Witan investment trust

Witan Investment Trust plc Annual Report 2022

Collective Wisdom

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.

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

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

(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

221.5p
SHARE PRICE 2022
2021: 252.0p

234.1p
NAV PER ORDINARY SHARE (DEBT AT FAIR VALUE)[3]
2021: 267.4p

5.4%
DISCOUNT (NAV INCLUDING INCOME, DEBT AT FAIR VALUE)[3]
2021: 5.8%

5.80p
DIVIDEND PER SHARE
2021: 5.60p

Total return performance

	1 year % return	5 years % return	10 years % return
SHARE PRICE TOTAL RETURN[1][3]	(9.8)	16.3	179.6
NAV TOTAL RETURN[1][3]	(10.3)	20.4	158.6
WITAN BENCHMARK[1]	(6.2)	38.1	157.8
MSCI UK IMI INDEX[2]	1.6	13.9	83.4
MSCI ALL COUNTRY WORLD INDEX[2]	(7.6)	48.7	206.6

(1) Source: Morningstar.
(2) Source: Morningstar. See also MSCI International for conditions of use (www.msci.com).
(3) Alternative performance measure (see page 5).

A high conviction yet well-diversified portfolio

To read more about our diversified portfolio **see pages 26 to 27**

79%

Active share[3] at end 2022

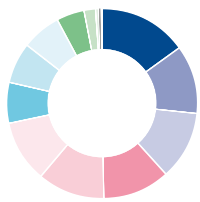
We are active investors with a highly selective approach to portfolio construction. This is different from a passive fund which replicates a particular index.

Percentage of total funds

36% NORTH AMERICA	**21%** EUROPE	**20%** UK	**12%** OTHER, INCLUDING INVESTMENT COMPANIES
4% ASIA EX JAPAN	**3%** JAPAN	**2%** LATIN AMERICA	**2%** UNQUOTED FUNDS

SECTOR BREAKDOWN OF THE PORTFOLIO

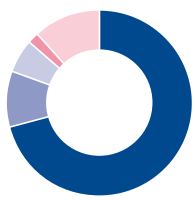
- **15.1%** Industrials
- **11.6%** Financials
- **11.6%** Information Technology
- **11.6%** Investment Companies
- **11.4%** Consumer Staples
- **10.6%** Healthcare
- **6.9%** Consumer Discretionary
- **6.9%** Materials
- **6.6%** Communication Services
- **4.7%** Energy
- **2.0%** Unquoted Funds
- **0.7%** Utilities
- **0.3%** Real Estate



Source: BNP Paribas as at 31 December 2022.

COMPANY SIZE BREAKDOWN OF THE PORTFOLIO

- **71.0%** Large Cap
- **9.7%** Mid Cap
- **5.7%** Small Cap
- **2.0%** Unquoted Funds
- **11.6%** 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 the 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[1] of 454.3% versus 365.1% for Witan's benchmark and 231.7% for the MSCI UK Index.

(1) Alternative performance measure, see page 118.

Collective Wisdom

A one-stop shop for global equity investment, offering long-term 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. In many cases, these managers are either not available to individual UK investors or available only on less competitive terms.

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

Key performance indicators

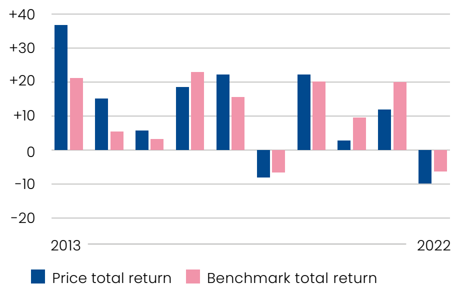
The financial key performance indicators ('KPIs') below are monitored as significant measures of longer-term success. With respect to non-financial measures, details of the Company's policies and compliance in relation to the UK Corporate Governance Code are set out in the Corporate Governance Statement on pages 48 to 58.

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 2022 was -9.8%, compared with the benchmark's return of -6.2%. Our NAV total return was less than that of the benchmark but was slightly offset by a narrower discount than at the end of 2021. Over five years, the share price total return was 16.3% compared with 38.1% for the benchmark.

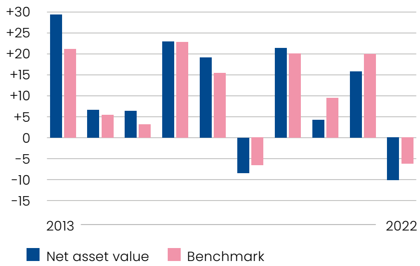
-9.8%

IN 2022

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 -10.3%, which was an improved position compared with the AIC Global sector (which declined by 20.4% on average) but underperformed our benchmark which declined -6.2%. Over the past five years, the NAV total return was 20.4%, compared with 38.1% for the benchmark.

-10.3%

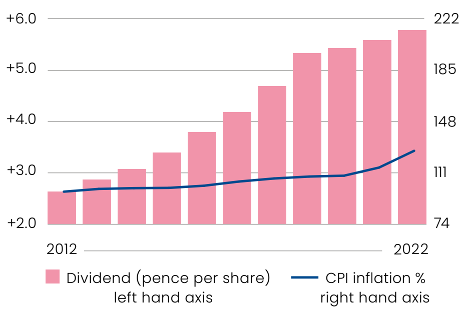
IN 2022

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 3.6% in 2022, which was less than the 10.5% increase in the UK Consumer Price Index ('CPI') during the year. This was Witan's 48th consecutive year of dividend increases. Although not matching the exceptional rate of inflation in 2022, over the past five years the dividend has risen by 38.1%, compared with a 21.2% rise in the CPI.

+3.6%

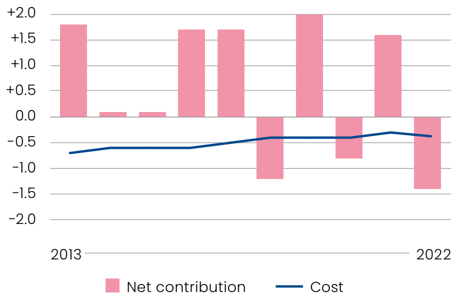
IN 2022

KPI → OUTCOME →

Net contribution from borrowings[(1)]

Gearing to contribute to returns, after interest costs

CONTRIBUTION FROM BORROWINGS (% OF NAV)



In 2022, gearing detracted 1.0% from returns before interest costs, principally during the first quarter of the year, and 1.4% including interest costs. The use of borrowings (or gearing) in investment can amplify losses as well as gains but over the long term, as shown in the chart, gearing has been a material benefit to Witan's returns, contributing positively in seven out of the past ten years.

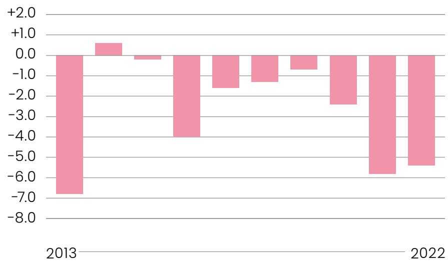
-1.4%

IN 2022

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 2022, the year-end discount was 5.4%, compared with 5.8% at the end of 2021. Although narrower by the year end, 2022's average discount of 7.8% was wider than that in 2021 (6.9%), along with those of many sector peers. Witan continued to buy back shares at a discount, which helps limit discount volatility and boosts the NAV for continuing shareholders. In 2022, we bought back 7.9% of our shares at an average discount of 7.8%. The resulting £10.9million uplift offset the majority of the Company's ongoing charges during the year.

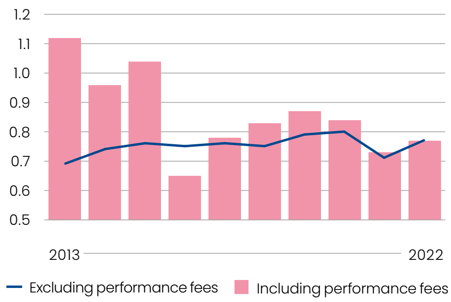
-5.4%

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 2022, our OCF was 0.77% (2021: 0.71%) excluding performance fees and 0.77% (2021: 0.73%) including them. Although there were reductions in investment management fees, the OCF rise reflects the impact of fixed costs on a lower asset base. Further details of costs are set out on page 43.

0.77%

IN 2022

(0.77% INCLUSIVE OF PERFORMANCE FEES)

(1) Alternative Performance Measures

The financial statements (on pages 89 to 114) 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 118. 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 112.

What we do

Witan is an investment trust which aims to grow shareholders' wealth and outperform its benchmark through active investment in 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 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. We aim to appoint managers for the long term.

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 (environmental, social and governance) 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 may on occasion use 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

5/10
years to 31/12/2022

NAV total return[(1)] over past ten years

158.6%
vs
157.8%
for benchmark to 31/12/2022

Dividend growth over past ten years

8.2%
p.a.

(1) Alternative performance measure, see page 118.

Commitment to responsible investment

see pages 18 to 25

Chairman's Statement

2022 highlights

- Full-year NAV total return of -10.3%. Share price total return -9.8%
- The benchmark returned -6.2% and the AIC Global sector's NAV total return was -20.4%
- Ten-year NAV total return of 159%, compared with benchmark's 158%
- Share price discount to NAV 5.4% at year-end (2021: 5.8%)
- The NAV uplift from share buybacks offset the majority of the Company's ongoing charges during the year
- Dividend increased by 3.6% to 5.8 pence, more than double that paid in 2012 and an unbroken 48 year run of increases
- 2023 NAV total return to 10 March +5.6%, 3.6% ahead of the benchmark total return of 2.0%

Andrew Ross
Chairman

2022 was expected to be a year of continuing recovery, as the world left behind the earlier restrictions introduced to control the pandemic. In the event, positive reopening developments (other than in China) were overwhelmed by a surge in inflation, exacerbated by Russia's invasion of Ukraine, prompting central banks worldwide to raise interest rates sharply from the low levels that had prevailed for many years. The combination of increases in the price of essentials (such as food and energy) and rising borrowing costs reversed earlier hopes for economic recovery, creating near-recessionary conditions in many economies, particularly those most dependent on Russian energy and Ukrainian food exports.

Aside from the direct economic disappointments, 2022's increase in interest rates and the tightening of global liquidity (as central banks turned from quantitative easing to quantitative tightening) led to a widespread derating of investment markets. Amongst the most extreme corrections occurred in the government bond markets, where the years of easy money had driven yields near to zero and in some cases to negative levels, offering little or no absolute return or protection against inflation. The bond bubble comprehensively burst in 2022, along with the over-optimistic valuations embedded in many technology companies and the more speculative markets such as crypto tokens.

There is a healthy aspect to this, with cash and bonds now offering tangible returns and growth stocks now available on more plausible ratings. Nonetheless the effect on investors' wealth of falls in almost all assets, allied to the geopolitical and inflationary headwinds, fuelled an increasingly negative mood. As a consequence, 2022 will go down as a highly challenging year for investors, with both equities and bonds (at least in the US) falling in tandem for the first time for 30 years.

At the start of the year, our portfolio reflected expectations of a broadening of economic growth. The unforeseen onset of war therefore had a negative impact on Witan's performance. Our NAV total return in the first nine weeks of 2022 was -15%, 6% behind the benchmark's return. During the rest of the year, Witan recovered some of the lost ground, ending the year with a total return of -10.3%, 4.1% behind the benchmark's loss of 6.2%. Whilst it is disappointing that we underperformed this measure over the year as a whole, we outperformed the AIC Global sector after lagging it in recent years. Shareholders can also take comfort from the steady and improving performance our managers delivered after the initial shock, during an exceptionally volatile period that was beset by political instability, international crises and inflation reaching levels not seen in 40 years. Andrew Bell's CEO report covers these points, as well as the macroeconomic backdrop, in more detail.

The improvement in performance has accelerated during the early months of 2023, as our portfolio was positioned to benefit from an improvement in economic expectations, relative to the unusually pessimistic investor mood at the end of 2022. Whilst this is a short period, Witan's NAV total return to 10 March 2023 is 5.6%, 3.6% ahead of our benchmark's return of 2.0%.

Over the long term, 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. Even after the underperformance since 2020, over the ten years to the end of 2022 Witan achieved a NAV total return of 159% and a share price total return of 180%, compared with the benchmark's 158% return and (with inflation now back on investors' radar) well ahead of the 30% rise in the UK Consumer Price Index over the period.

RESPONSIBLE INVESTMENT

In last year's Annual Report, we introduced our updated responsible investment strategy which, in addition to our commitment to the Net Zero Asset Managers initiative ('NZAM'), set a target to have a portfolio which consists entirely of sustainable businesses by 2030. This does not impose blanket exclusions on our managers, as we believe that engagement with companies often has a greater positive impact than divestment. However, if engagement has run its course and ESG failings undermine the investment rationale, they are able to exit, or avoid, an investment in order to protect our shareholders' capital. This is one of the most significant advantages of active management , as passive (index tracking) funds can find it difficult to reconcile their commitments to responsible investment initiatives with their inability to divest from companies with poor governance standards.

Ongoing ESG oversight, as part of the investment process, remains one of the key responsibilities of Witan's Executive team and of our managers. Our bespoke approach to responsible investment focuses on identifying companies' progress and direction of travel, rather than simply their sustainability credentials at a point in time.

In 2022 we focused on two key projects to support this approach. Firstly, formulating our NZAM commitments, made in shareholders' long-term best interests and, secondly, implementing our "Sustainable by 2030" commitment. This entailed assessing the current characteristics of the portfolio (using our own criteria and our managers' knowledge of investee companies) and identifying how to measure progress. The Board asked James Hart, Witan's Investment Director, to lead on this programme, which has provided us with valuable insights into how our managers and portfolio companies approach ESG issues and created a baseline from which our sustainability performance can be measured. The responsible investment section, which is on pages 18 to 25 of this report, introduces the framework, sets out its preliminary results and reports on other progress made during the year.

2022 DIVIDEND

A fourth interim dividend of 1.60 pence was declared in February 2023, payable on 17 March 2023. As a result, the dividend for the year increased by 3.6% to 5.80 pence per share (2021: 5.60 pence). This year's dividend was covered an improved 84% by 2022 revenue earnings (2021: 65%), with a reduced call of £6.4 million on our revenue reserves (in 2021 we used £14.6 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 retained earnings to increase the dividend to shareholders annually while full cover is restored.

We have increased the dividend every year for the last 48 years and the latest dividend is more than double that paid in 2012. Although 2022's increase does not match the exceptionally high rate of UK inflation in 2022 (10.5% at the year-end), Witan's dividend has grown substantially ahead of UK inflation over the past 5 and 10 years.

BOARD COMPOSITION

The Board currently consists of ten directors, nine of whom are non-executive, representing a broad diversity in background, experience, ethnicity and gender. Above all, the Board has the right balance of skills to oversee the Company's affairs while fully meeting formal corporate governance guidelines on diversity.

Suzy Neubert, our Senior Independent Director, will be standing down at this year's AGM, after serving on the Board for 11 years. On behalf of shareholders, I would like to thank Suzy for her valuable insights, judgment and advice over this period. She will be succeeded as Senior Independent Director by Rachel Beagles, who joined the Board in 2020.

As part of the Board's succession planning, two new Directors joined the Board in February and will be standing for election at this year's AGM. Shauna Bevan has particular experience in selecting investment managers for the wealth management sector, while Shefaly Yogendra brings wider experience from the corporate sector. Both have board level experience in investment trusts and I have pleasure in welcoming each of them to Witan's Board.

Following these changes, after the AGM the Board will consist of eight non-executive directors and one executive director, our CEO Andrew Bell. All directors stand for re-election each year.

AGM

We very much look forward to being able to meet shareholders again at this year's Annual General Meeting ('AGM'). Our 115th AGM will be held on 4 May 2023, 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
14 March 2023

CEO's review of the year

Andrew Bell
CEO

The end of the zero rates era

2022 may come to be seen as the end of an era in economic policy terms. A prolonged period of low interest rates had fostered speculative conditions in a range of investment markets, from government bonds (widely considered to be conservative investments) to the more speculative realms of early-stage technology companies, crypto markets and "non-fungible tokens". The Russian war in Ukraine made tackling the inflationary consequences of the pandemic more urgent and harder to manage, as inflation in many countries at the end of 2022 was more than double the rate expected a year earlier, reaching levels not seen since the 1980s. The resulting squeeze on consumers' spending power created an increasing headwind for economic growth.

Inflationary pressures were already building in 2021, due to the pandemic's shocks to demand and to the world's ability to supply goods and services. When economies reopened demand surged, while supply chains remained disrupted and the global workforce was reduced by mortality, sickness, early retirement and barriers to free movement. Allied to this, years of underinvestment in energy supply (linked to climate change concerns) left the world short of oil and gas, whose supply was further disrupted by sanctions on Russian energy exports.

Although the level of interest rates remains low by historic standards, the pace of increase was unusually rapid, particularly in the US. In addition, central banks, having been major buyers of government bonds in recent years, stopped buying and began to reduce their holdings. With less liquidity available, on more expensive terms, the price of financial investments fell across the board, with the greatest declines in those which had previously inflated the most. One eye-catching statistic is that the price of the longest dated UK index-linked gilt (a security with a government guarantee of inflation protection) fell by more than the price of bitcoin (which carries no guarantees of anything) – a reminder that "safety" rests upon the price paid, not simply the product characteristics. There was almost no place to hide, with the energy sector a rare positive performer in a predominantly negative environment.

As noted in the Chairman's Statement, even after the initial dramatic shock to confidence caused by Russia's invasion of

Ukraine, sentiment remained highly changeable throughout the year, affected by increased concerns over inflation, the drag on growth from rising commodity prices, fears of conflict in Taiwan, attempted nuclear blackmail in Ukraine and topsy-turvy politics at home in the UK. Most global equity regions showed local currency declines exceeding 10%, although these were mitigated by sterling's weakness, particularly against the US dollar. The UK was a standout performer, with a marginal positive return, helped by its exposure to the oil and commodity sectors. However, the UK's mid-sized and smaller companies indices both suffered falls of more than 16%. Global equities finished the year with a loss of 8% in sterling terms, with the US (-8%) and emerging markets (-10%) at the weaker end, Europe down 7% and Japan (-4%) performing relatively well.

By the year end, there were signs that inflation was peaking in the UK and elsewhere, although interest rates continue to rise to counter the risk that 2022's inflationary surge might become entrenched. Growth forecasts for the coming year are subdued, with much depending on whether slowing inflation allows central banks to take their feet off the brakes before a global recession ensues. One bright spot is that China's abandonment of its zero-Covid policy makes it likely that its economy will grow more rapidly in 2023 than last year, acting as a counterweight to slowdowns elsewhere.

WITAN'S PERFORMANCE

Witan's NAV total return in 2022 was -10.3%, which was 4.1% behind the 6.2% decline in our benchmark. This was more than entirely suffered during the market's immediate reaction to the Russian invasion of Ukraine, as the remaining ten months of the year saw our portfolio recover around one third of the initial setback in both absolute and relative terms.

The past three years have seen unprecedented events affect financial markets and it is personally frustrating (professionally and as a shareholder) that Witan's longer-term record of outperformance has been eroded by underperformance since 2020, concentrated in the first quarter of 2020, with the advent of the pandemic, and the period leading up to the Russian invasion of Ukraine in February 2022.

A year ago, we stated that, despite the uncertainties created by Russia's aggression, our managers believed that being positioned for a recovery from the Covid-19 pandemic and the prospect of a broadening economic recovery remained appropriate, although the timing had become less certain and the risks had increased. So far, this has been borne out by the subsequent recovery in performance. It is often hardest to stick to a strategy when the markets have just punished it with underperformance but (while learning from experience) it makes no more sense to invest using the rear-view mirror than to drive a car looking backwards.

