funding a portfolio of innovative life science companies	27.6	1.2
12	Heineken	The world's second largest brewer offering premium brand and zero-alcohol beers	26.5	1.2
13	Schroder Real Estate	An investment trust offering exposure to a diversified portfolio of UK commercial real estate	24.5	1.1
14	CVS Health	A US integrated pharmacy healthcare provider	23.8	1.1
15	BT	Home, work and mobile telecoms services provider offering broadband, TV and internet products and networked IT services	22.7	1.0
16	RELX	Global provider of information and analytics for professional and business customers across industries	21.9	1.0
17	Nintendo	Gaming console company which develops, manufactures and sells video game hardware and software	21.8	1.0
18	VH Global Sustainable Energy	Fund of diversified energy infrastructure investments focused on accelerating the energy transition	21.8	1.0
19	Microsoft	Operating systems, server applications, business and consumer applications, software development tools and internet software	21.5	1.0
20	NatWest	A UK-based banking and financial services company	21.5	1.0
Top 20			**684.0**	**30.9**

The top ten holdings represent 20.3% of the total portfolio (2020: 19.6%).
The full portfolio is not listed because it contains over 250 companies.

Top 40 investments:

	Company		Market value of holding £m	% of portfolio
21	**Amazon.com**	Online retailer and provider of on-demand cloud-computing platform services	21.1	1.0
22	**Hostmore**	Owner and operator of TGI Friday's UK casual dining franchise	20.5	0.9
23	**Lansdowne Opportunities Fund**	Fund investing mostly in unquoted companies capitalising on the intellectual property of leading UK universities	20.4	0.9
24	**Thermo Fisher Scientific**	Offers medical products and services to the pharmaceutical and biotech industry, hospitals and research & diagnostic organisations	20.0	0.9
25	**Lloyds Banking**	UK-based banking and financial services company	19.5	0.9
26	**London Stock Exchange**	Operates international equity, bond and derivatives markets and provides indexing and financial data services	19.0	0.9
27	**PepsiCo**	Global beverage, snack and food business	18.8	0.8
28	**Mondelez**	Multinational confectionery and snack food company	18.7	0.8
29	**PayPal**	Technology platform offering online, digital and mobile payment solutions to consumers and merchants	18.1	0.8
30	**Canadian Pacific Railway**	Transcontinental railway providing freight and container services across its network in Canada and the United States	17.9	0.8
31	**Lindenwood**	Fund investing in unquoted, high growth companies, seeking the next generation of technology leaders	17.4	0.8
32	**Baxter**	Develops, manufactures, and markets essential healthcare products	17.3	0.8
33	**BAE Systems**	Manufactures military aircraft, surface ships, submarines, radar, avionics, communications, electronics and guided weapon systems	17.1	0.8
34	**Meta**	Social media company which operates under the Facebook, Instagram, Messenger, WhatsApp, Oculus, Workplace, Portal and Novi brands	16.9	0.8
35	**Shopify**	Global cloud-based e-commerce platform offering retailers and brands a bespoke and customisable, multi-channel retail presence	16.8	0.8
36	**Walt Disney**	Global entertainment company with operations in media networks, theme parks, studio entertainment and direct-to-consumer networks and channels	16.6	0.7
37	**Vinci**	Global leader in construction and concessions management with expertise in building, civil, hydraulic and electrical engineering	16.2	0.7
38	**LVMH**	Diversified luxury goods company, produces and sells wine, cognac, perfumes, cosmetics, luggage, watches and jewellery	16.1	0.7
39	**Safran**	Supplies aerospace and defence systems with a focus on aircraft engines, propulsion systems and ancillary services	15.8	0.7
40	**Catalent**	Healthcare company which supports pharmaceutical, biotech and consumer health innovators with delivery technologies, development, drug manufacturing, biologics, gene therapies and consumer health products	15.4	0.7
Top 40			**1,043.6**	**47.1**

Classification of investments

at 31 December 2021

		North America %	United Kingdom %	Continental Europe %	Asia Pacific (ex Japan) %	Japan %	Latin America %	Other[1] %	Total 2021 %
Energy	Energy	0.4	0.1	0.5	0.1	–	0.3	0.3	1.7
		0.4	**0.1**	**0.5**	**0.1**	**–**	**0.3**	**0.3**	**1.7**
Materials	Materials	2.0	1.8	2.5	0.4	–	0.2	0.5	7.4
		2.0	**1.8**	**2.5**	**0.4**	**–**	**0.2**	**0.5**	**7.4**
Industrials	Capital Goods	2.0	1.9	2.5	0.3	0.1	–	0.2	7.0
	Commercial & Professional Services	0.4	1.7	–	–	–	–	–	2.1
	Transportation	1.9	0.9	1.3	–	–	–	–	4.1
		4.3	**4.5**	**3.8**	**0.3**	**0.1**	**–**	**0.2**	**13.2**
Consumer Discretionary	Automobiles & Components	0.7	–	0.4	–	–	–	–	1.1
	Consumer Durables & Apparel	0.6	0.1	2.0	0.1	–	–	–	2.8
	Consumer Services	0.3	1.1	0.9	–	–	–	–	2.3
	Retailing	2.0	0.2	–	0.1	–	0.2	–	2.5
		3.6	**1.4**	**3.3**	**0.2**	**–**	**0.2**	**–**	**8.7**
Consumer Staples	Food & Staples Retailing	0.4	0.3	–	–	–	–	–	0.7
	Food, Beverages & Tobacco	1.9	1.7	2.4	0.2	–	0.1	–	6.3
	Household & Personal Products	0.3	1.9	0.2	–	1.1	–	–	3.5
		2.6	**3.9**	**2.6**	**0.2**	**1.1**	**0.1**	**–**	**10.5**
Healthcare	Healthcare Equipment & Services	4.9	0.1	0.4	0.7	–	–	–	6.1
	Pharmaceuticals, Biotechnology & Life Sciences	3.1	0.8	–	0.4	0.2	–	0.1	4.6
		8.0	**0.9**	**0.4**	**1.1**	**0.2**	**–**	**0.1**	**10.7**
Financials	Banks	0.4	2.2	1.2	0.3	–	0.2	0.7	5.0
	Diversified Financial Services	1.0	2.1	–	0.2	0.2	–	0.1	3.6
	Insurance	–	0.2	–	0.2	–	–	0.1	0.5
		1.4	**4.5**	**1.2**	**0.7**	**0.2**	**0.2**	**0.9**	**9.1**
Information Technology	Software & Services	6.6	0.2	0.6	–	–	–	0.6	8.0
	Technology Hardware & Equipment	1.0	0.4	–	0.3	0.3	–	–	2.0
	Semiconductors & Semiconductor Equipment	2.4	–	0.6	1.5	0.1	–	–	4.6
		10.0	**0.6**	**1.2**	**1.8**	**0.4**	**–**	**0.6**	**14.6**
Communication Services	Telecommunications Services	–	1.0	–	–	–	–	–	1.0
	Media & Entertainment	5.7	0.5	1.2	0.3	1.0	–	–	8.7
		5.7	**1.5**	**1.2**	**0.3**	**1.0**	**–**	**–**	**9.7**
Utilities	Utilities	0.1	0.7	0.2	0.1	–	–	–	1.1
		0.1	**0.7**	**0.2**	**0.1**	**–**	**–**	**–**	**1.1**
Real Estate	Real Estate	–	0.3	–	–	–	–	–	0.3
		–	**0.3**	**–**	**–**	**–**	**–**	**–**	**0.3**
Investment Companies	Investment Companies[1]	–	–	–	–	–	–	13.0	13.0
		–	**–**	**–**	**–**	**–**	**–**	**13.0**	**13.0**
Total 2021		**38.1**	**20.2**	**16.9**	**5.2**	**3.0**	**1.0**	**15.6**	**100.0**
Total 2020		33.6	19.5	16.7	11.7	4.8	1.4	12.3	100.0

(1) Investment Companies are included under the heading of Other because the underlying geographic exposure is not readily identifiable.

Principal risks and uncertainties

The directors have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity or reputation. These risks, and the actions taken to mitigate them, are set out below.

Risks are inherent in investment and corporate management. It is important to identify risks and ways to control or avoid them. Witan Investment Services Limited ('WIS') has a Risk Committee in order to monitor compliance with its risk management and reporting obligations as Witan's Alternative Investment Fund Manager ('AIFM'). The Company maintains a framework of the key risks, with the policies and processes devised to monitor, manage and mitigate them where possible. Its detailed risk map is reviewed regularly by the Audit Committee and the WIS Risk Committee, which report on pertinent issues 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-executive directors and one executive director who are also directors of Witan, and one executive director who is a Company employee.

The Board's policy on risk management has not materially changed during the course of the reporting period and up to the date of this report.

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

↑ Increased — Unchanged ↓ Reduced

Market and investment portfolio

↑

RISK

As an equity fund, a key risk of investing is a general fall in equity prices and investment income, which could be exacerbated by gearing and the risks associated with the performance of its investment managers and changes in Witan's share price rating.

Other risks are the portfolio's exposure to country, currency, industrial sector and stock-specific factors (including those relating to the sustainability of the business model taking account of environmental, social and governance factors). Political and macroeconomic topics such as Brexit, pandemics (e.g. COVID-19), trade wars and military conflicts (e.g. the Russian invasion of Ukraine) can all be expected to lead to market volatility.

MITIGATION

The Board seeks to manage these risks through:

- a broadly diversified equity benchmark;
- appropriate asset allocation decisions;
- selecting competent managers and regularly monitoring their performance, awareness of emerging risks and the robustness of their processes for taking account of those risks;
- paying attention to key economic and political events;
- engagement with shareholders and other stakeholders;
- 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 Chief Executive Officer ('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.

Principal risks and uncertainties continued

Operational and cyber

RISK

Many of the Company'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.

MITIGATION

The Witan and WIS Executive undertake a detailed due diligence program, focused upon the operational and cyber arrangements of all the Company's suppliers. BNPSS, as the Company's Depositary, has a key responsibility for monitoring such issues on behalf of the Company. The Board and AIFM monitor the Depositary as well as its other suppliers.

Details of the Board's monitoring and control processes are explained further in the Corporate Governance Statement on pages 48 to 56.

Compliance and regulatory change

RISK

The Company breaches compliance/regulatory requirements or fails to assess the impact.

MITIGATION

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 48 to 56. The Board conducts an annual assessment of the effectiveness of its governance processes.

There is also a three-yearly independent external review, the most recent of which was in 2021. See page 55 for further details.

Following the closure of the Company's savings plans, the risks associated with the holding of and accounting for client assets has been substantially reduced and will be eliminated in future.

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 Financial Conduct Authority ('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, the 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, taxation and legal

RISK

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 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.

MITIGATION

The accounting requirements are monitored by the CEO and AIFM and the Company carefully monitors compliance with the applicable rules.

These requirements offer significant protection for shareholders. The Board receives reports from the CEO, the AIFM, the Company Secretary and the Company's professional advisers to enable it to ensure compliance with all applicable rules. WIS is authorised and regulated by the FCA to act as the AIFM for Witan.

Liquidity

RISK

The Company's portfolio of securities might not be realisable.

MITIGATION

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 readily be met without compromising normal portfolio management.

COVID-19 – Global pandemic

RISK

The COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe and the Board has taken into consideration the risks, both investment and operational, posed to the Company by the crisis.

MITIGATION

The Board and the WIS Executive maintain close oversight of the Company's portfolio and monitor the investment income flows from its investee companies. The Board monitors the effects of COVID-19 on the operations of the Company and its service providers to ensure that they continue to be appropriate, effective and properly resourced.

Environmental, social and governance factors

RISK

Failure to identify, understand or mitigate the risks arising from environmental, social and governance issues may negatively impact investment returns, increase the potential for reputation risk to Witan and adversely affect the net asset value and/or price of Witan's shares.

MITIGATION

Witan has a Responsible Investment policy which was developed by the Board in consultation with Witan's Executive team. Witan expects its external managers to integrate ESG factors into their investment processes. Witan requires managers to report on any ESG issues in a timely manner and the Executive monitors the portfolios using various third-party data providers to ensure that such issues are being identified. Managers are also expected to report on engagement and voting activities. The Executive holds regular ESG review meetings with each of the managers where these activities, as well as evolving best practice and new Responsible Investment initiatives, are discussed. The Executive presents its findings to the Board on a regular basis.

Section 172: engaging with our stakeholders

The following 'Section 172' disclosure, which is required by the Companies Act 2006 and the AIC Code, as explained on page 52, describes how the directors have had regard to the views of the Company's stakeholders in their decision making.

Who? STAKEHOLDER GROUP	Why? THE BENEFITS OF ENGAGEMENT WITH OUR STAKEHOLDERS	How? HOW THE BOARD AND WIS EXECUTIVE ENGAGED WITH OUR STAKEHOLDERS
Investors	Clear communication of our strategy and the Company's performance against our objective can help the share price trade at a narrower discount or a premium to its net asset value, which benefits shareholders. New shares may be issued at a premium to NAV to meet demand without dilution to existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.	WIS, on behalf of the Board, completes a programme of investor relations throughout the year. **Key mechanisms of engagement included:** ■ AGM ■ The Company's website which hosts reports, monthly factsheets, video interviews with the external managers, CEO, Investment Director and regular market commentary ■ Online newsletters ■ One-on-one meetings with professional investors with either the CEO, Investment Director or Chairman ■ Group meetings with professional investors with our external managers
External managers	As Witan has a multi-manager approach, engagement with our managers is necessary to evaluate their performance against their stated strategy and benchmark and to understand any risks or opportunities this may present to the Company. This also helps ensure that investment management costs are closely monitored and remain competitive. Witan ensures that all managers are paid in accordance with their terms of trade.	The WIS Executive meets with the Company's external managers throughout the year and receives monthly performance and compliance reporting. This provides the opportunity for both the manager and WIS Executive to explore and understand how and why the relationship has performed and what may be expected in the future. Each manager also presents annually to the Board of directors, providing the opportunity for the manager and Board to reinforce their mutual understanding of what is expected from all parties.
Service providers	Witan and WIS contract with third parties for other services including: custodian, depositary, investment accounting and administration, company secretary. Ensuring the third parties to whom we have outsourced services complete their roles diligently and correctly is necessary for the Company's success. Witan pays all service providers in accordance with their terms of business and is a signatory to the Prompt Payments Code.	The WIS Operations team engages regularly with all service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately. The Audit Committee reviews annually a summary of the contracts of all service providers to further reinforce the overview of the Company's service providers at the corporate level.
Employees	Attract and retain talent to ensure the Company has the resources to successfully implement its strategy and manage third-party relationships.	All employees of the Company sit in one open-plan office with the CEO, facilitating interaction and engagement. During periods of remote working, the WIS Executive holds regular video meetings to update and share information. As well as the CEO, the Investment Director, Director of Operations and Director of Marketing report to the Board at each meeting. Given the small number of employees, engagement is at an individual level rather than as a group.
Debt holders	To communicate and demonstrate a strong financial position that supports the financing arrangements.	The WIS Executive provides regular financial covenant compliance validation and financial reports to the stakeholders.

What?	Outcomes and actions
WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
Key topics of engagement with investors on an ongoing basis are the strategy of the Company, performance versus our KPIs and objective, and the selection and monitoring of our external managers.	
Ongoing impact of the COVID-19 pandemic on economies, markets and companies	The WIS Executive held regular meetings with shareholders throughout the year and provided updates via the Company's website and newsletters on performance of the Company as well as the usual financial reports and monthly factsheets
Impact of dividend cuts on the Company's revenues and the Company's dividends	See page 9 in the Chairman's Statement and page 15 in the CEO's Review for the Board's comments on the dividend policy
Share price performance and the Company's and wider investment trust sector discounts	The Company maintained a high rate of share buybacks. See page 15 in the CEO's Review
The integration of ESG into the Company's investment processes	ESG included in presentations to investors, ad hoc updates
Informing investors of their rights to attend and vote in the AGM	Holders of shares via online platforms were written to, informing them of how they could vote and view the Annual Report
Key topics of engagement with the external managers on an ongoing basis are portfolio composition, performance, outlook and business updates.	
The ongoing impact of COVID-19 on their business and strategy	All managers successfully implemented remote working in 2021 with no adverse impact on service delivery
The integration of ESG into each manager's investment processes	See pages 22 and 23 in Responsible investment for a report on manager activity in 2021
Impact of COVID-19 and restrictions on service providers	All service providers successfully implemented remote working in 2021 with no adverse impact on service delivery
COVID-19 restricted employees to working from home	Existing system functionality allowed all employees to move to remote working during lockdown restrictions without detriment to productivity or service to stakeholders
Performance and compensation of employees is decided by the Remuneration Committee with the CEO	See the Directors' Remuneration Report on pages 60 to 71
N/A	N/A

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 Alternative Investment Fund Manager ('AIFM').

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.

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 for depositary services, custody, investment accounting and administration;
- Frostrow Capital LLP for company secretarial services;
- RepRisk and Sustainalytics for ESG monitoring of its investment holdings; and
- specialist advice on regulatory compliance issues and, as required, procure 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 the service required.

