

Witan Pacific  
Investment Trust PLC

Annual Report and Accounts

2016

*A broader view of the entire Asia Pacific region*

Witan Pacific investment trust

An aerial photograph of a city skyline at sunset, featuring the Oriental Pearl Tower and other skyscrapers. The image is overlaid with a dark blue banner at the top containing the company name and year, and a smaller dark blue banner below it with a tagline. The bottom right corner features the company name in white text on a dark blue square background.

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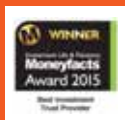
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# Key information

**The Company aims to provide shareholders with capital and income growth from a diversified portfolio of investments in the Asia Pacific region.**

## Strategy

- Employ an active multi-manager approach to add value and diversify risk
- Appoint portfolio managers to access the wide range of opportunities in the Asia Pacific region, seeking capital return and income growth
- Aim to outperform the Company's benchmark, the MSCI All Country Asia Pacific Index in sterling terms
- Aim to increase the dividend per share ahead of UK inflation rates
- Buy back shares when the Company's shares are standing at a substantial and anomalous discount to their Net Asset Value
- Control costs seeking to maintain ongoing charges (excluding performance fees) of less than 1% per annum

## Why choose Witan Pacific Investment Trust?

- The only investment trust with a strategic focus across the entire Asia Pacific region, including Japan, Australia and India – investing in companies operating across this increasingly interdependent region
- A multi-manager strategy – three experienced active portfolio managers with established track records employing different approaches, resulting in distinctive portfolios
- The combination of portfolio managers offers a portfolio of stocks reflecting their best ideas, independent of index weightings
- Investment performance – 0.7% per annum outperformance<sup>1</sup> of the benchmark since the introduction of the multi-manager approach in 2005 and outperformance<sup>2</sup> in 8 of the 11 individual years since that introduction<sup>3</sup>
- Growing income – twice yearly dividend payments to shareholders and the aim of dividend growth in real terms
- Governance by an experienced, independent Board of Directors

1 Source: Morningstar. Average p.a. NAV total return including dividends reinvested.

2 Source: Morningstar. NAV total return outperformance of the benchmark includes dividends reinvested.

3 Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

# Financial summary

for the year ended 31 January 2016

## Key data

	2016	2015		% change
Net Asset Value per share	<b>259.27p</b>	279.45p	↓	-7.2%
Share price	<b>231.00p</b>	244.00p	↓	-5.3%
Discount	<b>10.9%</b>	12.7%		

## Total returns

	2016	2015		% change
Net Asset Value per share <sup>1</sup>	<b>-5.6%</b>	17.6%		
Share price <sup>1</sup>	<b>-3.5%</b>	16.6%		
Benchmark <sup>2</sup>	<b>-5.9%</b>	17.1%		

## Income

	2016	2015		% change
Revenue per share	<b>4.31p</b>	3.98p	↑	8.3%
Dividend per share	<b>4.65p</b>	4.55p	↑	2.2%

## Ongoing charges

	2016	2015		% change
Excluding performance fees	<b>1.05%</b>	1.06%		
Including performance fees	<b>1.05%</b>	1.12%		

1 Source: Morningstar/Witan Investment Services. Total returns include dividends reinvested.

2 Source: Morningstar. The benchmark for Witan Pacific Investment Trust PLC is the MSCI All Country Asia Pacific Index.



# Long-term performance analysis

for the year ended 31 January 2016

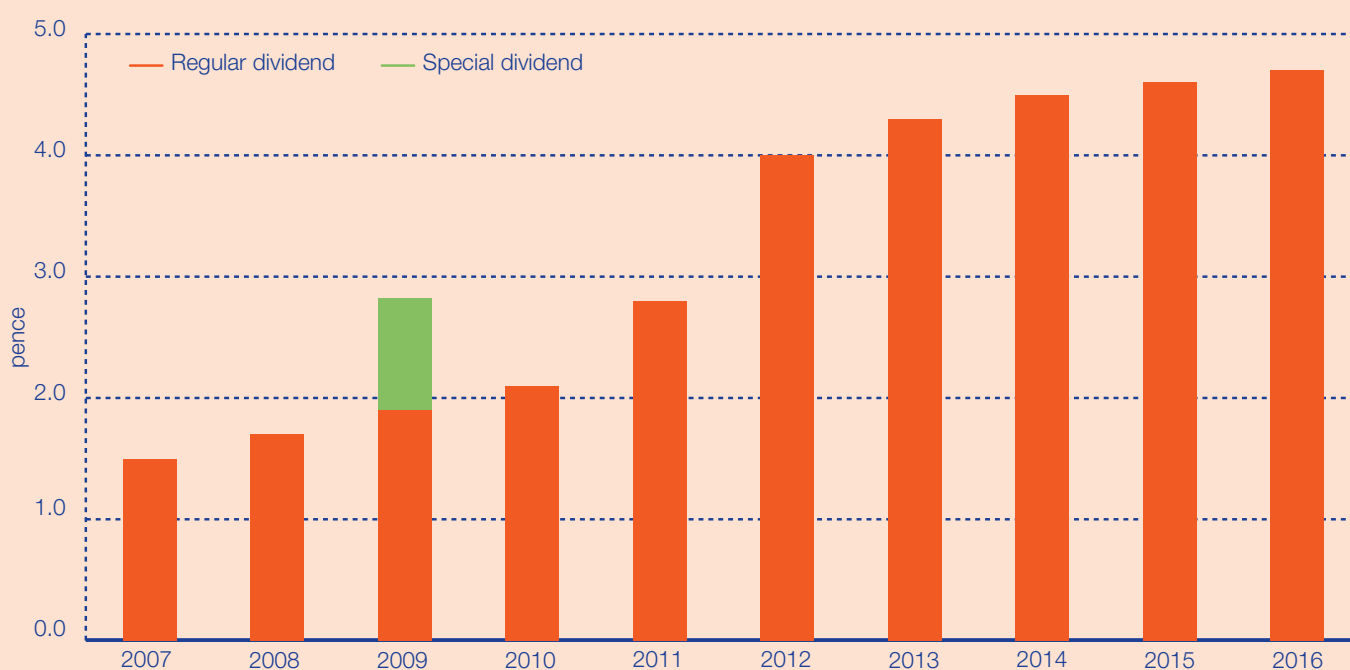
## Total returns since inception of multi-manager structure

	Cumulative return since inception of the multi-manager structure 31/05/2005	Annualised return since the inception of the multi-manager structure 31/05/2005
Net Asset Value per share <sup>1</sup>	125.7%	7.9%
Share price <sup>2</sup>	129.1%	8.1%
Benchmark <sup>2</sup>	109.2%	7.2%

## Total returns over the past 5 years

	Cumulative 5 year return	31/01/15-31/01/16	31/01/14-31/01/15	31/01/13-31/01/14	31/01/12-31/01/13	31/01/11-31/01/12
Net Asset Value per share <sup>1</sup>	14.6%	-5.6%	17.6%	-6.5%	14.7%	-4.1%
Share price <sup>1</sup>	20.7%	-3.5%	16.6%	-5.2%	22.1%	-7.4%
Benchmark <sup>2</sup>	15.3%	-5.9%	17.1%	0.2%	11.1%	-6.0%

## 10 year dividend record



1 Source: Morningstar/Witan Investment Services. Total returns include dividends reinvested.

2 Source: Morningstar.

# Chairman's statement



## Introduction and market background

The purpose of my statement is in large part to put the performance of Witan Pacific for the financial reporting period (12 months to 31 January 2016), into a longer term context. The Company has been in existence since 1907, its estimated net asset value ("NAV") is published daily and its share price is quoted in "real time" during the London Stock Exchange's trading day.

Following a very strong financial year to January 2015, the Company's assets declined in the 12 months to 31 January 2016, as many markets worldwide and in the region fell. The share price total return was slightly better than the market return, as the discount narrowed a little. The worst of the declines in global markets took place in emerging markets: only the Japanese and US markets provided positive returns over the period. It is worth observing the results of the useful analysis Witan Investment Services has provided, which shows that the only sector in the region which provided positive returns over the period was healthcare, which rose by over 13% in sterling terms. All other sectors showed declines.

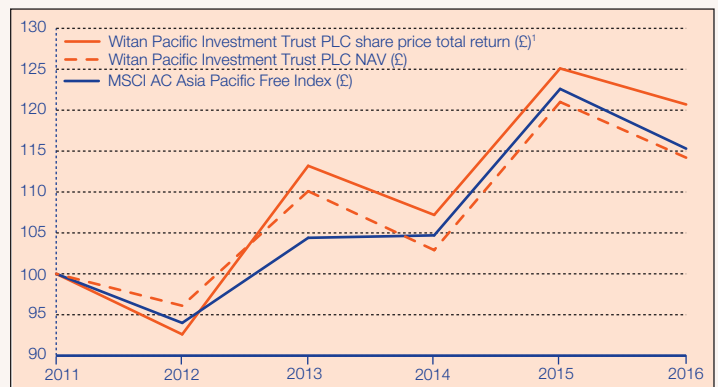
It is also worth noting that there was a sharp drop in markets right at the end of the Company's financial year, apparently on fears of slowing growth in China. This drop followed a degree of turbulence in markets over the Summer of 2015. There has been something of a recovery since the end of the year, with the estimated NAV per share as at 19 April 2016, standing at approximately 284.34p, compared with the audited NAV per share of 259.27p at the end of our financial year. We are pleased to see that the combination of portfolio managers provided a degree of resilience in these conditions.

## Performance

Our multi-manager structure has proved reasonably sound over the period, and Gavekal, in particular, provided a degree of protection in sharp market downturns which was part of the reason for their appointment. Matthews provided a strong result in relative terms from their skills in stock picking. Aberdeen had a more difficult year, but are showing some signs of a turn around in relative performance in the past few months.

Further details of the portfolio managers' performance and that of the overall portfolio are set out within this Strategic Report. Over the longer term, all of our portfolio managers have outperformed the company's benchmark (before and after their fees) since each of their appointments, and the Company as a whole has outperformed its benchmark since the inception of the multi manager approach in May 2005.

## Performance graph



Source: Morningstar

1 Total returns include dividends reinvested.

## Ongoing charges

The ongoing charges figure (which is the recurring operating and investment management costs of the Company, expressed as a percentage of average net assets) was 1.05% (2015: 1.06%). A detailed explanation of the charges is given in the Strategic Report on pages 17 and 18 and also on page 67 of the Annual Report and Accounts. This is slightly higher than our objective of 1%. We have looked at all our costs very carefully, and sought to reduce them where possible; and we have been careful to keep marketing costs to the level which we think is most effective.

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## SUMMARY

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- NAV total return of -5.6%
  - 0.3% outperformance vs. the benchmark
  - Share price total return of -3.5%
  - Final dividend of 2.5p, making 4.65p for the year (+2.2%)
  - 10 year NAV total return of 66.7%, compared with benchmark's 51.6%
  - Net assets £170 million (2015: £184 million)
- 

### Dividend

Following the interim dividend of 2.15p per share paid in October 2015, the Board is proposing a final dividend of 2.5p per share for this half year period, making a total dividend of 4.65p per share, a rise of 2.2% on last year, which meets the Company's aim to grow the dividend ahead of the Retail Price Index.

Subject to shareholder approval, the final dividend will be paid on 17 June 2016 to shareholders on the register at the close of business on 20 May 2016 (ex-dividend 19 May 2016).