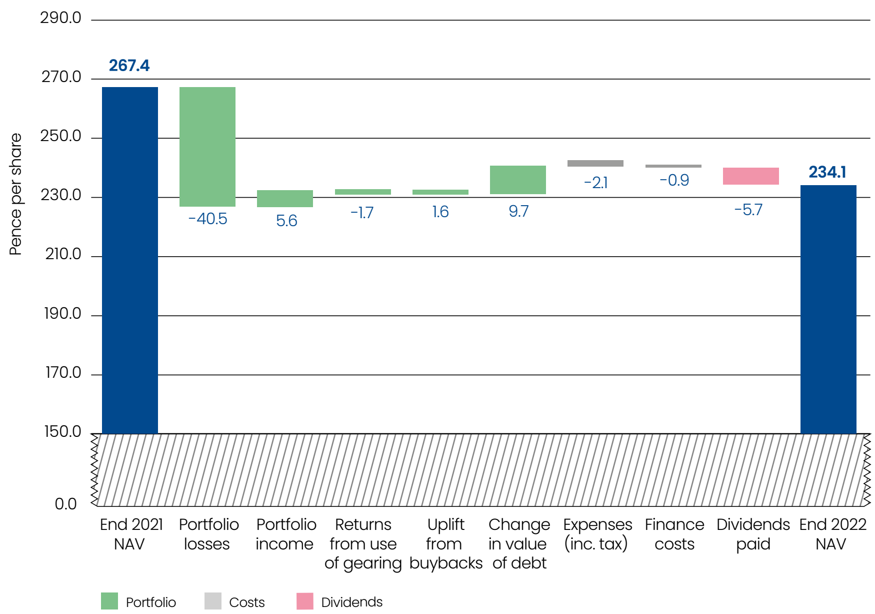
Witan's portfolio is invested via a diversified group of mainstream and specialist managers, with well-tested and resourced investment approaches. It includes core holdings of quality growth companies offering compounding earnings growth, as well as exposure to sectors expected to benefit from economic growth, from decarbonisation, and from the growth in infrastructure spending.

PRINCIPAL PERFORMANCE DRIVERS

The financial statements on pages 89 to 114 set out the required statutory reporting measures of the Company's financial performance.

The chart below shows the contributions (in pence per share) attributable to the various components of investment performance and costs, which together constitute the decline from the 267.4 pence starting NAV to the year-end NAV of 234.1 pence, after the payment of dividends to shareholders.

NAV BRIDGE



CEO's review of the year continued

A breakdown of the relative performance attribution in 2022 (based on the Company's financial statements) is shown in the table to the right.

BREAKDOWN OF THE PERFORMANCE ATTRIBUTION IN 2022 (%)

Net asset value total return	**-10.3**	Portfolio total return (before costs)	**-12.3**	
Benchmark total return	**-6.2**	Benchmark total return	**-6.2**	
		Relative investment performance	**-6.1**	
		Investment management costs	**-0.4**	
		Investment contribution		**-6.5**
		Gearing impact	**-1.0**	
		Borrowing costs	**-0.4**	
		Gearing contribution		**-1.4**
		Effect of change in fair value of own debt	**3.6**	
		Share buybacks	**0.5**	
		Other contributors		**4.1**
		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.

Our portfolio managers collectively underperformed significantly during the year, so our overall returns lagged our benchmark. Gearing was a drag on returns for the first half of the year (when our NAV hit its low point) but this was mitigated by a positive contribution during the second half. As in 2021, Witan benefited from taking advantage of the widening in our discount to buy back 7.9% of our shares, which generated an uplift in NAV of £10.9 million, offsetting the majority of our ongoing charges. In addition, the rise in gilt yields, while weighing on equity market performance, reduced the fair value of our fixed-rate debt, thus benefiting the NAV.

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 2022, although small additions were made to Jennison following weakness in the first half. Their concentration on companies with exceptional growth prospects is attractive in the longer term, with the derating seen in 2022 offering a better entry point for what currently remains our smallest global manager allocation.

We increased our allocation to the GMO Climate Change fund in June, after a period of market weakness, reflecting our increasing conviction in this as a long-term growth area. The fund has delivered strong returns since purchase in 2019 and the price dip offered a good chance to increase our exposure.

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 on page 13. Only three of our external managers (GMO Climate Change, Lansdowne and Lindsell Train) outperformed their benchmarks during the year. Over the longer term, since inception the majority of the managers have outperformed their benchmarks. The exceptions are Jennison and WCM, our two growth specialists which were appointed in Q3 2020, with their relatively low allocations reflecting the elevated valuations in parts of the growth company universe (which have corrected during the markets falls of 2022). Lindsell Train's global portfolio has lagged overall since it was adopted in 2020, due to a poor year in 2021, but they outperformed in 2022 and have materially outperformed for Witan since their original appointment in 2010, albeit running a UK portfolio from 2010 to 2019.

The principal underperformer in 2022 was Jennison, whose portfolio was exposed more than most to some long-term growth companies whose ratings had risen sharply during the period of abundant liquidity and which came down to earth in 2022. Their 24% underperformance was mostly incurred during the first half. WCM, another growth manager, also underperformed for similar reasons. Artemis underperformed the relatively strong UK market, owing to its longstanding concentration on overlooked "self-help" opportunities in the mid-cap part of the market. The other notable underperformer in 2022 was the directly-held portfolio of investment companies (discussed in the following section).

As noted earlier, our NAV performance in the second half of the year improved and was ahead of our equity benchmark over that period. We believe our diverse range of managers is well-positioned for 2023 which, with a number of the principal risks substantially factored into equity prices, has a better chance of favourably surprising expectations than was the case in 2022.

DIRECTLY HELD INVESTMENTS

The return on the portfolio of directly managed investment company holdings was -15.0%, well behind the 6.2% fall in our composite benchmark. The principal detractors were the two residual holdings inherited from our holding in Electra Private Equity PLC, one a restaurant group and the other a specialist retailer. Clearly, economic conditions in 2022 did not favour either sector. Added to this, the Electra shareholder base had little overlap with the natural holders of two UK micro-cap companies, leading to an overhang, with some legacy holders (not including Witan) wishing to sell. The resulting fall in value accounted for the majority of the decline in the direct holdings' value.

The other main detractor was Princess Private Equity which (for reasons of mismanagement and poor communication) unexpectedly cancelled its second dividend in 2022, the consequent loss of investor confidence contributing to a 36% fall in the share price total return, despite the NAV being little changed in sterling terms. This (in our view avoidable) action was particularly unwelcome for a company we have backed since 2011 and we forcefully communicated our views to the Board. Even after this fall, the holding has delivered returns close to 10% p.a. over 12 years and we anticipate a restoration of dividends in 2023 and a recovery in performance. Syncona's NAV fell a resilient 3% but the price moved from a 6% premium to a 7% discount, affected by adverse sentiment in the biotech sector. Similarly, Schroder Real Estate delivered a single digit decline in NAV total return but also derated along with the rest of the property sector. We reduced the holding at materially higher prices in April and, with the dividend having increased above pre-pandemic levels, have taken advantage of the subsequent setback to add.

On the positive side, a notably good performer was BlackRock World Mining Trust, with a 26% total return, in addition to which we sold a significant proportion of the holding in early 2022 at higher prices. VH Global Sustainable Energy, which was 2% down (despite an 8% return in NAV terms) also proved resilient.

One unusual feature this year was that the political turmoil in the UK gave us an opportunity to make two profitable investments in the Gilt market, with low risk. Witan has £155 million of long-term fixed rate debt issued at an average yield of under 3%. When gilt yields went through 5% in the wake of the Truss administration's "fiscal event", we invested £24 million in a gilt closely matching the maturity of our debt, reasoning that if gilt prices continued to fall we could hold to maturity, having locked in an income gain relative to the interest rate we were paying. In the event, the distressed conditions in the market reversed, allowing us to register a rapid profit. A similar opportunity arose two weeks later, with the gains on the two investments totalling c.£4.3 million. Although out of the mainstream of what we invest in, it demonstrates our investment flexibility.

The common factor in this year's direct holdings underperformance was a widening in discounts, contrasting with generally resilient or robust underlying business performances. This gives us confidence in the portfolio's prospects for 2023 and beyond.

The direct portfolio was 10.9% of the investment portfolio at the start of the year and 11.3% at the end of 2022. Over the period since March 2010, it has delivered a compound annual return of 9.6%, outperforming Witan's benchmark by

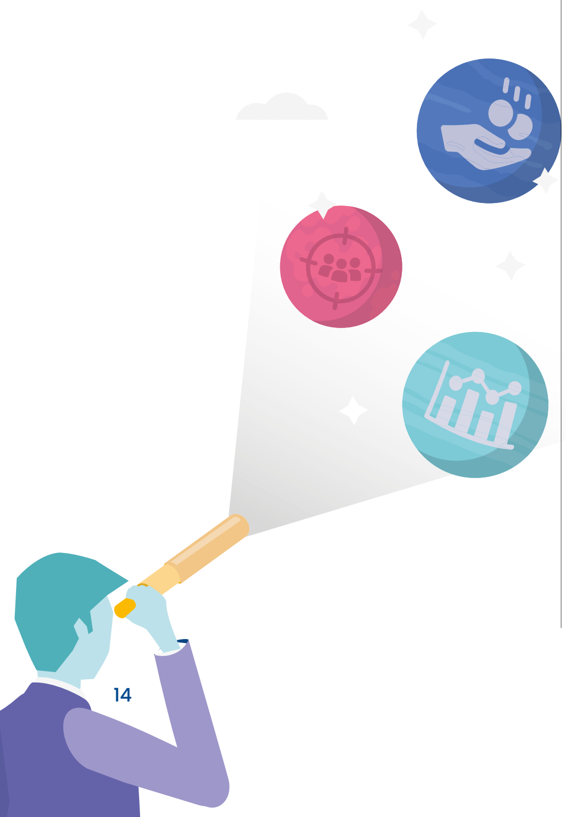
INVESTMENT MANAGERS' PERFORMANCE

Investment manager	Mandate	Appointment date	Witan assets managed as at 31.12.22[1] £m	Witan assets managed as at 31.12.22[1] %	Performance in 2022 % Manager	Performance in 2022 % Benchmark	Performance since appointment % Manager	Performance since appointment % Benchmark
Core								
Jennison	Global	31.08.20	108.3	6.0	(31.2)	(7.6)	(6.6)	8.4
Lansdowne	Global	14.12.12	313.9	17.4	(6.2)	(7.6)	13.0	11.8
Lindsell Train	Global	31.12.19	300.7	16.7	(5.2)	(7.6)	3.8	7.8
Veritas	Global	11.11.10	316.2	17.5	(10.9)	(7.6)	11.7	10.6
WCM	Global	31.08.20	199.8	11.1	(21.5)	(7.6)	1.7	8.4
Artemis	UK	06.05.08	118.9	6.5	(9.7)	1.6	7.8	5.5
Specialist								
GMO	Climate Change	05.06.19	106.8	5.9	0.4	(7.6)	17.1	9.3
GQG	Emerging Markets	16.02.17	101.4	5.6	(10.6)	(9.6)	7.0	3.7
Unquoted Growth	Specialist Funds	02.07.21	32.7	1.9	(6.5)	(6.2)	(7.8)	0.0
Witan Direct Holdings	Specialist Funds	19.03.10	204.1	11.3	(15.0)	(6.2)	9.6	8.7

(1) Percentage of Witan's investments managed, excluding centrally managed cash.

CEO's review of the year continued

2022 saw discounts widen, contrasting with resilient business performances, which gives us confidence in the direct holdings' prospects for 2023 and beyond



0.9% 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.

The two specialist Unquoted Growth funds investing predominantly in unlisted assets amount to 1.9% of assets. Lansdowne Opportunities Fund (0.9% of assets) declined in value by c.24% during the year, principally owing to the fall in price of its largest holding, Oxford Nanopore Technologies, since its listing in October 2021. Greenoaks Lindenwood (1.0%) experienced a 3% decline in sterling terms, with the strength of the dollar against sterling mitigating a 14% fall in the dollar valuation of its assets. Regular reports (monthly and quarterly respectively) are received on the funds, whose valuation policies follow private equity guidelines.

GEARING ACTIVITY DURING THE YEAR

Gearing ranged between 10% and 14% during the year. Although it would have been desirable, with the benefit of hindsight, not to be geared before the Russian invasion, once the markets had fallen to reflect this shock we elected to keep our existing gearing in place and to increase it following the sharp market decline in the early summer. The average gearing level of 12.5% nonetheless cost 1% in a year of falling markets, or 1.4% after taking account of the (mostly fixed) interest charges. Gearing has contributed positively to returns in seven 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 118) 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 2021, net gearing (the total value of borrowings less cash) was 11.3% of net assets. At the end of 2022, gearing (on the same basis) was 14.2%.

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 £125 million one-year borrowing facility (expandable to £150 million), 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 £96.5 million at the end of 2022 (2021: £98.0 million). The average interest rate on the Company's fixed-rate borrowings is 3.0% (2021: 3.0%). The average interest rate, including short-term borrowings, is currently 3.5% (2021: 2.1%).

The rise in gilt yields means that the fair value of the Company's fixed-rate debt (valued based on the relevant gilt yield +1.4%) has declined during the year and stands at a discount to its eventual repayment value. As in previous years (when the fair value shift often detracted from returns), the Company continues to follow AIC guidance that fair valuing both assets and liabilities is the most appropriate basis for calculating NAVs, while continuing to release daily NAVs calculated with debt at par value as well as at fair value.

Witan will either invest its long-term 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

An investment of £12 million was made in US equity index futures in September and sold for a £1 million gain in November. This enabled Witan to invest in the US market when it was at a low index level, without returns being eroded by the subsequent recovery in sterling from its politically depressed level at the end of September. There were no derivatives positions outstanding at the year end.

DIVIDEND AND REVENUE PERFORMANCE

The Company has already paid three quarterly dividends of 1.40 pence per share in respect of 2022 which, together with the fourth interim dividend of 1.60 pence per share, increases the total distribution for the year to 5.80 pence (2021: 5.60 pence). This marks the 48th consecutive year of dividend growth. At the end of 2021, retained revenue reserves were £37.5 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 £6.4 million was used towards funding the 2022 dividend (2021: £14.6 million). Revenue reserves were £31.3 million at the end of 2022, after allowing for the fourth interim dividend payment.

Revenue earnings per share rose by 33% to 4.78 pence per share in 2022. The recovery in revenue earnings has facilitated an increase in the dividend, an increased level of dividend cover (from 65% to 84%) and a much lower call on past revenue reserves.

The Board has reviewed the prospects for portfolio dividend growth in 2023 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 in coming years, alongside continued annual dividend growth.

2023 DIVIDENDS

The first three quarterly payments for 2023 (in June, September and December) will, in the absence of unforeseen circumstances, be paid at a rate of 1.45 pence per share (2022: 1.40 pence), being one quarter of the 5.80 pence per share full-year payment for 2022. The fourth payment (in March 2024) 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 £1.5 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. Along with others in the sector, the discount widened significantly for much of 2022. 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 58.2 million shares were bought back (7.9% of the total at the start of the year), at an average 7.8% discount to NAV, which resulted in an uplift to NAV of £10.9 million, or 1.6 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 5.4% (2021: 5.8%) and the average discount during the year was 7.8% (2021: 6.9%).

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 recent years are evidence of this continuing commitment.

OUTLOOK

2023 began with interest rates and economies poised close to potential turning points. In the case of rates, after a flurry of increases in late 2022 we may be near a peak, even if the shape is likely to be more like Table Mountain than the Matterhorn. After a decade or more of zero or negative rates, central banks will be keen to retain more normal levels of interest rates, quite apart from continuing to bear down on inflationary pressures, which may be waning but have not disappeared. In the case of economies, stagnation or moderate recession is widely forecast for part of 2023 but the interesting question is when the headwinds from energy prices wane and the tailwind from China's reopening quickens, helping engender a cyclical recovery.

China's abandonment of its zero-Covid policy and likely economic acceleration this year is a significant offset to the expected slowdown elsewhere. China's

WITAN DISCOUNT TO NET ASSET VALUE (%)

STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

CEO's review of the year continued

slowdown in 2022 fortuitously blunted the inflationary impact from commodities and gave supply chains time to normalise but at the cost of a dramatic slowing in its own growth rate. Pent-up demand, a restoration of industrial production and determined government efforts to end the slump in China's property sector are likely to mean the world's second largest economy is the only major centre to pick up speed in 2023, mitigating the weakness elsewhere.

The past year has been dominated by the effects of President Putin's infliction of war and destruction on Ukraine. Although predicting how this conflict will evolve or be solved is hazardous, developments that could prove less negative than in 2022 seem as plausible as the opposite. Concerns that relations between China and Taiwan could descend into conflict have reduced, possibly influenced by Russia's problems following its own aggression, although relations between the US and China remain tetchy.

Falling inflation in many economies has moderated, though not eliminated, the risk of over-aggressive monetary tightening and increased the possibility of either a soft landing for the world economy or a period of relatively mild recession. This should allow secular boosts to growth to take over and favourably alter the outcome for 2024 and beyond. 2022's geopolitical events will lead to higher defence spending, resilience investment (to reduce risks from supply chain disruption) and reshoring of capacity for strategically important sectors such as semiconductors and rare earths. The energy crisis seems likely to accelerate efforts to reduce dependence on unreliable producers of (ultimately undesirable) fossil fuels. We anticipate greater infrastructure investment in sustainable energy sources, as well as a shorter-term boost to investment in producing the hydrocarbons needed until sustainable sources can render them redundant.

Inflation seems likely to be higher in the coming decade than was the norm prior to 2022. Although there will be little tolerance for the destabilising inflation rates of the past year, indebted governments and their central banks will be aware that moderate inflation is an effective way to reduce debt burdens, particularly when it coincides with consistent economic growth. Current debt levels appear intractable without stronger economic growth so governments and central banks are likely to seek (or condone) faster inflation than the 2% norm of recent decades, while placing a high priority on economic growth, partly justified by the secular objectives noted earlier.

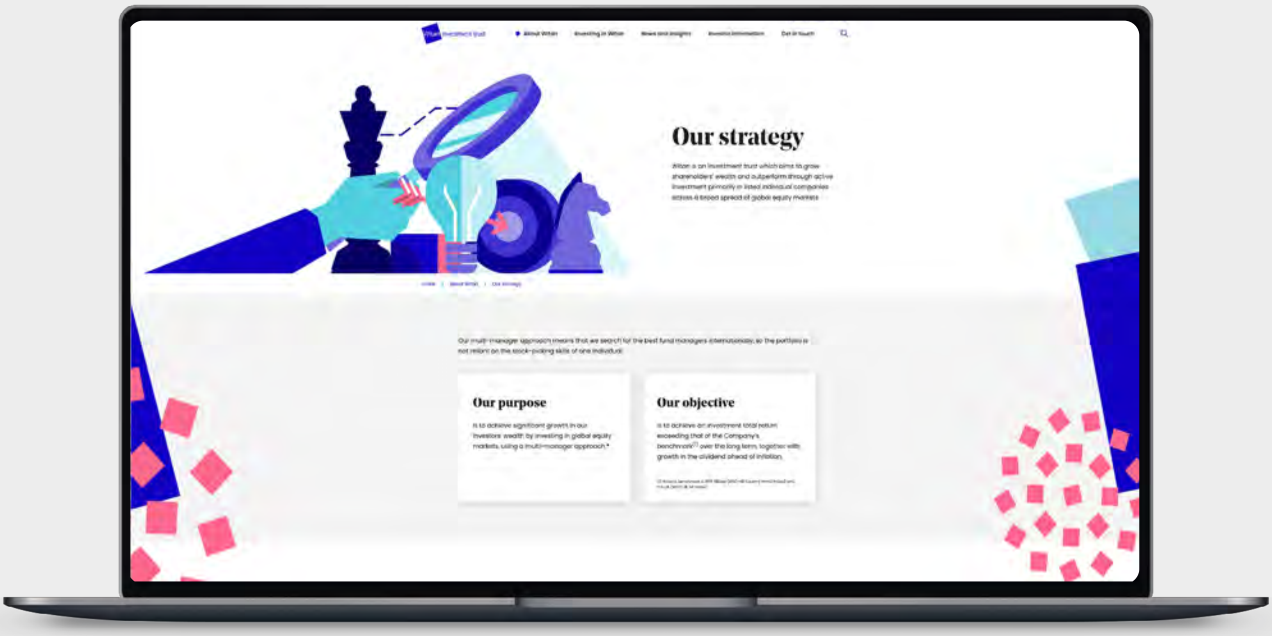
Setbacks in investment markets such as those experienced in 2022 are rarely welcomed by those whose savings are impacted but they produce the platform from which better longer-terms can be achieved. In the wake of the falls, a wider range of assets can be rationally invested in once more, including cash, bonds and growth opportunities whose attractions were compromised by over-valuation. With 2023 having begun at a time of privation for many and widespread pessimism about the future, there is a risk that some of the longer-term positive drivers for growth in coming years are being overlooked.