STAFFING

The Company's policy towards its employees is to attract and retain staff with the 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 60 to 71. Employees and those who seek to work at Witan are treated equally regardless of age, gender, race, disability, marital status, sexual orientation and religion. The Company has six direct employees, three men and three women. The Board currently consists of seven non-executive directors (four men and three women) and the Chief Executive Officer, Andrew Bell, who is an employee. Given its outsourced model and the small number of direct employees, the Group has no employment-related specific policies in respect of environmental or social and community affairs. However, as described elsewhere, an increased focus on environmental, social and governance issues has been formalised by the Company's membership of the Institutional Investors Group on Climate Change since July 2019, a signatory to the UN-supported Principles for Responsible Investment from February 2020 and a commitment to Net Zero Asset Managers initiative in early 2022.

WITAN INVESTMENT SERVICES

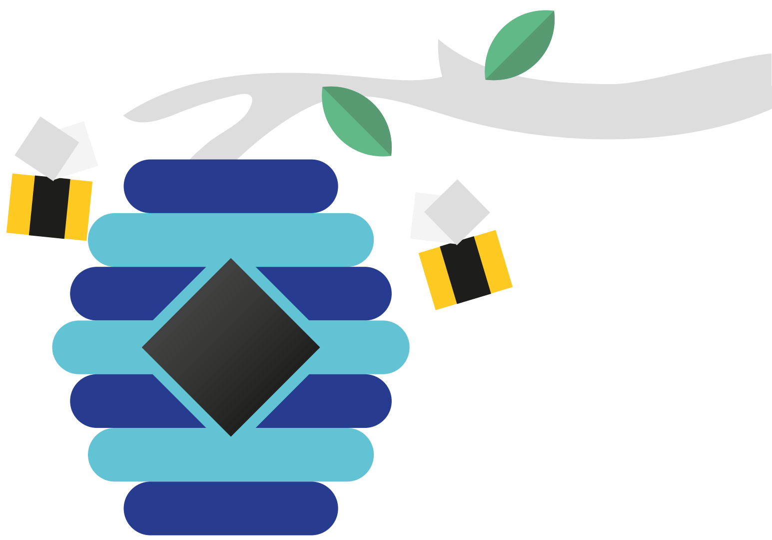
WIS is authorised and regulated by the Financial Conduct Authority. It is authorised to act as Witan's AIFM, to provide marketing services and to give investment advice to professional investors.

WIS's principal activities are acting as Witan's AIFM, providing executive management services to the Board of Witan and communicating information about the Company to the market.

WIS's operational objectives for 2021 were:

- to fulfil its responsibilities as Witan's AIFM; and
- to control the net operating costs for Witan.

In 2021, WIS's principal sources of income were the fees (as AIFM or Executive Manager and for marketing services) paid by Witan Investment Trust plc. The main costs incurred were staff costs and professional advice to ensure compliance with regulatory and accounting obligations.



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. The base fee rates for managers in place at the end of 2021 ranged from 0.30% to 0.60% per annum. The weighted average base fee was 0.51% as at 31 December 2021 (2020: 0.51%). One manager (covering 6% of Witan's portfolio), has a performance-related fee, which is subject to capping in any particular year.

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

The Company's investment managers may use 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 Company's established measure of the costs of operation is the Ongoing Charges Figure ('OCF'). This represents the recurring costs of operating the business (principally the investment management fees paid to our external managers as well as the Company's fixed and variable overhead costs), as a percentage of net assets. This is calculated in accordance with the AIC's guidelines and provides a consistent basis for the comparison of costs from one year to the next and relative to other investment companies.

The OCF was 0.71% in 2021, 9% lower than the previous year (2020: 0.78%). When performance fees due to third-party managers are included, the OCF was 0.73% in 2021 (2020: 0.82%). The sole manager with a performance fee structure significantly outperformed during 2020 and early 2021. This generated the payment of a performance fee for that manager (which has a lower base fee than comparable managers).

The main cost headings within the OCF are set out below. The figures for transaction costs, borrowing costs and the pro rata ongoing charges of underlying funds are also included in the table, for easy reference. All the costs measured showed an improvement on the previous year, either increasing by less than the growth in net assets or declining in absolute terms.

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 longer-term performance.

The UK version of the EU PRIIPS regulations, which are applicable to UK Investment Companies, mandate the preparation of a Key Information Document ('KID') calculated on a formulaic basis, which contains a different measure of costs from the OCF, averaged over longer periods rather than specific to one year. The other principal differences between the OCF and the KID measure are the inclusion of transaction costs, borrowing costs and the underlying costs of holdings in other collective investments.

The Company's investment performance is reported after all costs, however measured.

ANALYSIS OF COSTS

Category of cost	**2021 £m**	**2021 % of average net assets**	2020 £m	2020 % of average net assets
Investment management base fees (note 4, page 93)	**9.33**	**0.47**	8.70	0.51
Other expenses (excluding loan arrangement and one-off costs)	**4.81**	**0.24**	4.91	0.28
Less expenses relating to the subsidiary (those expenses not relating to the operation of the investment company)	**(0.04)**	**–**	(0.15)	(0.01)
Ongoing Charges Figure (including investment management base fees)	**14.10**	**0.71**	13.46	0.78
Investment management performance fees (note 4, page 93)	**0.39**	**0.02**	0.58	0.04
Ongoing Charges Figure (including performance fees)	**14.49**	**0.73**	14.04	0.82
Pro rata ongoing charges of underlying funds[1]	**4.37**	**0.22**	4.34	0.25
OCF plus look through fund costs	**18.86**	**0.95**	18.38	1.07
Portfolio transaction costs including costs relating to manager changes	**3.95**	**0.20**	3.58	0.21
Interest costs	**5.21**	**0.26**	6.43	0.37
Total costs including transaction costs, borrowing costs and underlying fund costs	**28.02**	**1.41**	28.39	1.65

(1) This cost represents an estimate of the pro rata attributable fees charged by the managers of the external specialist collective funds held within the portfolio. See pages 31 and 32 for more details on these holdings.
N.B. Figures may not sum due to rounding.

Viability Statement

In accordance with the 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 Officer's reports and the Strategic Report. The principal risks are set out on pages 37 to 39.

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 83% within five 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, including periods of acute stock market and economic volatility such as experienced in 2020, and concluded that it would expect to be able to ensure the financial stability of the Company through the benefits of having a diversified portfolio of listed and realisable assets. As illustrated in note 14 to the accounts, the Board has considered price sensitivity risk (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 key exchange rates to which the portfolio is exposed).
- In addition to its cash balances, which were £33 million at 31 December 2021 (2020: £35 million), 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 notes and cumulative preference shares. With the exception of the short-term facility, this financing will remain in place until at least 2035. Details of the Company's current and 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 37 to 39 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 63.7 million ordinary shares in 2021 at a cost of £153.5 million and experienced no problem with liquidity in doing so. It had shareholders' funds in excess of £1.9 billion at the end of 2021.

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 period after reviewing its investment policy and evaluating the investment cycle and the ability to deliver the Company's objectives over the short to medium term. Forecasting over longer periods is imprecise. The Board has no information to suggest this judgement will need to change in the coming five years. 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 statement on liquidity risk on page 39 and the Viability Statement, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this Report. 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 15 March 2022 and is signed on its behalf by:

Andrew Ross
Chairman
15 March 2022

Andrew Bell
Chief Executive Officer

Board of directors

Key to membership of Board and Committees

- ❖ Chairman of the Board or a Committee.
- ◆ Members of the Audit Committee which is chaired by Mr Perry.
- ✱ Members of the Remuneration and Nomination Committee which is chaired by Mr Yates.
- ✣ Director of Witan Investment Services Limited.

1. Andrew Ross

CHAIRMAN

❖ ✱ ✣

Date of appointment

May 2019.

Career & background

Previously chief executive of Cazenove Capital Management which, in 2013, was acquired by Schroders, where he became global head of Wealth Management until 2019. Prior to this, chief executive of HSBC Asset Management (Europe) Limited and managing director of James Capel Investment Management.

Skills & expertise

Andrew has substantial experience in senior leadership roles as CEO and chairman in investment management and wealth management businesses. He has overseen three different multi-manager businesses and under his tenure the businesses he led significantly grew and prospered.

External appointments

Non-executive director at Polar Capital Holdings plc and Cadogan Settled Estates.

6. Jack Perry

NON-EXECUTIVE DIRECTOR

❖ ◆ ✣

Date of appointment

January 2017.

Career & background

Previously chief executive of Scottish Enterprise and a former Managing Partner and Regional Industry Leader of Ernst & Young LLP. 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.

Skills & expertise

Jack is chairman of two other listed investment companies and has developed an understanding of the needs of all stakeholders. His experience as a senior audit partner and subsequently in service on numerous audit committees has enabled him to be an effective Audit Committee Chairman.

External appointments

Chairman of European Assets Trust PLC and ICG-Longbow Senior Secured UK Property Debt Investments Limited.

2. Andrew Bell

CEO

✣

Date of appointment
February 2010.

Career & background
Previously Head of Research at Rensburg Sheppards and an equity strategist and Co-Head of the Investment Trusts team at BZW and CSFB. Prior to the City, he worked for Shell in Oman, leaving to take a Sloan Fellowship at the London Business School.

Skills & expertise
Andrew's roles prior to joining Witan have given him valuable experience of economic and geopolitical events and how they influence equity markets, along with considerable knowledge and experience of the investment trust sector.

External appointments
Chairman of The Diverse Income Trust plc.

3. Rachel Beagles

NON-EXECUTIVE DIRECTOR

◆ ✣

Date of appointment
July 2020.

Career & background
Previously a managing director and co-head of pan-European banks equity research and sales at Deutsche Bank. Since 2003 she has worked as a non-executive director in the investment company, asset management, charity and social housing sectors. She was Chair of the Association of Investment Companies from 2018 to 2021.

Skills & expertise
Rachel has extensive knowledge and understanding of the equity markets from her experience in research and sales. She is an experienced non-executive director of investment trusts.

External appointments
Non-executive director of Gresham House plc and The Mercantile Investment Trust plc and Chair of the Investment Committee at Parkinson's UK.

4. Gabrielle Boyle

NON-EXECUTIVE DIRECTOR

Date of appointment
August 2019.

Career & background
Senior Fund Manager and Head of Research at Troy Asset Management since 2011. She is the Senior Fund Manager for the Trojan Global Equity Fund and the Electric & General Investment Fund.

Skills & expertise
Gabrielle has over 30 years' experience in fund management and has managed global equity portfolios since 2001 and European portfolios since 1998. With this background she brings knowledge of investing through market cycles and understanding of the skills required of fund managers.

External appointments
Investment director and Head of Research at Troy Asset Management.

5. Suzy Neubert

SENIOR INDEPENDENT DIRECTOR

✱ ✣

Date of appointment
April 2012.

Career & background
Previously Global Head of Distribution at J O Hambro Capital Management. Prior to that, managing director of Equity Markets at Merrill Lynch Securities in London following roles in equity research and sales. She is a qualified barrister.

Skills & expertise
Suzy's 32 years' experience in sales and marketing roles on both the sell and buy sides of financial services has given her a thorough understanding of equity markets. Her role at J O Hambro provided her with insight into the distribution of funds to institutions and private wealth managers.

External appointments
Non-executive director at ISIO, Jupiter Fund Management plc and LV=.

7. Ben Rogoff

NON-EXECUTIVE DIRECTOR

Date of appointment
October 2016.

Career & background
Lead manager of Polar Capital Technology Trust plc since 2006 and a fund manager of Polar Capital Global Technology Fund and Polar Capital Automation and Artificial Intelligence Fund. He has been a technology specialist for 23 years.

Skills & expertise
As a highly experienced listed equities fund manager, Ben has a deep understanding of the analysis process required for investing in public companies. His knowledge of the technology sector particularly enables him to identify the risks from disruption not just to the sector but in general. Ben applies this knowledge to his questioning and monitoring of Witan's external managers.

External appointments
Director, Technology at Polar Capital.

8. Paul Yates

NON-EXECUTIVE DIRECTOR

❖ ◆ ✱ ✣

Date of appointment
May 2018.

Career & background
Previously CEO of UBS Global Asset Management (UK) Limited and held a number of global roles at UBS prior to retiring in 2007.

Skills & expertise
Paul's prior roles give him wide experience of the fund management business including equity management, marketing, people and business management. Paul also offers investment trust experience having sat on four other trust boards.

External appointments
Chairman of the Advisory Board of 33 St James's Limited, non-executive director of Fidelity European Trust PLC and Capital Gearing Trust plc.

Corporate Governance

This statement forms part of the Directors' Report on pages 72 to 75.

Effective governance

CHAIRMAN'S INTRODUCTION

I am pleased to report below on the Board's approach to corporate governance. The Board is responsible for effective governance of the Company and we take our responsibilities under the UK Corporate Governance Code very seriously.

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 Corporate Governance Code issued in July 2018 was applicable to the Company 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 will be meeting their obligations in relation to the Corporate Governance Code and the associated disclosure requirements of the Disclosure Rules. The AIC Code that was issued in February 2019 was applicable to the Company in the year under review. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Corporate Governance Code to make them relevant for investment companies.

Andrew Ross
Chairman
15 March 2022

COMPLIANCE

The Board has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the Corporate Governance Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code during the year ended 31 December 2021 except as set out below:

- The Corporate Governance Code (Provisions 25 and 26) includes provisions relating to the need for an internal audit function. The Company does not have an internal audit function, for reasons that are explained on page 56.

The principles of the AIC Code

The AIC Code is made up of 17 principles supported by 35 Provisions.

Details of how the Company has applied the Principles and Provisions are set on the following pages.

1 BOARD LEADERSHIP AND PURPOSE

The role of the Board

The role of the Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

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 is responsible in particular for the overall delivery of performance to shareholders through setting an appropriate investment objective, ensuring that proper resources are applied to the management of the Company's portfolio and the monitoring, control and mitigation of the associated risks.

For details of our managers, **pages 26 to 32**

Board and director independence

At 31 December 2021 the Board was composed of seven independent non-executive directors and one executive director, the CEO. 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.

Two of the directors, Ms Neubert and Mr Bell, have been on the Board for nine years or more. Mr Bell, who is the CEO of Witan, is an executive director but is independent of the Company's appointed fund managers and other service providers. His long service is beneficial to the Company. The Board considers that Ms Neubert is, and has been since her appointment, an independent non-executive director. Those directors who have served on the Board for more than nine years stand for re-election by the shareholders each year and will do so for as long as they continue to serve on the Board. The Board is firmly of the view that length of service does not of itself impair a director's ability to act independently; rather, a director's longer perspective can add value to the deliberations of a well-balanced investment trust company board. Independence stems from the willingness to make decisions that may conflict with the interests of management; this is a function of confidence, integrity and judgement. The Board will continue to take account of length of service in its succession planning, as one of a number of factors, including the need to maintain a proper balance of diversity, skills and experience.

Mr Ross, the Chairman of the Company, is considered to be independent. He does not have any relationships that might create a conflict of interest between the Chairman's interests and those of shareholders.

The non-executive directors, led by the SID, meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

Corporate Governance continued

Board commitments

When considering new appointments, the Board takes into account other demands on directors' time. Prior to appointment, new directors are asked to disclose any existing significant commitments with an indication of the time involved. Additional external appointments require the prior approval of the Remuneration and Nomination Committee on behalf of the Board, with the reasons for permitting significant appointments explained in the Annual Report.

Company's purpose, values and strategy

The Board assesses the basis on which the Company generates and preserves value over the long term. The Strategic Report describes how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy. The Company's investment objective and investment policy are set out on the inside front cover.

Culture

The Board seeks to establish and maintain a corporate culture characterised by fairness in its treatment of employees and service providers, whose efforts are collectively directed towards delivering returns to shareholders in line with the Company's purpose and objectives. It is the Board's belief that this contributes to the greater success of the Company, as well as being an appropriate way to conduct relations between parties engaged in a common purpose.

2 DIVISION OF RESPONSIBILITIES

The Board

The Board normally consists of eight directors, including the CEO, which is considered to be an appropriate number. This ensures that no one individual or small group of individuals dominates the Board's decision making. Details of the directors are set out on **pages 46-47**. They demonstrate a broad range of skills and experience, gained overseas as well as in the United Kingdom, which are relevant to the strategy of the Company. There are currently eight directors on the Board. The Board has typically met eight to ten times a year.

The Chairman

Mr Ross was appointed as Chairman of the Company in April 2020.

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the Company. The Chairman is responsible for:

- taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all directors are involved in discussions and decision making;
- setting the agenda for Board meetings and ensuring the directors receive accurate, timely and clear information for decision making;
- taking a leading role in determining the Board's composition and structure;
- overseeing the induction of new directors and the development of the Board as a whole;
- leading the annual Board evaluation process and assessing the contribution of individual directors;
- supporting and also challenging the CEO and other suppliers where necessary;
- ensuring effective communications with shareholders and, where appropriate, other stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views.

Senior Independent Director

Ms Neubert was appointed as the Senior Independent Director ('SID') in April 2021 following the retirement of Mr Watson from the Board at the AGM in April 2021. The SID serves as a sounding board for the Chairman and acts as an intermediary for other directors and shareholders. The SID is responsible for:

- working closely with and supporting the Chairman;
- leading the annual assessment of the performance of the Chairman;
- holding meetings with the other directors without the Chairman being present, on such occasions as necessary;
- carrying out succession planning for the Chairman's role;
- working with the Chairman, other directors and shareholders to resolve major issues; and
- being available to shareholders and other directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman or the CEO).

Director responsibilities

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.