We have indicated that we will increase our dividend in excess of inflation when we can and this policy has been in place since 2012. We have used a small proportion of our revenue reserves to sustain such an increase for the year, as we continue to see an increase in the income arising from our portfolio.

### Discount

We have discussed our discount regularly at Board meetings and at some length at our annual strategy day. Markets have been difficult over the last year, and there have been occasions on which the discount has widened to a level which we felt was too great. We have continued, and will continue to buy-back shares as we have indicated: where the discount stands at a substantial and anomalous level. We were pleased to see a small decrease in the discount over the year. We have continued to buy-shares back since the year end and we will continue to communicate the strengths of our investment proposition to potential new buyers of the shares. We are pleased that the proportion of our shares owned by self directed investors buying through dealing platforms has continued to increase.

### Outlook

There has already been a recovery in most markets in the region since the year end. We remain enthusiastic about the range of opportunities in the region and the access to those opportunities provided by our portfolio managers. We expect that there will continue to be volatility as patterns of economic activity change but believe that our multi-manager structure is well placed to see through such periods and take advantage of the dynamism of the companies and economies in which your assets are invested.

The annual general meeting ("AGM") of the Company will be held on Wednesday, 8 June 2016 at 3pm at the City of London Club, 19 Old Broad Street, London EC2N 1DS, and I look forward to meeting as many of you as are able to attend the meeting. Please do note this is a new time and venue.



**Sarah Bates**

Chairman  
22 April 2016

Company Secretary contact details:  
Capita Company Secretarial Services Limited  
1st Floor, 40 Dukes Place, London EC2A 7NH  
email: [WitanPacificInvestmentTrustplc@capita.co.uk](mailto:WitanPacificInvestmentTrustplc@capita.co.uk)

# Investment review

for the year ended 31 January 2016

## Investments and performance

### Performance summary and attribution

In early 2015 there was an air of optimism as investors in Asian equities continued to enjoy a prolonged period of positive returns. There was a change in sentiment in early Summer as global and local issues combined to bring an abrupt halt to the bull market in Chinese 'A' Shares and this precipitated a decline in other regional indices. Japan equities, which posted gains over the period, bucked the regional trend, despite the economy's lacklustre response to various stimulus measures. Market turmoil abated in the final months of 2015, only to reignite in the early part of 2016 as fears over Chinese economic policy, lacklustre global growth and declining commodity prices resurfaced. At the time of writing, these fears have once again receded, allowing markets to recover some of the ground recently lost. Over the 12 month period, the Company's benchmark declined 5.9%. Witan Pacific performed relatively well in this volatile environment however the NAV total return still fell by 5.6%. The share price total return was -3.5%. Over the past 5 years the NAV total return was 14.1% while the benchmark total return was 15.3%. The share price total return over the same period was 20.5%.

The appointed portfolio managers experienced mixed fortunes this year, with Matthews and Gavekal outperforming the benchmark with returns of +3.5% and -4.5% respectively while Aberdeen's portfolio declined 12.3%. Over the longer term (since their respective dates of

appointment) all the portfolio managers have outperformed the benchmark.

The Matthews portfolio (managed according to their Asia Dividend Strategy) employs a 'fundamental, bottom-up investment process to select dividend paying companies with sustainable long-term growth prospects'. This strategy has produced excellent returns this year as a combination of good stock selection and sector allocation has seen the market reward stocks where earnings growth has come through ahead of expectations. Japan Tobacco, the Company's largest holding and greatest overweight position, enjoyed a significant recovery in fortunes this year. Shenzhou International, Suntory Beverage and LG Chemical all made a significant contribution to performance. Since appointment in 2012, Matthews has outperformed the benchmark by an average of 4.0% per annum, with a compound rate of return equal to 9.6%.

Aberdeen suffered a period of underperformance this year as their fundamental investment style has led them to hold stocks which are out of favour in the current market environment. Aberdeen enjoyed some notable successes, including Taiwan Semiconductor, Japan Tobacco and Seven & I Holdings, while exposure to mining shares (BHP Billiton and Rio Tinto), Singaporean industrial shares (Keppel Corp) and financial shares (City Development, DBS Group and Oversea-Chinese Bank) and Hong Kong (Li & Fung, Hang Lung and Swire Pacific) detracted from performance. Despite this recent underperformance, Aberdeen has produced a compound total return of 9.1% per annum since appointment in 2005. This equates to a 1.9% annualised outperformance of the benchmark.

### Portfolio manager performance for the year ended 31 January 2016 and from inception to 31 January 2016

Details of the portfolio manager structure in place at the end of January 2016 are set out in the following table, showing the proportion of Witan Pacific's assets each managed and the performance they achieved:

	Inception date	Share of Witan Pacific's assets at 31 January 2016 £m	Share of Witan Pacific's assets <sup>1</sup> at 31 January 2016 %	Performance year to 31 January 2016 %	Benchmark performance year to 31 January 2016 %	Annualised performance since inception to 31 January 2016 %	Annualised benchmark performance since inception to 31 January 2016 %
Aberdeen	31 May 2005	69.9	41.1	-12.3	-5.9	+9.1	+7.2
Matthews	30 April 2012	81.3	47.9	+3.5	-5.9	+9.6	+5.6
Gavekal <sup>2</sup>	24 April 2012	18.6	11.0	-3.0	-5.9	+7.0	+5.9

Source: WM Company. All performance figures are disclosed on a pre-fee basis.

Notes:

1 Excluding cash balances held centrally by Witan Pacific.

2 Sourced from WM Company and adjusted for 1.5% management fee, of which 0.75% is rebated to the Company directly, outside the fund.



With a total return (after fees) of -4.5%, Gavekal's portfolio performed well, relative to the benchmark, over the year. The portfolio manager held an increasingly cautious view on markets as the year progressed and retained a meaningful weighting in Asian bonds and even cash at various times. At the year end, the combined exposure to bonds and cash was approximately 40% (2015: 25%). Aside from the contribution made by the allocation to fixed interest securities, the equity portfolio benefited from some judicious asset allocation decisions to China and South Korea. LG Household & Health, Cheung Kong and Murata Manufacturing were particularly successful stock selections.

### Combined portfolio composition

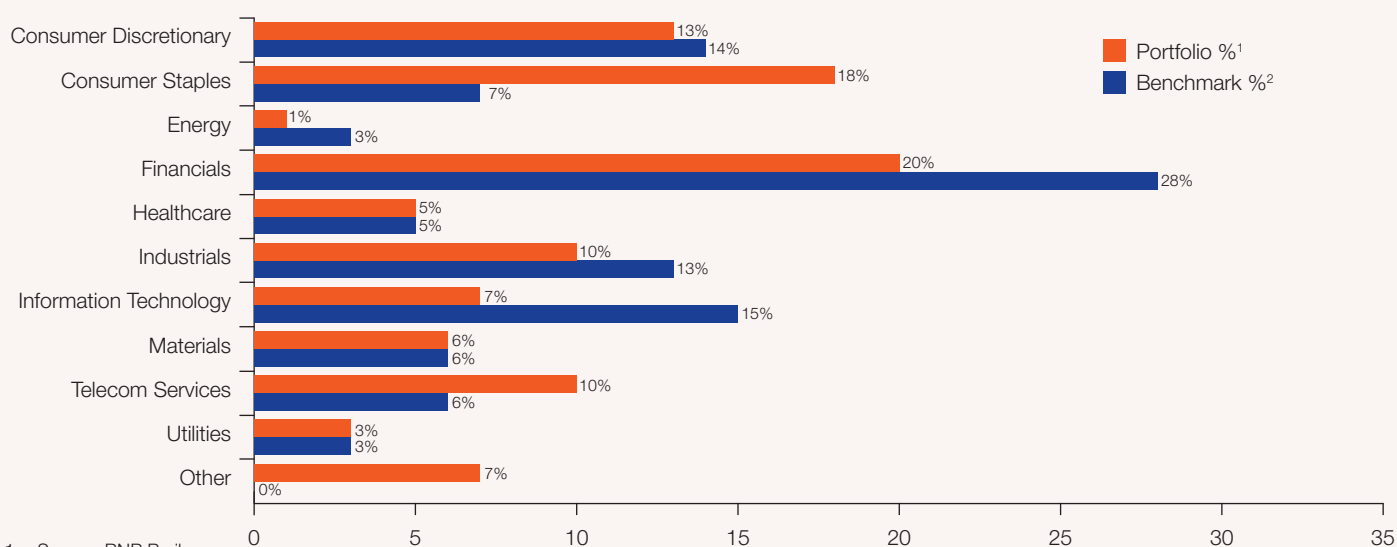
The Company retained the services of the three incumbent portfolio managers throughout the year under review. The proportion of the portfolio allocated to each portfolio manager is shown in the table on page 11. The divergent performance outlined above led to a shift in portfolio weighting under each of the three portfolio managers' responsibilities. At the end of January 2016, Matthews' mandate

accounted for 47.9% of the portfolio (2015: 44.4%), Aberdeen 41.1% (2015: 44.9%) and Gavekal 11.0% (2015: 10.7%). These percentages have changed over the year primarily as a result of performance.

During the year the Company invested its assets with a view to spreading investment risk and in accordance with the investment policy set out in the Business Model on pages 15 and 16. It has maintained a diversified portfolio in terms of stocks, sectors and geography. The portfolios have been actively managed by the portfolio managers, in accordance with their individual mandates, with overall asset allocation and risk being monitored by the Board and Witan Investment Services Limited.

Whilst diversification is a benefit in reducing portfolio volatility, it is important that it does not unduly dilute returns, since the purpose of using active portfolio managers is to outperform, which requires the portfolio to differ from the benchmark. One measure of the degree of active management is known as "active share". This indicates the degree to which a portfolio differs from its benchmark, with a portfolio

### Analysis of the Company's equity portfolio by sector analysis at 31 January 2016



1 Source: BNP Paribas.

2 Source: MSCI.

identical to the benchmark having an active share of 0%, while one with no holdings in common with the benchmark would have an active share of 100%. Although looking at active share at a particular point is an incomplete measure of the degree to which a portfolio is managed actively (let alone successfully), as a guide, the Company's active share was 77% at the end of January 2016. This figure is marginally higher than the 75% reported for the year of January 2015. The active share of the individual manager portfolios reflect their bottom up style and range from 82% to 92%.

The sector breakdown and regional exposure for the aggregated portfolio is shown on pages 7 and 9 while these statistics for the individual portfolio managers are shown on page 11. The top 20 holdings across the whole of Witan Pacific's portfolios are set out on page 12 and details of the whole portfolio are available to view on the Company's website. They represented 46.5% of Witan Pacific's portfolio at 31 January 2016 (2015: 45.9%). These analyses highlight the diversification provided by the portfolio managers and the regional geographical exposure. 29% of the portfolio is invested in the domestic Chinese market. The Company does not currently hold domestic Chinese "A" shares but continues to keep this under review.

Although exposure to the largest companies increased over the year the holding remained underweight. For example, the portfolio was underweight the region's 20 very largest companies, with a total exposure of 15.6% versus 20.6% for the benchmark. Meanwhile, with a combined exposure of 17%, the aggregate of the portfolio manager portfolios was overweight the smallest 10% of companies in the benchmark.