Andrew Bell
Chief Executive Officer
14 March 2023

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.

aic Shareholder Communication Awards 2019 WINNER



Driving sustainable businesses through a strategic approach to responsible investment

Our responsible investment policy

As an investment trust, 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 environment or the wellbeing of society. We believe companies which disregard this will fail to deliver sustainable returns to shareholders. Far from there being a conflict between good returns and responsible investment, managing assets in line with these principles is key to achieving good returns.

The past year saw rising inflation and interest rates, fuelled by the Russian invasion of Ukraine and the ensuing energy security crisis. This has, perhaps inevitably, led to debate over the pace of plans to phase out fossil fuels. We contend that the events of 2022 reinforce, rather than negate, the need for a sustainable transition to cleaner energy production which, for much of the world, will also be more secure.

Whilst there has been considerable market volatility recently, this does not alter Witan's approach to responsible investment: owning well-managed businesses with sustainable cash flows is key to achieving durable returns. In addition, such businesses often benefit, directly or indirectly, from efforts to create a less polluted, more stable world.

DRIVING SUSTAINABLE BUSINESSES

Our policy is to ensure that by 2030 our portfolio consists entirely of sustainable businesses. These are businesses that are well-run, incorporate resilient business practices and have sustainable cash flows. We believe they are likely to perform better than companies which are at risk of disruption, litigation, regulation or loss of business because of poor ESG practices.

> **Our policy is to ensure that by 2030 our portfolio consists entirely of sustainable businesses**

We have embedded responsible investment considerations across our entire investment approach, not just in a limited part of our portfolio. To implement our policy, we developed four areas of action:

- Our own responsibility;
- Fund manager engagement;
- Portfolio stewardship; and
- Industry advocacy.

Our focus is particularly on where we can have the biggest positive impact: the characteristics of our investment portfolio and our engagement with the companies in it. Our approach is adaptable and underpinned by the belief that capital allocation and engagement have a more positive long-term impact than an exclusionary approach and that blanket exclusions (except controversial weapons) can be counterproductive.

IMPLEMENTING OUR POLICY

The key to success is engaging our most important partners, namely our external fund managers, who manage 85% of our portfolio. Not only is it their role to invest our capital, but they must also identify any issues at investee companies and engage accordingly. In 2022, we discussed our responsible investment framework with them and asked for their help in developing our baseline. All managers participated in the project and, as a result, we were able to assess all the companies in our listed equity portfolio.

A small proportion of our portfolio is invested in collective funds. Although these funds are not initially covered by this framework, we still take ESG considerations into account. Indeed, one of our largest positions is the VH Global Sustainable Energy Opportunities Fund, which invests in infrastructure focused on accelerating the energy transition. The responsibility for these investments, which account for c.15% of Witan's portfolio, lies with our Investment Team.

GOVERNING RESPONSIBLE INVESTMENT

The Witan Board is responsible for the overall policy. Members of the Board and Investment Team are responsible for its delivery and monitoring how our managers engage and consider ESG-related issues.

Our responsible investment policy

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's ecosystems and for society. Our target is to ensure that by 2030, Witan's listed equity portfolio will entirely consist of such businesses. For us, these businesses have the following characteristics:

Prosperity

Sustainable cash flows, exhibiting good corporate behaviour, strong stakeholder engagement and a respect for their shareholders.

People

A strong and experienced management team (and Board), with an inclusive and diverse culture respecting the well-being of its customers, employees, suppliers and the community.

Planet

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 not more than 2°C and preferably 1.5°C. This includes companies positioned to help accelerate the energy transition or carbon reduction.

Partnership

Openness to collaboration, stakeholder engagement and participation in industry initiatives promoting good practice. Transparency in acknowledging mistakes and addressing issues where they arise, working to deliver a more sustainable future.

Our own responsibility

We take 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 our responsible investment strategy is embedded in our own investment processes and that these policies are integrated into the direction of our fund managers. We regularly engage with our fund managers to discuss our expectations and to derive comfort that they are equipped with the insights and tools to drive progress in their portfolios.

Witan

Industry advocacy

As a multi-manager investment fund, Witan advocates a responsible investment approach, through our membership of industry initiatives and our network of fund managers.

Portfolio stewardship

Through our voting rights as shareholders and direct engagement with companies, Witan works with our fund managers to maintain a dialogue with our portfolio businesses. As part of our active management strategy, our fund managers hold investments to account when they fall short of the criteria of being a 'sustainable business'.

Driving sustainable businesses through a strategic approach to responsible investment continued

Portfolio review

Our focus in 2022 was to establish a framework and a baseline to assess our progress towards attaining a sustainable portfolio by 2030. Our Investment Team engaged with our fund managers to execute this assessment and we are pleased with the outcome and the insights to date. This will help us to set the agenda for the years ahead.

DEVELOPING OUR BASELINE

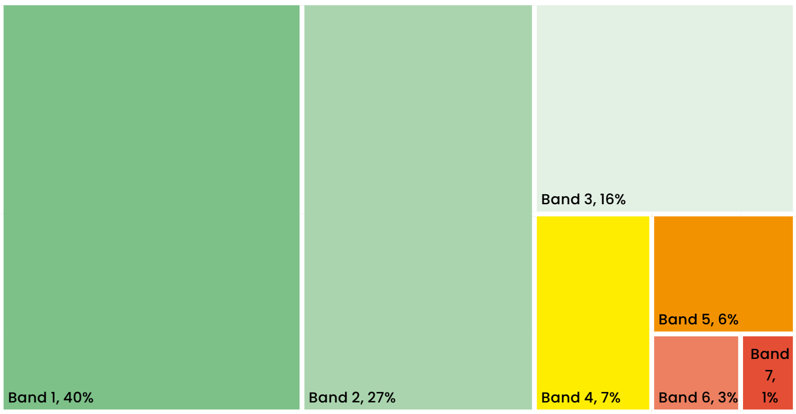
A key target of our responsible investment strategy is to ensure that by 2030 our listed equity portfolio consists entirely of sustainable businesses. Having set this objective in early 2022, our Investment Team engaged with our fund managers to develop a baseline. The purpose was to assess where we are currently positioned relative to our objective.

Identifying our baseline involved Witan and every fund manager rating each of their portfolio holdings across the four pillars of prosperity, people, planet and partnership (see page 19) that characterise a 'sustainable business'. Witan provided a detailed methodology, identifying ten individual issues (grouped under the four pillars), to assist fund managers in assessing each company.

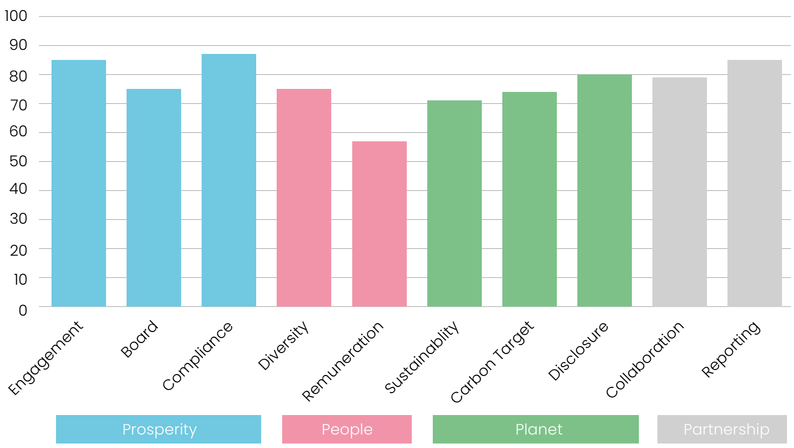
SCORING OUR PORTFOLIO

The assessments were converted into a numerical score with each company achieving a rating of 0-100. In total, nearly 300 companies across our core and specialist portfolios were assessed. The weighted average assessment of sustainability was 80 out of a possible 100. Note that this does not mean 80% of our holdings are completely sustainable businesses; it means that we see an average alignment of 80% to sustainable practices, where companies were judged to have sufficiently adopted sustainable policies.

WITAN SUSTAINABILITY ASSESSMENT[1]



AVERAGE SCORE PER ISSUE ACROSS FOUR PILLARS



(1) Sustainability bands ranked 1 (highest) to 7 (lowest); see page 21.

The result of this assessment is shown in the top chart on page 20. Each portfolio company scored between 0 (failing to meet any sustainability criteria) and 100 (meeting all criteria). The 0-100 assessment of sustainability was sub-divided into seven equal bands with Band 1 being the highest rating and Band 7 the lowest. 40% of companies in our portfolio scored above 86 and therefore sit within sustainability Band 1 (shown in dark green on the chart) while 83% of our companies sit within the top three bands. Whilst we consider this to be an encouraging result, it should be noted that progress in some industries (and jurisdictions) where responsible investment is less well developed may be harder to achieve. So, it is possible that progress between now and 2030 will not be linear.

Interestingly, although there was a degree of qualitative assessment involved, divergence between individual fund managers was low and for equities held by two or more fund managers, the correlation between ratings was high. In other words, whilst the assessment framework is new, there appears to be a generally agreed approach to assessment by our managers.

Although external data providers have differing approaches, it is interesting to note that when analysed by MSCI, our portfolio is judged to have a weighted average rating of AA (one notch below the best (AAA) rating). This corroborates the relatively high initial rating using our own system, despite differences in the approach.

IDENTIFYING PORTFOLIO STRENGTHS

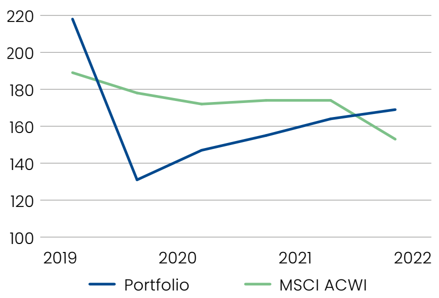
Looking at our portfolio in a different way, we analysed each of the 10 issues depicted in the bottom chart on page 20. Our portfolio scored well across the board with over 70% of companies being aligned with nine out of the 10 separate issues. This analysis suggests that, whilst all issues require some attention, most are on a positive sustainable trajectory.

The lowest scoring issue, with 57% alignment, was Remuneration, where we examined whether companies had a policy which ties a proportion of executive pay to improved 'non-financial' sustainability outcomes, in addition to the more common financial performance benchmarks. We discussed this issue with our managers at our annual ESG review meetings and will monitor progress on this and other aspects in the years ahead. There will be particular focus where progress stagnates or persistently falls short over multiple areas.

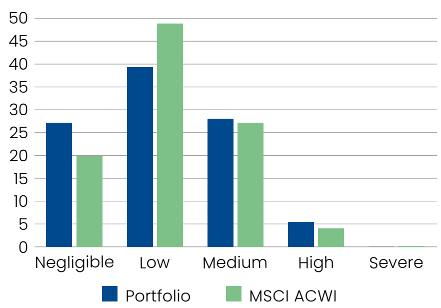
PROGRESSING TOWARDS NET ZERO

Following our commitment to the Net Zero Asset Managers initiative ('NZAM'), we are committed to reducing the carbon impact of our portfolio to zero by 2050 at the latest. To be aligned with net zero and therefore the aims of the Paris Agreement on Climate Change, our portfolio should achieve alignment with an implied temperature rise of no more than 2°C and preferably 1.5°C. Currently, c.24% of our portfolio is aligned with 1.5°C with a further 20% aligned with 2.0°C. Overall, the portfolio is currently aligned with an implied temperature rise of 2.5°C. This is slightly better than the 2.7°C for our equity benchmark. These are snapshots, which underline the importance of monitoring progress over time.

PORTFOLIO CARBON INTENSITY



PORTFOLIO CLIMATE RISK ASSESSMENT



The bottom chart below shows that we have c. 27% of our portfolio invested in companies designated by Morningstar/Sustainalytics as having negligible carbon risk. This compares favourably with our benchmark's 20% exposure. A further 40% is invested in low risk and 28% in medium risk companies. The portfolio has approximately 5% invested in high risk (predominantly Oil & Gas) companies and has 0% exposure to severe carbon risk businesses.

Another measure of a portfolio's environmental performance is its weighted average carbon intensity ('WACI'), expressed in metric tonnes of CO_2 emitted per million US dollars of sales. Witan's portfolio Scope 1+2 WACI, was 169 tCO_2 in 2022 (2021: 164 tCO_2), while the benchmark had a carbon intensity score of 153 tCO_2 (2021: 174 tCO_2). Despite the uptick in WACI (due primarily to an increased exposure to Oil & Gas companies), Morningstar/Sustainalytics continues to award Witan's portfolio its Low Carbon Designation which is an indication that companies within the portfolio are 'in general alignment with the transition to a low-carbon economy'.

The key issue is that companies are committed to this transition rather than already aligned to net zero. Therefore this, and the effect of portfolio changes, means that progress towards that target may not, as this year demonstrates, 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.

Driving sustainable businesses through a strategic approach to responsible investment continued

Our activity in 2022

As part of our responsible investment policy, we continued to focus on positive impact directly and indirectly. This year we completed our first carbon footprint assessment for Witan, engaged our fund managers on the new policy, continued our engagement and voting activity and set our interim targets as part of our commitment to NZAM.

ADDRESSING OUR OWN IMPACT

Our direct impact, as an investment fund with fewer than ten employees, is minimal. Nevertheless, we have taken steps to manage, disclose and improve our ESG impacts. We calculated our carbon footprint for the first time in 2022.

Witan's direct environmental impacts consist of energy (including electricity and gas) used in our offices as well as our home offices, and the transport related to our commuting and business travel. Our total carbon footprint came to 12.4 tCO_2. Our Scope 1 and Scope 2 emissions were 3.7 tCO_2 with Scope 3 emissions accounting for the remaining 8.7 tonnes. Our Scope 3 emissions include business travel as well as the impacts of home working. Our carbon intensity of 2.1 tonnes of CO_2 compares favourably to an average London-based firm (source: Witan/Carbon Footprint Ltd).

SELECTING AND ENGAGING OUR FUND MANAGERS

In addition to the portfolio review outlined on page 20, we assess our managers' ESG credentials and performance through due diligence meetings together with portfolio analysis carried out by Morningstar/Sustainalytics and MSCI's ESG Platform.

All our fund managers are signatories to the UN Principles for Responsible Investment (PRI) while substantially all of the funds in our specialist portfolio are managed by signatories to the PRI. Half of our fund managers are also members of the NZAM (2021: 50%).

> **In 2022, votes were cast on 97% of proposals of our portfolio companies**

Looking ahead to 2023, Witan will continue to engage regularly with our external fund managers on responsible investment practices. Our focus in 2023 will be on encouraging engagement with portfolio holdings which have been identified as laggards on key issues within our sustainability framework.

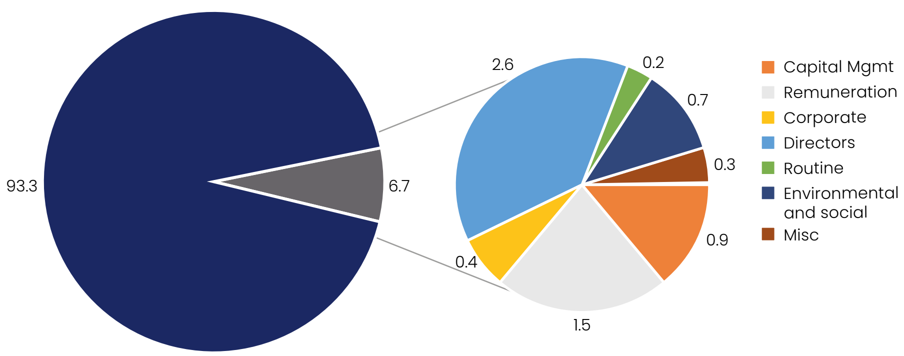
VOTING AND ENGAGEMENT

Witan regularly reviews the voting and engagement records of our fund managers. Through engagement and voting strategies, Witan and our fund managers can help influence corporate behaviour and ensure that our voting and engagement is targetted at improving shareholder returns while being aligned with our responsible investment strategy.

In 2022, Witan's fund managers voted on 97% (2021: 97%) of the proposals put to the AGMs of our portfolio companies. Of those votes, 93% were cast in favour of management (2021: 94.2%) and 7% (2021: 5.1%) against management (see charts at the foot of the page). The only proposals not voted on were those which would have resulted in 'share-blocking'. This is where voting would have restricted our managers ability to trade shares in advance of the meeting.

VOTING SUMMARY 2022

FOR MANAGEMENT **AGAINST MANAGEMENT**



PROMOTING SYSTEMIC CHANGE

As the allocator of capital to businesses, capital markets can help accelerate the transition to a more sustainable economy and, ultimately, improve returns for investors. For this reason, Witan has joined several industry initiatives to share best practice and help contribute to the transition.

We are signatories to the UN PRI, a supporter of the Transition Pathway Initiative (TPI) and a member of the Carbon Disclosure Project (CDP). Underpinning these commitments is our overall engagement with the Institutional Investors Group on Climate Change (IIGCC). In 2022, we signalled our commitment to the Race to Zero campaign by becoming a signatory to the NZAM.

As part of our engagement with NZAM, we committed to net zero for our own as well as our portfolio's emissions by 2050. In 2022, we started the process of developing our interim targets, which have now been set.

Looking ahead to 2023, Witan will define our NZAM commitments in more detail, focusing on how we reduce the carbon risk and carbon intensity of our portfolio over coming years. We intend to do this by encouraging portfolio companies to reduce or eliminate emissions where possible, rather than by divestment from companies that are net carbon emitters.

> **All our fund managers are signatories to the UN Principles for Responsible Investment**

LAUNCHING WITAN'S RESPONSIBLE INVESTMENT FRAMEWORK

James Hart, Witan's Investment Director, led on the development and implementation of Witan's responsible investment strategy. Here he tells us about what he learnt during the process. "In 2021, the Board asked me to develop our approach to responsible investment. Whilst we already had ESG considerations in place – most notably our oversight of managers' ESG integration – we wanted to strengthen our approach in this area, while assessing what was working well and not so well in the market.

During the development process we sounded out our stakeholders, identified key parameters and designed our framework to ensure the strategy would deliver on its objectives. It was a great opportunity to start with a blank sheet of paper to develop a framework which we believe will be of considerable benefit to our shareholders, our managers, our investee companies and to society. We announced these further steps with the publication of our Annual Report in March 2022.

Over the summer of 2022 we introduced our fund managers to the framework and worked closely with them to ensure that this bespoke analysis was coherent and achievable. This was essential as the strategy would only succeed with their full engagement. We were delighted that every manager assessed each of their portfolio companies and submitted the baseline assessment of their portfolio. Feedback suggests that they had found this bespoke assessment to be informative and beneficial to their own investment processes. We are confident that this annual appraisal will be of significant value to Witan's shareholders. Our main focus was to identify practical steps that portfolio companies were taking to ensure their operations were more sustainable, with the likelihood that cash flows become more predictable over time. The framework is therefore grounded in a 'real-world' approach which all our stakeholders can understand and ultimately benefit from. This approach also aims to demystify an opaque and jargon-heavy area, which even some professional investors still find difficult to grasp. The 100% engagement of our fund managers during the first year, especially against the volatile backdrop of the market, has been particularly welcome."