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.

Matters specifically reserved for decision by the full Board have been defined. These include decisions relating to strategy and management; structure and capital; financial reporting and controls; internal controls; contracts with third parties; communication; Board membership and other appointments; Board and employee remuneration; delegations of authority; corporate governance matters; and Company policies. 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.

The directors have access to the advice and services of the Company's Executive team, AIFM and 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.

Board Committees

The Board has established an Audit Committee and a Remuneration and Nomination Committee. The Board has chosen to combine the roles of remuneration and nomination in one Committee. The memberships of the Audit Committee and the Remuneration and Nomination Committee are set out on pages 46-47. The roles and responsibilities of the Committees are described in the Report of the Audit Committee on pages 57 to 59 and in the Directors' Remuneration Report on pages 60-61.

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 on page 55 under Board evaluation.

The Chief Executive Officer ('CEO')

The 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 reports include 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 CEO and his team monitor the share price and the discount/premium to net asset value on a daily basis and he reports to every Board meeting on this subject. Where appropriate, the Board makes use of share buybacks (at a discount) and issuance (at a premium) to add to the net asset value per share and achieve a sustainable low discount (or a premium) to net asset value.

In addition to his responsibilities for the overall management of the Company, the CEO manages the Direct Holdings portfolio. A maximum of 15% 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.

The Board's Remuneration and Nomination Committee reviews the performance of and the contractual arrangements with the CEO. The CEO 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.

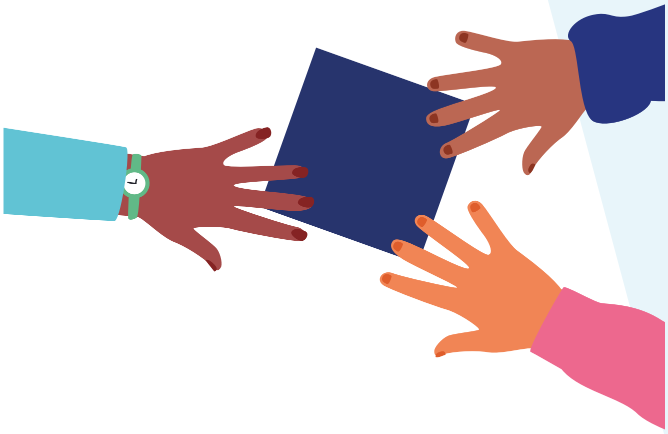
Corporate Governance continued

Stakeholder engagement

The AIC Code requires directors to explain their statutory duties as stated in sections 171–177 of the Companies Act 2006. Under section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long term, as well as having regard to the Company's stakeholders amongst other considerations.

The Board's report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 40 to 41.

The Board is responsible for ensuring that workforce policies and practices are in line with the Company's purpose and values and support its culture. The Remuneration and Nomination Committee advises the Board in respect of policies on remuneration-related matters. Since the Company has only six employees including the CEO, the Board considers that the CEO, who is also a director, is best-placed to engage with the workforce. In accordance with the Company's whistleblowing policy, members of staff who wish to discuss any matter with someone other than the CEO are able to contact the Audit Committee Chairman, or in his absence another member of the Audit Committee.



Shareholder engagement

The Chairman is responsible for ensuring that there is effective communication with the Company's shareholders. He works closely with the CEO 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 advisers. In addition to the CEO, 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.

In normal circumstances, the Company encourages attendance at its Annual General Meeting ('AGM') as a forum for communication with individual shareholders. The Notice of the AGM and related papers are sent to shareholders at least 20 working days before the meeting. The Chairman, the CEO, the Chairman of the Audit Committee and the Chairman of the Remuneration and Nomination Committee all expect to be present at the AGM and to answer questions from shareholders as appropriate. The CEO makes a presentation to the meeting.

Details of the proxy votes received in respect of each resolution are made available to shareholders. In the event of a significant (defined as 20% or more) vote against any resolution proposed at the AGM, the Board would consult shareholders in order to understand the reasons for this and consider appropriate action to be taken, reporting to shareholders within six months.

In the circumstances of the COVID-19 pandemic, the Company was unable to hold a physical AGM in 2021. The Board very much hopes that it will be possible to hold a physical meeting this year and the Notice of AGM has been prepared on that basis. In addition, arrangements will be put in place for shareholders to attend the meeting virtually and put questions to the Board if they cannot attend the AGM in person.

The directors may be contacted through the Company Secretary at the address shown on the inside back cover.

While the CEO 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.

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 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 monthly factsheet and its net asset value per share is released daily. All this information is readily accessible on the Company's website (www.witan.com). A Key Information Document, prepared in accordance with the UK version of 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.

Board meetings

The CEO (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 primary focus at Board meetings is a review of investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing and investor relations, peer group information and industry issues. 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, advisers and other service providers.

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.

The Board normally meets eight to ten times a year. All the then directors attended the AGM in April 2021 and the Board's 'Strategy Day' in July 2021.

	Board	Audit Committee	Remuneration and Nomination Committee
Number of meetings	9	4	2
A J S Ross	9	4[(1)]	2
R A Beagles	9	4	–
A L C Bell	9	4[(1)]	2[(1)]
G M Boyle	8	–	–
S E G A Neubert	9	–	2
J S Perry	9	4	–
B C Rogoff	8	–	–
A Watson [(2)]	4/4	1/1	1/1
P T Yates	9	4	2

(1) Not a member of the Committee but in attendance by invitation for all or part of the meetings.
(2) Mr Watson retired from the board at the AGM in April 2021.

Example Board decision

What happened

Witan became a signatory to the Net Zero Asset Managers initiative ('NZAM') in February 2022. The NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

Why

The Company believes that combating climate change is one of the greatest challenges facing the world today and a failure to adapt to it is one of the greatest risks to investment returns. As an allocator of capital, Witan has a role to play in, and can benefit from, the transition to net zero by encouraging investee companies to adopt a clear strategy to minimise environmental damage, by avoiding companies which pose the greatest risk and by investing in companies which stand to benefit from efforts to adapt to, curb or mitigate environmental degradation. Becoming a signatory to the NZAM reinforces this belief and enables us to engage more effectively with portfolio companies via our managers.

How

The Board requires the Executive to report regularly to them on all investment matters, including ESG issues. The Executive actively reviews developments related to responsible investing and engages with managers, industry bodies and ESG initiatives to remain abreast of evolving best practice. Witan's responsible investment policy has evolved over several years and, in July 2021, net zero alignment was a key focus of a Board Strategy Day at which the Executive recommended the Company become a signatory to the NZAM. Before making a decision, the Board considered how becoming a signatory to the NZAM could benefit shareholders and would align with the Company's overall objectives. It also considered what commitments would be required, the implications for its external managers and what impact, if any, it would have on the Company's portfolio.

Corporate Governance continued

Conflicts of interest

The Board's actions taken to identify and manage conflicts of interest are set out in the Directors' Report. The Company has no significant shareholders. A number of nominee companies are the registered holders of significant numbers of shares, but these represent beneficial holdings by a very large number of retail investors who invest through the nominees' platforms.

Relationship with the AIFM and fund managers

The Company manages its own operations through the Board and that of its AIFM. Each investment manager runs a discrete investment portfolio within the terms of their investment management contract. Shares are held by the Company's custodian/depositary. The CEO leads on the selection and monitoring of the investment managers and their terms of reference, which are approved by the Board and the AIFM.

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 its investment mandate.

The Board scrutinises the performance of the investment managers at each meeting and discusses their performance with each manager at least once a year. The directors consider it appropriate for the full Board to do this rather than delegating this to a committee as it is considered appropriate for all directors to be aware of the managers' performance. The Audit Committee reviews the contractual relationships with the investment managers at least annually. Further information on the investment managers' fees is contained within the Strategic Report on page 43.

Relationship with other service providers

The Board has delegated a wide range of activities to external agents, in addition to the various investment managers. These services include global custody (which includes the safeguarding of the assets), investment administration, management and financial accounting, Company Secretarial and certain other administrative requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. Further information on the service providers is contained within the Strategic Report on page 42.

The Board receives and considers reports and information from these contractors as required. The CEO 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: they review the contractual relationships at least annually.

3 COMPOSITION, SUCCESSION AND EVALUATION

Appointments to the Board

The Board's Remuneration and Nomination Committee oversees the recruitment process. The Remuneration and Nomination Committee reviews the length of service of each director each year and makes recommendations to the Board when it considers that a new director should be recruited. All the independent non-executive directors are asked to contribute to the process and to consider serving on the sub-committee appointed to draw up the shortlist of candidates. The process generally includes the use of a firm of non-executive director recruitment consultants or open advertising. The work of the Remuneration and Nomination Committee during the year is set out in the Committee's report on pages 60 to 71.

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. 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 being investment management, finance, marketing, financial services, risk management, custody and settlement, and investment banking. 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.

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 both the Remuneration and Nomination Committee and the Audit Committee.

Board diversity

The Company supports the objectives of improving 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 (of which gender is one aspect) on the Board and takes this into account in its Board appointments. The Company is committed to ensuring that its director search processes actively seek 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 actively considers diversity during director searches.

The Board consists of five men and three women. The Company's employees, including the CEO, are three men and three women. The Company is committed to facilitating equal opportunity and has readily embraced flexible working arrangements for existing staff.

Election and re-election by shareholders

New directors stand for election by the shareholders at the annual general meeting that follows their appointment. Thereafter all directors stand for re-election each year in accordance with the Corporate Governance Code. The Company's Articles of Association require directors to stand for re-election at least every three years, and those who have served for more than nine years to stand for re-election annually.

The directors' biographies on pages 46 to 47 and the notes to the notice of AGM set out the specific reasons why each director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Tenure of the Chairman

The Board's policy is that the Chairman should not normally remain in post beyond nine years from the date of his/her first appointment to the Board. However, this period may be extended for a limited time to facilitate effective succession planning and the development of a diverse board, particularly in those cases where the Chairman was an existing non-executive director on appointment as Chairman.

The Board considers that the policy provides a balance between the need for Board continuity as well as regular refreshment and diversity.

4 AUDIT, RISK AND INTERNAL CONTROL

The statement of directors' responsibilities on page 76 describes the directors' responsibility for preparing this Annual Report.

The work of the Audit Committee is set out in the Committee's report on pages 57-59.

The principal risks and details of how they are managed are set out on pages 37-39.

Board evaluation

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 SID leads the annual evaluation of the Chairman and reviews the conclusions with him. The Board's Remuneration and Nomination Committee oversees this process. The Board is aware of Provision 26 of the AIC Code, which states that evaluation of the Board of FTSE 350 companies should be externally-facilitated at least every three years, and has complied with this provision every three years since it was first introduced except in 2019 when the Board considered it more appropriate to defer an externally facilitated evaluation until 2020 when Mr Ross had taken over as Chairman. The Board appointed Lintstock Ltd to carry out an evaluation programme in the autumn of 2020 and again in the autumn of 2021. Lintstock did not have any other connection with the Company. The Board reviewed their report in February 2022 and the Chairman is leading 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.

For details of our managers, **pages 26 to 32**

Corporate Governance continued

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 takes 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 Principle O and provision 34 of the AIC 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. It is also reviewed and challenged regularly by the Board. Emerging risks are added to the matrix as soon as identified together with any mitigating actions required. The key risks which pose the greatest potential risks to shareholders are set out on pages 37-39. 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. The Committee believes that these processes allow it to identify emerging risks on a timely basis.

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 eight such investment managers as well as the Direct Holdings portfolio which is managed by the CEO.

The CEO 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 CEO 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 2021, the investment managers were asked to provide detailed information on their operational structures and systems. Each year, the Board also receives reports on their internal controls from its investment managers; in most cases these include a report from the relevant company's auditors on the control policies and procedures in operation.

The CEO 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 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 six people (including the CEO), who are well known to and have frequent formal and informal contact with the members of the Board.

The Company does not have an internal audit function. Through WIS, the AIFM, it delegates the management of its investments and most of its other operations to third parties and employs only a small number of 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. In addition, the Board receives an annual report on the investment administrator's internal controls, including a report from the investment administrator's 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 has 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.

5 REMUNERATION

The Directors' Remuneration Report on pages 60 to 71 details the process for determining the directors' remuneration and sets out the amounts payable. It reports on the Company's compliance with the provisions of the AIC Code relating to remuneration and also a number of provisions from the UK Corporate Governance Code that have not been included in the AIC Code, as most investment trusts do not have executive directors.

Andrew Ross
Chairman
15 March 2022

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 2021.

COMPOSITION AND RESPONSIBILITIES OF THE COMMITTEE

The members of the Committee are appointed by the Board. There are normally three members of the Committee. I was appointed as Chairman of the Committee in May 2018, having been a member of the Committee since February 2017. Mrs Beagles and Mr Yates, who were appointed to the Committee in 2020 and 2018, respectively, were members of the Committee throughout the year. Mr Watson was also a member of the Committee until he retired from the Board at the AGM in April 2021.

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 Board is satisfied that the Committee is properly constituted in both respects. I am a Chartered Accountant and was previously a partner at Ernst & Young. The other Committee members have a combination of financial, investment and other relevant experience gained throughout their careers. Details of our qualifications and experience are given on pages 46 to 47.

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, reappointment 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;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board on how it has discharged its duties.

MEETINGS OF THE COMMITTEE

The Committee held four meetings during 2021 and also met in March 2022. Meetings are usually attended, by invitation, by the Chairman of the Company, members of management, relevant external advisers and, twice a year, the auditors. I report to the Board after each meeting on the main matters discussed at the meeting.

Report of the Audit Committee continued

In summary, the main matters arising in relation to 2021 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.
- As part of the Committee's detailed review of the financial statements, particular attention was paid to the key areas of the existence and valuation of assets; recognition of revenue; determination of the fair value of own debt and the appropriateness of the discount rate used to assign a present value to that debt; and the reasonableness of the scenarios envisaged in developing the sensitivity analysis for each significant risk.
- Interim and year-end reporting, in light of the requirements of the Codes of Corporate Governance issued by the AIC and Financial Reporting Council ('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. The Committee agreed to recommend to the Board that it should approve the Half Year and Annual Reports.
- Reviews were conducted on 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 42), 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 56).
- The Committee has worked with the Risk Committee of WIS, the Company's subsidiary, to ensure WIS' compliance with Financial Conduct Authority ('FCA') regulations.
- The Committee also monitored the work required to ensure the Company's compliance with new legislation, including the FRC's guidance on reporting on the impact of COVID-19; reports from the Financial Stability Board's Task Force on climate-related reporting (from which the Company, as an investment trust, is exempt); the requirements to produce the Annual Report in the European Single Electronic Format; and the FRC report on the use of alternative performance measures. In particular:
  - The Committee reviewed the BEIS consultation paper on audit and governance reform, 'Restoring trust in audit and corporate governance' and I submitted a response to BEIS on behalf of the Company.
  - The FRC published the key findings of its review of the viability and going concern disclosures for a selection of annual reports and accounts for Main Market and AIM listed companies, in which it provided useful guidance for preparers of annual accounts by identifying areas where viability and going concern disclosures could be improved, and by providing examples of better disclosures. The Committee reviewed this report and has endeavoured to ensure that its recommendations have been considered in the drafting of this Annual Report.

RISK

Management has identified (Strategic Report pages 37 to 39) seven main areas of potential risk: market and investment portfolio; operational and cyber; compliance and regulatory change; accounting, taxation and legal; liquidity; COVID-19; and ESG factors, and has set out the actions taken to evaluate and manage these risks. The Committee also monitors newly emerging risks that arise from time to time (e.g. Brexit from 2016 and the COVID-19 virus outbreak in 2020) to ensure that the implications for the Company are properly assessed and mitigating controls introduced where necessary.

The auditor has also detailed two key audit matters in its report: valuation and existence of investments and the occurrence and completeness of investment income; 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 emerging and principal risks facing the Company 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 44 and 45 and recommended to the Board that they are appropriate. This assessment included a review of the scenario analysis set out on page 44.

EXTERNAL AUDIT

Grant Thornton UK LLP ('Grant Thornton') 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 ten years and has to change its auditor after 20 years. The audit partner is Paul Flatley. The auditor is required to rotate the principal engagement partner every five years; this is Mr Flatley's first year as audit partner. 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 has reviewed the FRC's Audit Quality Review report for Grant Thornton and discussed the findings with the audit partner. The Committee was satisfied that none of the indicators in that report had particular relevance to this year's audit of the Company.

The Committee discussed the audit plan. It challenged the auditor's assessment of the key audit matters and was satisfied that these had been adequately identified. The auditor was not instructed to look at any additional specific areas. The final audit findings report was discussed and agreed with the auditor. The Committee is satisfied that it implemented sufficiently robust processes to deliver a high-quality audit.

As part of their audit work, Grant Thornton carried out a review of the design and effectiveness of relevant controls in place at BNP Paribas Securities Services related to specific line items such as the valuation of the portfolio and completeness of investment income. They did not discover any significant issues. In addition, Grant Thornton has been appointed to provide an assurance report on client assets in accordance with the FCA's CASS report to the FCA in respect of WIS, to be completed by the end of April 2022.

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.