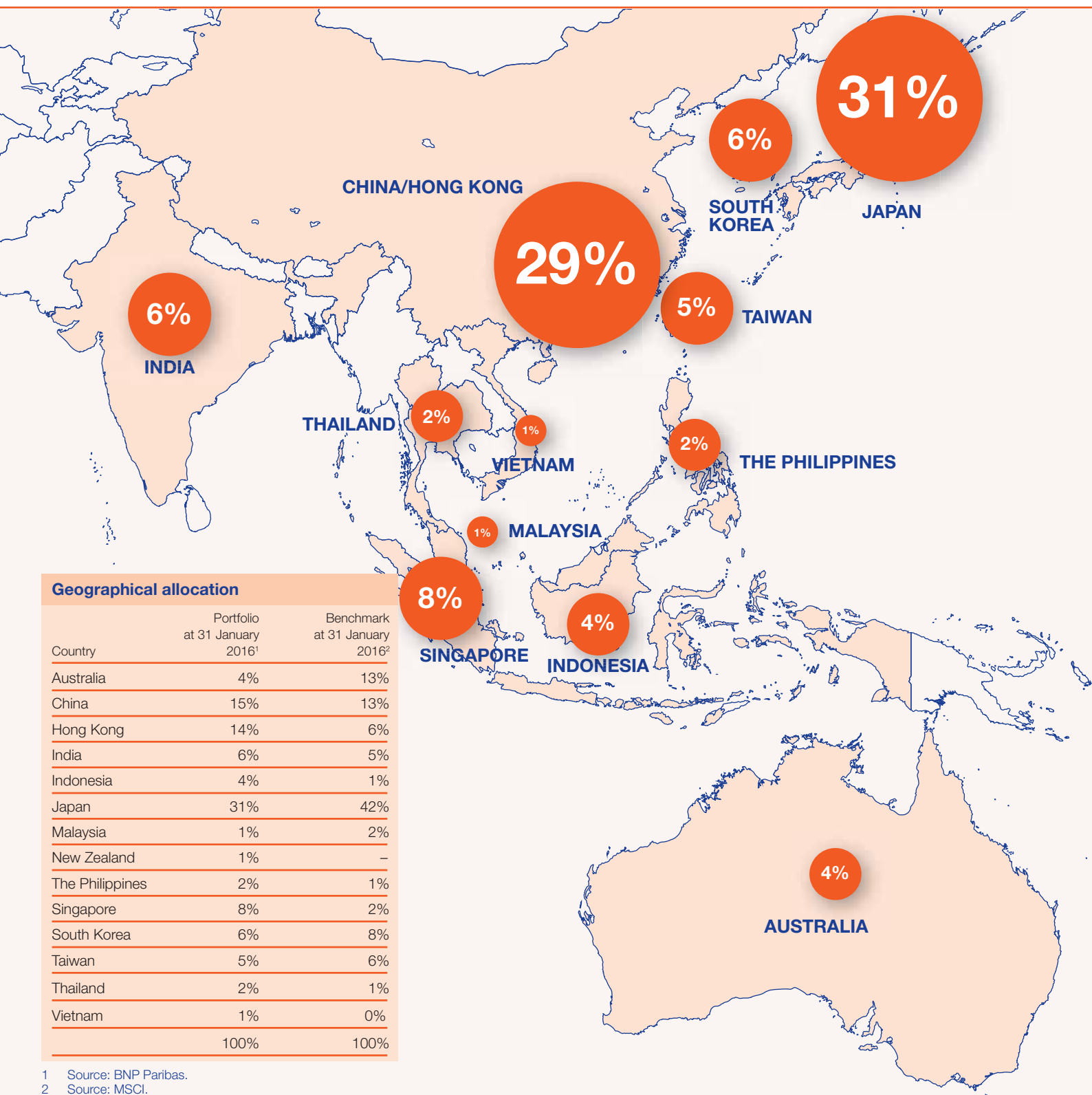
The Company monitors the characteristics of the individual and combined portfolios. Dividends on stocks across the portfolio increased over the year and the underlying earnings also grew at a healthy rate. The consensus estimates for portfolio holdings point to continued earnings growth in the current period. In terms of portfolio characteristics, the overall style has not changed significantly over the year. The bias is towards quality companies which demonstrate good return on equity and solid growth characteristics.

### **Continued appointment of the portfolio managers**

The Directors regularly review the performance of the portfolio managers who formally report to the Board at Board meetings. In addition, periodically the Board visits the portfolio managers' offices in the region to conduct due diligence, the most recent such visit having been in March 2015. This provided an opportunity to review their portfolio performance, investment and operational resources and risk controls. The Board was satisfied with the portfolio managers' performance in each of these areas, while engaging in discussion over how they would respond to the market and regulatory developments in the future. The Board is conscious of Aberdeen's recent investment underperformance and will monitor this closely. Aberdeen has outperformed the benchmark overall since they were first appointed in 2005 and performance in the past few months has been encouraging.

Taking the performance of each of the portfolio managers into consideration and having regard to the portfolio managers' strategies for securing longer-term outperformance, the Directors are of the opinion that the continuing appointment of the portfolio managers, on the terms agreed, is in the interests of shareholders as a whole.

Details of the terms of appointment of the portfolio managers may be found in note 18 to the financial statements on page 65.



1 Source: BNP Paribas.  
 2 Source: MSCI.

# Portfolio manager information



## Aberdeen Asset Managers Limited ("Aberdeen")

Aberdeen, which has delegated management of the Company's assets to Aberdeen Asset Management Asia Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, was established in Asia in 1992 and at 31 December 2015 was managing £52.8bn of assets in Asia. The 41 fund managers in the equity team, led by Hugh Young, follow a fundamental investment style emphasising the identification of good quality companies on low valuations relative to their growth potential.

### Strategy

Aberdeen follows a stock-picking approach of investing in good quality, well-managed and soundly financed companies trading at attractive valuations, with the expectation of holding them for extended periods in order to benefit from the compounding of those companies' growth. Corporate governance and the alignment of management with shareholders' interests are additional important factors.

### Performance

Aberdeen is one of the original portfolio managers appointed when the Company's multi-manager approach was adopted in 2005 and manages approximately 41.1% of the Company's assets. During the year under review, it achieved a total portfolio return (before fees) of -12.3%, compared with -5.9% for the benchmark. Since appointment in 2005, it has achieved a total portfolio return of 9.1% p.a. compared with 7.2% p.a. for the benchmark, representing outperformance of 1.9% p.a. before fees.

## Gavekal Capital Limited

Gavekal Capital Limited ("Gavekal") acts as advisor to several investment clients with combined assets of over US\$1.5bn (£1.0bn) as at 31 December 2015. The Gavekal Asian Opportunities UCITS Fund is the largest and oldest single fund under management.

### Strategy

The Asian Opportunities Fund in which the Company has invested, employs no leverage, except on a short-term basis, and does not "short" stocks. The portfolio is managed by Louis-Vincent Gave, a co-founder of Gavekal, and Alfred Ho, ex CIO of Invesco Asia. They are supported by four analysts. They vary the asset allocation between equities, bonds and cash according to their top-down view of economic prospects. The equity portfolio is invested in growth oriented companies, focusing on earnings growth and valuation. Within the equity portfolio, weightings are driven by company-specific attractions not index weightings.

### Performance

Gavekal was appointed as one of the Company's portfolio managers in April 2012 and manages approximately 11.0% of the Company's assets. During the year under review, the Gavekal Asian Opportunities UCITS fund, in which the Company holds its investment achieved a total portfolio return before fees of -3.0%, compared with -5.9% for the benchmark. Since inception, the fund has returned 7.0%, compared to 5.9% for the benchmark.

## Matthews International Capital Management LLC ("Matthews Asia")

Based in San Francisco, Matthews Asia is an independent, privately owned firm, and the largest dedicated Asia investment specialist in the United States. As at 31 December 2015, Matthews Asia had US\$25.5bn (£17.3bn) in assets under management.

### Strategy

The Company is invested in a segregated portfolio that is managed according to Matthews' Asia Dividend Strategy; the Lead Portfolio Managers are Yu Zhang, and Robert Horrocks. The Asia Dividend Strategy employs a fundamental, bottom-up investment process to select dividend paying companies with sustainable long-term growth prospects, strong business models, quality management teams, and reasonable valuations. The Asia Dividend Strategy is a total-return strategy focused on dividend income and potential dividend growth from the companies in which it invests, as well as capital growth. The strategy invests in companies of all sizes and has significant exposure to small and mid-cap stocks.

### Performance

Matthews Asia was appointed as one of the Company's portfolio managers in April 2012 and manages approximately 47.9% of the Company's assets. During the year under review, it achieved a total portfolio return (before fees) of 3.5%, compared with -5.9% for the benchmark. Since appointment in 2012, it has achieved a total portfolio return of 9.6% p.a. compared with 5.6% p.a. for the benchmark, representing outperformance of 4.0% p.a. before fees.

Further information is available on the Company's website, via the following link:  
[www.witanpacific.com/about-the-trust/manager-breakdown](http://www.witanpacific.com/about-the-trust/manager-breakdown)

**Geographical allocation  
(at 31 January 2016)<sup>1</sup>**

Country	% Weighting	Under/Overweight
Australia	7%	-6%
China	5%	-8%
Hong Kong	19%	+13%
India	9%	+4%
Indonesia	3%	+2%
Japan	28%	-14%
Malaysia	2%	=
New Zealand	-	=
The Philippines	2%	+1%
Singapore	14%	+12%
South Korea	4%	-4%
Taiwan	5%	-1%
Thailand	2%	+1%
Vietnam	-	=

**Geographical allocation  
(at 31 January 2016)<sup>1</sup>**

Country	% Weighting	Under/Overweight
Australia	3%	-10%
China	27%	+14%
Hong Kong	9%	+3%
India	14%	+9%
Indonesia	7%	+6%
Japan	26%	-16%
Malaysia	2%	=
New Zealand	-	=
The Philippines	6%	+5%
Singapore	-	-2%
South Korea	6%	-2%
Taiwan	-	-6%
Thailand	-	-1%
Vietnam	-	=

**Geographical allocation  
(at 31 January 2016)<sup>1</sup>**

Country	% Weighting	Under/Overweight
Australia	2%	-11%
China	21%	+8%
Hong Kong	10%	+4%
India	3%	-2%
Indonesia	5%	+4%
Japan	34%	-8%
Malaysia	-	-2%
New Zealand	1%	+1%
The Philippines	1%	=
Singapore	4%	+2%
South Korea	9%	+1%
Taiwan	6%	=
Thailand	2%	+1%
Vietnam	2%	+2%

**Sector allocation  
(at 31 January 2016)<sup>1</sup>**

Sector	% Weighting	Under/Overweight
Consumer Discretionary	9%	-5%
Consumer Staples	9%	+2%
Energy	1%	-2%
Financials	30%	+2%
Healthcare	5%	=
Industrials	11%	-2%
Information Technology	10%	-5%
Materials	10%	+4%
Telecom Services	6%	=
Utilities	-	-3%
Other – Indian Equity Fund	9%	+9%

**Sector allocation  
(at 31 January 2016)<sup>1</sup>**

Sector	% Weighting	Under/Overweight
Consumer Discretionary	11%	-3%
Consumer Staples	5%	-2%
Energy	-	-3%
Financials	18%	-10%
Healthcare	4%	-1%
Industrials	9%	-4%
Information Technology	2%	-13%
Materials	2%	-4%
Telecom Services	-	-6%
Utilities	16%	+13%
Other – bonds	33%	+33%