WITAN IS SIGNATORY OF:

CDP INVESTOR SIGNATORY

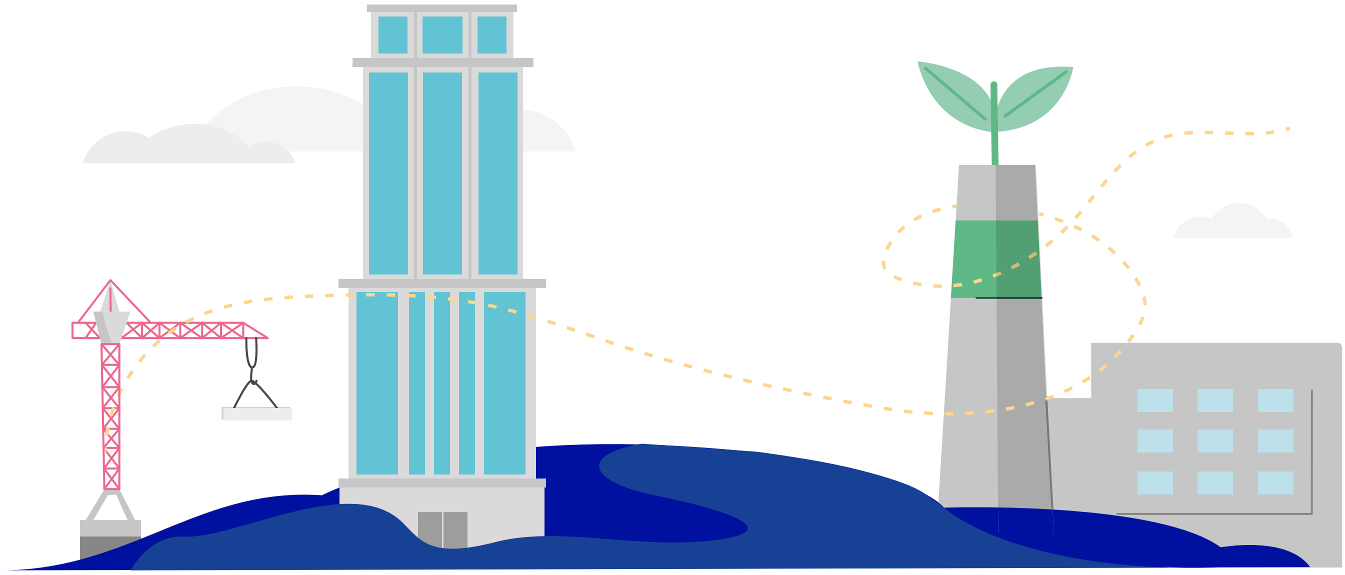
PRI Principles for Responsible Investment

Transition Pathway Initiative

RACE TO ZERO

IIGCC The Institutional Investors Group on Climate Change

Driving prosperity and sustainable business through responsible investing continued



CASE STUDY: PROMOTING A DECARBONISATION PLAN

Company
ArcelorMittal

Country
Luxembourg

Sector
Industrials

ArcelorMittal Steel (Arcelor) is the largest contributor to our portfolio's carbon intensity. Addressing this pollution is a significant priority for the company, but Arcelor is also in a position to make a positive contribution to the net zero transition because its steel plays a key role in renewable energy infrastructure such as wind and solar power. In addition, it is likely that corporates and consumers will source more clean, high-quality steel and be prepared to pay a premium for it. What did our manager focus on in their engagement with the company?

ADVANCING NET ZERO COMMITMENTS

In such a complex and fast-changing environment, it's important that Arcelor puts a well-constructed and communicated plan in place. Our manager has had multiple engagements with Arcelor emphasising the need for a carbon reduction plan, capital expenditure to support it and pushing the company to be a leading advocate for change in the industry.

The manager has found Arcelor to be a willing participant in this agenda, as exemplified by a €1bn investment to create the world's first full-scale zero-carbon emissions steel plant. Arcelor has also committed to a 25% reduction in carbon intensity by 2030 and a net zero commitment by 2050. These plans, which are highly credible, will involve footprint, scrap and energy transformation – including a transition to green hydrogen as a fuel source.

As such, Arcelor's decarbonisation strategy is amongst the best in the world and helps them to win business by differentiating themselves from less-scaled, less-responsible players.

CASE STUDY: DRIVING SUSTAINABILITY LEADERSHIP

Company
Johnson Service Group

Country
United Kingdom

Sector
Industrials

Johnson Service Group (JSG) is an industrial work wear rental and laundry service business. It is a well-run, well-invested business delivering consistent sales and profit growth with a good Return on Capital Employed ('ROCE'). Barriers to entry are high with significant upfront capital investment and the importance of local network densities to deliver returns given low individual order values. Their major competitor in the UK is under-invested and highly indebted. This gives JSG pricing power and opportunities for further market share gains.

ENGAGING TO DRIVE SUSTAINABILITY

JSG is, however, a priority for engagement, given the heavy energy and water intensity of the industrial laundry business. Prior to our initial investment in December 2018, a key element of our manager's research was to ensure the company was well invested, as up to date equipment brings financial benefits through lower energy and water usage, helping explain above industry average margins.

In September 2021, our manager discussed the appointment of a new Head of Sustainability and observed that whilst the company is well advanced in its sustainability initiatives, disclosure was limited. In early 2022, the manager noted the recent publication of their inaugural Sustainability Report. They arranged a follow-up meeting with the Head of Sustainability to understand the work she had undertaken since joining and the preparation of the report.

Separately, they also met the chairman to discuss progress and the potential introduction of sustainability metrics into management incentive schemes. Progress on the sustainability agenda featured again when they met the CEO and CFO in September 2022. In this meeting they discussed the use of recycled materials in workwear garments, water recycling and the use of environmentally friendly detergents.

Our manager believes that JSG is making good progress on sustainability and voted in favour of all resolutions at the AGM. Sustainability issues will continue to feature heavily in ongoing and regular discussions.

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 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; and
- 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.

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

2022 performance

Jennison Associates, LLC	(31.2)%
MSCI ACWI	(7.6)%

6.0%

Witan assets
2021: 6.3%

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

2022 performance

Lansdowne Partners	(6.2)%
MSCI ACWI	(7.6)%

17.4%

Witan assets
2021: 18.9%

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

2022 performance

Lindsell Train	(5.2)%
MSCI ACWI	(7.6)%

16.7%

Witan assets
2021: 14.7%

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 28 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

2022 performance

Veritas Asset Management	(10.9)%
MSCI ACWI	(7.6)%

17.5%

Witan assets
2021: 18.7%

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

2022 performance

WCM	**(21.5)%**
MSCI ACWI	**(7.6)%**

11.1%
Witan assets
2021: 11.5%

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

2022 performance

Artemis	**(9.7)%**
MSCI UK IMI	**1.6%**

6.5%
Witan assets
2021: 6.1%

Name:
Derek Stuart

Style:
Recovery/special situations

Benchmark:
MSCI UK IMI

Inception date:
06/05/2008

UNPRI signatory:
Yes

ARTEMIS

Derek Stuart, Andy Gray and Henry Flockhart co-manage Artemis's UK Special Situations strategy. Their aim is 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 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

2022 performance

GMO	**0.4%**
MSCI ACWI	**(7.6)%**

5.9%
Witan assets
2021: 4.7%

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

2022 performance

GQG Partners	**(10.6)%**
MSCI Emerging Markets	**(9.6)%**

5.6%
Witan assets
2021: 6.5%

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. The portfolio management team, led by 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.

2022 performance

Direct Holdings	(15.0)%
Unquoted Growth	(6.5)%
Benchmark	(6.2)%

Direct Holdings

11.3%[1]

2021: 10.9%

Unquoted Growth

1.9%[1]

2021: 1.7%

Name:
Witan

Style:
Specialist collective funds

Benchmark:
Witan's benchmark

Inception date:
19/03/2010

UNPRI signatory:
Yes

(1) Percentage of Witan's assets

DIRECT HOLDINGS

Private equity

Apax Global Alpha (3.0%)[1]

Extensive portfolio of private equity investments in growing sectors.

Princess Private Equity (1.8%)[1]

Portfolio of private equity investments managed by Swiss-based Partners Group.

Unbound (0.04%)[1]

Multi-brand retail platform (formerly Electra Private Equity).

Hostmore (0.1%)[1]

Owner and operator of TGI Friday's UK casual dining franchise spun out of Electra.

Life sciences

Syncona (1.4%)[1]

A healthcare investment company focused on founding, building and funding global leaders in innovative life sciences.

S&P Biotech ETF (0.6%)[1]

Seeks to replicate the performance of the equal weighted S&P Biotechnology Select Index.

The Biotech Growth Trust (0.2%)[1]

Investment in the worldwide biotechnology industry.

Commodities

BlackRock World Mining (1.6%)[1]

Fund investing in mining and metal assets worldwide, principally via listed securities.

Real estate

Schroder Real Estate (0.9%)[1]

Fund of UK commercial real estate investments.

Clean Energy

VH Global Sustainable Energy (1.6%)[1]

Diversified energy infrastructure investments focused on accelerating the energy transition.

Credit

NB Distressed Debt (0.4%)[1]

Portfolio of distressed, stressed and special situations investments in realisation situations.

UNQUOTED GROWTH

Lansdowne Opportunities (0.9%)[1]

Invests mostly in unquoted companies capitalising on the intellectual property of leading universities.

Lindenwood (1.0%)[1]

Invests in unquoted, high growth companies, seeking the next generation of technology leaders.

Forty largest investments

Top 40 investments as at 31 December 2022

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	106.8	6.1
2	Apax Global Alpha	Investment company offering exposure to private equity investments in the Technology, Services, Healthcare and Consumer sectors	52.2	3.0
3	Unilever	Multi-national consumer goods company with food, home care and personal care divisions	35.8	2.0
4	BP	UK-based global energy company	33.3	1.9
5	Princess Private Equity	Investment company providing exposure to a portfolio of private equity investments	31.0	1.8
6	NatWest Group	A UK-based banking and financial services company	29.2	1.7
7	BlackRock World Mining	Diversified fund investing in mining and metal assets worldwide	28.5	1.6
8	VH Global Sustainable Energy	An infrastructure fund focused on the energy transition	27.9	1.6
9	Microsoft	Operating systems, server applications, business and consumer applications, software development tools and internet software	26.1	1.5
10	Syncona	Healthcare fund focused on founding, building and funding a portfolio of innovative life science companies	23.9	1.4
11	Thermo Fisher Scientific	Offers medical products and services to the pharmaceutical and biotech industry, hospitals and research & diagnostic organisations	23.5	1.3
12	Diageo	UK-based global leader in spirits and liqueurs. Also owner of the Guinness beer brand	22.9	1.3
13	Heineken	The world's second largest brewer offering premium brand and zero-alcohol beers	22.7	1.3
14	Canadian Pacific Railway	Transcontinental railway providing freight and container services across its network in Canada and the United States	22.4	1.3
15	AIB	Irish bank offering commercial banking services to retail and institutional customers	22.4	1.3
16	UnitedHealth	A leading US health insurer offering plans and services to group and individual customers	22.2	1.3
17	Nintendo	Gaming console company which develops, manufactures and sells video game hardware and software	21.1	1.2
18	Mastercard	A global leader in the provision of financial transaction processing services	21.1	1.2
19	RELX	Global provider of information and analytics for professional and business customers across industries	20.9	1.2
20	PepsiCo	A leading global beverage and convenience food company	20.8	1.2
Top 20			**614.7**	**34.8**

The top ten holdings represent 22.4% of the total portfolio (2021: 20.3%).
The full portfolio is not listed because it contains over 250 companies.
Figures may not sum due to rounding.

Top 40 investments:

Company			Market value of holding £m	% of portfolio
21	**Mondelez**	A food and beverage company which manufacturers world leading snack foods and chocolate brands	20.6	1.2
22	**London Stock Exchange**	Operates international equity, bond and derivatives markets and provides indexing and financial data services	19.6	1.1
23	**Alphabet**	The holding company for Google	19.1	1.1
24	**Shell**	A global integrated energy company	18.5	1.0
25	**Safran**	Supplies aerospace and defence systems with a focus on aircraft engines, propulsion systems and ancillary services	18.1	1.0
26	**Lindenwood**	A fund investing in unquoted, high growth companies, seeking the next generation of technology leaders	16.9	1.0
27	**Intuit**	Develops and markets business and financial software solutions	16.9	1.0
28	**ArcelorMittal**	A leading integrated steel production company	16.8	1.0
29	**Lloyds Banking**	UK bank offering banking and financial services to retail and institutional customers	16.5	0.9
30	**Vinci**	A global leader in construction and concessions management with expertise in building, civil, hydraulic and electrical engineering	16.1	0.9
31	**Lansdowne Opportunities Fund**	A fund investing mostly in unquoted companies capitalising on the intellectual property of leading universities	15.8	0.9
32	**World Wrestling Entertainment**	A media and entertainment company operating as producer and promoter of live wrestling events and associated merchandise	15.6	0.9
33	**Charter Communications**	US cable telecommunications company offering broadcasting, internet, voice, entertainment and business services	15.3	0.9
34	**Amazon.com**	Online retailer and cloud-based platform provider	15.3	0.9
35	**Schroder Real Estate**	Fund of UK commercial real estate investments	15.2	0.9
36	**Shiseido**	Developer, producer and distributor of luxury cosmetics both in Japan and globally	14.8	0.8
37	**Bank of Ireland**	Irish bank offering banking and financial services to retail and institutional customers	14.4	0.8
38	**Ryanair**	Europe's largest airline offering low fare passenger services to destinations across Europe	13.7	0.8
39	**Novo Nordisk**	World-leading pharmaceutical company focusing on diabetes care	13.2	0.7
40	**LVMH**	Luxury goods company producing and selling wine, cognac, perfumes, cosmetics, luggage, watches and jewellery	13.1	0.7
Top 40			**940.2**	**53.4**

Classification of investments

at 31 December 2022

		North America %	United Kingdom %	Continental Europe %	Asia (ex Japan) %	Japan %	Latin America %	Other[1] %	Total 2022 %
Energy	Energy	0.4	1.9	1.6	0.4	–	0.4	–	4.7
		0.4	**1.9**	**1.6**	**0.4**	**–**	**0.4**	**–**	**4.7**
Materials	Materials	1.6	1.5	2.3	0.7	–	0.5	0.3	6.9
		1.6	**1.5**	**2.3**	**0.7**	**–**	**0.5**	**0.3**	**6.9**
Industrials	Capital Goods	1.7	1.8	4.8	0.1	0.1	–	–	8.5
	Commercial & Professional Services	0.7	1.4	–	–	–	–	–	2.1
	Transportation	2.1	0.5	1.9	–	–	–	–	4.5
		4.5	**3.7**	**6.7**	**0.1**	**0.1**	**–**	**–**	**15.1**
Consumer Discretionary	Automobiles & Components	0.2	0.2	0.7	–	–	–	–	1.1
	Consumer Durables & Apparel	0.1	0.2	2.0	0.1	–	–	–	2.4
	Consumer Services	0.1	0.6	0.7	–	–	–	–	1.4
	Retailing	1.6	0.2	–	–	–	0.2	–	2.0
		2.0	**1.2**	**3.4**	**0.1**	**–**	**0.2**	**–**	**6.9**
Consumer Staples	Food & Staples Retailing	0.4	0.2	–	–	–	–	–	0.6
	Food, Beverages & Tobacco	2.8	1.5	2.5	0.4	–	0.1	–	7.3
	Household & Personal Products	–	2.0	0.2	–	1.3	–	–	3.5
		3.2	**3.7**	**2.7**	**0.4**	**1.3**	**0.1**	**–**	**11.4**
Healthcare	Healthcare Equipment & Services	3.8	–	0.1	0.5	–	–	–	4.4
	Pharmaceuticals, Biotechnology & Life Sciences	4.2	0.6	0.9	0.2	0.3	–	–	6.2
		8.0	**0.6**	**1.0**	**0.7**	**0.3**	**–**	**–**	**10.6**
Financials	Banks	–	3.1	2.1	1.3	–	0.4	–	6.9
	Diversified Financial Services	1.6	2.0	–	0.1	0.2	0.1	–	4.0
	Insurance	0.4	0.1	–	0.1	–	–	0.1	0.7
		2.0	**5.2**	**2.1**	**1.5**	**0.2**	**0.5**	**0.1**	**11.6**
Information Technology	Software & Services	7.1	0.1	0.3	–	–	–	–	7.5
	Technology Hardware & Equipment	0.9	0.6	–	–	0.2	–	–	1.7
	Semiconductors & Semiconductor Equipment	1.7	–	0.4	0.2	0.1	–	–	2.4
		9.7	**0.7**	**0.7**	**0.2**	**0.3**	**–**	**–**	**11.6**
Communication Services	Communication Services	–	0.6	–	0.2	–	0.1	–	0.9
	Media & Entertainment	4.2	0.3	–	–	1.2	–	–	5.7
		4.2	**0.9**	**–**	**0.2**	**1.2**	**0.1**	**–**	**6.6**
Utilities	Utilities	0.1	0.1	0.2	0.1	–	0.2	–	0.7
		0.1	**0.1**	**0.2**	**0.1**	**–**	**0.2**	**–**	**0.7**
Real Estate	Real Estate	0.1	0.2	–	–	–	–	–	0.3
		0.1	**0.2**	**–**	**–**	**–**	**–**	**–**	**0.3**
Investment Funds[1]	Investment Companies	–	–	–	–	–	–	11.6	11.6
	Unquoted Funds	–	–	–	–	–	–	2.0	2.0
		–	**–**	**–**	**–**	**–**	**–**	**13.6**	**13.6**
Total 2022		**35.8**	**19.7**	**20.7**	**4.4**	**3.4**	**2.0**	**14.0**	**100.0**
Total 2021		38.1	20.2	16.9	5.2	3.0	1.0	15.6	100.0

(1) Investment Funds 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 & Risk 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 five 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, inflation, 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 CEO, managed the overall business and the investment portfolio in accordance with limits determined by the Board and the 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 London Branch ('BNP Paribas'). 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 programme, focused upon the operational and cyber arrangements of all the Company's suppliers. BNP Paribas 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 58.

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 58. 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 57 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 & Risk 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	MITIGATION
The Company's portfolio of securities might not be realisable.	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.

Environmental, social and governance factors

RISK	MITIGATION
Failure to identify, understand or mitigate the risks arising from ESG 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.	Witan has a responsible investment policy which was developed by the Board in consultation with Witan's Executive team. This is discussed fully on pages 18 to 25 of this Report. 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; and company secretarial. 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, via regular written reporting and an annual due diligence exercise. This regular interaction provides an environment where topics, issues and business development needs (including current inflationary pressures and the impact of the cost of living crisis on their service) can be dealt with efficiently and collegiately. The Audit and Risk Committee reviews annually a summary of significant contracts to further reinforce the overview of the Company's service providers at the corporate level. Furthermore, the Audit and Risk Committee review the annual due diligence exercise that includes, where appropriate, service providers' third-party internal control reports.
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. There is a hybrid working policy in place for employees to work remotely. As well as the CEO, the Investment Director, Director of Operations and Director of Marketing regularly report at Board meetings. Given the small number of employees, engagement is at an individual level rather than as a group. This includes an understanding of inflationary pressures and the cost of living crisis through the remuneration system.
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.	
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
Ongoing impact of Russia/Ukraine conflict on economies and markets	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
Ongoing impact of inflationary pressure on economies and markets	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
Key topics of engagement with the external managers on an ongoing basis are portfolio composition, performance, outlook and business updates.	
The integration of ESG into each manager's investment processes	See pages 22 to 25 in responsible investment for a report on manager activity in 2022.
Engagement with managers to ensure third-party internal control reporting is in place.	All service providers engaged and supplied requested information for the due diligence exercise to be completed. In one case, the manager committed to engage third-party internal control reporting where this was not in place.
Annual due diligence exercise undertaken.	All service providers engaged and supplied requested information for the due diligence exercise to be completed.
Ongoing flexible hybrid working arrangements maintained	Flexible hybrid working arrangements maintained without detriment to productivity or service to stakeholders.
Performance and compensation of employees is reviewed by the Remuneration and Nomination Committee with the CEO	See the Directors' Remuneration Report on pages 62 to 74.
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 London Branch for depositary services, custody, investment accounting and administration;
- Frostrow Capital LLP for company secretarial services;
- MSCI, StyleAnalytics and Morningstar/Sustainalytics for monitoring of its investment holdings; and
- specialist advice on regulatory compliance issues and, as required, 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 62 to 74. 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 currently has six direct employees, three men and three women. The Board currently consists of nine non-executive directors (four men and five women) and the CEO, 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 ESG issues has been formalised by the Company's commitments, which are detailed in the section on responsible investment on pages 18 to 25.

WITAN INVESTMENT SERVICES

WIS is authorised and regulated by the Financial Conduct Authority. It is authorised to act as Witan's AIFM and to provide marketing services.

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 2022 were:

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

In 2022, 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 2022 ranged from 0.28% to 0.65% per annum. The weighted average base fee was 0.51% as at 31 December 2022 (2021: 0.51%). One manager (covering 6% of Witan's portfolio), has a performance-related fee, which has a high-water mark and is subject to capping in any particular year.

Witan takes care to ensure the competitiveness of the fees it pays. We negotiated a 15% reduction in fee for one of the incumbent managers during the year and 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 0.77% in 2022 (2021: 0.71%). When performance fees due to third-party managers are included, the OCF was also 0.77% in 2022 (2021: 0.73%).

The main cost headings within the OCF are set out in the table to the right. 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. In calculating a KPI, the Board does not consider it relevant to consider the ongoing charges of underlying investment companies in which the Company invests, as the Company is not a fund of funds and to include ongoing charges of some investee companies but not of others would not be appropriate. For this reason, although the AIC's suggested approach is to include such charges in the OCF, the Company has chosen not to do so as part of its KPIs, but has disclosed below an estimate of this figure.