NON-AUDIT SERVICES

The Committee has previously agreed that non-audit fees cannot be more than 70% of the average audit fees for the last three years. The Company's policy on non-audit services was updated in 2020 to comply with the FRC Revised Ethical Standard 2019. Any new engagement with Grant Thornton for any non-audit service must, if material, be tendered and any appointment 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 did not provide any non-audit services to the Company other than the CASS report, for which their fees are £25,000. The ratio of audit to non-audit work in the year was 75:25. The Committee considered that it was in the interests of the Company to appoint Grant Thornton for this assurance work as it would not be cost-effective to appoint another firm.

EFFECTIVENESS OF THE COMMITTEE

In assessing its own effectiveness, the Committee has reviewed the report produced by Lintstock as part of its review of the Board (see page 55) and will implement the recommendations from that report. The Committee considers that its approach is comprehensive and appropriate, that it focuses on the right issues and is managed well.

APPROVAL

This report was approved by the Committee on 15 March 2022 and is signed on its behalf by:

Jack Perry
Chairman of the Audit Committee
15 March 2022

Directors' Remuneration Report

CHAIRMAN'S STATEMENT

I am pleased to present my report as Chairman of the Remuneration and Nomination Committee (the 'Committee')

The Committee deals with both nominations and remuneration-related matters. Reports on both aspects of the Committee's work are covered below.

The Committee's roles 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).

NOMINATIONS

The Committee has responsibility for reviewing the effectiveness and composition of the Board and for overseeing the recruitment process for non-executive directors.

There have not been any appointments to the Board in 2021. Mr Watson retired as a director at the Annual General Meeting ('AGM') in April 2021. Following his retirement, Ms Neubert was appointed as the Senior Independent Director. Mrs Beagles was appointed as a member of the Audit Committee in 2020 in anticipation of his retirement.

During the year, the Committee reviewed the composition of the Board and its Committees, using a skills matrix. The Committee recommended to the Board that there was no immediate need to change the composition of the Board or its Committees but notes that Ms Neubert has been on the Board for more than nine years. The Board agreed with the Committee's recommendations. As explained on page 49, the Board considers Ms Neubert to be an independent director.

The Board has seen a number of experienced directors retire in a relatively short space of time and has, therefore, asked Ms Neubert, the longest-standing non-executive director, to stay on as Senior Independent Director for a further year, subject to the identification of a suitable successor.

A report on the Board's evaluation of itself and its Committees is set out on page 55.

The Board's policy on diversity is set out on page 55.

REMUNERATION

The remainder of this report covers the remuneration-related activities of the Committee for the year ended 31 December 2021. 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 2021 and other information required by the Regulations. It will be subject to an advisory vote at the AGM on 5 May 2022.

The Company's existing remuneration policy was subject to a binding shareholder vote at the AGM in 2019 and took effect from 1 January 2019. No changes were made to the remuneration policy existing at that time. The Committee is required to submit its remuneration policy to a shareholder vote every three years and, accordingly, will be putting a resolution to approve the remuneration policy to shareholders at the AGM to be held on 5 May 2022. If approved by shareholders, the policy will apply for a further three years until the AGM in 2025, when it will next be voted on by shareholders.

The Committee is not proposing to make any significant changes to the remuneration policy this year. The Committee reviewed the terms of Mr Bell's contract, in particular the details of his bonuses, and considered whether any of the deferred elements of the bonuses should be paid in shares (a 'Deferred Award'). After careful consideration, the Committee decided that, in light of Mr Bell's substantial holding in the Company (worth £1.89 million at the time of writing, 6.0 times the CEO's base salary) and the Corporate Governance Code's requirements for clarity and simplicity in determining executive directors' remuneration policy and practices, it would not be cost-effective to establish a share scheme for one person. The Committee expects the CEO to maintain a shareholding in the Company equivalent to at least three times his salary and reserves the right to make Deferred Awards in the form of an award over shares in the Company in future.

In addition, the Committee reviewed the criteria that it takes into account in determining the CEO's discretionary bonus and further developed the criteria to focus additionally on the long-term strategy of the Company and ESG. The criteria are set out in full in note 1(i) on page 69.

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 twofold. First, it has a role in respect of executive remuneration, assisting the directors in determining the remuneration policy for 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. Secondly, the Committee considers the remuneration of the non-executive directors and has delegated responsibility for determining the remuneration of the Chairman. The Committee considers the need to appoint external remuneration consultants when necessary.

The Committee consists of three non-executive directors, including its Chairman, who are appointed by the Board. I have been a member of the Committee since May 2018 and was appointed as Chairman in April 2020. Ms Neubert and Mr Ross were appointed as members of the Committee in April 2020.

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

As part of its annual work, the Committee reviewed the non-executive directors' fees in February 2022. The Committee's recommendation, to which the Board agreed, was that non-executive directors' fees should be increased and with effect from 1 April 2022, directors' fees will be:

	£
Chairman of the Company	73,500
Chairman of the Audit Committee	48,000
Chairman of the Remuneration and Nomination Committee	44,000
Senior Independent Director	44,000
Other non-executive directors	38,000

Since 1 April 2020, the fees have been:

	£
Chairman of the Company	68,500
Chairman of the Audit Committee	45,000
Chairman of the Remuneration and Nomination Committee	42,000
Senior Independent Director	42,000
Other non-executive directors	36,000

With effect from 1 April 2022, the aggregate fees for the current non-executive directors' fees will amount to £323,500 per annum (2021: £305,500).

The Company's Articles of Association currently limit the aggregate fees payable to the non-executive directors to £450,000 per annum.

Paul Yates
Chairman of the Remuneration and Nomination Committee
15 March 2022

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 pages 60 to 61) will be put to members at the forthcoming AGM.

The following section sets out the executive director's and the non-executive directors' remuneration for the year ended 31 December 2021. The information provided on pages 62 to 65 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 2021, together with the comparative figures for 2020:

	31 December 2021			31 December 2020		
	Fees £[1]	**Taxable benefits[2]**	**Total remuneration**	Fees £[1]	Taxable benefits[2]	Total remuneration
A J S Ross	**68,500**	**–**	**68,500**	56,600	–	56,600
R A Beagles (appointed 1 July 2020)	**36,000**	**79**	**36,079**	18,000	–	18,000
G M Boyle	**36,000**	**–**	**36,000**	34,900	–	34,900
S E G A Neubert	**40,115**	**450**	**40,565**	34,900	–	34,900
J S Perry	**45,000**	**1,613**	**46,613**	43,500	1,763	45,263
B C Rogoff	**36,000**	**–**	**36,000**	34,900	–	34,900
A Watson (retired 28 April 2021)	**14,000**	**–**	**14,000**	40,600	233	40,833
P T Yates	**42,000**	**–**	**42,000**	38,900	–	38,900
H M Henderson (retired 29 April 2020)	**–**	**–**	**–**	20,700	–	20,700
R J Oldfield (retired 29 April 2020)	**–**	**–**	**–**	12,600	–	12,600

(1) The non-executive directors are not entitled to any variable payments or benefits. Non-executive directors' fees were last increased with effect from 1 April 2020.
(2) Taxable benefits comprise reasonably incurred business expenses, principally travel costs.

CEO

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 December 2021 for the CEO, Mr Bell, together with the comparative figures for 2020. 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[4] £	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
A L C Bell	**308,424**	308,424	**33,554**	30,847	**85,000**	77,106	**–**	–	**30,842**	30,842	**457,820**	447,219

(1) Mr Bell is entitled to hold outside appointments and to retain any fees payable, subject to receiving the Board's permission. During 2021, in addition to the base salary set out above, Mr Bell received £39,528 (2020: £26,690) in respect of his chairmanship of The Diverse Income Trust plc.
(2) Taxable benefits include life assurance and health insurance.
(3) Mr Bell's 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 performance against the performance criteria, described on page 69, over the preceding year at its meeting in February 2022 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 28% (compared with the maximum of 40%) of his basic salary, (£85,000), in respect of the financial year ended 31 December 2021 (2020: 25%, £77,106).
  (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 underperformed its benchmark in 2021 (net asset value debt at par, excluding the effect of share buybacks) and therefore no bonus will be paid to Mr Bell based on the Company's financial performance for the year ended 31 December 2021 (2020: underperformed, £nil).
  (iii) Long-Term Bonus
  For a description of the terms of the Long-Term Bonus (including the performance measures), please see the policy report. In summary, Mr Bell is eligible to receive up to 90% 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 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 2.5% per annum. The Company has underperformed its benchmark over the three financial years to 31 December 2021 (net asset value debt at par, excluding the effect of share buybacks) and therefore no Long-Term Bonus will be paid to Mr Bell (2020: underperformed %, £nil).
(4) Mr Bell's total fixed and variable remuneration in respect of the year ended 31 December 2021 was £372,820 and £85,000, respectively, (2020: £370,113 and £77,106, respectively).
(5) Employer's national insurance contributions of £46,722 (2020: £46,729) were paid in respect of Mr Bell's remuneration for the year.

Payment of the discretionary bonus will be partly deferred in accordance with the current policy, with 60% paid in March 2022 and the remaining 40% paid on a deferred basis in three equal instalments in March 2023, 2024 and 2025, subject to continued employment.

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 2021 (2020: nil).

Payments to past directors

No payments were made to former directors of the Company during the financial year ended 31 December 2021 (2020: £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 2021 (2020: £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 non-executive directors to own shares in the Company. The Committee expects the CEO to maintain a shareholding in the Company equivalent to at least three times his salary.

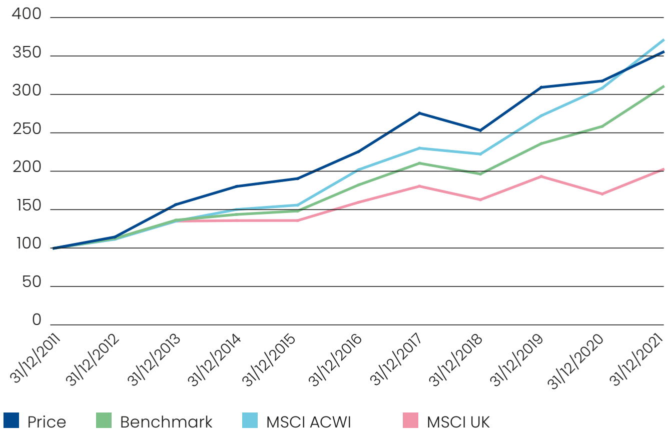
	Ordinary shares held as at 31 December 2021	Ordinary shares held as at 31 December 2020
A J S Ross	**250,000**	250,000
R A Beagles	**42,073**	42,073
A L C Bell	**850,000**	850,000
G M Boyle	**28,683**	28,683
S E G A Neubert	**53,996**	52,793
J S Perry	**82,498**	79,760
B C Rogoff	**43,950**	42,740
P T Yates	**25,245**	25,245

Since the year end, Ms Neubert has bought a further 287 shares. There have not been any other changes in the directors' interests since the year end.

None of the directors had an interest in the Company's preference shares.

Total shareholder return performance graph

The Company is required to present a graph comparing 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 MSCI UK IMI Index ('MSCI UK Index'), because the Company's shares are listed on the UK market, and also (ii) a global index, namely the MSCI All Country World Index ('MSCI ACWI'), because the Company invests across a broad spread of global equity markets. The performance of the Company's benchmark is also shown.



The line graph above sets out the Company's ten-year total shareholder return performance relative to the MSCI UK Index and the MSCI ACWII (sterling adjusted). This line graph assumes a notional investment of £100 into the indices on 31 December 2011 and the reinvestment of all income, excluding dealing expenses.

CEO remuneration table

Year ended 31 December	CEO single figure of total remuneration £	Annual discretionary and One-year Bonus payout against maximum %	Long-Term Bonus against maximum %
2021	457,820	34.4	0.0
2020	447,219	31.2	0.0
2019	590,975	62.9	29.9
2018	497,881	50.0	12.4
2017	658,906	87.5	89.0
2016	493,811	40.0	54.4
2015	593,431	95.2	100.0
2014	544,514	76.2	100.0
2013	486,802	95.0	64.2
2012	400,535	86.5	13.7

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Directors' Remuneration Report continued

Annual percentage change in remuneration of directors and employees for the year ended 31 December 2021

The table below shows how the percentage change in the directors' salaries, benefits and bonuses between 2020 and 2021 compares with the average percentage change in each of those components of pay for the Group's employees taken as a whole:

Percentage increase/(decrease) in remuneration for 2021 compared with remuneration for 2020

	Salary and fees %	Taxable benefits %	Annual bonuses %	Long-Term Bonus %
A J S Ross(1)	**21.0**	**–**	**n/a**	**n/a**
R A Beagles(2)	**100.0**	**n/a(5)**	**n/a**	**n/a**
G M Boyle	**3.2**	**–**	**n/a**	**n/a**
S E G A Neubert(3)	**14.9**	**n/a(5)**	**n/a**	**n/a**
J S Perry	**3.4**	**(8.5)**	**n/a**	**n/a**
B C Rogoff	**3.2**	**–**	**n/a**	**n/a**
P T Yates(4)	**8.0**	**–**	**n/a**	**n/a**
A L C Bell	**0.0**	**8.8**	**10.2**	**0.0**
Average pay of employees	**(14.0)**	**(13.0)**	**(33.0)**	**n/a**

(1) Appointed as chairman with effect from 29 April 2020.
(2) Appointed as a director on 1 July 2020.
(3) Fee increase reflects her appointment as Senior Independent Director with effect from 28 April 2021.
(4) Appointed as Chairman of the Remuneration and Nominations Committee with effect from 29 April 2020.
(5) Percentage increase cannot be calculated since the value in the previous year was £nil.

The increase in the CEO's annual bonuses in 2021 is due to an increase in the amount of his discretionary bonus. The fees of the non-executive directors were increased with effect from 1 April 2020. There was no increase in their fees in 2021. The decrease in employees' remuneration is due to the fact that there were seven members of staff in 2020 and six in 2021.

Percentage increase/(decrease) in remuneration for 2020 compared with remuneration for 2019

	Salary and fees %	Taxable benefits %	Annual bonuses (discretionary and One-year bonus) %	Long-Term Bonus %
A J S Ross(1)	170.8	n/a	n/a	n/a
R A Beagles	n/a(2)	n/a	n/a	n/a
G M Boyle(3)	195.8	n/a	n/a	n/a
S E G A Neubert	10.8	(100.0)	n/a	n/a
J S Perry	11.5	(68.4)	n/a	n/a
B C Rogoff	10.8	n/a	n/a	n/a
A Watson	11.2	(72.2)	n/a	n/a
P T Yates(4)	23.5	n/a	n/a	n/a
A L C Bell	2.5	11.2	(49.1)	(100.0)
Average pay of employees	2.9	1.6	(15.7)	n/a

Following a triennial review, the fees of the non-executive directors were increased with effect from 1 April 2020. With effect from 2021, fees are subject to annual review.

(1) Appointed as a director on 2 May 2019 and as chairman with effect from 29 April 2020.
(2) Percentage increase cannot be calculated since she was appointed as a director on 1 July 2020 and therefore the value in the prior year was £nil.
(3) Appointed as a director on 16 August 2019.
(4) Fee increase reflects his appointment as Chairman of the Remuneration and Nominations Committee with effect from 29 April 2020.

The decrease in the CEO's bonuses in 2020 was principally due to the underperformance of the Company in 2020, which resulted in the One-year Bonus and Long-Term Bonus not being paid in 2020.

Relative importance of spend on pay

Spend	2021 £'000	2020 £'000	Difference £'000
Fees of non-executive directors	**318**	336	(18)
Remuneration paid to or receivable by all employees of the Group (including the CEO) in respect of the year[1]	**1,001**	1,115	(114)
Dividends paid to shareholders in respect of the year ended 31 December 2021	**42,212**	44,814	(2,602)
Share buybacks[2]	**153,511**	122,484	31,027
Total payments to shareholders	**195,723**	167,298	28,425
NAV per ordinary share (debt at fair value)	**267.4p**	236.0p	13.3%

(1) Includes any accruals for future payment of the CEO's Long-Term Bonus, subject to performance being sustained and his continued employment with the Company.
(2) Share buyback activity was at a high level during the year, reflecting the level of the discount during the year (see also comments on page 15).
(3) The Committee considered that this table should include the NAV per ordinary share (debt at fair value) as this would assist shareholders to understand the relative importance of spend on pay but did not consider that there were any other significant distributions or payments that should be included.

Statement of implementation of remuneration policy

The remuneration policy for the CEO, as detailed in the policy section of the report, was agreed by shareholders at the 2019 AGM and implemented with effect from 1 January 2019. The fees for non-executive directors were last increased with effect from 1 April 2020.

A revised remuneration policy will be put to shareholders for approval at the AGM to be held on 5 May 2022 and, if approved, will be implemented with effect from 1 January 2022.

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 external advice or services, during the financial year ended 31 December 2021, 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.

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
P T Yates	2
S E G A Neubert	2
A J S Ross	2

Statement of shareholder voting

At the AGMs held on 28 April 2021 and 1 May 2019, respectively, ordinary resolutions to approve the Directors' Remuneration Report for the year ended 31 December 2020 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 withheld	Total votes cast (excluding votes withheld)
Approval of Directors' Remuneration Report			
184,541,404	**4,843,952**	**3,340,386**	**189,385,356**
97.4%	**2.6%**	**–**	**100%**
Approval of remuneration policy[1]			
58,498,865	**1,497,230**	**248,390**	**59,996,095**
97.5%	**2.5%**	**–**	**100%**

(1) Figures adjusted to take account of the sub-division of each ordinary share of 25p into five ordinary shares of 5p on 28 May 2019.