**Sector allocation  
(at 31 January 2016)<sup>1</sup>**

Sector	% Weighting	Under/Overweight
Consumer Discretionary	18%	+4%
Consumer Staples	29%	+22%
Energy	-	-3%
Financials	12%	-16%
Healthcare	5%	=
Industrials	10%	-3%
Information Technology	5%	-10%
Materials	4%	-2%
Telecom Services	14%	+8%
Utilities	3%	=
Other	-	=

1 Source: BNP Paribas and MSCI.



# Top twenty investments

as at 31 January 2016

This period	Last period <sup>1</sup>	Company	Country	% of total investments	Value £'000
1	(1)	<b>Gavekal Asian Opportunities Fund (UCITS)</b>	Far East & Pacific	11.2	18,636
2	(2)	<b>Aberdeen Global Indian Equity Fund (UCITS)</b>	India	3.8	6,240
3	(3)	<b>Japan Tobacco</b>	Japan	3.3	5,490
4	(9)	<b>AIA Group</b>	Hong Kong	2.6	4,265
5	(4)	<b>Taiwan Semiconductor Manufacturing</b>	Taiwan	2.3	3,863
6	(6)	<b>China Mobile</b>	China	2.2	3,640
7	(18)	<b>Suntory Beverage &amp; Food</b>	Japan	1.9	3,099
8	(-)	<b>Bridgestone Corporation</b>	Japan	1.7	2,850
9	(-)	<b>Shenzhou International</b>	Hong Kong	1.7	2,762
10	(15)	<b>Hoya</b>	Japan	1.6	2,726
11	(8)	<b>Oversea-Chinese Banking Corporation</b>	Singapore	1.6	2,715
12	(-)	<b>LG Chemical</b>	South Korea	1.5	2,554
13	(-)	<b>Kao Corporation</b>	Japan	1.5	2,490
14	(12)	<b>Samsung Electronics</b>	South Korea	1.5	2,468
15	(10)	<b>Singapore Technologies Engineering</b>	Singapore	1.5	2,465
16	(-)	<b>BGF Retail</b>	South Korea	1.4	2,322
17	(-)	<b>NTT Docomo</b>	Japan	1.4	2,317
18	(11)	<b>Shin-Etsu Chemical</b>	Japan	1.4	2,255
19	(-)	<b>Seven &amp; I Holdings</b>	Japan	1.2	2,078
20	(13)	<b>Swire Pacific</b>	Hong Kong	1.2	2,063
<b>Totals</b>				<b>46.5</b>	<b>77,298</b>

The value of the twenty largest holdings represents 46.5% (31 January 2015: 45.9%) of the Company's total investments. The full portfolio listing is published monthly (with a 3 month lag) on the Company's website.

<sup>1</sup> The figures in brackets denote their position within the top 20 at the previous year end. The country shown is the country of incorporation.

## Description of top twenty investments

<b>1 Gavekal Asian Opportunities Fund (UCITS)</b>	A UCITS fund, through which our appointed portfolio manager Gavekal manages part of the Company's portfolio. It is a growth-oriented portfolio, investing in Asian equities, bonds and cash, according to the manager's investment process, which varies the asset allocation and stock holdings in response to market conditions.
<b>2 Aberdeen Global Indian Equity Fund (UCITS)</b>	A UCITS fund held within the wider portfolio managed by our appointed manager Aberdeen. It is a cost-effective way of investing the equity of companies incorporated in or deriving significant revenue from India and attracts the same fees as the rest of Aberdeen's portfolio, with no double charging.
<b>3 Japan Tobacco</b>	A global tobacco company with operations in 120 countries producing a wide range of tobacco products. It was originally formed from the non-US operations of R.J. Reynolds in 1999 and has since grown through acquisition.
<b>4 AIA Group</b>	The leading life insurance provider in the Asia Pacific region. It provides insurance and wealth management services to individuals and businesses.
<b>5 Taiwan Semiconductor Manufacturing</b>	The world's largest dedicated semiconductor foundry, TSMC provides wafer manufacturing, wafer probing, assembly and testing, mask production and design services.
<b>6 China Mobile</b>	China's largest mobile telephone operator. It operates the world's largest mobile network and, with 806 million customers, it has the largest mobile customer base. The company is developing a fast growing 4G telecoms network and has added over 100 million 4G customers in the past year.
<b>7 Suntory Beverage &amp; Food</b>	Global manufacturer of beverage and food products. It is the third largest spirits maker globally and owns a broad range of soft drinks brands.
<b>8 Bridgestone Corporation</b>	The Bridgestone Group is the world's largest tyre manufacturer producing tyres for cars, commercial vehicles and aircraft etc. The group also makes a range of rubber products for the industrial and consumer market.
<b>9 Shenzhou International</b>	One of China's largest textile companies, Shenzhou principally produces and finishes knitwear for the global branded sports and casualwear market. Customers include Nike, Adidas, Puma and Uniqlo.
<b>10 Hoya</b>	Japanese manufacturer of electro-optics products for electronic and medical applications ranging from sunglasses to PC tablet glass.
<b>11 Oversea-Chinese Banking Corporation</b>	A Singaporean bank which continues to generate shareholder value through the restructuring of its non-core assets.

## Description of top twenty investments

<b>12</b>	<b>LG Chemical</b>	LG Chem Ltd produces petrochemicals, plastic resins and engineering plastics. LG Chem is also one of the world's largest producers of materials used in TV screens, computer monitors, smartphone and tablet displays. It is also at the cutting-edge of lithium-ion mobile battery technology.
<b>13</b>	<b>Kao Corporation</b>	Kao Corporation is a manufacturer of household and chemical products. The company makes beauty, healthcare and fabric and homecare for the consumer market and edible acids and oils, as well as speciality chemicals, for the industrial sector.
<b>14</b>	<b>Samsung Electronics</b>	The leading semiconductor company and a major player in mobile phones and TFT-LCDs for computer monitors and televisions.
<b>15</b>	<b>Singapore Technologies Engineering</b>	Engineering Global integrated engineering group spanning aerospace, electronics, marine and land systems sectors. It is the world's largest commercial aircraft maintenance operator.
<b>16</b>	<b>BGF Retail</b>	A food and beverage retail chain operating over 8,000 owned and franchise convenience stores throughout South Korea. Stores also offer ticketing, parcel collection and bill payment facilities.
<b>17</b>	<b>NTT Docomo</b>	Japan's largest telecoms company offering mobile telephone, satellite telephone and wireless LAN network provider.
<b>18</b>	<b>Shin-Etsu Chemical</b>	A leading manufacturer of polyvinyl chloride, silicon and silicon wafers for semiconductors.
<b>19</b>	<b>Seven &amp; I Holdings</b>	With headquarters in Japan, Seven & I's 56,000 store network extends worldwide to include the 7-Eleven brand in Japan, China and North America. The group also includes superstores, supermarkets, department stores, restaurants, and other operations.
<b>20</b>	<b>Swire Pacific</b>	A Hong Kong based conglomerate with transportation, agriculture, energy operations and a large Asian property portfolio.

# Corporate review

**Witan Pacific is an Investment Trust, which was founded in 1907 and has been listed on the London Stock Exchange since its foundation. It operates an outsourced business model, under the direction and supervision of the Board of Directors**

## Strategic report

The Strategic Report on pages 2 to 21 of the Annual Report and Accounts has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to provide information to the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

## Strategy and Investment Policy

### Investment policy

The Company's investment objective is to provide shareholders with capital and income growth from a diversified portfolio of investments in the Asia Pacific region designed to outperform the MSCI AC Asia Pacific Free Index ("MSCI Index") in sterling terms.

Since 2005 the Company has followed a multi-manager approach, using a blend of active portfolio managers with the aim of outperforming the benchmark. Our investment policy includes investments in a wide range of regional markets, including the main Southeast Asian and North Asian markets as well as Japan, India and Australia. The range of investment opportunities for the portfolio managers is not limited to the constituents of the benchmark or benchmark weightings. This means that Witan Pacific's portfolio may differ from the benchmark. Witan Pacific invests primarily in equities: in normal circumstances the Board expects the portfolio's equity exposure to be a minimum of 90% of net assets. However, the overall equity performance of regional markets is likely to have the most significant impact on the performance of the Company's net asset value.

The Board actively investigates alternative assets and new investment techniques and will use them if, in the Board's view, they provide the potential to enhance shareholder returns.

Investment risk is managed through:

- the selection of at least two portfolio managers. Details of the proportion of assets managed by them and the portfolios managed by them are set out on pages 7 to 11;
- the portfolio managers are required to spread their investments over a number of countries, sectors and companies within the region;
- monitoring of portfolio manager performance and portfolios. Portfolio manager performance against their benchmarks is set out on page 6;
- monitoring of asset allocation, currency exposures and gearing levels.

## Review of the year

During the year the Company invested its assets with a view to spreading investment risk and, in accordance with the investment objective set out above, maintained a diversified portfolio the analysis of which is shown on pages 7, 9 and 11. The investment management of the portfolio by the portfolio managers is monitored by the Board and the Executive Manager, Witan Investment Services.

The Directors receive regular reports on investment activity and portfolio construction at meetings of the Board, as well as periodically outside of these meetings.

The Company sponsors an ongoing marketing programme provided by Witan Investment Services Limited. This programme communicates with private investors and their financial advisers, as well as professional investors, to help them make informed decisions about whether investing in the Company's shares can help them to meet their investment objectives.

The unbundling of investment management from the Company's other necessary services has provided transparency of the Company's cost base as well as flexibility in case it becomes desirable to change the service provider in a particular area. The Board takes care to ensure strict monitoring and control of costs and expenses.

The Board holds an annual strategy meeting. This year the Board considered, among other topics, the relevance of the investment mandate and, taking advice from Witan Investment Services Limited and the Company's brokers, determined that the investment proposition to invest across the entire Asian region remains intact. The Directors, and their advisors, discussed the multi-manager approach and concluded that this continues to offer shareholders a range of opportunities and gave the Board the ability to appoint and retain portfolio managers for their specific skills, allowing shareholders to benefit from a diverse, yet complementary share portfolio. The Directors also considered the Company's discount and noted that, whilst the discount remained wider than it would ideally like, discounts elsewhere in the region are also at elevated levels. The Board believes that the attractions of the wider Asia Pacific region and the commensurately greater opportunities available to the portfolio managers, should deliver superior returns for shareholders in the long-term and, subsequently, the discount on the shares should narrow. In the meantime, the Company will maintain its marketing and communication work in the next 12 months and will continue to implement buy-backs when the discount seems unduly wide or anomalous compared with other investment funds specialising in the region.

## **Business model**

The management of the Company's assets is outsourced to third parties. However, the Board sets and reviews all the key elements of the Company's strategy, including:

- the choice of investment benchmark;
- the selection of suitable portfolio managers;
- investment guidelines and limits;
- the appointment of providers for other services required by the Company;
- the level of any gearing which the Company may have (this is not currently applicable given the Company's current approach not to employ gearing, as set out on page 18 of the Annual Report and Accounts); and
- the maintenance of an effective system of oversight, risk management and corporate governance.

The Board ensures that, taking specialist advice as appropriate, its Directors have the appropriate mix of skills and time available to address the management of its outsourced, multi-manager investment approach.