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, mandates 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	2022 £m	2022 % of average net assets	2021 £m	2021 % of average net assets
Investment management base fees (note 4, page 96)	**7.67**	**0.45**	9.33	0.47
Other expenses (excluding expenses relating to the subsidiary[1], loan arrangement and one-off costs)	**5.38**	**0.32**	4.77	0.24
Ongoing Charges Figure (including investment management base fees)	**13.05**	**0.77**	14.10	0.71
Investment management performance fees (note 4, page 96)	**–**	**–**	0.39	0.02
Ongoing Charges Figure (including performance fees)	**13.05**	**0.77**	14.49	0.73
Pro rata ongoing charges of underlying funds[2]	**3.90**	**0.23**	4.37	0.22
OCF plus look through fund costs	**16.95**	**1.00**	18.86	0.95
Portfolio transaction costs	**1.84**	**0.11**	3.95	0.20
Interest costs	**6.29**	**0.37**	5.21	0.26
Total costs including transaction costs, borrowing costs and underlying fund costs	**25.08**	**1.48**	28.02	1.41

(1) Those expenses not relating to the operation of the investment company.
(2) 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 page 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 85% (source: Bloomberg) 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 £35 million at 31 December 2022 (2021: £33 million), the Company has a short-term bank facility (which is renewable annually) 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 58 million ordinary shares in 2022 at a cost of £129 million and experienced no problem with liquidity in doing so. It had shareholders' funds in excess of £1.5 billion at the end of 2022.

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

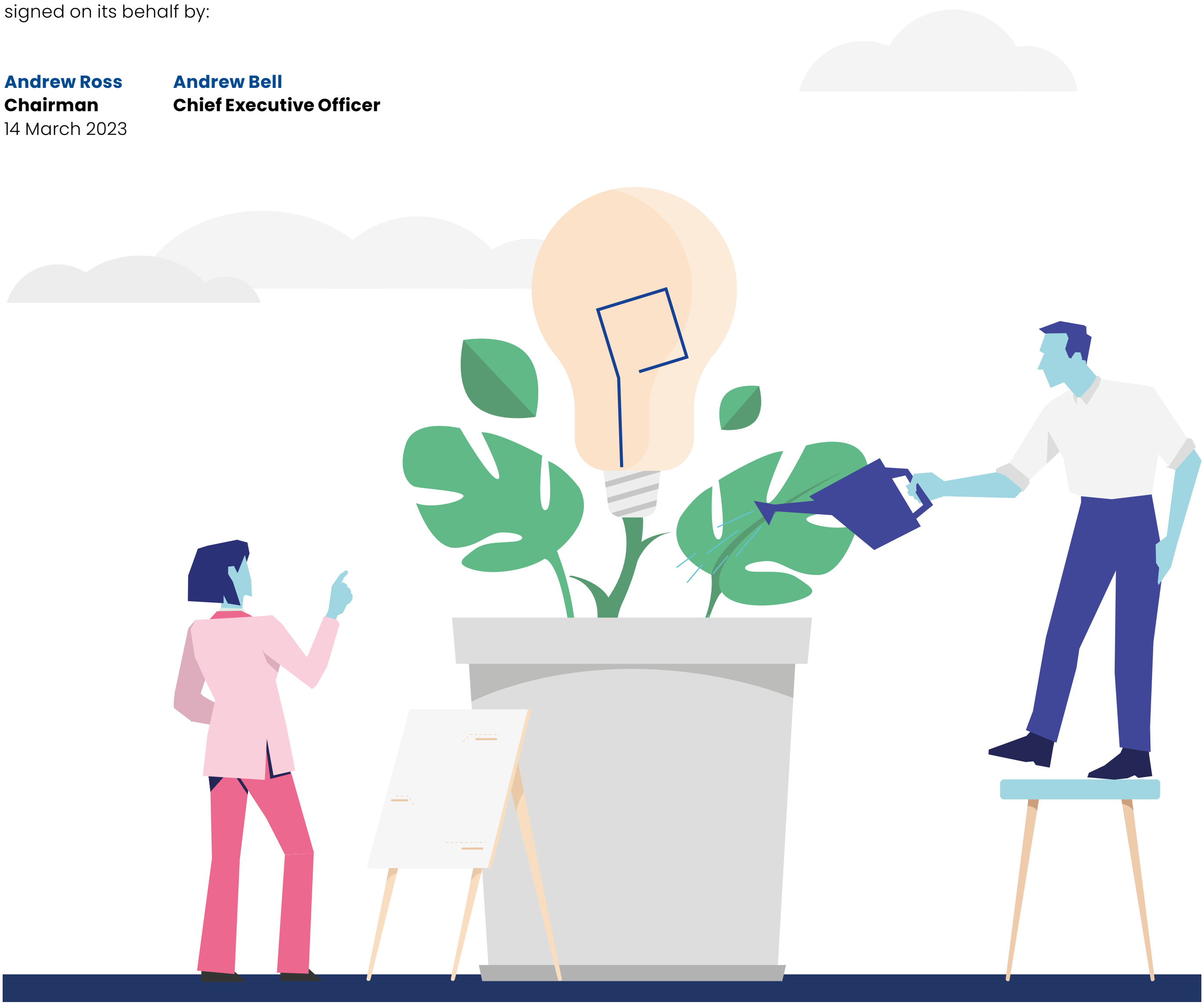
In light of the conclusions drawn in the foregoing statement on liquidity risk on page 39 and the Viability Statement, the directors believe that the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this Report. Therefore, 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 14 March 2023 and is signed on its behalf by:

Andrew Ross
Chairman
14 March 2023

Andrew Bell
Chief Executive Officer



Board of directors


1.


2.


3.


4.


5.


6.


7.


8.


9.


10.

Key to membership of Board and Committees

- ❖ Chairman of the Board or a Committee.
- ◆ Members of the Audit & Risk 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 of 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 & Risk 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, The Mercantile Investment Trust plc and Cushon Group Limited.

4. Gabrielle Boyle

NON-EXECUTIVE DIRECTOR

Date of appointment
August 2019.

Career & background
Investment Director 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 an 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 27 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.

The following directors were appointed after the year end.

9. Shauna Bevan

NON-EXECUTIVE DIRECTOR

Date of appointment
February 2023.

Career & background
Head of Investment Advisory at RiverPeak Wealth Limited where she is responsible for fund selection and portfolio construction. She was previously Co-Head of Collectives Research at Charles Stanley, having started her career in wealth management at Merrill Lynch.

Skills & expertise
Shauna has over twenty years of investment experience across multiple asset classes with particular expertise in third party fund research and meeting the needs of retail investors.

External appointments
Head of Investment Advisory at RiverPeak Wealth and a non-executive director of CT Global Managed Portfolio Trust PLC.

10. Shefaly Yogendra

NON-EXECUTIVE DIRECTOR

Date of appointment
February 2023.

Career & background
She has spent her career working with technology investors and start-ups. She previously worked at Ditto AI and HCL Technologies, and was a founder and a director of Livyora, a fine jewellery venture.

Skills & expertise
Shefaly is a risk and decision-making specialist and an experienced non-executive director of investment trusts.

External appointments
Non-executive director of Harmony Energy Income Trust plc, JPMorgan US Smaller Companies Investment Trust PLC and Temple Bar Investment Trust plc and an Independent Governor of London Metropolitan University.

Corporate Governance

This statement forms part of the Directors' Report on pages 75 to 78.

Effective governance

CHAIRMAN'S INTRODUCTION

I am pleased to report 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 Association of Investment Companies (the 'AIC') has issued a Code of Corporate Governance (the 'AIC Code'), which 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
14 March 2023

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 2022 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 58.

The principles of the AIC Code

The AIC Code is made up of 17 Principles supported by 42 Provisions.

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

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, **see pages 26 to 32**

1 BOARD LEADERSHIP AND PURPOSE

Board and director independence

At 31 December 2022 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 current 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. However, she will not be seeking re-election at this year's AGM.

All directors stand for election or re-election at the Company's AGM each year. 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 Senior Independent Director ('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 consists of ten directors, which will reduce to nine following the AGM. 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 to 47. They demonstrate a wide range of skills and experience, which are relevant to the strategy of the Company. The Board has typically met about eight 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 external 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 ('SID')

Ms Neubert was appointed as the SID in April 2021. She will retire at the conclusion of the Company's next AGM in May 2023 and Mrs Beagles will be appointed to the role. 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).

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.

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 CEO and the AIFM monitor investment performance and all associated matters. The CEO 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 & Risk 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 & Risk Committee and the Remuneration and Nomination Committee are set out on pages 46 to 47. The roles and responsibilities of the Committees are described in the Report of the Audit & Risk Committee on pages 59 to 61 and in the Directors' Remuneration Report on pages 62 to 63.

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 54.

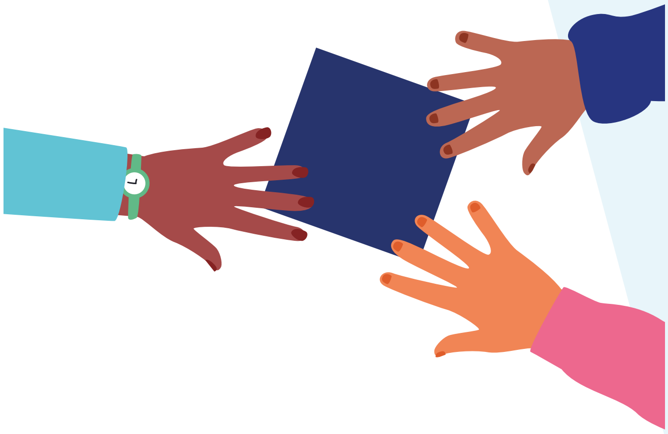
Corporate Governance continued

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 & Risk Committee Chairman, or in his absence another member of the Audit & Risk 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 SID, expects to be available to meet the Company's larger shareholders and the Chairman of the Remuneration and Nomination Committee is available to discuss remuneration matters.

The Company encourages attendance at its Annual General Meeting ('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 & Risk 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. In addition, arrangements will be put in place for shareholders to view the meeting virtually and put questions to the Board if they cannot attend the AGM in person.

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.

The directors may be contacted through the Company Secretary at the address shown on page 120.

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 are expected 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 the Company's investment managers, advisers and other service providers.

The number of 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 to the right.

The Board has typically met about eight times a year. All the then directors attended the AGM in May 2022 and the Board's 'Strategy Day' in June 2022.

	Board	Audit & Risk Committee	Remuneration and Nomination Committee
Number of meetings	8	4	2
A J S Ross	8	4(1)	2
R A Beagles	8	4	-
A L C Bell	8	4(1)	2(1)
G M Boyle	7	–	–
S E G A Neubert	7	–	2
J S Perry	8	4	–
B C Rogoff	8	–	–
P T Yates	8	4	2

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

Example Board decision

What happened

In 2022, Witan adopted its "sustainable by 2030" target, a commitment that by 2030 our portfolio will consist entirely of sustainable businesses. Such businesses should exhibit good corporate behaviour, respect for shareholders, stakeholders and society, a strategy to minimise their environmental impact and be open to engagement on such issues. To reach this target we first had to design and implement a framework to assess our portfolio, in order to set a baseline from which we can measure what progress our companies are making towards this target.

Why

We believe that investing in well-managed 'sustainable businesses' is the foundation for achieving good returns for our shareholders and a better future for the planet's ecosystems and for society. Our approach is underpinned by the belief that capital allocation and engagement have a positive long-term impact and that blanket exclusions can be counterproductive. Therefore we focus on identifying companies' direction of travel and monitoring their progress, rather than simply their sustainability credentials at a point in time.

How

Having set this objective in early 2022, the Board directed our Investment Team to engage with our fund managers to develop this framework. We believe that our managers are best placed to assess whether the companies they have invested in comply with our bespoke sustainability criteria. Our managers were introduced to this framework and actively participated in this project. As a result, we were able to assess all the companies in our listed equity portfolio. Each company was assessed on ten different sustainability issues, with a score being assigned to each. The resulting data was used to create a baseline figure for each of the ten sustainability issues for each company, and for the portfolio in aggregate. The results of this work can be seen in the responsible investment report on pages 18 to 23.

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 or controversial weapons, 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 & Risk 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 & Risk 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 62 to 74.

As part of the process to appoint Ms Bevan and Dr Yogendra, the Board engaged the services of specialist recruitment consultants, Trust Associates Limited, who prepared a list of potential candidates for consideration by the Board. A short list was then arrived at, the candidates were interviewed, following which a recommendation was made to the Board that both Ms Bevan and Dr Yogendra be appointed, which the Board approved.

The Directors have noted that Trust Associates is a signatory of The Standard Voluntary Code of Conduct for Executive Search Firms. The code of conduct lays out steps for search firms to follow across the search process, from accepting a brief through to induction. The key areas of focus include increasing the proportion of women and broadening ethnic diversity. Trust Associates Limited has no other connection with the Company or the individual directors.

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 & Risk Committee.

Board diversity

The Board supports the principle of boardroom diversity, of which gender and ethnicity are two important aspects. The diversity policy applies to the Board's committees as well as the Board itself.

The Company's policy is that the Board should be comprised of directors with a diverse range of skills, knowledge and experience and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense. The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. To this end, achieving a diversity of perspectives and backgrounds on the Board is a key consideration in any director search process and the Board encourages any recruitment agencies it engages to find a diverse range of candidates that meet the criteria agreed for each appointment.

The Board will not discriminate on the grounds of age, gender, personal background, sexual orientation, disability or socio-economic background in considering the appointment of Directors. Specific professional qualifications may be required for some appointments, e.g. the chair of the Audit & Risk Committee. The Board considers candidates' gender and ethnicity in the context of the Listing Rules targets regarding those characteristics.

The Board has noted the FCA's new Listing Rules which encourage greater diversity on listed company boards and require companies to report against the following three diversity targets:

(i) At least 40% of individuals on the board are women;
(ii) At least one of the senior board positions (defined in the Listing Rules as the chair, CEO, SID and CFO) is held by a woman; and
(iii) At least one individual on the board is from a minority ethnic background.

The new Rules apply with effect from accounting periods commencing on or after 1 April 2022. The FCA is encouraging companies to report on the targets for accounting periods which begin before then and so the Board has provided the following information in relation to its diversity as at the year end, although it is not yet required to do so.

As at 31 December 2022, the Company complied with targets (ii) and (iii) above but not target (i). The Company has continuously met target (ii) since 2021 and target (iii) since 2012.
Since the year end, the Board has appointed two new non-executive directors and the Company has now met (and will continue to meet after the AGM) all three targets.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods. As required under LR 9.8.6R(10), further detail in respect of the three targets outlined above as at 31 December 2022 is disclosed in the tables on page 56.

The information was obtained by asking the Directors and Executive Management to indicate, on an anonymous form, how they should be categorised for the purposes of the Listing Rules disclosures.

Corporate Governance continued

	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board[1]	Number in Executive Management[2]	Percentage of Executive Management
Men	5	62.5%	2	2	67%
Women	3	37.5%	1	1	33%
Other	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board[1]	Number in Executive Management[2]	Percentage of Executive Management
White British or other White (including minority-white groups)	7	87.5%	2	3	100%
Mixed/Multiple Ethnic Groups	1	12.5%	1	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The tables below reflect the changes in Board composition that have occurred between the reference date and the date on which the Annual Report was approved.

	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board[1]	Number In Executive Management[2]	Percentage of Executive Management
Men	5	50%	2	2	67%
Women	5	50%	1	1	33%
Other	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board[1]	Number In Executive Management[2]	Percentage of Executive Management
White British or other White (including minority-white groups)	7	70%	2	3	100%
Mixed/Multiple Ethnic Groups	2	20%	1	–	–
Asian/Asian British	1	10%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

(1) The format of the above tables is prescribed in the Listing Rules. However, as an investment trust, the Company has only a small executive management function, including the role of CEO but not that of CFO. The Company has defined 'senior positions on the Board' as Chairman, CEO and Senior Independent Director.

(2) The CEO is a director and part of the executive management team: for the purposes of these tables he has been included as a member of the Board.

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 REMUNERATION

The Directors' Remuneration Report on pages 62 to 74 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.

5 AUDIT, RISK AND INTERNAL CONTROL

The statement of directors' responsibilities on page 79 describes the directors' responsibility for preparing this Annual Report.

The work of the Audit & Risk Committee is set out in the Committee's report on pages 59 to 61.

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

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 & Risk 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 & Risk 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

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. The Board 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 following the retirement of Mr Henderson. 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 has led on implementing those changes recommended by the report that the Board considered should be made. The report did not identify any material weaknesses or concerns.

This year, the evaluation has been carried out internally and the Board has discussed the matters raised. The Board intends to appoint an external organisation to facilitate its evaluation in 2025, if not before.

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

Corporate Governance continued

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 & Risk 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 to 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 team of Witan and WIS is responsible for managing and controlling the relationships with the third-party managers.

The Executive team receives monthly reports on investment and compliance matters from each manager. During 2022, the investment managers were asked to provide detailed information on their operational structures and systems. Each year, the Board also receives reports from its investment managers on their internal controls; in most cases these include a report from the relevant company's auditors on the control policies and procedures in operation.

The 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. However, the Company has independent external advisers covering regulatory compliance matters and the effectiveness of internal controls and processes. 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 the Company's system of internal control in order to provide assurance that it operates as intended. The directors will review at least annually whether a function equivalent to an internal audit is needed.

Andrew Ross
Chairman
14 March 2023

Report of the Audit & Risk Committee

STATEMENT BY THE CHAIRMAN OF THE COMMITTEE

As Chairman of the Audit & Risk Committee (the 'Committee'), I am pleased to present the Report of the Committee for the year ended 31 December 2022.

The Board agreed during the year to change the name of the Committee to the Audit & Risk Committee, as a better reflection of the Committee's responsibilities.

COMPOSITION AND RESPONSIBILITIES OF THE COMMITTEE

The members of the Committee are appointed by the Board. There are 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.

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.

Report of the Audit & Risk Committee continued

MEETINGS OF THE COMMITTEE

The Committee held four meetings during 2022 and also met in February 2023. 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.

In summary, the main matters arising in relation to 2022 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.
- The Committee examined and challenged management's judgement used in the calculation of the present value of own debt by using a discount rate which reflects the yield on a UK gilt of similar maturity plus a credit spread of 1.40%. The Committee examined independent third-party evidence and confirmed that management's conclusions were sound and the resulting fair value was reasonable in the circumstances.
- Management's judgement used in the determination of the ratio of investment management fees and finance costs to be allocated between revenue and capital was also reviewed and challenged. Based on an analysis of actual fees and costs, the Committee agreed that the allocation of 25% to revenue and 75% to capital was a fair representation of the actual nature of the specific costs and reflected the Board's expectations of long-term investment returns.
- 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. The Executive carries out a comprehensive due diligence exercise each year on all the Company's service providers, including the fund managers, and reports the results of this to the Committee.
- As part of the oversight of service providers, I attended a due diligence visit with the Executive to the depositary, BNP Paribas Trust Corporation UK Limited.
- 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 58).
- 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:
  - regulations on climate-related disclosures for listed companies (which do not currently apply to the Company as an investment trust);
  - new rules under the PRIIPs regime on the production of Key Information Documents;
  - the FCA's Consumer Duty, which sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first. We have agreed our implementation plan and I have been appointed as the Company's "Consumer Champion";
  - BEIS's response to its consultation on audit and corporate governance reform, which are likely to introduce a number of significant changes to the corporate governance and reporting landscape;
  - A White Paper on the reform of Companies House;
  - A discussion paper from the FCA on the structure of the UK listing regime;
  - FRC updated guidance on the Strategic Report; and
  - FRC review of corporate reporting in 2021/22 and key matters for 2022/23.

RISK

Management has identified (Strategic Report pages 37 to 39) six main areas of potential risk: market and investment portfolio; operational and cyber; compliance and regulatory change; accounting, taxation and legal; liquidity; 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 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. There were no significant areas of material judgement being exercised in either of these two key areas or unadjusted errors arising in either 2021 or 2022.

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. In order to ensure that our risk map is up to date, the Committee has once again invited all directors to determine their personal assessment of the current top five risks for the Company and the Committee has ensured that the risk map recognises these appropriately. This process is carried out regularly.