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 AGMs in 2021 or 2019.

Directors' Remuneration Report continued

REMUNERATION POLICY

The Company reports on its remuneration policy in accordance with the Regulations each year and is required to submit its remuneration policy to a shareholder vote every three years. An ordinary resolution for the approval of the current policy was put to members at the AGM on 1 May 2019 and passed by the members. This policy took effect from 1 January 2019. No changes were made to the policy.

The Committee is required to submit its remuneration policy to a shareholder vote every three years and accordingly will be putting a resolution to shareholders at the Annual General Meeting to be held on 5 May 2022 to approve the remuneration policy. The Committee is not proposing to make any significant changes to the remuneration policy this year, as set out on page 61. If approved by shareholders, the policy will apply for three years until the AGM in 2025, when it will next be voted on by shareholders. The proposed policy is set out on pages 66-71.

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 a minimum of 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 their responsibilities as directors and 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. 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 returns to the Company's shareholders, and a comparison with the fees paid to the directors of other investment trusts of a similar size, structure and investment objective. 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). With effect from 1 April 2022, the Chairman's fee is £73,500 and each non-executive director's annual base fee is £38,000. Additional fees are payable as follows: › Chairman of Audit Committee £10,000. › Chairman of Remuneration and Nomination Committee £6,000. › Senior Independent Director £6,000. The maximum amount of fees, in aggregate, that may be paid to non-executive directors in any financial year is £450,000.

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. Executive director remuneration is set at market-competitive levels, with the majority of any variable pay (bonus amounts) contingent on the attainment of audited outperformance of the Company's benchmark, in accordance with the Company's objective. Any discretionary bonus is dependent on annual appraisal by the Remuneration and Nomination Committee and Board against a range of financial and corporate governance criteria.

	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 CEO's salary was increased to £315,000 per annum with effect from 1 January 2022. 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; and › 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 four times base salary; and › business-related expenses.	Not applicable
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, which is the same as the pension contribution rate applicable to other staff.	Not applicable

Directors' Remuneration Report continued

	Purpose and link to strategy	Operation and clawback	Maximum opportunity	Performance measures
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 69 for the operation of deferral, malus and clawback.	The maximum cash discretionary bonus payable to any executive director is 40% of base salary.	Please see note 1 on page 69 for details of the performance measures applicable 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 69 for the operation of deferral, malus and clawback.	The maximum cash One-year bonus payable to any executive director is 40% of base salary.	Please see note 1 on page 69 for details of the performance measures applicable to the CEO's One-year Bonus.
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 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 69 for the operation of deferral, malus and clawback.	The maximum cash Long-Term bonus payable to any executive director is 90% of base salary.	Please see note 1 on page 69 for details of the performance measures applicable to the CEO's Long-Term Bonus.

Notes:

1. Performance measures

Mr Bell's service agreement, as amended, provides that he is eligible to receive a bonus of up to 170% of his basic annual salary, two elements of which, totalling a maximum of 130% of salary, are calculated by reference to the performance of the Company. 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 on which to judge his performance and based on which it agrees the amount of the discretionary bonus. These include the management and development of the investment process; advising the Board on and evolving the long-term strategy of the Company; the commitment, development and presentation of the Company's approach to ESG; performance against annual objectives; management of staff; administration of the office; reporting to the Board and shareholders; and relationships with the Board and other stakeholders.

(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.

(iii) Long-Term Bonus

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.

2. Deferral, malus and clawback

2.1 Deferral

All bonuses 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 and Nomination 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; or
(c) there has been serious misconduct that has resulted 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 and Nomination 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; or
(c) there has been serious misconduct that has resulted 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 policies for directors and 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.

Directors' Remuneration Report continued

(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.
(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.

All the directors are proposed for re-election at the AGM in May 2022.

CEO's service contract

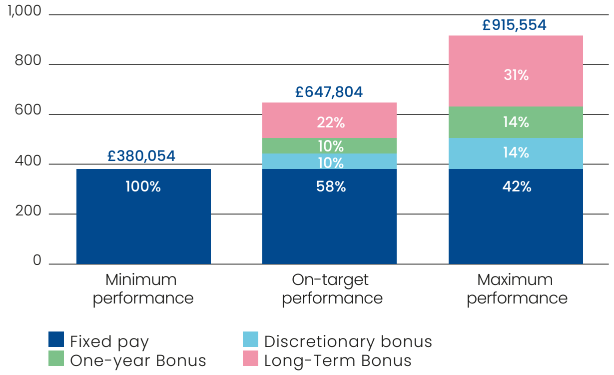
The CEO's service contract with the Company may be inspected at the Company's registered office. The CEO's service agreement dated 3 February 2010, as amended, provided in 2021 for a salary of £308,424 (2020: £308,424) per annum. His salary has been increased to £315,000 with effect from 1 January 2022. 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 2022 at three direct levels of performance:

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



Policy on payment for loss of office

Non-executive directors

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/her 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/her 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/her summary dismissal;
- his/her cessation of employment without the giving or receiving of notice; or
- his/her 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 the CEO by obtaining details of remuneration paid to employees in comparable roles in other companies.

Witan had six employees during 2021. The ratio of the CEO's remuneration to the median of the other employees was under 5. We have not reported in any greater detail on this point in order to protect the privacy of individuals.

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 2021. Due to the COVID-19 pandemic, it was not possible to meet shareholders at the AGM held in 2021 in the usual way, but shareholders were invited to submit questions to the Board. The Company also responded to shareholder enquiries during the year. The Board 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 Committee on 15 March 2022 and is signed on its behalf by:

Paul Yates
Chairman of the Remuneration and Nomination Committee
15 March 2022

Directors' Report

STATUTORY INFORMATION

The directors present the Annual Report of the Group for the year ended 31 December 2021.

ACTIVITIES AND BUSINESS REVIEW

A review of the business is given in the Strategic Report on pages 1 to 45 including the Chairman's Statement and Chief Executive's review on pages 8 to 16. 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 and of the position of the Group at the end of the year, future developments and a description of the principal risks and uncertainties facing the Group. This information can be found within the Strategic Report on pages 37 to 39.

The Corporate Governance Statement on pages 48 to 56 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 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 to the Company. Witan Investment Services Limited is authorised and regulated by the Financial Conduct Authority to act as the Company's AIFM.

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 a Junior ISA.

SUBSTANTIAL SHARE INTERESTS

As at 31 December 2021, 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 2021 the total net assets of the Group were £1,992.0million (2020: £1,925.2 million). At this date the net asset value per ordinary share was 263.93p (2020: 240.14p).

REVENUE AND DIVIDEND

The profit for the year was £263million (2020: £46 million). A profit of £28million is attributable to revenue (2020: £26 million). The profit for the year attributable to revenue has been applied as follows:

	£'000
Distributed as dividends:	
First interim of 1.36p per ordinary share (paid on 18 June 2021)	10,563
Second interim of 1.36p per ordinary share (paid on 18 September 2021)	10,385
Third interim of 1.36p per ordinary share (paid on 17 December 2021)	10,157
Fourth interim of 1.52p per ordinary share (payable on 18 March 2022)	11,107
Utilisation of the Company's revenue reserve	(14,545)
Company revenue profit available for distribution	27,667

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 46 to 47.

Mr Watson was a director until his retirement at the Annual General Meeting ('AGM') on 28 April 2021. All the other directors held office throughout the year under review. In accordance with the UK Corporate Governance Code, all the directors will retire and, being eligible, will seek re-election by shareholders.

The Board has reviewed the performance and commitment of the directors standing for election or 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. More details are contained within the Notice of AGM.

During the year the membership of the Audit Committee comprised Mr Perry (Chairman), Mrs Beagles, Mr Watson until his retirement in April 2021 and Mr Yates. During the year the membership of the Remuneration and Nomination Committee comprised Mr Yates (Chairman), Ms Neubert and Mr Ross.

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 63.

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 1 May 2019, 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.

With effect from 8 March 2022, the Company has provided an indemnity for each director in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as directors.

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

DIRECTORS' FEES

The report on the directors' remuneration is set out in the Directors' Remuneration Report on pages 60 to 71. The Company's Articles of Association currently limit the aggregate fees payable to the non-executive directors to £450,000 per annum.

INVESTMENT MANAGERS

It is the opinion of the directors that the continuing appointment of the investment managers listed on page 13 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 5p nominal value each ('shares')

At 31 December 2021, there were 1,000,355,000 (2020: 1,000,355,000) ordinary shares of 5p each in issue.

During the year, 63,737,420 shares were bought back and are held in treasury and at 31 December 2021 there were 262,379,133 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 737,975,867 on a poll. Since the year end, 9,733,038 shares have been bought back and at 14 March 2022 there were 1,000,355,000 shares in issue of which 272,112,171 were held in treasury. The voting rights of the shares on a poll are one vote for every share held.

Directors' Report continued

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 on 28 April 2021 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2022, to make market purchases to be held in treasury of the Company's ordinary shares up to a maximum of 117,084,724 shares, being 14.99% of the issued ordinary share capital as at 28 April 2021. The Company has bought back 52,842,722 shares between the date of the last AGM and 14 March 2022.

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 2021 there were 500,000 2.7% preference shares in issue. Further details on the preference shares are given in note 17 on page 108.

(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 2021 there were 2,055,000 3.4% preference shares in issue. Further details on the preference shares are given in note 17 on page 108.

At the AGM in 2021 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2021, 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 2021 the Company had valid authority, outstanding until the conclusion of the AGM in 2022, 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 2022.

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 57 to 59.

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 page 69. 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 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 has 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 anti-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 2021 are detailed on pages 112 to 113.

GREENHOUSE GAS EMISSIONS

The Company has a staff of six employees, operating from small serviced office premises. Accordingly, it does not have any significant greenhouse gas emissions to report from its own operations (as it has consumed less than 40,000 kilowatts of energy in the United Kingdom during the year), 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.

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES ('TCFD')

The Company notes the TCFD recommendations on climate-related financial disclosures. The Company is an investment trust and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework.

ANNUAL GENERAL MEETING

The AGM will be held at 2.30 pm on Thursday 5 May 2022 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 and arrangements for the meeting.

Approved by the Board and signed on its behalf by:

Frostrow Capital LLP
Company Secretary
15 March 2022

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 UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and have also chosen to prepare the parent company financial statements under UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 UK-adopted International Accounting Standards 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 UK-adopted International Accounting Standards, 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 37 to 39) 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

Andrew Ross
Chairman
15 March 2022

Andrew Bell
Chief Executive Officer
15 March 2022

Note to those who access this document by electronic means:

The Annual Report for the year ended 31 December 2021 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 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

for the year ended 31 December 2021

OPINION

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 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Individual Statements of Changes in Equity, the Consolidated and Individual 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 the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is UK-adopted International Accounting Standards 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards 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.

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.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- determining the appropriateness of the Company's going concern policy and procedures under the relevant accounting framework and the rationale for why no going concern issues are noted;
- assessing the disclosures concerning the basis of preparation of the financial statements and going concern; and
- inspecting management's going concern assessment and conclusions made.

Specifically, we performed the following procedures as a result of the recent development of macro-economic uncertainties such as COVID-19 and their potential impact on going concern:

- evaluating the income forecasts prepared by management, including the assumptions used and level of headroom available, both in terms of cash resources and compliance with loan covenants;
- obtaining support for the renewal of the revolving credit facility in November 2021 and obtaining an understanding of the liquidity position of the Group;
- considering the robustness of the forecasts to potential changes in underlying assumptions;
- obtaining an understanding of how management has assessed the impact of events/market conditions in relation to COVID-19 in their forecasts;
- assessing disclosures included in the financial statements in relation to the impact of uncertainties such as COVID-19; and
- identifying applicable subsequent events and discussing their implications with management.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

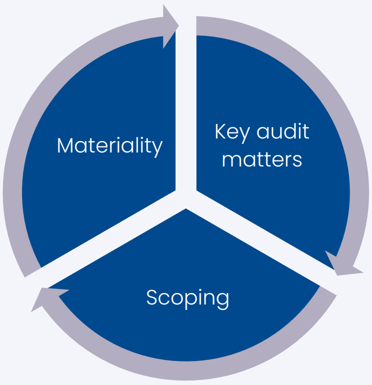
for the year ended 31 December 2021

In relation to the Group's and the parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

OUR APPROACH TO THE AUDIT

Grant Thornton



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality:

Group: £19.9 million, which represents 1% of the Group's net assets.

Parent company: £17.9 million which represents 1% of the parent company's net assets, capped at 90% of Group materiality.

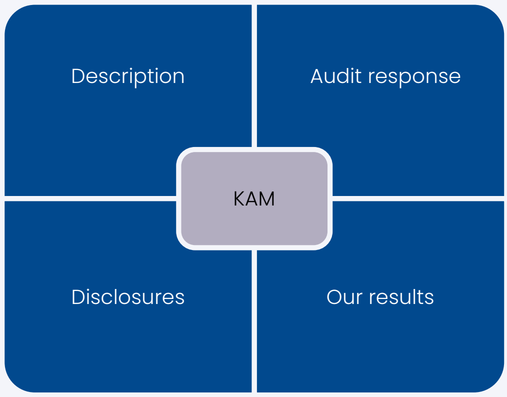
Key audit matters were identified as:

- valuation and existence of investments measured at fair value through profit or loss (Same as previous year);
- occurrence and completeness of investment income (Same as previous year);
- our auditor's report for the year ended 31 December 2020 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to going concern which had been included as a key audit matter as a result of the uncertainties of COVID-19. Since the Group has sufficient funds readily available to withstand a significant liquidity event, we no longer consider this a key audit matter.

The Group is comprised of two components, the parent company and the subsidiary, and we have performed full scope audit procedures on both.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.

- Key audit matter
- Significant risk
- Other risk

Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
Valuation and existence of investments measured at fair value through profit or loss We identified valuation and existence of investments measured at fair value through profit or loss as one of the most significant assessed risks of material misstatement due to error. The parent company's investment objective is to provide long-term income and capital growth by investing in a diversified portfolio of global equities. The investment portfolio of £2.2 billion as at 31 December 2021 (2020: £2.2 billion) is a significant material balance in the Consolidated Balance Sheet at year end and the main driver of the Group's performance. Incorrect asset pricing or a failure to maintain proper legal title of the investments held by the Group could have an impact on the portfolio valuation and therefore, the return generated for shareholders. We identified the valuation and existence of investments measured at fair value through profit or loss as a significant risk at risk of material misstatement due to error as a result of the large volume of transactions in the year, the magnitude of the transactions being material in aggregate, as well as the overall material value of the investments held at year end.	In responding to the key audit matter, we performed the following audit procedures: › assessing whether the Group's accounting policy for the valuation of investments is in accordance with UK-adopted International Accounting Standards 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 and fund portfolio by obtaining the relevant bid prices and Net Asset Values ('NAV') from independent market information providers; › recalculating the total investment valuation based on the Group's investment holdings, which was agreed to the holdings at the reporting date as reflected in the Group's accounting records; › testing that investments were actively traded by extracting a report of trading volumes in the week before and after the year-end from an independent market information provider for the equity investments held; and › confirming the existence of investments by agreeing investments held by the parent company as at the year-end to an independent confirmation received directly from the parent company's custodian.
Relevant disclosures in the Annual Report and Accounts 2021 › **Financial statements: Note 1(h), Note 10** 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.	**Our results** 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 regards to the existence of the underlying investments at the year end.

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

for the year ended 31 December 2021

Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
Occurrence and completeness of investment income We identified occurrence and completeness of investment income as one of the most significant assessed risks of material misstatement due to fraud or error. The parent company measures performance on a total return basis and investment income is one of the significant components of this performance measure. The investment income reported by the Group for the year is £37.4 million (2020: £36.1 million) and is a significant material balance in the Consolidated Statement of Comprehensive Income. The parent company is subject to Investment Trust Company (ITC) regulations and as a result is required to allocate returns between revenue and capital. There is a risk that income recognised in the year may be materially misstated through fraudulent transactions or error due to high volume of transactions. This could also impact the level of distribution required under ITC regulations.	In responding to the key audit matter, we performed the following audit procedures: › assessing whether the Group's accounting policy for recognition of investment income is in accordance with UK-adopted International Accounting Standards; › obtaining an understanding of the Group's business 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 investments and agreeing the relevant investment income receivable for those equities to the parent company's records. For the selected investments we also obtained the respective dividend rate entitlements from independent market information providers and agreed to the amounts recorded in the Group's accounting records. In addition, we agreed the receipt of the dividend income to bank statements; and › performing, on a sample basis, a search for special dividends on the equity investments held during the year to determine whether dividend income attributable to those investments has been properly recognised. We assessed the appropriateness of categorisation of special dividends as either revenue or capital receipts.
Relevant disclosures in the Annual Report and Accounts 2021 › **Financial statements: Note 1e, Note 2** 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.	**Our results** Our testing did not identify any material misstatements in the amount of investment income recognised during the year.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

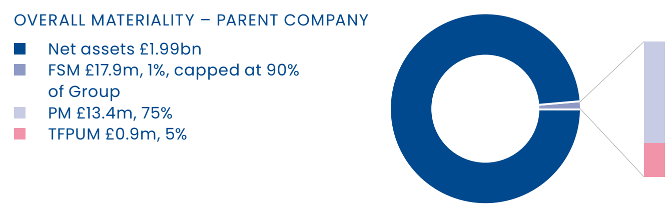
Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£19.9 million, which is 1% of the Group's net assets.	£17.9 million, which is 1% of the parent company's net assets, capped at 90% of Group materiality.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: 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 NAV calculation. In addition, 1% of NAV has been deemed reasonable based on the nature of the Group as it invests largely in listed investments. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in net asset value in the year from £1.92 billion to £1.99 billion.	In determining materiality, we made the following significant judgements: Net assets, which primarily comprise the parent 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. In addition, the parent company invests largely in liquid investments and so by benchmarking against other entities in the same industry, 1% is considered appropriate. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in net asset value in the year from £1.92 billion to £1.99 billion.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£14.9 million, which is 75% of financial statement materiality.	£13.4 million, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: A 75% performance materiality was determined based on no uncorrected misstatements from the prior year, low levels of adjustments from previous years and the high quality of the accounting records maintained by the client. We set a lower level of performance materiality in the year ended 31 December 2020 due to the heightened risk of fraud across the market as a result of the COVID-19 pandemic. Since the performance has stabilised and the Group has sufficient funds readily available to withstand a significant liquidity event, the risk of fraud is lower and therefore a lower level of performance materiality is no longer deemed necessary.	In determining performance materiality, we made the following significant judgements: A 75% performance materiality was determined based on no uncorrected misstatements from the prior year, low levels of adjustments from previous years and the high quality of the accounting records maintained by the client. We set a lower level of performance materiality in the year ended 31 December 2020 due to the heightened risk of fraud across the market as a result of the COVID-19 pandemic. Since the performance has stabilised and the parent company has sufficient funds readily available to withstand a significant liquidity event, the risk of fraud is lower and therefore a lower level of performance materiality is no longer deemed necessary.