Witan Investment Services Limited, which has experience of the issues arising in operating a multi-manager structure, acts as Executive Manager to manage and monitor the outsourced structure and relationships, to provide commentary on investment issues and to provide marketing services. The Executive Manager reports to the Board on key aspects at all Board meetings as well as drawing attention as required to matters requiring non-routine review by the Board. The Board has considered, discussed and reviewed the Company's policies of engagement with each of the portfolio managers in detail and is satisfied that they remain appropriate.

The Company has also appointed third parties for the various supporting services it requires. The principal providers are JP Morgan Chase Bank N.A. for global custody, BNP Paribas Securities Services for investment accounting and administration and Capita Company Secretarial Services Limited (part of Capita Asset Services) for company secretarial services. From time to time, as required, the Company also makes use of specialist services for legal, investment consulting, financial and tax advice.

## **Environmental, human rights, employee, social and community issues**

The Company has no employees and its core activities are undertaken by Aberdeen, GaveKal and Matthews, which consider policies relating to environmental and social matters as part of their investment process. The Company has therefore not reported on these, or social, community or human rights issues. However, it reviews its portfolio managers' reports on their policies relating to social issues and corporate governance standards. The portfolio managers are also prepared to use their votes in these areas as part of the proper management of the investments made on the Company's behalf and the Board periodically reviews their approaches with them.

The Board of Directors consists of three female and two male non executive Directors. It is the Directors' policy to appoint individuals on merit whilst taking into account the balance of skills and experience required by the Board.

### **The Board's role in investment management**

Although the Board retains overall risk and portfolio management responsibility, it appointed the portfolio managers after a disciplined selection process focused on their scope to add value and their fit with the overall balance of the portfolio. As already described, the selection of individual investments is delegated to these external portfolio managers, subject to investment limits and guidelines which reflect the particular mandate and the specific investment approach which the Company has selected (e.g. quality, growth in dividend).

Approximately 90% of the portfolio is managed in two segregated accounts, held at the Company's custodian. The balance of the portfolio is held in a Dublin UCITS open ended investment company, for which holdings information is regularly available. This enables the Company to view the portfolio as a whole and to analyse its risks and opportunities as well as those at the level of each portfolio managers' portfolio.

Information regarding the proportion of Witan Pacific's assets managed by each and of their performance during the year is set out on page 6 of the Annual Report and Accounts.

### **Our selected benchmark**

The Company's benchmark is a reference point for a comparison of results from an investment in Witan Pacific, in terms of the underlying investment structure and in performance. The Benchmark is the MSCI All Country Asia Pacific Free Index in sterling terms.



The benchmark is a widely diversified regional index which includes the principal countries in the region including China, India, Japan and Australia. This is illustrated in the map on page 9 of the Annual Report and Accounts.

The portfolio managers select stocks which they consider attractive, wherever they are located in the region. As a result, the geographical location of the holdings differs from the benchmark. The geographical distribution of the portfolio and of the benchmark are set out in the map and table on page 9.

### Key performance indicators

The Board monitors success in implementing the Company's strategy against a range of Key Performance Indicators ("KPIs") which are viewed as significant measures of success over the longer term. Although performance relative to the KPIs is also monitored over shorter periods, it is success over the long term that is viewed as more important, given the inherent volatility of short-term investment returns. The principal KPIs are set out below, with a record (*in italics*) of the Company's performance against them during the year.

### Priorities for the year ahead

For the year ending 31 January 2017, the key priorities for Witan Pacific include:

- **Investment.** Monitor the portfolio managers with the objective of delivering good returns to shareholders whilst assessing the risk approach of each portfolio manager;

- **Marketing and Communications.** Communicate Witan Pacific's distinct and active investment approach and achievements more effectively to existing and potential shareholders and raise the profile for retail investors; and

- **Governance.** Ensure effective oversight of all service providers and compliance with all applicable rules and guidelines, and monitor supplier risk including cyber-risk.

### Dividend policy

As indicated in the Chairman's statement, the Company aims to grow its dividend in real terms over time, subject to the underlying trend in the Company's net income. The Company has substantial levels of revenue reserves available to smooth the effect of temporary fluctuations in dividends from investments, where this is viewed as prudent and beneficial for shareholders. Shareholders agreed at the 2013 AGM to amend the Articles of Association to permit the distribution of Capital Reserves as dividends. The Company has stated that this is to confer flexibility in pursuing its investment objectives and that it would be the norm for dividend payments to be funded from revenue over the cycle.

The Company paid a final dividend for the previous year of 2.45p in June 2015 and an interim dividend of 2.15p in October 2015 for the year under review. The latter payment compared to a 2.10p interim dividend the year before. The Company has proposed a final dividend for 2015-16 of 2.5p, making a total payment for the year of 4.65p

## KEY PERFORMANCE INDICATORS

### Net Asset Value total return and total shareholder return.

Long-term outperformance of the combined portfolios compared with the benchmark is a key objective.

*The Net Asset Value total return was -5.6%, outperforming the benchmark total return of -5.9%, while the shareholder total return was -3.5%. Over the past five years the Net Asset Value total return was +14.6%, underperforming the benchmark return of +15.3%. The shareholder total return was +20.7%*

### Investment performance by the individual portfolio managers.

Outperformance relative to the benchmark is sought.

*Two of the Company's portfolio managers outperformed the benchmark, while one (Aberdeen) underperformed. Details are shown in the table on page 6 of the Annual Report and Accounts.*

**Annual growth in the dividend.** The Company's aim is to deliver increases in real terms, ahead of UK inflation (subject to market circumstances).

*The dividend for the year ended 31 January 2016 rose (subject to shareholder approval) by 2.2%, compared with an inflation rate of 1.3% during the year.*

**Discount to Net Asset Value.** The objective is to avoid excessive fluctuations in the discount and avoid a discount which is anomalously wide compared with other trusts investing in the region by the use of share buy-backs, subject to market conditions.

*The discount ended the financial year at 10.9% compared with 12.7% a year earlier. The average discount of the Company over the year was 12.5% (2014: 13%).*

**The level of ongoing charges.** Costs are managed with the objective of delivering an ongoing charges figure of below 1% (excluding performance fees). Where higher charges arise, these are carefully evaluated to ensure there is a net benefit for shareholders.

*The ongoing charges figure was 1.05%, (2015: 1.06%). Inclusive of performance fees, the ongoing charges figure was 1.05%, (2015: 1.12%).*

per share. This is an increase of 2.2% on the previous year, which compares with a 1.3% rise in Retail Price Index during the year.

Revenue earnings per share during the year amounted to 4.31p per share. This is an increase of 8.3% on the previous year. The earnings growth is largely attributable to an increase in revenue received from the portfolio, which was enhanced by the strength of the Japanese yen and Hong Kong dollar versus sterling.

## **Policy on gearing and the use of derivatives**

### **Borrowings and gearing**

The Company has the power under its Articles of Association to borrow up to 100% of the adjusted total of capital and reserves. However, in accordance with the Alternative Investment Fund Managers Directive (“AIFMD”), the Company was registered by the FCA as a Small Registered UK Alternative Investment Fund Manager (“AIFM”) with effect from 1 April 2014. To retain its Small Registered UK AIFM status, the Company is unable to employ gearing. It is therefore the Company’s approach, not to employ gearing subject to periodic review of the costs and benefits of full AIFM authorisation.

The Company’s segregated portfolio managers are not permitted to borrow within their portfolios but may hold cash if deemed appropriate.

### **Use of derivatives – policy**

Aberdeen and Matthews are not permitted to use derivatives or to gear their portfolios nor does the Company use derivatives itself.

The Company has an 11% investment in a Dublin-domiciled open ended investment company (GaveKal Asian Opportunities Fund) whose Articles of Association allow the use of currency and equity derivatives. The Fund is regulated under UCITS rules and does not employ leverage, other than within the terms of its prospectus.

## **Market liquidity and discount policy**

The Board believes that it is in shareholders’ interests to buy-back the Company’s shares when they are standing at a substantial and anomalous discount to the Company’s NAV. The objective is to avoid excessive fluctuations in the discount and avoid a discount which is anomalously wide compared with other trusts investing in the region by the use of buy-backs, subject to market conditions. The purchase of shares priced at a discount to NAV per share will, all other things being equal, increase the Company’s NAV per share and benefit the Company’s share price. During the year, the Company bought back 224,978 shares into treasury, at times when supply and demand in the market were out of balance and the discount was particularly wide. Since the year end, the Company has repurchased a further 224,739 Ordinary shares, which have been placed into treasury. Treasury shares may only be reissued at a premium to the prevailing NAV.

Witan Pacific is a self-managed investment trust, so the purpose of “marketing” is to provide effective communication of developments at the Company to existing and potential shareholders to help sustain a liquid market in the Company’s shares. Clear communication of the Company’s investment objective and its success in executing its strategy make it easier for investors to decide how Witan Pacific fits in with their own investment objectives. Other things being equal, this should help the shares to trade at a narrower discount, from which all shareholders would clearly benefit.

In view of these potential benefits, the Company has felt for many years that it is beneficial to incur the limited costs of operating a marketing programme (through Witan Investment Services Limited) in order to disseminate information about our investment strategy and performance more widely. This programme communicates with private and professional investors, financial advisers and intermediaries using a range of media (including direct meetings, press interviews and advertising through traditional media and the internet). The Company also provides an informative and easy to use website ([www.witanpacific.com](http://www.witanpacific.com)) to enable investors to make informed decisions about including Witan Pacific shares in their investment portfolios.

## **Costs**

### **Investment management fees**

Each of the portfolio managers is entitled to a base management fee, levied on the assets under management. In addition, one portfolio manager (Aberdeen) is entitled to a performance fee, calculated according to investment performance relative to the benchmark. The agreements can be terminated on one month’s notice.

The Company’s external portfolio managers may use certain services which are paid for, or provided by, various brokers. In return, they may place business, including transactions relating to the Company, with those brokers.

The ongoing charges figure (“OCF”) (which is the recurring operating and investment management costs of the Company, expressed as a percentage of average net assets) was 1.05% for the year ended 31 January 2016, slightly lower than that for the year ended 31 January 2015 (1.06%). The fall was principally due to higher average net assets during the year offsetting a rise in management fees and other costs. There was an increase in investment management fees following a rise in average assets of 3.5% and other expenses increased by approximately 12% during the year, although recurring costs rose by 9%. In the year under review, marketing spend included the development of a new creative identity for the Company and upgrading the factsheet. These were one off investments in marketing infrastructure.

One portfolio manager (Aberdeen) has a performance fee structure. The ongoing charges figure, including performance fees, was 1.05%, lower than the comparable figure in 2015 (1.12%) as no provision is required for a performance fee charge in 2016.

The Company exercises strict scrutiny and control over costs. As a self-managed investment trust, any negotiated savings in investment management or other fees directly reduce the costs for shareholders. The information on costs is collated in a single table below. This indicates the main cost headings in money terms and as a percentage of net assets.

## Corporate and operational structure

### Operational management arrangements

In addition to the appointment of external Managers, Witan Pacific contracts with third parties for the supporting services it requires, including:

- Witan Investment Services Limited for Executive Management services;
- BNP Paribas Securities Services for investment accounting and administration;
- JP Morgan Chase Bank, N.A. for investment custody services;
- Capita Registrars Limited for company secretarial services; and
- the Company also takes specialist advice on regulatory compliance issues and, as required, procures legal, investment consulting, financial and tax advice.

As with investment management, the contracts governing the provision of these services are formulated with legal advice and stipulate clear objectives and guidelines for the level of service required.

### Premises and staffing

Witan Pacific has no premises nor employees.