The Committee reviewed a report on the cyber risks within the business, including the controls in place over cyber risks implemented by third-party providers and in particular BNP Paribas. No significant issues have been identified to date, but the Committee is mindful of the need to remain vigilant on such risks.

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 is required 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 second 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 pleased to note that Grant Thornton was awarded the highest quality grading for 100% of the files reviewed by the FRC; the first firm to achieve this. 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 the auditor 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 London Branch 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 CASS report to the FCA in respect of WIS, to be completed by the end of April 2023.

FINANCIAL STATEMENTS

The Board has asked 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:

- the comprehensive control framework around the production of the Annual Report, including the verification process in place to deal with the factual content;
- the detailed levels of review that were undertaken in the planning and production process, by the Executive team, Company Secretary and the Committee; and
- the Company's internal control environment.

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 77:23. 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 in 2022 as part of its review of the Board (see page 57) and the Board's internal review this year and will implement any recommendations from those reviews. 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 14 March 2023 and is signed on its behalf by:

Jack Perry
Chairman of the Audit & Risk Committee
14 March 2023

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 or resignations from the Board in 2022.

The resolution to re-elect Suzy Neubert at the AGM on 5 May 2022 was passed on a show of hands, although 39% of the votes cast (by 8.7% of shareholders) were cast against the resolution. The Board understands that the reason for the result was that some shareholders deemed Ms Neubert not to be independent due to her length of service (10 years) on the Board.

As stated on page 49, the Board shares the widely accepted view that length of service does not of itself impair a director's ability to act independently (any more than a recent appointment guarantees it); rather, a longer-serving director's perspective can add value to the deliberations of a well-balanced investment trust company board. Independence stems from the willingness to make decisions that are for the benefit of the Company, even if they may conflict with the interests of management; this is a function of confidence, integrity, and judgement. The Board considers that Ms Neubert demonstrates such qualities, and that it was therefore justified in deeming her to be independent, along with the other non-executive directors.

The Chairman wrote to the Company's large shareholders in advance of the AGM to explain its reason for wishing Ms Neubert to remain on the Board for a further year, which was to retain her experience and knowledge of the Company as she was the only non-executive director with more than six years' experience on the Board.

Following receipt of the proxy results, the Board reiterated to shareholders present at the AGM on 5 May 2022 the commitment that Ms Neubert would retire at the 2023 AGM and released a statement to that effect in the post-AGM RNS announcement. The Chairman also wrote to the large shareholders reiterating that commitment.

During the year, the Committee reviewed the composition of the Board and its Committees, using a skills matrix. The Committee recommended to the Board, and the Board agreed, that a director should be recruited to replace Ms Neubert on her retirement in May 2023. Trust Associates were appointed to carry out a search for a suitable candidate. Trust Associates have no other recent connection with the Company. The Committee identified two suitable candidates for appointment and the Board agreed that the appointments should be made. Shauna Bevan and Shefaly Yogendra have been appointed as non-executive directors with effect from 1 February 2023 and will be proposed for election by shareholders at the AGM to be held on 4 May 2023.

Ms Neubert has been the Senior Independent Director since 2020. The Board has agreed that, with effect from her retirement in May 2023, Mrs Beagles should be appointed as the SID.

A report on the Board's evaluation of itself and its Committees is set out on page 57.

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 2022. 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 2022 and other information required by the Regulations. It will be subject to an advisory vote at the AGM on 4 May 2023.

The Company's existing remuneration policy was subject to a binding shareholder vote at the AGM in 2022 and took effect from 1 January 2022. 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 in 2025 unless any changes to the policy are proposed before then.

The Committee has previously 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 has agreed that, in light of Mr Bell's substantial holding in the Company (worth £1.88 million at the end of 2022, six 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.

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 exercises 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. Ms Neubert will retire from the Board at the AGM in May 2023 and Mrs Boyle will be appointed as a member of the Committee with effect from that date.

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 2023, in accordance with the process described on page 69. The Committee's recommendation, to which the Board agreed, was that non-executive directors' fees should be increased by an average of 3.7%. This is well below the rate of inflation and less than the percentage increase in remuneration of the Company's employees. With effect from 1 April 2023, directors' fees will be:

	£
Chairman of the Company	76,000
Chairman of the Audit & Risk Committee	50,000
Chairman of the Remuneration and Nomination Committee	45,500
Senior Independent Director	45,500
Other non-executive directors	39,500

Since 1 April 2022, the fees have been:

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

With effect from 1 April 2023, the aggregate fees for the current nine non-executive directors will amount to £414,500 per annum (2022: seven directors; £323,500); this will reduce to £375,000 for the eight continuing directors following the AGM.

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
14 March 2023

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 62 to 63) 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 2022. The information provided on pages 64 to 68 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 2022, together with the comparative figures for 2021:

	31 December 2022			31 December 2021		
	Fees(1) £	Taxable benefits(2) £	Total remuneration £	Fees(1) £	Taxable benefits(2) £	Total remuneration £
A J S Ross	**72,250**	**148**	**72,398**	68,500	–	68,500
R A Beagles	**37,500**	**62**	**37,562**	36,000	79	36,079
G M Boyle	**37,500**	**–**	**37,500**	36,000	–	36,000
S E G A Neubert	**43,500**	**415**	**43,915**	40,115	450	40,565
J S Perry	**47,250**	**5,464**	**52,714**	45,000	1,613	46,613
B C Rogoff	**37,500**	**–**	**37,500**	36,000	–	36,000
P T Yates	**43,500**	**–**	**43,500**	42,000	–	42,000
A Watson (retired 28 April 2021)	**–**	**–**	**–**	14,000	–	14,000
Total	**319,000**	**6,089**	**325,089**	317,615	2,142	319,757

(1) The non-executive directors are not entitled to any variable payments or benefits.
(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 2022 for the CEO, Mr Bell, together with the comparative figures for 2021. 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 fixed pay £	Total variable pay £	Total(4) £
2022	**315,000**	**34,642**	**95,000**	**–**	**31,500**	**381,142**	**95,000**	**476,142**
2021	308,424	33,554	85,000	-	30,842	372,820	85,000	457,820

(1) Mr Bell is entitled to hold outside appointments and to retain any fees payable, subject to receiving the Board's permission. During 2022, in addition to the base salary set out above, Mr Bell received £41,500 (2021: £39,528) in respect of his directorship of The Diverse Income Trust plc to which he was appointed with effect from 1 January 2019.
(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 over the preceding year against the performance criteria, described on page 72, at its meeting in February 2023 to determine the appropriate level of the discretionary bonus that is payable for that year. Following that review, the Committee recommended, and the Board agreed, that Mr Bell should receive a discretionary bonus equal to 30% (compared with the maximum of 40%) of his basic salary (£95,000) in respect of the financial year ended 31 December 2022 (2021: 28%, £85,000).
  (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 2022 (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 ending 31 December 2022 (2021: 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 the 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 2022 (net asset value debt at par, excluding the effect of share buybacks) and therefore no Long-Term Bonus will be paid to Mr Bell (2021: underperformed, £nil).
(4) Employer's national insurance contributions of £47,328 (2021: £46,722) 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 2023 and the remaining 40% paid on a deferred basis in three equal instalments in March 2024, 2025 and 2026, 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 2022 (2021: nil).

Payments to past directors

No payments were made to former directors of the Company during the financial year ended 31 December 2022 (2021: £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 2022 (2021: £nil).

Statement of directors' shareholdings (audited)

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

	Ordinary shares held as at 31 December 2022	Ordinary shares held as at 31 December 2021
A J S Ross	**300,000**	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	**55,369**	53,996
J S Perry	**82,498**	82,498
B C Rogoff	**44,974**	43,950
P T Yates	**25,245**	25,245

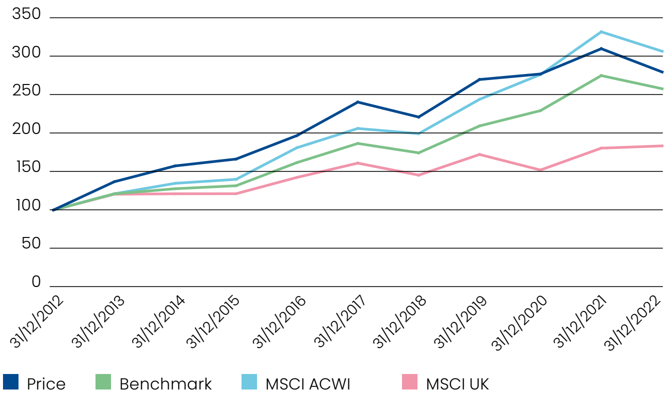
Since the year end, Ms Neubert has bought a further 336 shares. There have not been any other changes in the directors' interests since the year end.

Ms Bevan and Dr Yogendra, who were appointed to the Board on 1 February 2023, did not hold any shares in the Company at the date of their appointment.

None of the directors has 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 ACWI (sterling adjusted). This line graph assumes a notional investment of £100 into the indices on 31 December 2012 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 %
2022	**476,142**	**37.7**	**0.0**
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

Directors' Remuneration Report continued

Annual percentage change in remuneration of directors and employees for the year ended 31 December 2022

The table below shows how the percentage change in the directors' salaries, benefits and bonuses between 2021 and 2022 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 2022 compared with remuneration for 2021.

	Salary and fees %	Taxable benefits %	Annual bonuses %	Long-Term Bonus %
A J S Ross	**5.5**	**n/a(1)**	**n/a**	**n/a**
R A Beagles	**4.2**	**(21.5)**	**n/a**	**n/a**
G M Boyle	**4.2**	**–**	**n/a**	**n/a**
S E G A Neubert	**8.4**	**(7.8)**	**n/a**	**n/a**
J S Perry	**5.0**	**238.7**	**n/a**	**n/a**
B C Rogoff	**4.2**	**–**	**n/a**	**n/a**
P T Yates	**3.6**	**–**	**n/a**	**n/a**
A L C Bell	**2.1**	**3.2**	**11.8**	**0.0**
Average pay of employees	**5.8**	**(9.1)**	**21.3**	**n/a**

(1) Percentage increase cannot be calculated since the value in the previous year was £nil.

The increase in the CEO's annual bonus in 2022 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 2022. There was no increase in their fees in 2021.

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

	Salary and fees %	Taxable benefits %	Annual bonuses (discretionary and One-year bonus) %	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	(0.1)	8.4	35.3	n/a

(1) Appointed as Chairman with effect from 29 April 2020.
(2) Appointed as a director on 1 July 2020.
(3) Appointed 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 bonus 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.

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	1.2	1.9	(10.7)	n/a

(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	**2022 £'000**	2021 £'000	Difference £'000
Fees of non-executive directors (see table on page 64)	**319**	318	1
Remuneration paid to or receivable by all employees of the Group (including the CEO) in respect of the year	**1,122**	1,001	121
Dividends paid to shareholders in respect of the year	**40,112**	42,212	(2,100)
Share buybacks[1]	**129,269**	153,511	(24,242)
Total payments to shareholders	**169,381**	195,723	(26,342)
Net assets (debt at fair value)[2]	**1,541,809**	1,992,041	(450,232)

(1) Share buybacks were at a high level, reflecting the level of the discount during the year (see also comments on page 15).
(2) The Committee considers that this table should include the net assets (debt at fair value) as this would assist shareholders to understand the relative importance of spend on pay.

Directors' Remuneration Report continued

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 2022 AGM and implemented with effect from 1 January 2022. The fees for non-executive directors were increased with effect from 1 April 2022.

As detailed on page 63, the fees will be increased with effect from 1 April 2023.

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 2022, in respect of the fees payable to the non-executive directors or the remuneration payable to the CEO, other than obtaining a report from a third-party provider on the remuneration of employees in broadly comparable roles in other companies in order to assess the CEO's remuneration.

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 AGM held on 5 May 2022, ordinary resolutions to approve the Directors' Remuneration Report for the year ended 31 December 2021 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			
154,037,318	**6,967,231**	**796,666**	**161,004,549**
95.7%	**4.3%**	**–**	**100%**
Approval of remuneration policy			
140,867,953	**19,066,966**	**866,296**	**159,934,919**
88.1%	**11.9%**	**–**	**100%**

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to directors' remuneration, the reasons for any such vote will be sought and any actions in response will be detailed in future Directors' Remuneration Reports. There were no substantial shareholder votes against these resolutions at the AGM in 2022.

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 5 May 2022 and passed by the members. This policy took effect from 1 January 2022. No changes were made to the policy. The policy will apply for three years until the AGM in 2025, when it will next be voted on by shareholders, unless any changes are required prior to that date. The policy is set out on pages 69 to 74.

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 2023, the Chairman's fee is £76,000 and each non-executive director's annual base fee is £39,500. Additional fees are payable as follows: › Chairman of Audit & Risk Committee £10,500. › 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.

Directors' Remuneration Report continued

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

Currently, the Company operates with one executive director, the CEO. This policy applies to the CEO, but would also be applied to any other executive director appointed by the Company. 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 £330,000 per annum with effect from 1 January 2023. 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 levels 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

	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 72 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 72 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 72 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 72 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 72 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 72 for details of the performance measures applicable to the CEO's Long-Term Bonus.

Directors' Remuneration Report continued

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, other than the reimbursement of reasonably incurred expenses which are regarded by HMRC as taxable benefits-in-kind.

(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 & Risk 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 election or re-election at the AGM in May 2023 with the exception of Ms Neubert, who will retire at the conclusion of the AGM.

CEO's service contract

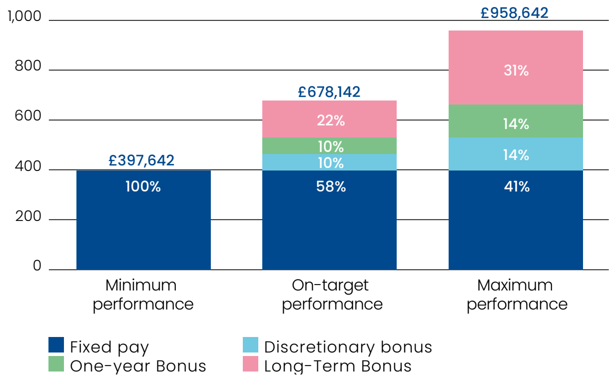
The CEO's service contract with the Company may be inspected at the Company's registered office. The CEO's service agreement dated 3 February 2010, as amended, provided in 2022 for a salary of £315,000 (2021: £308,424) per annum. His salary has been increased to £330,000 with effect from 1 January 2023. 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 2023 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.

Directors' Remuneration Report continued

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 2022. The ratio of the CEO's remuneration to the median of the other employees was 3:1. 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 2022. The Board was pleased to welcome shareholders to the AGM held in May 2022 both in person and online, and shareholders were able to submit questions to the Board whether they attended in person or virtually. 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 14 March 2023 and is signed on its behalf by:

Paul Yates
Chairman of the Remuneration and Nomination Committee
14 March 2023

Directors' Report

STATUTORY INFORMATION

The directors present the Annual Report of the Group for the year ended 31 December 2022.

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 CEO'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 58 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, 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 2022, 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 2022 the total net assets of the Group were £1,541.8 million (2021: £1,992.0 million). At this date the net asset value per ordinary share was 226.80p (2021: 263.93p).

REVENUE AND DIVIDEND

The loss for the year was £280 million (2021: profit £263 million). A profit of £34 million is attributable to revenue (2021: £28 million). The profit for the year attributable to revenue has been applied as follows:

	£'000
Distributed as dividends:	
First interim of 1.40p per ordinary share (paid on 10 June 2022)	10,003
Second interim of 1.40p per ordinary share (paid on 16 September 2022)	9,779
Third interim of 1.40p per ordinary share (paid on 16 December 2022)	9,584
Fourth interim of 1.60p per ordinary share (payable on 17 March 2023)	10,746
Utilisation of the Company's revenue reserve	(6,371)
Company revenue profit available for distribution	33,741

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.

Shauna Bevan and Shefaly Yogendra were appointed as directors on 1 February 2023. 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 election or re-election by shareholders, with the exception of Ms Neubert who will not seek re-election at the upcoming AGM due to her retirement from the Board.

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 & Risk Committee comprised Mr Perry (Chairman), Mrs Beagles, 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' Report continued

DIRECTORS' INTERESTS

The interests of the directors in the share capital of the Company are set out in the Directors' Remuneration Report on page 65.

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 29 April 2020, 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 62 to 74. 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 2022, there were 1,000,355,000 (2021: 1,000,355,000) ordinary shares of 5p each in issue.

During the year, 58,152,696 shares were bought back and are held in treasury and at 31 December 2022 there were 320,531,829 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 679,823,171 on a poll. Since the year end, a further 11,031,856 shares have been bought back and at 13 March 2023 there were 1,000,355,000 shares in issue of which 331,563,685 were held in treasury. The voting rights of the shares on a poll are one vote for every share held.

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 5 May 2022 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2023, to make market purchases to be held in treasury of the Company's ordinary shares up to a maximum of 107,549,133 shares, being 14.99% of the issued ordinary share capital as at 5 May 2022. The Company has bought back 48,681,225 shares between the date of the last AGM and 13 March 2023.

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 2022 there were 500,000 2.7% preference shares in issue. Further details on the preference shares are given in note 17 on page 111.

(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 2022 there were 2,055,000 3.4% preference shares in issue. Further details on the preference shares are given in note 17 on page 111.

At the AGM in 2022 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2023, 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 2022 the Company had valid authority, outstanding until the conclusion of the AGM in 2023, 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. The directors intend to seek a fresh authority at the AGM in 2023.

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 & Risk Committee to determine their remuneration will be proposed at the forthcoming AGM. Further details are included in the Report of the Audit & Risk Committee on pages 59 to 61.

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 72. 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 & Risk 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 & Risk 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.

Directors' Report continued

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 2022 are detailed on pages 115 to 116.

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 kilowatt-hours 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. We do, however, voluntarily disclose our operational and portfolio CO_2 emissions on page 22 of this Report.

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 4 May 2023 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
14 March 2023

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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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
14 March 2023

Andrew Bell
Chief Executive Officer
14 March 2023

Note to those who access this document by electronic means:

The Annual Report for the year ended 31 December 2022 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 2022

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 subsidiary (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Individual Statements of Changes in Equity, the Consolidated and Individual Balance Sheets, and 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 2022 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 Group and parent company's going concern policy and procedures under the relevant accounting framework and the rationale for why no material uncertainty was noted;
- Assessing the disclosures concerning the basis of preparation of the financial statements and going concern;
- Inspecting management's going concern assessment and conclusions made;
- 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, which was renewed on 29 November 2022 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 rising inflation in their forecasts;
- Assessing disclosures included in the financial statements in relation to the impact of macroeconomic uncertainties such as the impact of the Russian invasion of Ukraine and rising inflation; 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 rising inflation and the impact of the Russian invasion of Ukraine, 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.

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.

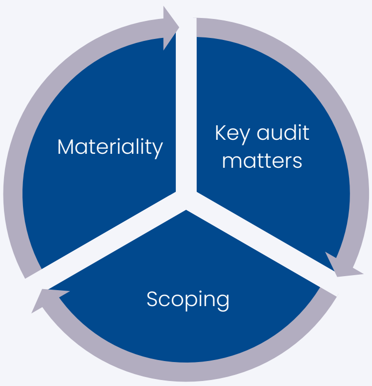
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months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

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OUR APPROACH TO THE AUDIT

Grant Thornton



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality:

Group: £15.5m which represented approximately 1% of the Group's net assets at the planning stage of the audit.

Parent company: £14.7m which represents 1% of the parent company's net assets, capped at 95% of Group materiality. .

Key audit matters were identified as:

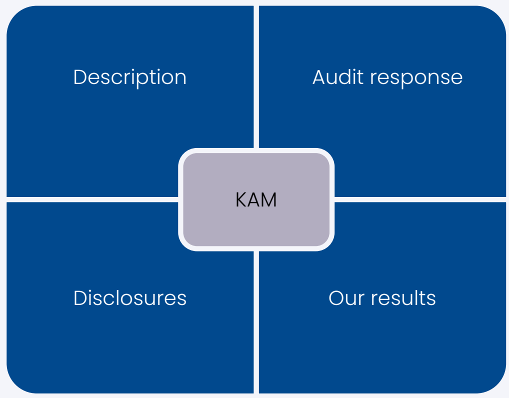
- Valuation of investments held at fair value through profit or loss (same as previous year); and
- Occurrence and completeness of investment income (same as previous year).