Independent Auditor's Report to the members of Witan Investment Trust plc continued
for the year ended 31 December 2021

Materiality measure	Group	Parent company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for the following areas: Investment income, management fees and performance fees Related party transactions and directors' remuneration	We determined a lower level of specific materiality for the following areas: Investment income, management fees and performance fees Related party transactions and directors' remuneration
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£1 million and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£0.9 million and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- The engagement team obtained an understanding of the Group and its environment and assessed the risks of material misstatement at the Group level.
- The engagement team obtained 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.

Identifying significant components

The Group audit team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined, as a percentage of the Group's total assets, total income and profit before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- For each component of the audit, (the parent company and the subsidiary, Witan Investment Services Limited) the following approach was undertaken:
  - audit of the financial information of the component using component materiality (full scope audit procedures)

This ensured all key audit matters were addressed.

Changes in approach from previous period

- There have not been any changes in the scope of the current year audit from the scope of that of the prior year.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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.

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

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

for the year ended 31 December 2021

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement in 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 and the parent company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- the directors' explanation in the Annual Report as to how they have assessed the prospects of the Group and the parent company, 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 and the parent company will be able to continue in operation and meet their liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;
- the directors' statement 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 and the parent company's performance, business model and strategy;
- the directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal and emerging risks facing the Group and the parent company (including the impact of Brexit and COVID-19) and the disclosures in the Annual Report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of Brexit and COVID-19);
- the section of the Annual Report that describes the review of the effectiveness of Group's and the parent company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and
- the section of the Annual Report describing the work of the Audit Committee, including significant issues that the Audit Committee considered relating to the financial statements and how these issues were addressed.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were UK-adopted International Accounting Standards, the Companies Act 2006, the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', the AIC Code of Corporate Governance, sections 1158 to 1164 of the Corporation Tax Act 2010 and the Listing Rules of the Financial Conduct Authority (the 'FCA').
- We enquired of the directors and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the Company's Board and Audit Committee meetings.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and journals with unusual account combinations; and
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Group and parent company operate
  - understanding of the legal and regulatory frameworks applicable to the Company.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the Audit Committee, we were appointed by Witan Investment Trust plc in August 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the periods ended 31 December 2016 to 31 December 2021.

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.

USE OF OUR REPORT

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.

Paul Flatley
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
15 March 2022

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 Revenue return £'000	Year ended 31 December 2021 Capital return £'000	Year ended 31 December 2021 Total £'000	Year ended 31 December 2020 Revenue return £'000	Year ended 31 December 2020 Capital return £'000	Year ended 31 December 2020 Total £'000
Investment income	2	**37,443**	**–**	**37,443**	36,083	–	36,083
Other income	3	**129**	**–**	**129**	604	–	604
Gains on investments held at fair value through profit or loss	10	**–**	**248,107**	**248,107**	–	57,813	57,813
Foreign exchange losses on cash and cash equivalents		**–**	**(1,178)**	**(1,178)**	–	(3,259)	(3,259)
Total income		**37,572**	**246,929**	**284,501**	36,687	54,554	91,241
Expenses							
Management and performance fees	4	**(2,331)**	**(7,383)**	**(9,714)**	(2,176)	(7,103)	(9,279)
Other expenses	5	**(4,815)**	**(101)**	**(4,916)**	(5,050)	(260)	(5,310)
Profit before finance costs and taxation		**30,426**	**239,445**	**269,871**	29,461	47,191	76,652
Finance costs	6	**(1,366)**	**(3,842)**	**(5,208)**	(1,674)	(26,815)	(28,489)
Profit before taxation		**29,060**	**235,603**	**264,663**	27,787	20,376	48,163
Taxation	7	**(1,432)**	**(488)**	**(1,920)**	(1,876)	(398)	(2,274)
Profit attributable to equity shareholders of the parent company		**27,628**	**235,115**	**262,743**	25,911	19,978	45,889
Earnings per ordinary share (basic and diluted)	9	**3.59p**	**30.53p**	**34.12p**	3.08p	2.37p	5.45p

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards.

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 90 to 111 form part of these financial statements.

Consolidated and Individual Statements of Changes in Equity

for the year ended 31 December 2021

Group **Year ended 31 December 2021**	Notes	**Ordinary share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 31 December 2020		50,018	99,251	46,498	1,665,775	63,666	1,925,208
Total comprehensive income: Profit for the year		–	–	–	235,115	27,628	262,743
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(42,399)	(42,399)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(153,511)	–	(153,511)
Total equity at 31 December 2021		**50,018**	**99,251**	**46,498**	**1,747,379**	**48,895**	**1,992,041**

Company **Year ended 31 December 2021**	Notes	**Ordinary share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 31 December 2020		50,018	99,251	46,498	1,666,030	63,411	1,925,208
Total comprehensive income: Profit for the year		–	–	–	235,076	27,667	262,743
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(42,399)	(42,399)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(153,511)	–	(153,511)
Total equity at 31 December 2021		**50,018**	**99,251**	**46,498**	**1,747,595**	**48,679**	**1,992,041**

Group Year ended 31 December 2020	Notes	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Total equity at 31 December 2019		50,018	99,251	46,498	1,768,281	87,058	2,051,106
Total comprehensive income: Profit for the year		–	–	–	19,978	25,911	45,889
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(49,303)	(49,303)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(122,484)	–	(122,484)
Total equity at 31 December 2020		50,018	99,251	46,498	1,665,775	63,666	1,925,208

Company Year ended 31 December 2020	Notes	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Total equity at 31 December 2019		50,018	99,251	46,498	1,768,439	86,900	2,051,106
Total comprehensive income: Profit for the year		–	–	–	20,075	25,814	45,889
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(49,303)	(49,303)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(122,484)	–	(122,484)
Total equity at 31 December 2020		50,018	99,251	46,498	1,666,030	63,411	1,925,208

The notes on pages 90 to 111 form part of these financial statements.

Consolidated and Individual Balance Sheets

as at 31 December 2021

	Notes	Group 31 December 2021 £'000	Company 31 December 2021 £'000	Group 31 December 2020 £'000	Company 31 December 2020 £'000
Non current assets					
Investments at fair value through profit or loss	10	**2,217,455**	**2,218,571**	2,162,722	2,163,877
Right-of-use asset: property	21	**249**	**249**	315	315
		2,217,704	**2,218,820**	2,163,037	2,164,192
Current assets					
Other receivables	11	**5,840**	**5,782**	10,877	10,759
Cash and cash equivalents		**34,590**	**33,491**	36,145	35,152
Total current assets		**40,430**	**39,273**	47,022	45,911
Total assets		**2,258,134**	**2,258,093**	2,210,059	2,210,103
Current liabilities					
Other payables	12	**(10,347)**	**(10,306)**	(18,488)	(18,532)
Bank loans	13	**(98,000)**	**(98,000)**	(109,000)	(109,000)
Total current liabilities		**(108,347)**	**(108,306)**	(127,488)	(127,532)
Total assets less current liabilities		**2,149,787**	**2,149,787**	2,082,571	2,082,571
Non current liabilities					
Other payables	12	**(287)**	**(287)**	(417)	(417)
Deferred tax liability on Indian capital gains		**(886)**	**(886)**	(398)	(398)
Borrowings:					
Secured debt	13	**(154,018)**	**(154,018)**	(153,993)	(153,993)
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)
Total non current liabilities		**(157,746)**	**(157,746)**	(157,363)	(157,363)
Net assets		**1,992,041**	**1,992,041**	1,925,208	1,925,208
Equity attributable to equity holders					
Ordinary share capital	15	**50,018**	**50,018**	50,018	50,018
Share premium account		**99,251**	**99,251**	99,251	99,251
Capital redemption reserve		**46,498**	**46,498**	46,498	46,498
Retained earnings:					
Other capital reserves	16	**1,747,379**	**1,747,595**	1,665,775	1,666,030
Revenue reserve		**48,895**	**48,679**	63,666	63,411
Total equity		**1,992,041**	**1,992,041**	1,925,208	1,925,208
Net asset value per ordinary share	18	**269.93p**	**269.93p**	240.14p	240.14p

The financial statements of Witan Investment Trust plc (registered number 101625) were approved by directors and authorised for issue on 15 March 2022 and were signed on their behalf by

A J S Ross **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 £262,743,000 (2020: profit of £45,889,000).

The notes on pages 90 to 111 form part of theses financial statements.

Consolidated and Individual Company Cash Flow Statements

for the year ended 31 December 2021

	Notes	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Cash flows from operating activities					
Dividend income received		**37,986**	**37,986**	37,152	37,152
Interest received		**149**	**149**	89	88
Other income received		**361**	**141**	1,142	281
Operating expenses paid		**(15,430)**	**(15,316)**	(15,757)	(14,733)
Taxation on overseas income		**(3,794)**	**(3,794)**	(2,233)	(2,233)
Taxation recovered		**81**	**81**	485	485
Net cash inflow from operating activities		**19,353**	**19,247**	20,878	21,040
Cash flows from investing activities					
Purchases of investments		**(1,004,934)**	**(1,004,934)**	(1,687,329)	(1,687,329)
Sale of investments		**1,194,779**	**1,194,779**	1,859,846	1,859,846
Settlement of futures contracts		**–**	**–**	4,892	4,892
Net cash inflow from investing activities		**189,845**	**189,845**	177,409	177,409
Cash flow from financing activities					
Equity dividends paid	8	**(42,399)**	**(42,399)**	(49,303)	(49,303)
Expenses relating to issue of secured notes	19	**–**	**–**	(17)	(17)
Buybacks of ordinary shares		**(150,942)**	**(150,942)**	(120,437)	(120,437)
Repayment of secured bond	19	**–**	**–**	(85,750)	(85,750)
Interest paid		**(5,167)**	**(5,167)**	(6,529)	(6,529)
Repayment of lease liability		**(67)**	**(67)**	(70)	(70)
Drawdown of bank loans	19	**176,250**	**176,250**	360,000	360,000
Repayment of bank loans	19	**(187,250)**	**(187,250)**	(301,500)	(301,500)
Net cash outflow from financing activities		**(209,575)**	**(209,575)**	(203,606)	(203,606)
Decrease in cash and cash equivalents		**(377)**	**(483)**	(5,319)	(5,157)
Cash and cash equivalents at the start of the period		**36,145**	**35,152**	44,723	43,568
Effect of foreign exchange rate changes		**(1,178)**	**(1,178)**	(3,259)	(3,259)
Cash and cash equivalents at the end of the period		**34,590**	**33,491**	36,145	35,152

The notes on pages 90 to 111 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2021

1 ACCOUNTING POLICIES

The financial statements of the Group and parent company have been prepared in accordance with UK-adopted International Accounting Standards ('IASs').

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 April 2021 is consistent with the requirements of IASs, 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 significant estimates or critical judgements 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 1 to 45. The financial position of the Group as at 31 December 2021 is shown on the balance sheet on page 88. The cash flows of the Group for the year ended 31 December 2021 are not untypical and are set out on page 89.

(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 IFRS 10 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. 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. Deferred tax liabilities and assets are not recognised if they arise from the initial recognition of an asset or liability which, at the time of the transaction, does not affect the accounting profit or taxable profit.

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 IASs 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.

The classification and measurement criteria determine if financial instruments are measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Investment assets are classified based on both the business model, and the contractual cash flow characteristics of the financial instruments. This approach determined that all investments are classified and measured at fair value through profit or loss, 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.

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 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.

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 on 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 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.

Notes to the Financial Statements continued

for the year ended 31 December 2021

1 ACCOUNTING POLICIES CONTINUED

(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

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations are applicable in the current year. Their application has not had any significant impact on the amounts reported in these financial statements.

- IAS 39, IFRS 4, 7, 9 and 16 Amendments: Interest Rate Benchmark Reform.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not effective (and in some cases had not yet been adopted).

- IAS 1 Amendments: Classification of Liabilities as Current or Non Current;
- IAS 1 Amendments: Disclosure of Accounting Policies;
- IAS 8 Amendments: Definition of Accounting Estimates.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods. Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these Standards until a detailed review has been completed.

(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 5p.

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.

Other 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 and performance fees and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve. Other capital reserves also comprise treasury shares. Realised capital reserves are distributable by way of dividend.

Revenue reserve

This reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve is distributable by way of dividend.

(p) Leases

A lease is identified at inception of a contract where it conveys rights to control the use of an identified asset for a period of time in exchange for consideration. At commencement, the Company as a lessee recognises a right-of-use asset equal to the lease liability at inception plus any direct costs, and the lease liability is measured at the present value of the unpaid lease payments discounted at the incremental borrowing rate of the Company. Subsequently, the Company as a lessee applies the cost model to the right-of-use asset which is depreciated over the useful life of the right-of-use asset, the lease liability is increased by interest on the outstanding balance and reduced by lease payments paid. A remeasurement of the right-of-use asset and the lease liability occurs when there is a change to the lease contract.

The Company has elected not to separate any non-lease element from the lease payments.

2 INVESTMENT INCOME

	2021 £'000	2020 £'000
UK dividends from listed investments	**11,693**	10,549
UK special dividends from listed investments	**455**	104
UK stock dividends from listed investments	**170**	–
Total UK dividends	**12,318**	10,653
Overseas dividends from listed investments	**24,502**	25,122
Overseas special dividends from listed investments	**623**	257
Overseas stock dividends from listed investments	**–**	51
Total investment income	**37,443**	36,083

	2021 £'000	2020 £'000
Analysis of investment income by geographical segment:		
United Kingdom	**12,318**	10,653
North America	**4,407**	5,840
Continental Europe	**5,614**	5,236
Japan	**1,450**	1,933
Asia Pacific (ex Japan)	**2,709**	3,764
Latin America	**2,147**	–
Other	**8,798**	8,657
Total investment income	**37,443**	36,083

3 OTHER INCOME

	2021 £'000	2020 £'000
Deposit interest	**3**	81
Stock lending income	**126**	281
Income from the subsidiary company's third-party business	**–**	242
	129	604

At 31 December 2021 the total value of securities on loan by the Company for stock lending purposes was £57,111,000 (2020: £83,074,000). The maximum aggregate value of securities on loan at any time during the year ended 31 December 2021 was £188,480,000 (2020: £128,597,000). Collateral, revalued on a daily basis at a level equivalent to at least 105% (2020: 105%) of the market value of the securities lent, was provided against all loans.

4 MANAGEMENT AND PERFORMANCE FEES

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Management fees paid to third-party managers	**2,331**	**6,994**	**9,325**	2,176	6,528	8,704
Performance fees paid to third-party managers	**–**	**389**	**389**	–	575	575
	2,331	**7,383**	**9,714**	2,176	7,103	9,279

A summary of the terms of the management agreements is given on page 43 in the Strategic Report.

Notes to the Financial Statements continued

for the year ended 31 December 2021

5 OTHER EXPENSES

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2021 Revenue £'000	2020 Revenue £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**66**	58
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	**76**	68
Other services[1]:		
– audit-related services	**25**	25
– other assurance services	**–**	3
Total non-audit fees	**25**	28
Total fees paid	**101**	96

(1) These fees relate to the Client Assets Sourcebook (CASS) audit for the year ended 31 December 2021 (£25,000) and, in relation to the year ended 31 December 2020, a review of the interim financial statements (£3,000) and expenses incurred. The fees for this work were specifically approved by the Audit Committee (see page 59).