## Principal risks

### Investment

The Company is a vehicle for overseas equity investment and is likely in normal conditions to be substantially fully invested. The main risks of investing in the Company are a fall in equity markets and security prices together with adverse movements in foreign currency exchange rates. Market risk and currency risk are an integral part of global equity investment and the Company does not specifically hedge against these risks but selects portfolio managers it believes have the skills to construct portfolios which may mitigate them and deliver superior performance relative to the benchmark.

The portfolio's value can be affected by a number of factors, including investee company performance, government policies, geopolitical events and the skills of the portfolio managers selected to manage the portfolio. The Board seeks to manage these risks through understanding the investment approach of the portfolio managers, regular monitoring and review of portfolio information, and analysis of the characteristics of the Company's overall combined portfolio.

Poor performance or other factors may lead to decreased demand for the Company's shares and therefore an increased discount. The Board monitors the discount closely and operates a buy back policy when the shares stand at an anomalous discount.

The Company also bears the risk of settlement default by clearing houses and exchanges and the risk of delayed repossession or disputed title of the Company's assets in the event of failure of the custodian.

Category of costs <sup>1</sup>	Year ended 31 January 2016		Year ended 31 January 2015	
	£m	% of average net assets	£m	% of average net assets
Management fees <sup>2</sup>	1.12	0.62	1.09	0.64
Other expenses	0.81	0.45	0.72	0.42
Non recurring expenses	(0.03)	(0.02)	(0.01)	–
<b>Total</b>	<b>1.90</b>	<b>1.05</b>	<b>1.80</b>	<b>1.06</b>
Investment manager performance fee <sup>1</sup>	–	–	0.10	0.06
<b>Total</b>	<b>1.90</b>	<b>1.05</b>	<b>1.90</b>	<b>1.12</b>
Portfolio transaction costs	0.16	0.09	0.13	0.07

<sup>1</sup> For a full breakdown of costs, see notes 3 and 4 on pages 54 and 55.

<sup>2</sup> Figures inclusive of fees paid to Witan Investment Services Limited and fees paid to GaveKal of which £0.29m (2015: £0.26m) is charged to capital and therefore not included in the amounts charged to revenue in note 3 on page 54.

The adverse effects of a failure, however defined, by one portfolio manager are reduced by the multi-manager structure, the different styles of the portfolio managers and by the Board's regular reviews of the portfolio managers' performance against the relevant KPIs. In addition, the Company faces the risk that its objective and strategy become inappropriate due to changes in the financial services and savings market. This is a matter which is reviewed regularly at meetings of the Board, which focus on investment policy, the role of marketing and discount control policies, as well as wider industry trends.

### **Operational**

The Company operates an outsourced business model and there is therefore a risk of poor performance or operations failure amongst its service providers.

Comprehensive contractual obligations have been put in place with each of the third party service providers. Operationally, the multi-manager structure is robust, as the portfolio managers, the custodian and the Fund Accountants keep separate records which are reconciled regularly. In addition, the Executive Manager, Witan Investment Services Limited, monitors the activities of all third parties and reports any issues to the Board.

### **Tax and regulation**

In order to qualify as an investment trust the Company must comply with Sections 1158-9 of the Corporation Tax Act 2010 ("CTA") to which reference is made on page 24 of the Annual Report and Accounts under the heading "Status of the Company". A breach of these sections could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax. The criteria are reported on by BNP Securities Services Limited and monitored by Witan Investment Services Limited on behalf of the Board.

In addition, there are regulatory risks. The Company is affected by a complex set of regulations and laws and changes in any of these may affect returns to shareholders. The Board expects regulation to increase.

All of these risks are regularly reviewed by the Company's Audit and Management Engagement Committee and the Board takes professional legal, accounting and tax advice concerning any material proposed activity or emerging development affecting the Company's operations.

The Company must comply with the provisions of the Companies Act 2006 ("the Companies Act") and, as the Company's shares are

Premium Listed for trading on the London Stock Exchange, the Company must comply with the UK Listing Authority's Listing Rules and Disclosure and Transparency 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 from trading which would in turn lead to a breach of the provisions of the CTA.

As a Small Registered UK AIFM, the Company is subject to some ongoing FCA regulatory obligations.

These legal and regulatory requirements offer significant protection for shareholders. The Board relies on the Company Secretary, the Executive Manager and the Company's professional advisers to ensure compliance with the Companies Act and UKLA Rules.

The Audit and Management Engagement Committee regularly (at least annually) reviews the foregoing risks by maintaining a detailed record of the identified risks in the form of a Risk Matrix which assesses the likelihood of such risks occurring and the severity of the potential impact of such risks. This enables the Board to take action and develop strategies in order to mitigate the effect of such risks to the extent possible. An analysis of financial risks can be found in note 17 to the financial statements on pages 60 to 64.

Operational and regulatory risks are regularly and extensively reviewed by the Audit and Management Engagement Committee. WIS is subject to its own operating rules and regulations and is regulated by the Financial Conduct Authority ("FCA").

### **Risk review**

A robust assessment of the principal risks has been carried out, including a review of those risks which would threaten the Company's business model, future performance, solvency or liquidity.

### **Viability**

In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the viability of the Company, and selected a period of five years for the assessment.

The Board considers five years to be a reasonable period for its assessment. The Board views the Company as a long-term investment vehicle, with strong financials and good liquidity in its portfolio. In selecting a five year period, the Board has balanced that view against the inherent uncertainties in equity markets.

In conducting the assessment, the Board has taken account of the following:

- The Company is an Investment Trust, whose investment portfolio is invested in readily realisable listed securities. The portfolio is well diversified in terms of both sector and geography within its Asia Pacific remit.
- The Company currently has no borrowings. If the Board decided to enter into any borrowing arrangements, it would only do so on the basis that the borrowings were covered adequately by its assets, and there was a substantial margin of safety over any covenants.
- The expenses of the Company are reasonably predictable, modest in comparison to the assets and adequately covered by investment income.

The Board has also taken account of its strategy and investment policy set out on page 15, and the principal risks and uncertainties set out on pages 19 to 20. The Company operates a robust risk control framework to manage those risks and uncertainties.

The Board's assessment assumes that there is continuing demand amongst shareholders for the investment trust structure and the mandates which the Board gives its managers.

Based on the above, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment.

## Corporate governance

Details of the Company's compliance with corporate governance best practice are set out in the Corporate Governance Statement on pages 27 to 33 of the Annual Report and Accounts.

Information about securities carrying voting rights can be found in the Directors' Report on page 25.

This Strategic Report has been approved by the Board and signed on its behalf by

**Sarah Bates**

Chairman

22 April 2016



# Board of Directors



## **Sarah Bates**

Chairman

*Appointed: January 2004*

*Chairman since June 2014.*

Sarah Bates was appointed Chairman of the Company in June 2014. Sarah has more than 30 years' experience of investment and investment management businesses, gained through her past and current activities, as well as considerable technical knowledge of investment companies and understanding of the investment company sector. She is a past director and chairman of the AIC. Sarah is Chairman of St. James's Place plc and non-executive director of Polar Capital Technology Trust plc and Worldwide Healthcare Trust. She sits on or is advisor to various pension fund and charitable investment committees including the Universities Superannuation Scheme and the East Riding pension fund. Sarah is retiring from U and I Group Plc where she is a non executive director, in July 2016. She is also retiring from JP Morgan American Investment Trust in 2017, where she currently acts as chairman.

## **Dermot McMeekin**

Senior Independent Director,

Nomination and Remuneration Committee

Chairman

*Appointed: May 2012.*

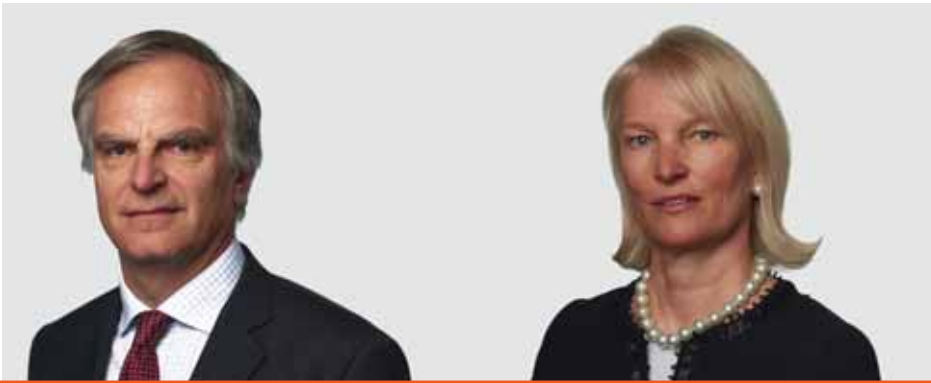
Dermot McMeekin is a former Solicitor and Management Consultant who brings over 20 years of on the ground country experience across Asia Pacific, and has a deep understanding of the strategic issues affecting corporate growth across the region. Dermot was a partner in what is now Trowers & Hamlins and, having received an MBA from Harvard Business School, subsequently became Managing Partner of Accenture's Asian Strategy Practice. He was formerly chairman of PMC Treasury Group Ltd, a financial advisory firm with offices in London, New York and Hong Kong. Dermot is a non executive director of European Leisure Estates, Greenway Limited and Sanater SpA. He is also chairman of Westonbirt Schools Limited.

## **Susan Platts-Martin**

*Appointed: July 2014.*

Susan Platts-Martin brings to the Board considerable knowledge of investment companies and investment management generally, having spent 26 years in a range of senior roles at Fidelity Worldwide Investment, including several as the Head of investment trusts. She is a qualified chartered accountant, with knowledge of investment trust taxation, accounting and wider regulatory and custodial matters. She also has experience of investment trust marketing and development, and of the broader investment funds market, both in the UK and in Europe. Susan currently sits on the board of the Targeted Return Fund. She also acts as Protector of Power to Change Trust and is a non executive director of BlackRock Smaller Companies Trust plc.

*All the Directors are members of the Audit and Management Engagement Committee and of the Nomination and Remuneration Committee.*



**Andrew Robson**

Audit and Management Engagement  
Committee Chairman  
*Appointed: July 2014.*

Andrew Robson is a qualified accountant with over 15 years of corporate finance experience, including with Asian companies, gained at Robert Fleming & Co Limited and SG Hambros. He has considerable experience as a finance director and as chairman of audit committees, including those of four other investment companies, and has a business advisory practice. Andrew took over the role of Chairman of the Audit and Management Engagement Committee in June 2015, when Alan Barber retired from the Board. Andrew is currently non executive director of Shires Income PLC, British Empire Trust plc, JP Morgan Smaller Companies Investment Trust plc and Mobeus Income & Growth 4 VCT PLC. He was also a non executive director of M&G Equity Investment Trust plc until April 2011.

**Diane Seymour-Williams**

*Appointed: June 2010.*

Diane Seymour-Williams adds to the Board some 30 years of investment experience, including the management of Asian equity portfolios and Asian asset management businesses at Morgan Grenfell and Deutsche Asset Management. During this time, Diane also served on the boards of The China Fund (1993-2005), Pakistan Fund (1993-1996) and Batavia Fund (1993-1996) and as chairman of the Advisory Board of the Greater Korea Trust (1993-1997). More recently she was Global Head of Relationship Management at LGM Investments, an Investment Manager specialising in Asia and Global emerging markets equities. Diane is a non executive director of Brooks Macdonald Group plc, where she chairs the Remuneration Committee. She is also a member of the Investment Committee of Newnham College, Cambridge.