Our auditor's report for the year ended 31 December 2021 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to existence of investments measured at fair value through profit or loss. The majority of investments are held in listed entities, with the value of the unquoted investments being immaterial. Also there have been no historic issues with existence of the investments held and therefore, 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 an audit of the financial information of the component using component materiality (full scope audit) on both components.

KEY AUDIT MATTERS ('KAM')

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.

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

for the year ended 31 December 2022

Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
Valuation of investments measured at fair value through profit or loss We identified valuation 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 £1.8 billion as at 31 December 2022 (2021: £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 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; and › 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.
Relevant disclosures in the Annual Report and Accounts 2022 › **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.

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 and 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 £43.6 million (2021: £37.4 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 and 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 2022 › **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.

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

for the year ended 31 December 2022

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:

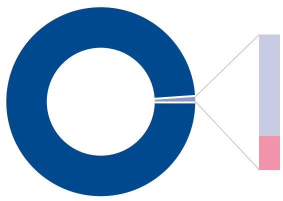
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£15.5m which was approximately 1% of the Group's net assets at the planning stage of the audit.	£14.7m which is approximately 1% of the parent company's net assets, capped at 95% 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 lower than the level that we determined for the year ended 31 December 2021 to reflect the decrease in net asset value in the year from £1.99bn to £1.54bn.	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 lower than the level that we determined for the year ended 31 December 2021 to reflect the decrease in net asset value in the year from £1.99bn to £1.54bn.
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	£11.6m which is 75% of financial statement materiality.	£11.0m 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.	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.

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 & Risk Committee	We determine a threshold for reporting unadjusted differences to the Audit & Risk Committee.	
Threshold for communication	£0.8m and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£0.8m 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.

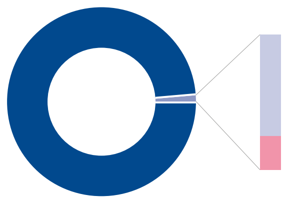
OVERALL MATERIALITY – GROUP

- Net assets £1.54bn
- FSM £15.5m, 1%
- PM £11.6m, 75%
- TFPUM £0.7m, 5%



OVERALL MATERIALITY – PARENT COMPANY

- Net assets £1.54bn
- FSM £14.7m, 1%, capped at 95% of Group
- PM £11.0m, 75%
- TFPUM £0.7m, 5%



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 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.

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

for the year ended 31 December 2022

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), we performed full-scope audit procedures. This ensured all key audit matters were addressed.

Changes in approach from previous period

- There has been one change in scope of the current year audit from the scope of that of the prior year. Existence of investments held at fair value, is no longer considered a key audit matter since the majority of investments are held in listed entities, with the value of the unquoted investments being immaterial. Also there have been no historic issues with existence of the investments held. In addition, 100% of listed investments are agreed to the confirmation received directly and independently from the custodian.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 themselves. 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.

CORPORATE GOVERNANCE STATEMENT

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

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 with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45;
- the directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 45;
- the directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on pages 44 and 45;
- the directors' statement on fair, balanced and understandable set out on page 79;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 37 to 39;
- the section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on page 59; and
- the section describing the work of the Audit & Risk Committee set out on page 59.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 79, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 Group and parent 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 Group and parent company are 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 Board and Audit & Risk Committee meetings;

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

for the year ended 31 December 2022

- We assessed the susceptibility of the Group and parent 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 operates
  - understanding of the legal and regulatory frameworks applicable to the Company.

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

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Audit & Risk Committee of Witan Investment Trust plc on 18 October 2022 to audit the financial statements for the year ended 31 December 2022. Our total uninterrupted period of engagement is seven years covering the years ended 31 December 2016 to 31 December 2022.

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 & Risk 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
14 March 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	**Year ended 31 December 2022**			Year ended 31 December 2021		
		Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**43,605**	**–**	**43,605**	37,443	–	37,443
Other income	3	**601**	**–**	**601**	129	–	129
(Losses)/gains on investments held at fair value through profit or loss	10	**–**	**(303,607)**	**(303,607)**	–	248,107	248,107
Foreign exchange gains/(losses) on cash and cash equivalents		**–**	**87**	**87**	–	(1,178)	(1,178)
Total income		**44,206**	**(303,520)**	**(259,314)**	37,572	246,929	284,501
Expenses							
Management and performance fees	4	**(1,918)**	**(5,754)**	**(7,672)**	(2,331)	(7,383)	(9,714)
Other expenses	5	**(5,384)**	**(101)**	**(5,485)**	(4,815)	(101)	(4,916)
Profit/(loss) before finance costs and taxation		**36,904**	**(309,375)**	**(272,471)**	30,426	239,445	269,871
Finance costs	6	**(1,637)**	**(4,657)**	**(6,294)**	(1,366)	(3,842)	(5,208)
Profit/(loss) before taxation		**35,267**	**(314,032)**	**(278,765)**	29,060	235,603	264,663
Taxation	7	**(1,451)**	**(338)**	**(1,789)**	(1,432)	(488)	(1,920)
Profit/(loss) attributable to equity shareholders of the parent company		**33,816**	**(314,370)**	**(280,554)**	27,628	235,115	262,743
Earnings per ordinary share	9	**4.78p**	**(44.43)p**	**(39.65)p**	3.59p	30.53p	34.12p

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

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/(loss), 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 93 to 114 form part of these financial statements.

Consolidated and Individual Statements of Changes in Equity

for the year ended 31 December 2022

Group **Year ended 31 December 2022**	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 2021		50,018	99,251	46,498	1,747,379	48,895	1,992,041
Total comprehensive income: (Loss)/profit for the year		–	–	–	(314,370)	33,816	(280,554)
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(40,409)	(40,409)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(129,269)	–	(129,269)
Total equity at 31 December 2022		**50,018**	**99,251**	**46,498**	**1,303,740**	**42,302**	**1,541,809**

Company **Year ended 31 December 2022**	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 2021		50,018	99,251	46,498	1,747,595	48,679	1,992,041
Total comprehensive income: (Loss)/profit for the year		–	–	–	(314,295)	33,741	(280,554)
Transactions with owners, recorded directly to equity: Ordinary dividends paid	8	–	–	–	–	(40,409)	(40,409)
Buybacks of ordinary shares (held in treasury)	15	–	–	–	(129,269)	–	(129,269)
Total equity at 31 December 2022		**50,018**	**99,251**	**46,498**	**1,304,031**	**42,011**	**1,541,809**

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

The notes on pages 93 to 114 form part of these financial statements.

Consolidated and Individual Balance Sheets
as at 31 December 2022

	Notes	Group 31 December 2022 £'000	Company 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2021 £'000
Non current assets					
Investments at fair value through profit or loss	10	**1,760,824**	**1,762,015**	2,217,455	2,218,571
Right-of-use asset: property	21	**196**	**196**	249	249
		1,761,020	**1,762,211**	2,217,704	2,218,820
Current assets					
Other receivables	11	**4,661**	**4,885**	5,840	5,782
Cash and cash equivalents		**36,352**	**34,888**	34,590	33,491
Total current assets		**41,013**	**39,773**	40,430	39,273
Total assets		**1,802,033**	**1,801,984**	2,258,134	2,258,093
Current liabilities					
Other payables	12	**(6,242)**	**(6,193)**	(10,347)	(10,306)
Bank loans	13	**(96,500)**	**(96,500)**	(98,000)	(98,000)
Total current liabilities		**(102,742)**	**(102,693)**	(108,347)	(108,306)
Total assets less current liabilities		**1,699,291**	**1,699,291**	2,149,787	2,149,787
Non current liabilities					
Other payables	12	**(218)**	**(218)**	(287)	(287)
Deferred tax liability on Indian capital gains	7	**(667)**	**(667)**	(886)	(886)
Borrowings:					
Secured debt	13	**(154,042)**	**(154,042)**	(154,018)	(154,018)
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		**(157,482)**	**(157,482)**	(157,746)	(157,746)
Net assets		**1,541,809**	**1,541,809**	1,992,041	1,992,041
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	**1,303,740**	**1,304,031**	1,747,379	1,747,595
Revenue reserve		**42,302**	**42,011**	48,895	48,679
Total equity		**1,541,809**	**1,541,809**	1,992,041	1,992,041
Net asset value per ordinary share	18	**226.80p**	**226.80p**	269.93p	269.93p

The financial statements of Witan Investment Trust plc (registered number 101625) were approved by directors and authorised for issue on 14 March 2023 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 loss of the Company dealt with in the accounts of the Group amounted to £280,554,000 (2021: profit of £262,743,000).

The notes on pages 93 to 114 form part of theses financial statements.

Consolidated and Individual Company Cash Flow Statements

for the year ended 31 December 2022

	Notes	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Cash flows from operating activities					
Dividend income received		**42,739**	**42,739**	37,986	37,986
Interest received		**299**	**291**	149	149
Other income received		**646**	**216**	361	141
Operating expenses paid		**(14,095)**	**(14,022)**	(15,430)	(15,316)
Taxation on overseas income		**(1,870)**	**(1,870)**	(3,794)	(3,794)
Taxation recovered		**2,640**	**2,640**	81	81
Net cash inflow from operating activities		**30,359**	**29,994**	19,353	19,247
Cash flows from investing activities					
Purchases of investments		**(797,777)**	**(797,777)**	(1,004,934)	(1,004,934)
Sale of investments		**948,911**	**948,911**	1,194,779	1,194,779
Overseas capital gains tax on sales		**(518)**	**(518)**	–	–
Settlement of futures contracts		**1,001**	**1,001**	–	–
Net cash inflow from investing activities		**151,617**	**151,617**	189,845	189,845
Cash flow from financing activities					
Equity dividends paid	8	**(40,409)**	**(40,409)**	(42,399)	(42,399)
Buybacks of ordinary shares		**(132,281)**	**(132,281)**	(150,942)	(150,942)
Interest paid		**(6,044)**	**(6,044)**	(5,167)	(5,167)
Repayment of lease liability	21	**(67)**	**(67)**	(67)	(67)
Drawdown of bank loans	19	**195,000**	**195,000**	176,250	176,250
Repayment of bank loans	19	**(196,500)**	**(196,500)**	(187,250)	(187,250)
Net cash outflow from financing activities		**(180,301)**	**(180,301)**	(209,575)	(209,575)
Increase/(decrease) in cash and cash equivalents		**1,675**	**1,310**	(377)	(483)
Cash and cash equivalents at the start of the period		**34,590**	**33,491**	36,145	35,152
Effect of foreign exchange rate changes		**87**	**87**	(1,178)	(1,178)
Cash and cash equivalents at the end of the period		**36,352**	**34,888**	34,590	33,491

The notes on pages 93 to 114 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2022

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 July 2022 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 2022 is shown on the balance sheet on page 91. The cash flows of the Group for the year ended 31 December 2022 are not untypical and are set out on page 92.

(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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

1 ACCOUNTING POLICIES CONTINUED

(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 based on rates enacted or substantively enacted by the reporting date. 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.

(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 profit and loss 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

There were no new or revised Standards that were applicable to the Company in the current year.

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

- IAS 1 Amendments - Classification of Liabilities as Current or Non-Current (effective from 1 January 2024)
- IAS 1 Amendments - Disclosure of Accounting Policies (effective from 1 January 2023)
- IAS 1 Amendments - Non-current Liabilities with Covenants (effective from 1 January 2023)
- IAS 8 Amendments - Definition of Accounting Estimates (effective from 1 January 2023)
- IAS 12 Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

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 reserves. 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 represents the amount of the Company's reserves 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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

2 INVESTMENT INCOME

	2022 £'000	2021 £'000
UK dividends from listed investments	**11,869**	11,693
UK special dividends from listed investments	**1,589**	455
UK stock dividends from listed investments	**772**	170
Total UK dividends	**14,230**	12,318
Overseas dividends from listed investments	**28,522**	24,502
Overseas special dividends from listed investments	**832**	623
Fixed Interest	**21**	-
Total investment income	**43,605**	37,443

	2022 £'000	2021 £'000
Analysis of investment income by geographical segment:		
United Kingdom	**14,251**	12,318
North America	**5,009**	4,407
Continental Europe	**5,906**	5,614
Japan	**1,517**	1,450
Asia (ex Japan)	**2,156**	2,709
Latin America	**5,735**	2,147
Other	**9,031**	8,798
Total investment income	**43,605**	37,443

3 OTHER INCOME

	2022 £'000	2021 £'000
Deposit interest	**379**	3
Stock lending income	**222**	126
Total other income	**601**	129

At 31 December 2022 the total value of securities on loan by the Company for stock lending purposes was £35,830,000 (2021: £57,111,000). The maximum aggregate value of securities on loan at any time during the year ended 31 December 2022 was £122,950,000 (2021: £188,480,000). Collateral, revalued on a daily basis at a level equivalent to at least 105% (2021: 105%) of the market value of the securities lent, was provided against all loans.

4 MANAGEMENT AND PERFORMANCE FEES

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fees paid to third-party managers	**1,918**	**5,754**	**7,672**	2,331	6,994	9,325
Performance fees paid to third-party managers	**–**	**–**	**–**	–	389	389
Total management and performance fees	**1,918**	**5,754**	**7,672**	2,331	7,383	9,714

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

5 OTHER EXPENSES

Auditor's remuneration

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

	2022 Revenue £'000	2021 Revenue £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**72**	66
Fees payable to the Company's auditor and its associates for other services to the Group:		
– the audit of the Company's subsidiary	**12**	10
Total audit fees	**84**	76
Other services[1]:		
– audit-related services	**25**	25
Total non-audit fees	**25**	25
Total fees paid	**109**	101

(1) These fees relate to the Client Assets Sourcebook audit for the year ended 31 December 2022 (£25,000). The fees for this work were specifically approved by the Audit & Risk Committee (see page 61).

	2022 Revenue £'000	2021 Revenue £'000
Auditor's remuneration (see above)	**109**	101
Tax advisory services	**44**	80
Directors' fees (see the Directors' Remuneration Report on pages 62 to 74)	**319**	318
Employers' national insurance contributions on the directors' fees	**36**	35
Employee costs (including executive director's remuneration):		
– salaries and bonuses	1,122	1,001
– employers' national insurance contributions	166	144
– pension contributions (or payments in lieu thereof)	83	82
Total employee costs	**1,371**	1,227
Advisory, consultancy and legal fees	**253**	232
Investment accounting fees	**241**	330
Company secretarial fees	**162**	158
Insurances	**139**	128
Office costs	**48**	68
Depreciation on right-of-use asset: property	**76**	66
Bank charges and safe custody fees	**343**	513
Depositary fees	**127**	134
Marketing expenses	**1,170**	676
Other expenses	**840**	642
Irrecoverable VAT	**106**	107
Total[1]	**5,384**	4,815

(1) The total includes costs of £513,000 (2021: £479,000) incurred by the subsidiary company which are offset (2021: offset) by the subsidiary company's income. The analysis relates to the revenue return column only.

Expenses included in the capital return column for 2022 were £101,000 (2021: £101,000). These related to investment advisory costs.

Notes to the Financial Statements continued

for the year ended 31 December 2022

5 OTHER EXPENSES CONTINUED

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

	2022	2021
Management, marketing and operation of Witan Investment Trust and Witan Investment Services	6	6

6 FINANCE COSTS

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on overdrafts and loans repayable within one year	404	1,211	1,615	127	380	507
Interest payable on secured bonds and notes repayable in more than five years	1,149	3,446	4,595	1,154	3,462	4,616
Preference share dividends	83	–	83	83	–	83
Interest payable on lease liability	1	–	1	2	–	2
Total	1,637	4,657	6,294	1,366	3,842	5,208

7 TAXATION

7.1 Analysis of tax charge for the year

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax at 19% (2021: 19%)	–	–	–	–	–	–
Foreign tax suffered	2,102	558	2,660	1,672	2,279	3,951
Recovery of prior years' withholding tax	(347)	–	(347)	(81)	–	(81)
Foreign tax recoverable	(304)	–	(304)	(159)	(2,279)	(2,438)
Movement in deferred tax liability on Indian capital gains	–	(220)	(220)	–	488	488
Total current tax for the year (see note 7.2)	1,451	338	1,789	1,432	488	1,920

7.2 Factors affecting the current tax charge for the year

The UK corporation tax rate is 19% for the year (2021: 19%). The tax assessed for the year differs from than that resulting from applying the effective standard rate of corporation tax in the UK. The difference is explained below.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before taxation	35,267	(314,032)	(278,765)	29,060	235,603	264,663
Corporation tax at 19% (2021: 19%)	6,701	(59,666)	(52,965)	5,521	44,765	50,286
Effects of:						
Non-taxable UK dividends	(2,704)	–	(2,704)	(2,340)	–	(2,340)
Non-taxable overseas dividends	(5,581)	–	(5,581)	(4,774)	–	(4,774)
Withholding tax suffered	1,451	–	1,451	1,432	–	1,432
Non-taxable gains on investments held at fair value through profit or loss	–	57,685	57,685	–	(47,140)	(47,140)
Currency (gains)/losses not taxable	–	(17)	(17)	–	224	224
Excess management expenses not utilised in year	1,568	2,556	4,124	1,577	2,151	3,728
Movement in deferred tax liability on Indian capital gains	–	(220)	(220)	–	488	488
Preference dividends not deductible in determining taxable profit	16	–	16	16	–	16
Current tax charge	1,451	338	1,789	1,432	488	1,920

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 £667,000 (2021: £886,000) 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 (2021: £nil).

7.4 Factors that may affect future tax charges

At 31 December 2022, the Company has excess expenses of £301,830,000 (2021: £288,379,000) 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 £75,458,000 (2021: £72,120,000) in respect of unrelieved loan relationship deficit and unrelieved management expenses based on a prospective corporation tax rate of 25% (2021: 25%) 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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

8 DIVIDENDS

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for the year ended 31 December 2021 of 1.52p (2020: 1.43p) per ordinary share	**11,107**	11,294
First interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**10,003**	10,563
Second interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**9,779**	10,385
Third interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**9,584**	10,157
Refund of unclaimed dividends	**(64)**	–
	40,409	42,399
Fourth interim dividend for the year ended 31 December 2022 of 1.60p (2021: 1.52p) per ordinary share	**10,746**	11,107

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.

	2022 £'000	2021 £'000
Revenue profits available for distribution (Company only)	**33,741**	27,667
First interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**(10,003)**	(10,563)
Second interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**(9,779)**	(10,385)
Third interim dividend for the year ended 31 December 2022 of 1.40p (2021: 1.36p) per ordinary share	**(9,584)**	(10,157)
Fourth interim dividend for the year ended 31 December 2022 of 1.60p (2021: 1.52p) per ordinary share	**(10,746)**	(11,107)
Revenue reserves utilised in the year (Company only)	**(6,371)**	(14,545)

9 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share figure is based on the net loss for the year of £280,554,000 (2021: profit of £262,743,000) and on 707,617,951 ordinary shares (2021: 770,137,797), 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.

	2022 £'000	2021 £'000
Net revenue profit	**33,816**	27,628
Net capital (loss)/profit	**(314,370)**	235,115
Net total (loss)/profit	**(280,554)**	262,743
Weighted average number of ordinary shares in issue during the year	**707,617,951**	770,137,797
	Pence	Pence
Revenue earnings per ordinary share	**4.78**	3.59
Capital (loss)/earnings per ordinary share	**(44.43)**	30.53
Total (loss)/earnings per ordinary share	**(39.65)**	34.12

10 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2022		2021	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Investments in the United Kingdom	**343,414**	**343,414**	447,597	447,597
Overseas investments	**1,417,410**	**1,417,410**	1,769,858	1,769,858
Investment in subsidiary undertaking	**–**	**1,191**	–	1,116
	1,760,824	**1,762,015**	2,217,455	2,218,571

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

	Valuation 31 December 2021 £'000	Purchases £'000	Sales £'000	Investment gains/ (losses) £'000	**Valuation 31 December 2022 £'000**	**Cost 31 December 2022 £'000**
United Kingdom	447,597	163,041	237,293	(29,931)	**343,414**	**320,265**
North America	844,352	294,971	348,134	(161,699)	**629,490**	**604,492**
Continental Europe	375,612	176,500	165,633	(19,703)	**366,776**	**308,158**
Japan	67,545	2,860	5,609	(3,949)	**60,847**	**65,826**
Asia (ex Japan)	114,354	101,738	149,055	11,591	**78,628**	**24,118**
Latin America	23,092	23,531	11,010	(1,709)	**33,904**	**31,435**
Other	344,903	35,027	32,957	(99,208)	**247,765**	**275,074**
	2,217,455	797,668	949,691	(304,608)	**1,760,824**	**1,629,368**

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

Total transaction costs included in gains or losses on investments at fair value through profit or loss include purchase costs of £1,315,000 (2021: £3,246,000) and sales costs of £524,000 (2021: £706,000). These comprise mainly stamp duty and commission.