	2021 Revenue £'000	2020 Revenue £'000
Auditor's remuneration (see above)	**101**	96
Tax advisory services	**80**	20
Directors' fees (see the Directors' Remuneration Report on pages 60 to 71)	**318**	336
Employers' national insurance contributions on the directors' fees	**35**	35
Employee costs (including executive director's remuneration):		
– salaries and bonuses	1,001	1,115
– employers' national insurance contributions	144	160
– pension contributions (or payments in lieu thereof)	82	89
Total employee costs	**1,227**	1,364
Advisory, consultancy and legal fees	**232**	187
Investment accounting fees	**330**	307
Company secretarial fees	**158**	154
Insurances	**128**	82
Occupancy costs – office fees and rates	**68**	77
Depreciation on right-of-use asset – property	**66**	81
Bank charges and overseas safe custody fees	**513**	543
Depositary fees	**134**	128
Marketing expenses	**676**	618
Other expenses	**642**	796
Irrecoverable VAT	**107**	226
Total[1]	**4,815**	5,050

(1) The total includes costs of £479,000 (2020: £579,000) in respect of the subsidiary company's third-party business which are partially offset (2020: partially 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 2021 were £101,000 (2020: £260,000). These related to investment advisory costs and costs incurred relating to the change of portfolio managers.

The average number of staff employed by the Group during the year:

	2021	2020
Management, marketing and operation of Witan Investment Trust and Witan Investment Services	6	7

6 FINANCE COSTS

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on overdrafts and loans repayable within one year	127	380	507	67	199	266
Interest payable on secured bonds and notes repayable in more than five years	1,154	3,462	4,616	1,518	4,552	6,070
Loss on early repayment of secured bonds	–	–	–	–	22,064	22,064
Preference share dividends	83	–	83	83	–	83
Interest payable on lease liability	2	–	2	6	–	6
	1,366	3,842	5,208	1,674	26,815	28,489

7 TAXATION

7.1 Analysis of tax charge for the year

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax at 19% (2020: 19%)	–	–	–	–	–	–
Foreign tax suffered	1,672	2,279	3,951	2,575	–	2,575
Recovery of prior years' withholding tax	(81)	–	(81)	(485)	–	(485)
Foreign tax recoverable	(159)	(2,279)	(2,438)	(214)	–	(214)
Movement in deferred tax liability on Indian capital gains	–	488	488	–	398	398
Total current tax for the year (see note 7.2)	1,432	488	1,920	1,876	398	2,274

Notes to the Financial Statements continued

for the year ended 31 December 2021

7 TAXATION CONTINUED

7.2 Factors affecting the current tax charge for the year

The UK corporation tax rate is 19% for the year (2020: 19%). The tax assessed for the year is lower than that resulting from applying the effective standard rate of corporation tax in the UK. The difference is explained below.

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	**29,060**	**235,603**	**264,663**	27,787	20,376	48,163
Corporation tax at 19% (2020: 19%)	**5,521**	**44,765**	**50,286**	5,280	3,871	9,151
Effects of:						
Non-taxable UK dividends	**(2,340)**	**–**	**(2,340)**	(2,024)	–	(2,024)
Non-taxable overseas dividends	**(4,774)**	**–**	**(4,774)**	(4,832)	–	(4,832)
Withholding tax suffered	**1,432**	**–**	**1,432**	1,876	–	1,876
Non-taxable gains on investments held at fair value through profit or loss	**–**	**(47,140)**	**(47,140)**	–	(10,984)	(10,984)
Currency losses not taxable	**–**	**224**	**224**	–	619	619
Corporate interest restriction	**–**	**–**	**–**	294	4,724	5,018
Expenses not deductible for tax purposes	**–**	**–**	**–**	–	159	159
Excess management expenses not utilised in year	**1,577**	**2,151**	**3,728**	1,266	1,611	2,877
Movement in deferred tax liability on Indian capital gains	**–**	**488**	**488**	–	398	398
Preference dividends not deductible in determining taxable profit	**16**	**–**	**16**	16	–	16
Current tax charge	**1,432**	**488**	**1,920**	1,876	398	2,274

7.3 Deferred tax

The Company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for 12 months or longer. The Company has recognised a deferred tax liability of £886,000 (2020: £398,000) on capital gains which may arise if Indian investments are sold.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to maintain that status in the foreseeable future, the Company has not provided for any other 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 (2020: £nil).

7.4 Factors that may affect future tax charges

At 31 December 2021, the Company has excess expenses of £288,534,000 (2020: £273,750,000) 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 £72,120,000 (2020: £52,013,000) in respect of unrelieved loan relationship deficit and unrelieved management expenses based on a prospective corporation tax rate of 25% (2020: 19%) has not been recognised. The increase in the standard rate of corporation tax will be effective from 1 April 2023. 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 contingent asset.

8 DIVIDENDS

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for the year ended 31 December 2020 of 1.43p (2019: 1.825p) per ordinary share	**11,294**	15,783
First interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**10,563**	11,536
Second interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**10,385**	11,099
Third interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**10,157**	10,885
	42,399	49,303
Fourth interim dividend for the year ended 31 December 2021 of 1.52p (2020: 1.43p) per ordinary share	**11,107**	11,294

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 minimum distribution requirements of section 1158 of the Corporation Tax Act 2010 are considered.

	2021 £'000	2020 £'000
Revenue profits available for distribution (Company only)	**27,667**	25,814
First interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**(10,563)**	(11,536)
Second interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**(10,385)**	(11,099)
Third interim dividend for the year ended 31 December 2021 of 1.36p (2020: 1.34p) per ordinary share	**(10,157)**	(10,885)
Fourth interim dividend for the year ended 31 December 2021 of 1.52p (2020: 1.43p) per ordinary share	**(11,107)**	(11,294)
Revenue reserves utilised in the year (Company only)	**(14,545)**	(19,000)

9 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share figure is based on the net profit for the year of £262,743,000 (2020: profit of £45,889,000) and on 770,137,797 ordinary shares (2020: 841,523,451), 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 securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted earnings per ordinary share are the same.

	2021 £'000	2020 £'000
Net revenue profit	**27,628**	25,911
Net capital profit	**235,115**	19,978
Net total profit	**262,743**	45,889
Weighted average number of ordinary shares in issue during the year	**770,137,797**	841,523,451
	Pence	Pence
Revenue earnings per ordinary share	**3.59**	3.08
Capital earnings per ordinary share	**30.53**	2.37
Total earnings per ordinary share	**34.12**	5.45

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10 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2021		2020	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Listed in the United Kingdom	**447,597**	**447,597**	421,258	421,258
Listed abroad	**1,769,858**	**1,769,858**	1,741,464	1,741,464
Investment in subsidiary undertaking	**–**	**1,116**	–	1,155
	2,217,455	**2,218,571**	2,162,722	2,163,877

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

	Valuation 31 December 2020 £'000	Purchases £'000	Sales £'000	Investment gains/ (losses) £'000	**Valuation 31 December 2021 £'000**	**Cost 31 December 2021 £'000**
United Kingdom	421,258	171,336	196,010	51,013	**447,597**	**390,692**
North America	716,975	314,914	375,989	188,452	**844,352**	**649,485**
Continental Europe	358,861	250,428	250,382	16,705	**375,612**	**294,151**
Japan	104,732	19,975	42,859	(14,303)	**67,545**	**68,066**
Asia Pacific (ex Japan)	247,005	112,282	229,819	(15,114)	**114,354**	**78,397**
Latin America	31,141	25,684	11,869	(21,864)	**23,092**	**19,726**
Other	282,750	99,818	80,883	43,218	**344,903**	**262,358**
	2,162,722	994,437	1,187,811	248,107	**2,217,455**	**1,762,875**

The above figures do not include any gains/losses on futures positions (see note 10.4).

Total transactions costs included in gains or losses on investments at fair value through profit or loss include purchase costs of £3,246,000 (2020: £2,410,000) and sales costs of £706,000 (2020: £1,170,000). These comprise mainly stamp duty and commission and includes £Nil in respect of changes in portfolio managers (2020: £66,000).

The Group received £1,187,811,000 (2020: £1,865,043,000) from investments sold in the period. The book cost of these investments when they were purchased was £965,319,000 (2020: £1,938,731,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

10.3 Gains in investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Gains on investments	**248,107**	52,921
Gains on derivatives	**–**	4,892
	248,107	57,813

10.4 Derivatives

	2021 £'000	2020 £'000
Gains on futures	**–**	4,892

Open futures contracts

There were no open contracts as at 31 December 2021 or 31 December 2020.

10.5 Substantial share interests

The Company has notified interests in 3% or more of the voting rights of seven of the investee companies, all of which are closed-ended investment funds. The Company holds 13.1% of the shares in issue of Unbound Group plc (formerly Electra Private Equity PLC), which represents £4,004,000 of investments held at fair value through profit or loss. 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

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Sales for future settlement	–	–	6,968	6,968
Taxation recoverable	3,548	3,548	1,288	1,288
Amounts due from subsidiary	–	278	–	–
Prepayments and accrued income	2,120	1,784	2,421	2,421
Other debtors	172	172	200	82
	5,840	5,782	10,877	10,759

12 OTHER PAYABLES – CURRENT LIABILITIES

	2021		2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Purchases for future settlement	1,569	1,569	12,066	12,066
Preference dividends	39	39	39	39
Outstanding buybacks of ordinary shares	4,686	4,686	2,117	2,117
Lease liability	76	76	62	62
Amounts due to subsidiary	–	–	–	128
Accruals	3,977	3,936	4,204	4,120
	10,347	10,306	18,488	18,532

Other payables – non current liabilities

	Group £'000	Company £'000	Group £'000	Company £'000
Bonuses payable in more than one year	101	101	149	149
Lease liability payable in more than one year	186	186	268	268
	287	287	417	417

Notes to the Financial Statements continued

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13 BORROWINGS

	2021		2020	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Financial instruments redeemable other than in instalments are as follows:				
Amounts falling due within one year:				
Bank loans	**98,000**	**98,000**	109,000	109,000
Amounts falling due after more than one year:				
Secured debt:				
3.29 per cent. secured notes due 2035	**20,891**	**20,891**	20,884	20,884
3.47 per cent. secured notes due 2045	**53,677**	**53,677**	53,669	53,669
2.39 per cent. secured notes due 2051	**49,686**	**49,686**	49,679	49,679
2.74 per cent. secured notes due 2054	**29,764**	**29,764**	29,761	29,761
	154,018	**154,018**	153,993	153,993
2,055,000 3.4 per cent. cumulative preference shares of £1 each (see note 17 on page 108)	**2,055**	**2,055**	2,055	2,055
500,000 2.7 per cent. cumulative preference shares of £1 each (see note 17 on page 108)	**500**	**500**	500	500
	254,573	**254,573**	265,548	265,548

At the year end, the Company had a £150,000,000 secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 2 December 2022). The terms of this loan facility contain covenants that total net borrowings do not exceed 20% of the NAV.

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.

During 2019 the Company issued £50,000,000 (nominal) 2.39 per cent. secured notes due 2051 net of issue costs totalling approximately £315,000. These costs will be written back over the life of the secured notes.

The secured notes are secured by floating charges over all the undertakings and assets of the Company. The security of the charges applies pari passu to the issues. The terms of each of the four 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, 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 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; these policies have remained substantially unchanged from those applying in the year ended 31 December 2020. 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 was as follows:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	**2,217,455**	2,162,722

Concentration of exposure to price risks

An analysis of the Group's investment portfolio is shown on page 36. This shows that the greater geographical weighting is to North American companies, with significant exposure also to the UK, Asia and Continental Europe. Accordingly, there is a concentration of exposure 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.

	2021		2020	
	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	**332,618**	**(332,618)**	324,408	(324,408)
	332,618	**(332,618)**	324,408	(324,408)

14.3 Currency risk

A proportion of the Group's assets, liabilities and income is denominated in currencies other than sterling (the Company'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.

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 overleaf. Where the Group's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

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14 FINANCIAL INSTRUMENTS CONTINUED

2021	**US$ £'000**	**Euro £'000**	**Yen £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	**464**	**2,817**	**170**	**912**
Cash at bank and on deposit	**9,938**	**(34)**	**–**	**454**
Payables (due to brokers, accruals and other creditors)	**(1,386)**	**–**	**–**	**(1,847)**
Total foreign currency exposure on net monetary items	**9,016**	**2,783**	**170**	**(481)**
Investments at fair value through profit or loss that are equities	**851,973**	**330,707**	**62,535**	**175,324**
Total net foreign currency exposure	**860,989**	**333,490**	**62,705**	**174,843**

2020	US$ £'000	Euro £'000	Yen £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	1,694	4,010	154	3,640
Cash at bank and on deposit	7,871	31	1	500
Payables (due to brokers, accruals and other creditors)	(4,001)	(2,075)	–	(4,321)
Total foreign currency exposure on net monetary items	5,564	1,966	155	(181)
Investments at fair value through profit or loss that are equities	791,813	318,554	100,579	247,369
Total net foreign currency exposure	797,377	320,520	100,734	247,188

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

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit/loss after tax for the year and the Group's equity in regard to the Group's monetary 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% (2020: 15%)
£/Euro +/- 15% (2020: 15%)
£/Japanese yen +/- 15% (2020: 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:

	2021			2020		
	US$ £'000	**Euro £'000**	**Yen £'000**	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	**1,200**	**1,195**	**228**	1,321	693	338
Capital return	**150,348**	**58,360**	**11,036**	139,732	56,215	17,749
Change to the profit/loss after tax	**151,548**	**59,555**	**11,264**	141,053	56,908	18,087
Change to the shareholders' funds	**151,548**	**59,555**	**11,264**	141,053	56,908	18,087

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

	2021			2020		
	US$ £'000	**Euro £'000**	**Yen £'000**	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	**(887)**	**(884)**	**(168)**	(976)	(512)	(250)
Capital return	**(111,127)**	**(43,136)**	**(8,157)**	(103,280)	(41,550)	(13,119)
Change to the profit/loss after tax	**(112,014)**	**(44,020)**	**(8,325)**	(104,256)	(42,062)	(13,369)
Change to the shareholders' funds	**(112,014)**	**(44,020)**	**(8,325)**	(104,256)	(42,062)	(13,369)

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 notes that were issued as part of the Company's planned gearing.

Interest rate exposure

The exposure at 31 December 2021 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 £63,410,000 (2020: £72,855,000). This represents cash holdings minus variable rate borrowing.

The Group's exposure to fixed interest rates on assets is £Nil (2020: £Nil).

The Group's exposure to fixed interest rates on liabilities is £156,573,000 (2020: £156,548,000). This represents fixed-rate borrowing.

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 SONIA or its foreign currency equivalent (2020: same);
- the finance charge on the preference shares is at a weighted average interest rate of 3.3% (2020: 3.3%); and
- the finance charge on the secured notes is at a weighted average interest rate of 2.96% for an average period of 26.0 years (2020: 2.96% for an average period of 27.0 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 £202,000 (2020: £178,000), capital return after tax by £1,470,000 (2020: £1,635,000), and total profit after tax and shareholders' funds by £1,268,000 (2020: £1,457,000).

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.

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14 FINANCIAL INSTRUMENTS CONTINUED

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. During 2015, the Group issued 3.47 per cent. and 3.29 per cent. secured notes for £54,000,000 and £21,000,000 respectively. During 2017, the Group issued 2.74 per cent. secured notes for £30,000,000. During 2019, the Group issued 2.39 per cent. secured notes for £50,000,000. The Group is able to draw short-term borrowings of up to the sterling equivalent of £150 million from its secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 2 December 2022). £98,000,000 was drawn down under the facility at 31 December 2021.

Liquidity risk exposure

	2021			2020		
	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 notes(1)	**4,582**	**18,327**	**257,869**	4,582	18,327	262,739
Preference shares(2)	**83**	**332**	**2,555**	83	332	2,555
Other creditors and accruals	**9,547**	**1,173**	**–**	17,572	815	–
Bank loan and interest payable	**98,045**	**–**	**–**	109,050	–	–
	112,257	**19,832**	**260,424**	131,287	19,474	265,294

(1) The above figures show interest payable over the remaining terms of each instrument. The figures also include the capital to be repaid.
(2) 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:

- cash at bank is held only with reputable banks with high-quality external credit ratings;
- 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; and
- 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.

None of the Group's financial assets 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.

	2021 £'000	2020 £'000
Cash	**34,590**	36,145
Receivables:		
Sales for future settlement	**–**	6,968
Taxation recoverable	**3,548**	1,288
Accrued income	**2,120**	2,421
Other debtors	**172**	200
	40,430	47,022

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, bank overdrafts and bank loans).

Financial liabilities

	2021		2020	
	Fair value £'000	Balance sheet amount £'000	Fair value £'000	Balance sheet amount £'000
Financial liabilities measured at amortised cost:				
Non current liabilities				
Preference shares	**1,354**	**2,555**	1,354	2,555
Secured notes	**173,961**	**154,018**	188,077	153,993
	175,315	**156,573**	189,431	156,548

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 1.20% (2020: 1.20%).

Level 1 Financial liabilities

The Company's preference shares 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 1.20% (2020: 1.20%). 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.

Notes to the Financial Statements continued

for the year ended 31 December 2021

14 FINANCIAL INSTRUMENTS CONTINUED

Financial assets at fair value through profit or loss

At 31 December 2021	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**2,072,010**	**–**	**–**	**2,072,010**
Warrants	**–**	**1,491**	**–**	**1,491**
Investments in other funds	**–**	**106,180**	**37,774**	**143,954**
Total	**2,072,010**	**107,671**	**37,774**	**2,217,455**

At 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	2,090,801	–	–	2,090,801
Warrants	–	5,082	–	5,082
Investments in other funds	–	66,839	–	66,839
Total	2,090,801	71,921	–	2,162,722

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 refers to investments in GMO Climate Change Fund (2020: GMO Climate Change Fund) and warrant holdings in Wulliangye Yibin and Kweichow Moutai (2020: Wulliangye Yibin and Kweichow Moutai).