# Statutory information

at 31 January 2016

The Directors have pleasure in presenting their Annual Report and the audited Financial Statements of the Company for the year ended 31 January 2016.

## Status of the Company

The Company is an investment company as defined by Section 833 of the Companies Act 2006. The Company operates as an approved investment trust in accordance with Sections 1158-1159 of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. This is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company has conducted its affairs so that it continues to qualify.

The Company's shares are eligible for inclusion in an Individual Savings Account ("ISA").

## Internal controls and risk management systems

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Company. This is described in more detail on pages 37 and 38.

## Share capital

At 31 January 2016, there were 65,944,000 Ordinary shares of 25p each in issue (2015: 65,944,000 Ordinary shares) of which, 224,978 were held in treasury. At the 2015 AGM the Directors were granted authority to buy-back up to a maximum of 9,885,005 Ordinary shares; such authority will expire at the conclusion of the 2016 AGM when the Directors will seek a renewal of the authority.

During the year to 31 January 2016 the Company repurchased a total of 224,978 Ordinary shares to hold in treasury. At 31 January 2016, the unused authority to buy-back Ordinary shares as granted by Shareholders at the Company's 2015 AGM, was therefore 9,660,027 Ordinary shares. The nominal value of Ordinary shares repurchased during the period was £56,244 being 0.34% of the issued Ordinary share capital at 31 January 2016. The total consideration for these repurchases was £510,756.

Following the year end, the Company has repurchased a further 224,739 Ordinary shares to hold in treasury (as at 22 April 2016), with a nominal value of £56,184.75 and being 0.34% of the issued Ordinary share capital at 31 January 2016. The total consideration for these repurchases was £517,157.30. At 22 April 2016, there were 65,944,000 Ordinary shares of 25p each in issue. 449,717 Ordinary shares were held in treasury. Each Ordinary share carries one vote, therefore, the total votes in issue was 65,494,283.

The share purchases described above were performed in accordance with the Company's stated policy of buying back shares when the Company's shares are standing at a substantial and anomalous discount to their Net Asset Value.

The impact to the Net Asset Value as a result of the buyback activity for the year ended 31 January 2016 was an enhancement of £72,000 or 0.1p per Ordinary share.

## Results and dividend

<b>Revenue return after taxation</b>	<b>£'000</b>
Net revenue after taxation	<b>2,836</b>
Dividends paid/payable:	
Interim dividend of 2.15p per share	<b>(1,416)</b>
Final dividend of 2.5p per share	<b>(1,637)</b>
Unclaimed dividends returned	<b>13</b>
Residual revenue return after dividends	<b>(204)</b>
<b>At 31 January 2016</b>	
Revenue reserve <sup>1</sup>	<b>10,886</b>

<sup>1</sup> Revenue reserve excludes the final proposed dividend for the year ended 31 January 2016 of £1,637,000, payable on 17 June 2016.

## Administration and company secretarial services

Fund accounting administration services are provided to the Company by BNP Paribas Securities Services ("BPSS") pursuant to an Agreement dated 22 March 2005 as amended between the Company and BNP Paribas Fund Services UK Limited and novated to BPSS on 1 December 2008. The fee for these services is £41,000 per annum plus an ad valorem charge of £38,000. The Agreement with BPSS continues until terminated by either party on giving not less than six months' written notice.

Capita Registrars Limited ("Capita") provides company secretarial services pursuant to an Agreement dated 1 January 2013, and updated in June 2015 for a fee of £52,500 per annum. The Agreement with Capita continues until terminated by either party on giving not less than six months' written notice.

## Directors

The Directors of the Company at the date of this Report, and their biographical details, are shown on pages 22 and 23. Mr Alan Barber served as a Director during the year, retiring following the Company's AGM held on 10 June 2015.

The Company maintained a directors' and officers' liability insurance policy throughout the financial year.

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as directors, in which they are acquitted or judgement is given in their favour by the court.

To the extent permitted by law and by the Company's Articles of Association, the Company has, since 31 January 2016, entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities which may attach to them in their capacity as Directors of the Company. These provisions, which are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006, remain in force.

### Information about securities carrying voting rights

No changes to these holdings have been notified as at the date of this report.

The following information is disclosed in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the FCA Disclosure and Transparency Rules.

- In respect of the Company's shares, there are no:
  - (i) restrictions on the transfer of or in respect of the voting rights of the Company's shares;
  - (ii) agreements, known to the Company, between holders of securities regarding the transfer of such shares;
  - (iii) special rights with regard to control of the Company attaching to any such shares; and
  - (iv) restrictions on voting rights and agreements which may result in such restrictions.
- Details of the significant direct or indirect holdings of the Company's shares are shown in the table below;
- The rules on the appointment and replacement of the Directors are set out in the Company's Articles of Association (the "Articles").

- The Company may by ordinary resolution suspend or relax to any extent, in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of the Directors or of a Committee of the Directors.
- Subject to the provisions of the Companies Act, the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special power given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- There are no agreements:
  - (i) to which the Company is a party that might affect its control following a takeover bid; and
  - (ii) between the Company and its Directors concerning compensation for loss of office.

### Resolutions of the Annual General Meeting

A full explanation of the resolutions being proposed at the AGM may be found on pages 75 and 76.

The Board considers that all of the resolutions are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings.

### Annual General Meeting

The AGM of the Company will be held on 8 June 2016 at 3pm in the City of London Club, Old Broad Street, London EC2N 1DS.

### Substantial share interests

Significant direct or indirect interests	At 31 January 2016		At 31 March 2016	
	Ordinary shares	% of voting rights	Ordinary shares	% of voting rights
Witan Wisdom Savings Scheme	9,774,610	14.92%	9,742,479	14.85%
Wells Capital Management	6,851,797	10.28%	7,020,999	10.70%
1607 Capital Partners LLC	4,281,911	6.36%	4,334,191	6.61%
Charles Stanley	3,247,050	4.95%	3,233,400	4.93%
Rathbones	2,780,000	4.23%	2,864,646	4.37%
Wesleyan Assurance	2,899,170	4.41%	2,780,000	4.24%
Alliance Trust Savings	2,138,154	3.32%	2,139,638	3.26%

Source: RDIR share register analysis.

### Independent Auditors

PricewaterhouseCoopers LLP, the Independent Auditors of the Company, have indicated their willingness to continue in office. The Audit and Management Engagement Committee has responsibility for making a recommendation to the Board on the reappointment of the Independent Auditor. After careful consideration of the services provided to the Company during the year and a review of the effectiveness of the Independent Auditor; the Audit and Management Engagement Committee has recommended that PricewaterhouseCoopers LLP be reappointed as the Company's Independent Auditors. Accordingly, resolutions are to be proposed at the forthcoming AGM for their reappointment and to authorise the Directors to agree their remuneration for the ensuing year. When considering the continuing appointment of PricewaterhouseCoopers LLP the Company considered the objectivity as well as the performance of PricewaterhouseCoopers.

### Disclosure of information to Auditors

The Directors who held office at the date of the approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Independent Auditors are unaware. Each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditors are aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Greenhouse gas emissions

The Company has no employees nor property, and it does not combust any fuel or operate any facility. The Company does not purchase electricity, heat, steam or cooling for its own use. The Company outsources all services on a fee basis, and, as such it is not practical to attempt to measure or quantify emissions in respect of any outsourced energy use. The Directors consider that the activities of the Company do generate a small amount of Greenhouse gases in the form of incidental transport, use of personal computers and other activities which it is not required to report on. During the year ended 31 January 2016, the Board travelled to Asia and America to meet with the Company's portfolio managers. The measurable amount of carbon dioxide equivalent CO<sub>2</sub>e produced over the course of this trip was 47.71 tonnes, being 7.95 tonnes per Director.

Please see table and methodology below:

### Global GHG emissions data for the period 1 February 2015 to 31 January 2016

<b>Emissions from:</b>	<b>Tonnes of CO<sub>2</sub>e Current reporting year 2015-16</b>
Air transport	<b>47.71</b>
Company's chosen intensity measurement: Emissions reported per Director <sup>1</sup>	<b>7.95</b>

<sup>1</sup> Six Directors held office at the time the travel took place.

### Methodology

The Company has reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Company has used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2014.

### Post year end events

Save as otherwise disclosed, there have been no important events to disclose since the end of the year under review.

### Listing Rule 9.8.4

Listing rule 9.8.4 requires the Company to disclose specific information in a single identifiable section of the Annual Report. The Directors confirm that there are no disclosures required to be made under Listing Rule 9.8.4.



# Corporate governance statement

## Background

The UKLA Rules require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code") as issued by the Financial Reporting Council ("FRC") in September 2014 are applicable to the year under review and can be viewed at [www.frc.org.uk](http://www.frc.org.uk).

The related Code of Corporate Governance (the "AIC Code") issued by the Association of the Investment Companies ("AIC") in February 2015 provides specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies ("AIC Guide") will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the UKLA. The AIC Code can be viewed at [www.theaic.co.uk](http://www.theaic.co.uk).

## Compliance

Except as specified below, throughout the year ended 31 January 2016 the Company complied with the principles and recommendations of the AIC Code and the related AIC Guide which incorporates the UK Code. The Board attaches great importance to the matters set out in the Code and strives to observe its principles. Accordingly the table below reports on compliance with the recommendations of the AIC Code and the related AIC Guide.

It should be noted that as an investment trust, all the Directors are non executive and most of the Company's day-to-day responsibilities are delegated to third parties. Consequently, the Company has not reported on those provisions of the UK Corporate Governance Code relating to the role of the Chief Executive, executive remuneration or the need for an internal audit function.

### The Principles of the AIC Code

The AIC Code is made up of twenty-one principles over three sections covering:

- The Board;
- Board meetings and relations with the portfolio managers; and
- Shareholder communications.