The Group received £949,691,000 (2021: £1,187,811,000) from investments sold in the period. The book cost of these investments when they were purchased was £931,175,000 (2021: £965,319,000). 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 (Losses)/gains in investments held at fair value through profit or loss

	2022 £'000	2021 £'000
(Losses)/gains on investments	**(304,608)**	248,107
Gains on derivatives	**1,001**	–
	(303,607)	248,107

10.4 Derivatives

	2022 £'000	2021 £'000
Gains on futures	**1,001**	–

Open futures contracts

There were no open contracts as at 31 December 2022 or 31 December 2021.

Notes to the Financial Statements continued
for the year ended 31 December 2022

10 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

10.5 Substantial share interests

The Company has notified interests in 3% or more of the voting rights of six of the investee companies, the first four of which are closed-ended investment funds. Hostmore is the owner and operator of TGI Friday's UK casual dining franchise. Unbound Group is a multi-brand retail platform. 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).

Stock	% holding of shares in issue	Investment held at fair value through profit or loss £'000
Princess Private Equity Limited	**6.02**	**31,003**
VH Global Sustainable Energy Opportunities plc	**6.54**	**27,927**
Schroders Real Estate Investment Trust Limited	**7.43**	**15,188**
NB Distressed Debt Investment Fund Limited	**12.21**	**7,570**
Hostmore plc	**13.21**	**2,182**
Unbound Group plc	**15.82**	**772**

11 OTHER RECEIVABLES

	2022		2021	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Sales for future settlement	**780**	**780**	–	–
Taxation recoverable	**1,304**	**1,304**	3,548	3,548
Amounts due from subsidiary	**–**	**704**	–	278
Prepayments and accrued income	**2,401**	**1,921**	2,120	1,784
Other debtors	**176**	**176**	172	172
	4,661	**4,885**	5,840	5,782

12 OTHER PAYABLES – CURRENT LIABILITIES

	2022		2021	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Purchases for future settlement	**667**	**667**	1,569	1,569
Preference dividends	**39**	**39**	39	39
Outstanding buybacks of ordinary shares	**1,674**	**1,674**	4,686	4,686
Lease liability	**77**	**77**	76	76
Accruals	**3,785**	**3,736**	3,977	3,936
	6,242	**6,193**	10,347	10,306

Other payables – non current liabilities

	Group £'000	**Company £'000**	Group £'000	Company £'000
Bonuses payable in more than one year	**83**	**83**	101	101
Lease liability payable in more than one year	**135**	**135**	186	186
	218	**218**	287	287

13 BORROWINGS

	2022		2021	
	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	**96,500**	**96,500**	98,000	98,000
Amounts falling due after more than one year:				
Secured debt:				
3.29 per cent. secured notes due 2035	**20,898**	**20,898**	20,891	20,891
3.47 per cent. secured notes due 2045	**53,684**	**53,684**	53,677	53,677
2.39 per cent. secured notes due 2051	**49,692**	**49,692**	49,686	49,686
2.74 per cent. secured notes due 2054	**29,768**	**29,768**	29,764	29,764
	154,042	**154,042**	154,018	154,018
2,055,000 3.4 per cent. cumulative preference shares of £1 each (see note 17 on page 111)	**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 111)	**500**	**500**	500	500
	253,097	**253,097**	254,573	254,573

At the year end, the Company had a £125,000,000 secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 1 December 2023). The terms of this loan facility contain covenants that total net borrowings do not exceed 20% of the NAV. The facility has an accordion facility enabling it to be increased to £150,000,000 on the same terms.

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 bonds and 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, which have remained substantially unchanged from those applying in the year ended 31 December 2021. 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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

14 FINANCIAL INSTRUMENTS CONTINUED

14.2 Price risk

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

Management of the risk

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

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

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	**1,760,824**	2,217,455

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/(loss) 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.

	2022		2021	
	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	**264,124**	**(264,124)**	332,618	(332,618)
	264,124	**(264,124)**	332,618	(332,618)

14.3 Currency risk

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

Management of the risk

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

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 on page 105. 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.

2022	US$ £'000	Euro £'000	Yen £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	**776**	**777**	**263**	**1,155**
Cash at bank and on deposit	**8,730**	**125**	**–**	**71**
Payables (due to brokers, accruals and other creditors)	**(796)**	**–**	**–**	**(1,088)**
Total foreign currency exposure on net monetary items	**8,710**	**902**	**263**	**138**
Investments at fair value through profit or loss that are equities	**618,175**	**322,058**	**56,021**	**118,398**
Total net foreign currency exposure	**626,885**	**322,960**	**56,284**	**118,536**

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

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% (2021: 15%)
£/Euro +/- 15% (2021: 15%)
£/Japanese yen +/- 15% (2021: 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:

	2022			2021		
	US$ £'000	**Euro £'000**	**Yen £'000**	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	**1,626**	**913**	**225**	1,200	1,195	228
Capital return	**109,090**	**56,834**	**9,886**	150,348	58,360	11,036
Change to the profit/loss after tax	**110,716**	**57,747**	**10,111**	151,548	59,555	11,264
Change to the shareholders' funds	**110,716**	**57,747**	**10,111**	151,548	59,555	11,264

Notes to the Financial Statements continued

for the year ended 31 December 2022

14 FINANCIAL INSTRUMENTS CONTINUED

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

	2022			2021		
	US$ £'000	Euro £'000	Yen £'000	US$ £'000	Euro £'000	Yen £'000
Changes to the Consolidated Statement of Comprehensive Income						
Revenue return	**(1,202)**	**(675)**	**(166)**	(887)	(884)	(168)
Capital return	**(80,632)**	**(42,008)**	**(7,307)**	(111,127)	(43,136)	(8,157)
Change to the profit/loss after tax	**(81,834)**	**(42,683)**	**(7,473)**	(112,014)	(44,020)	(8,325)
Change to the shareholders' funds	**(81,834)**	**(42,683)**	**(7,473)**	(112,014)	(44,020)	(8,325)

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 2022 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 £60,148,000 (2021: £63,410,000). This represents cash holdings minus variable rate borrowing.

The Group's exposure to fixed interest rates on assets is £nil (2021: £nil).

The Group's exposure to fixed interest rates on liabilities is £156,597,000 (2021: £156,573,000). 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 (the Bank of England's benchmark risk-free overnight interest rate) or its foreign currency equivalent (2021: same);
- the finance charge on the preference shares is at a weighted average interest rate of 3.3% (2021: 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 25.0 years (2021: 2.96% for an average period of 26.0 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 £244,000 (2021: £202,000), capital return after tax by £1,447,000 (2021: £1,470,000), and total profit after tax and shareholders' funds by £1,203,000 (2021: £1,268,000).

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

14.5 Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the majority of the Group's assets are investments in quoted equities and other quoted securities that are readily realisable. 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 £125,000,000 from its secured and committed multi-currency borrowing facility with BNP Paribas, London Branch (expiring 1 December 2023). The facility has an accordion facility enabling it to be increased to £150,000,000 on the same terms. £96,500,000 was drawn down under the facility at 31 December 2022.

Liquidity risk exposure

	2022			2021		
	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**	**253,000**	4,582	18,327	257,869
Preference shares[2]	**83**	**332**	**2,555**	83	332	2,555
Other creditors and accruals	**5,436**	**750**	**–**	9,547	1,173	–
Bank loan and interest payable	**96,827**	**–**	**–**	98,045	–	–
	106,928	**19,409**	**255,555**	112,257	19,832	260,424

(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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

14 FINANCIAL INSTRUMENTS CONTINUED

Credit risk exposure

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

	2022 £'000	2021 £'000
Cash	**36,352**	34,590
Receivables:		
Sales for future settlement	**780**	–
Accrued income	**2,401**	2,120
Other debtors	**176**	172
	39,709	36,882

14.7 Fair values of financial assets and financial liabilities

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

Financial liabilities

	2022		2021	
	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	**105,630**	**154,042**	173,961	154,018
	106,984	**156,597**	175,315	156,573

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 1.40% (2021: 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 1.40% (2021: 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 on the following page sets out fair value measurements using the IFRS 13 fair value hierarchy.

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

At 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,621,300	–	–	1,621,300
Investments in other funds	–	106,796	32,728	139,524
Total	1,621,300	106,796	32,728	1,760,824

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

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

Level 1 – valued using quoted prices in an active market for identical assets.
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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

Level 2 Financial assets

Level 2 Financial assets refer to investments in GMO Climate Change Fund (2021: GMO Climate Change Fund and warrant holdings in Wulliangye Yibin and Kweichow Moutai).

Level 3

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

Level 3 investments at fair value through profit or loss	2022 £'000	2021 £'000
Opening balance	37,774	–
Acquisitions	–	38,138
Total losses included in the Statement of Comprehensive Income - on assets held at year end	(5,046)	(364)
Closing balance	32,728	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 (2021: same).

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 2022 was £1,794,906,000 (2021: £2,246,614,000) comprising £253,097,000 of debt (2021: £254,573,000) and £1,541,809,000 of equity share capital and other reserves (2021: £1,992,041,000).

Notes to the Financial Statements continued

for the year ended 31 December 2022

14 FINANCIAL INSTRUMENTS CONTINUED

Gearing

The Group's policy is to manage the effective gearing in the portfolio to be below 20%, other than temporarily in exceptional circumstances. Effective gearing is defined as the difference between shareholders' funds and the total market value of the investments expressed as a percentage of shareholders' funds. At 31 December 2022 effective gearing was 14.2% (2021: 11.3%): the calculation is set out below:

	2022 £'000	2021 £'000
Value of investments per the balance sheet	**1,760,824**	2,217,455
Shareholders' funds per the balance sheet (A)	**1,541,809**	1,992,041
Excess of gross value of investments over shareholders' funds (B)	**219,015**	225,414
Effective gearing (B as a percentage of A)	**14.2%**	11.3%

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 CEO'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 103 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 2022 £'000	Group and Company 2021 £'000
Called up and issued: 679,823,171 ordinary shares of 5p each (2021: 737,975,867)	**33,991**	36,899
Held in treasury: 320,531,829 ordinary shares of 5p each (2021: 262,379,133)	**16,027**	13,119
Total 1,000,355,000 shares (2021: 1,000,355,000)	**50,018**	50,018

During the year, 58,152,696 ordinary shares were bought back at a cost of £129,269,000 (2021: 63,737,420 shares bought back at a cost of £153,511,000). 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.

16 RESERVES

Other capital reserves of £1,303,740,000 (2021: £1,747,379,000) comprise capital reserve arising on investments sold of £1,172,284,000 (2021: £1,292,799,000) and capital reserve arising on revaluation of investments held of £131,456,000 (2021: £454,580,000), inclusive of a provision of £667,000 (2021: £886,000) for Indian capital gains tax.

17 PREFERENCE SHARES

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

	Group and Company 2022 £'000	Group and Company 2021 £'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 226.80p (2021: 269.93p) is based on the net assets attributable to the ordinary shares of £1,541,809,000 (2021: £1,992,041,000) and on the 679,823,171 ordinary shares in issue at 31 December 2022 (2021: 737,975,867).

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

	£'000
Total net assets at 1 January 2022	**1,992,041**
Total loss for the year	**(280,554)**
Dividends paid in the year on the ordinary shares (see note 8)	**(40,409)**
Share buybacks	**(129,269)**
Net assets attributable to the ordinary shares at 31 December 2022	**1,541,809**

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 more 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 2022 calculated on this basis is 234.09p (2021: 267.39p) as set out on page 112.

Notes to the Financial Statements continued

for the year ended 31 December 2022

18 NET ASSET VALUE PER ORDINARY SHARE CONTINUED

	2022		2021	
	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	1,699,291	1,699,291	2,149,787	2,149,787
Liabilities at balance sheet value/fair value	(157,482)	(107,869)	(157,746)	(176,488)
	1,541,809	1,591,422	1,992,041	1,973,299
Ordinary shares in issue at 31 December	679,823,171	679,823,171	737,975,867	737,975,867
NAV per share	226.80p	234.09p	269.93p	267.39p

19 RECONCILIATION OF GROUP LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022				2021			
	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	156,573	98,000	262	254,835	156,548	109,000	330	265,878
Cash flows:								
Drawdown of bank loans	–	195,000	–	195,000	–	176,250	–	176,250
Repayment of bank loans	–	(196,500)	–	(196,500)	–	(187,250)	–	(187,250)
Repayment of lease finance	–	–	(51)	(51)	–	–	(70)	(70)
Non-cash:								
Effective interest	24	–	–	24	25	–	–	25
Interest on lease liability	–	–	1	1	–	–	2	2
Closing liabilities from financing activities	156,597	96,500	212	253,309	156,573	98,000	262	254,835

20 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2022 and 31 December 2021 there were no capital commitments in respect of securities not fully paid up and no underwriting liabilities.

21 LEASE ARRANGEMENTS

21.1 Right-of-use asset: property

	2022 £'000	2021 £'000
Opening balance	**249**	315
Depreciation through profit and loss	**(53)**	(66)
Closing balance	**196**	249

21.2 Lease liabilities

At the balance sheet date, the Group and Company had outstanding commitments for the future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	**77**	78
In the second to fifth years inclusive	**135**	207
After the fifth year	**–**	–
Total undiscounted lease payments at the end of the period	**212**	285

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

	2022 £'000	2021 £'000
Current	**77**	76
Non current	**135**	186
Total lease liability	**212**	262

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

	2022 £'000	2021 £'000
Depreciation on right-of-use asset	**53**	66
Interest on lease liability	**1**	2

21.4 Outflows recognised in the cash flow statement for the year

Financing	2022 £'000	2021 £'000
Repayment of lease finance	**67**	67

21.5 Other leasing information

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

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 page 120.

Notes to the Financial Statements continued

for the year ended 31 December 2022

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 64 to 68.

Directors' transactions

Dividends totalling £81,000 (2021: £77,000) 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 CEO) 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 CEO. 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 2022			31 December 2021		
	Investment trust £'000	**Management services £'000**	**Total £'000**	Investment trust £'000	Management services £'000	Total £'000
External revenue	**44,206**	**–**	**44,206**	37,572	–	37,572
Other revenue	**(303,520)**	**–**	**(303,520)**	246,929	–	246,929
Segment expense						
Management expense	**(7,672)**	**–**	**(7,672)**	(9,714)	–	(9,714)
Other expense	**(4,971)**	**(514)**	**(5,485)**	(4,437)	(479)	(4,916)
Finance costs	**(6,294)**	**–**	**(6,294)**	(5,208)	–	(5,208)
Segment (loss)/profit before taxation	**(278,251)**	**(514)**	**(278,765)**	265,142	(479)	264,663
Segment net assets	**1,540,618**	**1,191**	**1,541,809**	1,990,925	1,116	1,992,041

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 2022 of 1.60 pence per ordinary share (see also page 9 and note 8 on page 100).

From 1 January to 13 March 2023, 11,031,856 ordinary shares of 5p were bought back for £25,307,000.

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 2022 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 2022 is disclosed below:

Stock lending

Market value of securities on loan	% of lendable assets	% of AUM
£35,830,000	**2.03**	**2.03**

CONCENTRATION DATA

The largest collateral issuers across all the securities financing transactions as at 31 December 2022 are disclosed below:

Issuer	Market value of collateral received £'000
Salesforce Inc	**36,447**
Japanese Treasury Discount Bill 12-06-2023	**1,528**
Aena SME SA	**307**
	38,282

The top counterparties of each type of securities financing transactions as at 31 December 2022 are disclosed below:

Counterparty	Market value of securities on loan £'000
BNP Paribas	**34,277**
Citigroup	**1,265**
HSBC	**288**
	35,830

Other Financial Information (unaudited) continued

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 2022:

Counterparty	Counterparty location	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
BNP Paribas	France	Equity	Main Market Listing	USD	Triparty	BNP Paribas	**36,447**
Citigroup	US	Equity	Main Market Listing	EUR	Triparty	BNP Paribas	**307**
HSBC	Hong Kong	Government Bond	Investment Grade	JPY	Triparty	BNP Paribas	**1,528**
							38,282

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
£296,000	**£74,000**	**25%**	**£222,000**	**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, 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 2022.

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 1.60p per share has been declared, payable on 17 March 2023. The record date for the dividend was 24 February 2023 and the ex-dividend date for the dividend was 23 February 2023 (see page 9 and note 8 on page 100).

Dividend Tax Allowance

Under current UK tax rules, individuals have an annual tax-free dividend income allowance. The amount is subject to change by Parliament; the allowances applicable to particular years are disclosed on HMRC's website. 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.

Additional Shareholder Information continued

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 110.

Net asset value and net asset value per share (debt at par and debt at fair value): Net asset value 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). See note 18 on pages 111 to 112 for further details.

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 2022**	Year ended 31 December 2021
Opening cum income NAV per share (pence) (A)	**267.4**	236.0
Closing cum income NAV per share (pence) (B)	**234.1**	267.4
Total dividend adjustment factor (1) (C)	**1.024030**	1.021565
Adjusted closing cum income NAV per share (B x C = D)	**239.8**	273.2
Net asset value total return (D/A - 1)	**(10.3)%**	15.8%

(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. See page 43 for an explanation of the calculation.

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 2022**	Year ended 31 December 2021
Opening share price (pence) (A)	**252.0**	230.5
Closing share price (pence) (B)	**221.5**	252.0
Total dividend adjustment factor (1) (C)	**1.026240**	1.023980
Adjusted closing share price (B x C = D)	**227.3**	258.0
Share price total return (D/A – 1)	**(9.8)%**	11.9%

(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.

The Association of Investment Companies ('AIC') has produced a guide providing more information about Investment Companies: "Investment Companies – Democratising capital, funding growth and meeting investors' needs November 2022", which may be accessed via the following link: https://www.theaic.co.uk/sites/default/files/documents/AICInvestmentCompaniesReport22.pdf

Source data: All equity and index performance data in this Annual Report is sourced from Morningstar as is all Witan performance data for periods exceeding one year. Manager performance data is sourced from BNP Paribas.

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 2012	100.6	113.8	(11.6)	116.4	(13.5)	2.90	2.64
31 December 2013	133.8	143.5	(6.8)	145.0	(7.7)	3.10	2.88
31 December 2014	150.7	149.8	0.6	152.1	(0.9)	3.20	3.08
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)	240.1	(4.2)	3.08	5.45
31 December 2021	252.0	267.4	(5.8)[4]	269.9	(6.6)	3.59	5.60
31 December 2022	**221.5**	**234.1**	**(5.4)[4]**	**226.8**	**(2.4)**	**4.78**	**5.80**

(1) Comparative figures for the years 2012 - 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 2022 was 7.8% (2021: 6.9%). (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 number of online platforms, including Seven Investment Management, Raymond James Investment Services, Strawberry Invest (formerly FundsDirect or Ascentric), Transact, Nucleus, Fidelity Adviser Solutions and others. Further information can be found at https://www.witan.com/investing-in-witan/how-to-invest/online-platforms.

The Company conducts its affairs so that its shares can be recommended by independent financial advisers ('IFAs') to private retail 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

REGISTERED OFFICE OF THE COMPANY AND ITS SUBSIDIARY, WITAN INVESTMENT SERVICES LIMITED

14 Queen Anne's Gate
London SW1H 9AA

The Company is a public company limited by shares.

REGISTERED NUMBER

Registered as an investment company in England and Wales, Number 101625.

COMPANY SECRETARY

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 020 3008 4910

CUSTODIAN, INVESTMENT ADMINISTRATOR

BNP Paribas London Branch
10 Harewood Avenue
London NW1 6AA

DEPOSITARY

BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London NW1 6AA

REGISTRAR

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1408[1]

[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.

AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

STOCKBROKER

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

SOLICITORS

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

The Company is a member of:

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

aic The Association of Investment Companies

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.

Printed by Park Communications on FSC® certified paper.

Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average, 99% of any waste associated with this production will be recycled.

This document is printed on Arcoprint, sourced from well-managed, responsible, FSC® certified forests and other controlled sources. The pulp used in this product is bleached using an elemental chlorine free ('ECF') process.

Park Communications 48774

www.witan.com

Witan investment trust