Level 3 Reconciliation of Level 3 fair value measurement of financial assets

A reconciliation of fair value movements within Level 3 is set out below:

Level 3 investments at fair value through profit or loss	**2021 £'000**	2020 £'000
Opening balance	**–**	–
Acquisitions	**38,138**	–
Total losses included in the Statement of Comprehensive Income – on assets held at year end	**(364)**	–
Closing balance	**37,774**	–

The key inputs to unquoted investments (i.e. the holdings in Unquoted Growth Funds with Lindenwood and Lansdowne) included within Level 3 are net asset value statements provided by investee entities, which represent fair value (2020: no Level 3 investments).

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 2021 was £2,246,614,000 (2020: £2,190,756,000) comprising £254,573,000 of debt (2020: £265,548,000) and £1,992,041,000 of equity share capital and other reserves (2020: £1,925,208,000).

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 expressed as a percentage of shareholders' funds. At 31 December 2021 effective gearing was 11.3% (2020: 12.3%) and the calculation is set out below:

	2021 £'000	2020 £'000
Value of investments per the balance sheet	**2,217,455**	2,162,722
Shareholders' funds per the balance sheet (A)	**1,992,041**	1,925,208
Excess of gross value of investments over shareholders funds (B)	**225,414**	237,514
Effective gearing (B as a percentage of A)	**11.3%**	12.3%

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 (i.e. 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 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 (see also note 13 on page 100 for details of other covenants);
- 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 2021 £'000	Group and Company 2020 £'000
Called up and issued: 737,975,867 ordinary shares of 5p each (2020: 801,713,287)	**36,899**	40,086
Held in treasury: 262,379,133 ordinary shares of 5p each (2020: 198,641,713)	**13,119**	9,932
Total 1,000,355,000 shares (2020: 1,000,355,000)	**50,018**	50,018

During the year, 63,737,420 ordinary shares were bought back at a cost of £153,511,000 (2020: 64,265,148 shares bought back at a cost of £122,484,000). 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 £0.05 nominal value of shares registered in their name. Accordingly, on a poll, each ordinary shareholder has one vote for every one share held.

Notes to the Financial Statements continued

for the year ended 31 December 2021

16 RESERVES

Other capital reserves of £1,747,379,000 (2020: £1,665,775,000) comprises capital reserve arising on investments sold of £1,292,799,000 (2020: £1,236,809,000) and capital reserve arising on revaluation of investments held of £454,580,000 (2020: £428,966,000), inclusive of a provision for Indian capital gains tax. Other capital reserves also comprise treasury shares.

17 PREFERENCE SHARES

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

	Group and Company 2021 £'000	Group and Company 2020 £'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 preference 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, every member of the Company who is present in person or by proxy and who is entitled to vote thereat, whether an ordinary shareholder or, in the circumstances outlined above, a preference shareholder, has one vote for every £0.05 nominal value of shares registered in their name. Accordingly, on a poll each preference shareholder has 20 votes for every one share held.

18 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share of 269.93p (2020: 240.14p) is based on the net assets attributable to the ordinary shares of £1,992,041,000 (2020: £1,925,208,000) and on the 737,975,867 ordinary shares in issue at 31 December 2021 (2020: 801,713,287).

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

	£'000
Total net assets at 1 January 2021	**1,925,208**
Total profit for the year	**262,743**
Dividends paid in the year on the ordinary shares (see note 8)	**(42,399)**
Share buybacks	**(153,511)**
Net assets attributable to the ordinary shares at 31 December 2021	**1,992,041**

An alternative net asset value per ordinary share can be calculated by deducting from the total assets less current liabilities of the Company, the bonus and leases payable in greater than one year, 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 2021 calculated on this basis is 267.40p (2020: 236.04p) as set out on page 109.

	2021		2020	
	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	**2,149,787**	**2,149,787**	2,082,571	2,082,571
Liabilities at balance sheet value/fair value	**(157,746)**	**(176,488)**	(157,363)	(190,246)
	1,992,041	**1,973,299**	1,925,208	1,892,325
Ordinary shares in issue at 31 December	**737,975,867**	**737,975,867**	801,713,287	801,713,287
NAV per share	**269.93p**	**267.39p**	240.14p	236.04p

19 RECONCILIATION OF GROUP LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021				2020			
	Long-term debt £'000	**Short-term debt £'000**	**Lease liability £'000**	**Total £'000**	Long-term debt £'000	Short-term debt £'000	Lease liability £'000	Total £'000
Opening liabilities from financing activities	**156,548**	**109,000**	**330**	**265,878**	220,196	50,500	493	271,189
Cash flows:								
Net (repayment)/ drawdown of bank loans	**–**	**(11,000)**	**–**	**(11,000)**	–	58,500	–	58,500
Repayment of secured bonds net of expenses	**–**	**–**	**–**	**–**	(85,767)	–	–	(85,767)
Repayment of lease finance	**–**	**–**	**(70)**	**(70)**	–	–	(70)	(70)
Non-cash:								
Effective interest	**25**	**–**	**–**	**25**	55	–	–	55
Loss on early redemption of secured bonds	**–**	**–**	**–**	**–**	22,064	–	–	22,064
Modifications to lease liability	**–**	**–**	**–**	**–**	–	–	(99)	(99)
Interest on lease liability	**–**	**–**	**2**	**2**	–	–	6	6
Closing liabilities from financing activities	**156,573**	**98,000**	**262**	**254,835**	156,548	109,000	330	265,878

20 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2021 and 31 December 2020 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 most recently in October 2020 for five years to October 2025.

Notes to the Financial Statements continued

for the year ended 31 December 2021

21 LEASE ARRANGEMENTS

21.1 Right-of-use asset: property

	2021 £'000	2020 £'000
Opening balance	315	490
Modifications during the period	–	(94)
Depreciation through profit and loss	(66)	(81)
Closing balance	249	315

21.2 Lease liabilities

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:

	2021 £'000	2020 £'000
Within one year	78	67
In the second to fifth years inclusive	207	286
After the fifth year	–	–
Total undiscounted lease payments at the end of the period	285	353

At the balance sheet date, the Group had a discounted lease liability as follows:

	2021 £'000	2020 £'000
Current	76	62
Non current	186	268
Total lease liability	262	330

21.3 Amounts recognised in the profit/(loss) for the year

	2021 £'000	2020 £'000
Depreciation on right-of-use asset	66	81
Interest on lease liability	2	6
Modification of lease	–	(2)

21.4 Outflows recognised in the cash flow statement for the year

Financing	2021 £'000	2020 £'000
Repayment of lease finance	67	70

21.5 Other leasing information

The lease payments represent rentals payable by the Group for its office property.

The Company renegotiated the lease on its premises during 2020 which resulted in a lease modification. A separate lease was not recognised as the modification did not increase the scope of the lease or lease payment. There were no changes to the original lease term as a result of the modified lease. There were changes to the lease liability due to the revised lease payments which were discounted at the Company's current incremental borrowing rate. The modification led to measurement changes regarding (i) derecognition of a proportion of the right-of-use asset and lease liability due to the reduced floor space, with any differences accounted for as a capital profit; and (ii) adjustments made to reduce the lease liability due to the modified lease payment with an equivalent adjustment to reduce the right-of-use asset.

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. Its registered office is shown on the inside back cover.

23 RELATED PARTY TRANSACTIONS DISCLOSURES

Balances and transactions between the Company and its subsidiary, which are related parties, amounting to £440,000 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 62 to 65.

Directors' transactions

Dividends totalling £77,000 (2020: £153,000) were paid in the year in respect of ordinary shares held by the Company's directors.

24 SEGMENT REPORTING

Operating segments are determined based on internal management reporting of the Group that is reviewed regularly by the 'Chief Operating Decision Maker' (who is the Chief Executive Officer) and used to allocate resources and assess their performance.

Geographical information

The Group operates in one geographic area, the UK, and primarily invests in companies listed in the UK and other recognised overseas exchanges.

Operating segments

The Group has two reportable 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 which is the business of the subsidiary company, Witan Investment Services Limited, and recorded in the accounts of that company. Each segment is managed separately as they have different objectives.

Performance is measured based on segment profit or loss included in the internal management reports that are reviewed by the Chief Executive Officer. Transactions between reportable segments include activities from the provision of alternative investment fund manager, executive and marketing management services. Segment information is measured on the same basis as that used in the preparation of the Group financial statements.

	31 December 2021			31 December 2020		
	Investment trust £'000	**Management services £'000**	**Total £'000**	Investment trust £'000	Management services £'000	Total £'000
External revenue	**37,572**	**–**	**37,572**	36,445	–	36,445
Other revenue	**246,929**	**–**	**246,929**	54,554	-	54,554
Revenue from other operating segments	**–**	**–**	**–**	–	242	242
Segment expense						
Management expense	**(9,714)**	**–**	**(9,714)**	(9,279)	-	(9,279)
Other expense	**(4,437)**	**(479)**	**(4,916)**	(4,725)	(585)	(5,310)
Finance costs	**(5,208)**	**–**	**(5,208)**	(28,489)	–	(28,489)
Segment profit/(loss) before taxation	**265,142**	**(479)**	**264,663**	48,506	(343)	48,163
Segment assets	**1,990,925**	**1,116**	**1,992,041**	1,924,053	1,155	1,925,208

The non current assets are located in the United Kingdom.

25 SUBSEQUENT EVENTS

Since the year end, the Board has declared a fourth interim dividend in respect of the year ended 31 December 2021 of 1.52p per ordinary share (see also page 9 and note 8 on page 97).

From 1 January to 14 March 2022, 9,733,038 ordinary shares of 5p were bought back for £22.9 million.

Other Financial 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 2021 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 2021 is disclosed below:

Stock lending

Market value of securities on loan	% of lendable assets	% of AUM
£57,111,000	2.58	2.57

CONCENTRATION DATA

The ten largest collateral issuers across all the securities financing transactions as at 31 December 2021 are disclosed below:

Issuer	Market value of collateral received £'000
Seven and I	7,515
Intuitive Surgical Inc	5,915
Hess Corporation	3,199
Veolia Environnement SA	2,843
Texas Instruments Inc	2,833
American International Group	2,793
Salesforce Com Inc	2,447
Hilton Worldwide Holdings Inc	2,317
Qualcomm Inc	2,146
Exxon Mobil Corporation	1,979
	33,987

The top counterparties of each type of securities financing transactions as at 31 December 2021 are disclosed below:

Counterparty	Market value of securities on loan £'000
BNP Paribas	55,052
HSBC	1,537
Citigroup	522
	57,111

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 2021:

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
BNP Paribas	France	Equity	Main Market Listing	CHF	Triparty	BNP Paribas	**1,369**
		Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**3,096**
		Equity	Main Market Listing	JPY	Triparty	BNP Paribas	**7,515**
		Equity	Main Market Listing	USD	Triparty	BNP Paribas	**45,977**
Citigroup	US	Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**30**
		Government Bond	Investment Grade	JPY	Triparty	BNP Paribas	**1,356**
		Government Bond	Investment Grade	USD	Triparty	BNP Paribas	**18**
HSBC	Hong Kong	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**166**
		Equity	Main Market Listing	USD	Triparty	BNP Paribas	**33**
		Government Bond	Investment Grade	DKK	Triparty	BNP Paribas	**1**
		Government Bond	Investment Grade	EUR	Triparty	BNP Paribas	**806**
		Government Bond	Investment Grade	JPY	Triparty	BNP Paribas	**618**
							60,985

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 Company	% return of the Company
£168,000	**£42,000**	**25%**	**£126,000**	**75%**

Additional Shareholder Information

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE

Witan Investment Trust plc is an 'alternative investment fund' ('AIF') for the purposes of the UK version of the EU Alternative Investment Fund Managers' Directive (Directive 2011/61/EU) (the 'AIFMD') as transposed into UK Law on the UK's exit from the EU. The Company has appointed its subsidiary, UK version of the 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 March 2021.

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 40 portfolio holdings is included on pages 34 to 35;
- 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 contained within the IDD; and
- information in relation to the Company's leverage is contained within the IDD.

SHAREHOLDER INFORMATION

Points of reference

Shareholders can follow the progress of their 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 BJTRSD3.

Dividend

A fourth interim dividend of 1.52p per share has been declared, payable on 18 March 2022. The record date for the dividend was 25 February 2022 and the ex-dividend date for the dividend was 24 February 2022 (see page 9 and note 8 on page 97).

Dividend Tax Allowance

From April 2019 individuals have an annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. 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.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Benchmark: The Company's equity benchmark is 85% Global (MSCI All Country World Index) and 15% UK (MSCI UK IMI Index). From 1 January 2017 to 31 December 2019 the benchmark was 30% UK, 25% North America, 20% Asia Pacific, 20% Europe (ex UK) and 5% Emerging Markets. From 1 October 2007 to 31 December 2016 the benchmark was 40% UK, 20% North America, 20% Europe (ex UK) and 20% Asia Pacific. With effect from August 2020, the source for the benchmark index changed to MSCI International, replacing the previous FTSE source.

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. See page 107.

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 page 108.

Net asset value total return: Total return on net asset value ('NAV'), on a debt at fair value to debt at fair value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	**Year ended 31 December 2021**	Year ended 31 December 2020
Opening cum income NAV per share (pence) (A)	**236.0**	233.1
Closing cum income NAV per share (pence) (B)	**267.4**	236.0
Total dividend adjustment factor (1) (C)	**1.021565**	1.028573
Adjusted closing cum income NAV per share (B x C = D)	**273.2**	242.8
Net asset value total return (D/A - 1)	**15.8%**	4.2%

(1) The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum income NAV at the ex-dividend date.

Net contribution from borrowing: The estimated percentage contribution to NAV attributable to gearing, net of the cost of gearing, as a percentage of NAV.

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 issued by the AIC. Please refer to page 43.

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: on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	**Year ended 31 December 2021**	Year ended 31 December 2020
Opening share price (pence) (A)	**230.5**	231.5
Closing share price (pence) (B)	**252.0**	230.5
Total dividend adjustment factor (1) (C)	**1.023980**	1.03100
Adjusted closing share price (B x C = D)	**258.0**	237.7
Share price total return (D/A – 1)	**11.9%**	2.7%

(1) The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Additional Shareholder Information continued

HISTORICAL RECORD

		Debt at fair value		Debt at par value			
	Market price per ordinary share in pence(1)	Net asset value per ordinary share in pence(1)(2)	Share price (discount)/ premium %(2)	Net asset value per ordinary share in pence(1)(3)	Share price (discount)/ premium %(3)	Earnings per ordinary share in pence(1)	Dividends per ordinary share in pence(1)
31 December 2011	90.0	100.7	(10.7)	103.4	(12.9)	2.70	2.40
31 December 2012	100.6	113.8	(11.6)	116.4	(13.5)	2.90	2.60
31 December 2013	133.8	143.5	(6.8)	145.0	(7.7)	3.10	2.90
31 December 2014	150.7	149.8	0.6	152.1	(0.9)	3.20	3.10
31 December 2015	156.0	156.2	(0.2)	157.7	(1.1)	3.70	3.40
31 December 2016	180.4	187.8	(4.0)	190.6	(5.3)	4.40	3.80
31 December 2017	215.8	219.2	(1.6)	222.0	(2.8)	4.80	4.20
31 December 2018	194.2	196.7	(1.3)	199.0	(2.5)	5.20	4.70
31 December 2019	231.5	233.1	(0.7)	236.9	(2.3)	6.01	5.35
31 December 2020	230.5	236.0	(2.4)(4)	240.1	(4.2)	3.08	5.45
31 December 2021	**252.0**	**267.4**	**(6.1)(4)**	**269.9**	**(7.1)**	**3.59**	**5.60**

(1) Comparative figures for the years 2011–2018 have been restated due to the sub-division of each ordinary share of 25p into five ordinary shares of 5p each on 28 May 2019.
(2) The net asset value per ordinary share is calculated by deducting from the total assets less liabilities of the Group the fixed borrowings at their fair (or market) values. The share price discount/premium reflects this calculation.
(3) The net asset value per ordinary share is calculated by deducting from the total assets less liabilities of the Group the fixed borrowings at their par (not their market) values. The share price discount/premium reflects this calculation.
(4) The average discount to the net asset value, including income, with debt at fair value, in 2021 was 6.9% (2020: 6.0%) (source: Datastream).

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 Hargreaves Lansdown, Barclays Smart Investors, Fidelity, Halifax Share Dealing Limited, Interactive Investor and A J 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 or via a growing number of dedicated platforms (including Seven Investment Management, Transact and Fidelity Funds Network).

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 pooled investment products because they are shares in a UK-listed investment trust.

Contacts

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The Company is a public company limited by shares.

REGISTERED NUMBER

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[1] 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.

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The Company is a member of or signatory to:

Signatory of: PRI Principles for Responsible Investment

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.

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'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ('FCA') using the share fraud report form at www.fca.org.uk/scams or call the FCA Customer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar at the numbers provided above.

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Witan investment trust