## BOARD

AIC Code Principle	Implementation
<b>1 The Chairman should be independent.</b>	<p>On her appointment as Chairman in June 2014, Mrs Bates was considered to be, and remains, independent. There is a clear division of responsibility between the Chairman, the Directors, the Executive Manager, the portfolio managers and the Company's other third party service providers. No one individual has unfettered powers of decision. The Chairman is responsible for leading the Board, ensuring its effectiveness on all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.</p>
<b>2 A majority of the Board should be independent of the Manager.</b>	<p>At 31 January 2016, the Board comprised five independent non executive Directors, the independence of the Directors is reviewed annually. The Board considers that there was an independent majority, during the year under review and up to the date of this report, which will continue to be able to act independently of the Executive Manager, Witan Investment Services Limited, and of the portfolio managers.</p> <p>All the Directors are independent of the Company itself as, in the opinion of the Board, each Director is independent in character and judgement and there are no relationships or circumstances relating to the Company that are likely to affect their judgement. Mr Robson has been a director of Shires Income plc ("Shires Income") since May 2008. Shires Income is managed on an arms-length basis by Aberdeen Fund Managers Limited, which is part of the same group as Aberdeen Asset Managers Asia Limited, one of the Company's three portfolio managers.</p> <p>The Board considers that the Company's arrangements differ from those traditionally found elsewhere. Witan Pacific is itself the Alternative Investment Manager (in accordance with the Alternative Investment Fund Managers Directive) and has unbundled the various services it requires into different contractual arrangements. Witan Investment Services has responsibility for executive management and coordination of the other providers including day to day oversight of the portfolio managers. There is a separate accounting and also a separate Company Secretarial provider. The Company's portfolio managers provide solely stock selection and asset allocation management. The Board therefore believes the above mentioned circumstances underpin Mr Robson's independence.</p> <p>Similarly, notwithstanding that Mrs Bates has served as a Director for more than nine years, in view of her extensive experience within the investment company sector, which enhances and does not compromise her contribution to the Board and its Committees, the Board considers that Mrs Bates remains independent.</p> <p>Whilst the Board currently comprises only Directors who are considered to be independent, it is nevertheless prepared to have a minority of non-independent Directors should this be considered appropriate at any stage. There is no Chief Executive position within the Company, and the day-to-day management of the Company's affairs has been delegated to third party providers.</p>
<b>3 Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.</b>	<p>New Directors stand for election at the first AGM following their appointment and thereafter all Directors submit themselves for re-election at least every three years in accordance with the AIC Code. The Board, through the Nomination and Remuneration Committee, considers the structure of the Board annually and recognises that any term beyond six years should be subject to particularly rigorous review and should take into account the need for progressive refreshing of the Board.</p> <p>Recommendation for re-election is based on the continuing effectiveness of the Director established through a rigorous annual evaluation of the Board and individual Directors which is described more fully on page 37.</p>

- 4 The Board should have a policy on tenure, which is disclosed in the annual report.** The Board acknowledges the AIC Code provisions relating to tenure. Directors serving longer than nine years are subject to annual re-election. The Board does not, however, have a pre-set criterion for retirement based on length of service believing that recommendation for re-election should be on an individual basis following rigorous review. The terms and conditions for the appointment of non executive Directors are available for inspection at the registered office of the Company and at the AGM.
- 5 There should be full disclosure of information about the Board.** All the Directors are resident in the UK and their biographical details which are set out on pages 22 and 23 demonstrate the wide range of skills and experience that they bring to the Board. In view of the Company's size and as the Board is comprised of only five Directors, all of whom are independent, the Board considers it sensible for all the Directors to be members of the Audit and Management Engagement Committee and of the Nomination and Remuneration Committee.
- Mrs Bates is a member of these Committees but following her appointment as Chairman, no longer acts as Chairman of any Committee. Mr McMeekin succeeded Mrs Bates as Chairman of the Nomination and Remuneration Committee and as Senior Independent Director in June 2014.
- Terms of Reference for both Committees are available on the Company's website or upon request from the Company Secretary.
- 6 The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.** The Nomination and Remuneration Committee regularly conducts a skills audit to enable the Board to identify any skill shortages.
- 7 The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.** The Board has formalised a process to evaluate its own performance and that of its Chairman and of its Committees on an annual basis. This process is based on open discussion and assessment of the strengths and weaknesses of the Board and its Committees, with the Directors making recommendations to improve performance where necessary. The assessment covers the functioning of the Board as a whole and a similar review of the effectiveness of the Board Committees is also carried out. The Chairman also reviews with each of the Directors their individual performance, contribution and commitment to the Company and any further development of skills. Following discussions with the other Directors, the Senior Independent Director similarly reviews with the Chairman, her performance. The Nomination and Remuneration Committee receives relevant points arising from the performance evaluation process and then considers the information when making a recommendation to the Board regarding the election and re-election of Directors. The independence of all Directors is also assessed as part of the process.
- Although, the Board does not consider it necessary at present to employ the services or to incur the additional expense of an external third party to conduct the evaluation process, it continues to review each year whether an external evaluation should be undertaken.
- 8 Director remuneration should reflect their duties, responsibilities and the value of their time spent.** The Nomination and Remuneration Committee each year reviews the fees paid to the non executive Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. When assessing the appropriate level of remuneration of the Directors, the Nomination and Remuneration Committee considers the relative complexity of the Company's multi-manager structure as well as the increasingly regulated environment in which investment trusts operate.
- Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on pages 39 to 42.

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- 9 The independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.** The Nomination and Remuneration Committee considers the criteria for future Board appointments and the methods of recruitment, selection and appointment. All members of the Committee are independent. No Directors were appointed during the 12 months to 31 January 2016.
- 
- 10 Directors should be offered relevant training and induction.** On an ongoing basis, Directors are given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.
- 
- 11 The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.** Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

## BOARD MEETINGS AND RELATIONS WITH THE PORTFOLIO MANAGER

AIC Code Principle	Implementation
<p><b>12 Boards and Managers should operate in a supportive, co-operative and open environment.</b></p>	<p>The Board meets formally at least five times each year and representatives of the portfolio managers formally report to the Board, at Board meetings, on a regular basis. Representatives of the Executive Manager attend each Board meeting and certain committee meetings. The Chairman encourages open and constructive debate to foster a supportive and co-operative approach in Board meetings and for those meetings with the Company's portfolio managers.</p>
<p><b>13 The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.</b></p>	<p>The Board sets the investment parameters within which the portfolio managers operate. The portfolio managers decide on the purchase and sale of individual investments and also ensure that the Board receives all relevant management and financial information in a timely manner. Representatives of the portfolio managers attend at least three Board meetings a year (by video conference and in person) enabling the Board to review the portfolio managers' performance against the Company's investment objectives, the portfolio risk and attribution analysis and to seek clarification on specific investment issues.</p> <p>The Board has agreed a schedule of matters specifically reserved for decision by the Board including:</p> <ul style="list-style-type: none"> <li>■ corporate strategy;</li> <li>■ appointing the portfolio managers and other service providers;</li> <li>■ setting the overall objectives and investment restrictions within which the portfolio managers are free to operate;</li> <li>■ setting gearing and asset allocation limits and imposing limits on investment powers/changes, within which the portfolio managers have discretion to act;</li> <li>■ approving unquoted investments; and</li> <li>■ risk management.</li> </ul> <p>The Board has established a marketing and shareholder communication strategy which is implemented by the Executive Manager.</p> <p>Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's transactions and financial position and all Directors have timely access to all relevant management, financial and regulatory information.</p> <p>The Board reviews the Company's discount and has delegated limited authority to the Executive Manager, with input from the Chairman, to purchase the Company's shares where the share price is at a substantial and anomalous discount to NAV.</p> <p>A procedure is in place for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. There has been no professional advice taken individually by the Directors during the year which has incurred expense to the Company.</p>
<p><b>14 Boards should give sufficient attention to overall strategy.</b></p>	<p>The Board is responsible for determining the strategic direction of the Company. The Board has established a predetermined annual programme of agenda items under which it reviews the objectives and strategy for the Company, management, investment and marketing performance as well as other high-level management information including financial reports. The Board also meets on one additional day each year when it focuses on strategy and any specific issues that require greater attention.</p>



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- 15 The Board should regularly review both the performance of, and contractual arrangements with, the Manager (or executives of a self-managed Company).**
- The Board meets with the portfolio managers periodically to review their performance. The Board also considers the portfolio managers' performance at each Board meeting and receives appraisal of the portfolio managers' services from the Executive Manager, Witan Investment Services Limited. From time to time the Board visits the portfolio managers' offices so as to meet the portfolio managers and other supporting members of their teams. Most recently, the Directors travelled to Singapore, Hong Kong and San Francisco to meet with the portfolio managers in early 2015. The portfolio managers have also attended Board meetings throughout the year.
- The Investment Management Agreements ("IMAs") were entered into after full and proper consideration by the Board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the Company, and each contract is monitored on an annual basis by the Audit and Management Engagement Committee which also makes recommendations to the Board on the continuing appointment of each of the portfolio managers.
- In accordance with the requirements of the IMAs, the portfolio managers confirm to the Board on a monthly basis that an independent check has been carried out on compliance with the investment guidelines set by the Board.
- 
- 16 The Board should agree policies with the Manager covering key operational issues.**
- The Board has agreed detailed investment guidelines with the portfolio managers and takes the opportunity to review them regularly at Board meetings. The Board has delegated discretion to the portfolio managers to exercise voting powers on its behalf but reviews the portfolio managers' policies in this respect.
- 
- 17 Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.**
- The Board considers the discount to NAV of the Company's share price at every Board meeting.
- The Board uses share repurchases to help address imbalances in the demand for the Company's shares. Limited authority has been delegated to the Executive Manager to make purchases of shares which it does when necessary and in consultation with the Chairman. Details of repurchases are set out on page 24.
- The Board with the assistance of the Executive Manager considers:
- the investment mandate and objective;
  - the effectiveness of marketing and shareholder communication strategies;
  - measures of investor sentiment;
  - share buy-backs; and
  - the number and performance of comparable trusts in the Company's peer group.
- 
- 18 The Board should monitor and evaluate other service providers.**
- The Audit and Management Engagement Committee reviews annually the performance of all the Company's third-party providers including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders.

## SHAREHOLDER COMMUNICATIONS

AIC Code Principle	Implementation
<p><b>19 The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's view to shareholders.</b></p>	<p>Regular reports are submitted to the Board by the Executive Manager, the Company's broker and qualified independent industry consultants concerning the Company's shareholder make up and industry trends.</p> <p>A regular dialogue is maintained with the Company's institutional shareholders and private client asset managers. Representatives of the Board and the Executive Manager meet with institutional shareholders and private client asset managers during the course of the year to understand their issues and concerns which are then discussed at Board meetings. Shareholders wishing to communicate with the Chairman, the Senior Independent Director or any other member of the Board may do so by writing to the Company, for the attention of the Company Secretary, at the Registered Office. During the year the Chairman contacted the Company's top ten shareholders and is grateful for those who responded. All shareholders are encouraged to attend the AGM, where they are given the opportunity to question the Chairman and the Board.</p>
<p><b>20 The Board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the Manager is asked to act as spokesman.</b></p>	<p>The Executive Manager discusses with the Board all substantive communications regarding corporate issues and may be authorised to act as spokesman for the Company. The Executive Manager also discusses with the Board relevant promotional material that it is proposing to issue.</p>
<p><b>21 The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.</b></p>	<p>The Chairman is responsible for ensuring that there is effective communication with shareholders. The Company places great importance on communication with shareholders and aims to provide shareholders with a full understanding of the Company's activities and performance by means of informative Annual and Half Year reports. This is supplemented by the daily publication, through the London Stock Exchange, of the Net Asset Value of the Company's shares.</p> <p>The Witan Pacific website, <a href="http://www.witanpacific.com">www.witanpacific.com</a>, offers easy access to up-to-date information on the Company. It is regularly updated with monthly factsheets and enables investors to view the Company's Financial Reports and Announcements and useful information on portfolio assets and performance.</p> <p>The twenty largest holdings in the Portfolio are listed on pages 12 to 14 and the full portfolio listing is published monthly (with a 3 month lag) on the Company's website.</p>

## Board and Committee Meetings

### Attendance

The following table details the number of Board and Committee meetings attended by the Directors, against the number of meetings they were eligible to attend during the year under review.

	Board	Audit and Management Engagement Committee	Nomination and Remuneration Committee	Board Strategy
S Bates	7/7	3/3	2/2	1/1
D McMeekin	7/7	3/3	2/2	1/1
A Barber <sup>1</sup>	3/3	2/2	1/1	1/1
D Seymour-Williams	7/7	3/3	2/2	1/1
A Robson	7/7	3/3	1/2	1/1
S Platts-Martin	7/7	3/3	2/2	1/1

<sup>1</sup> A Barber retired at the conclusion of the AGM in June 2015.

No individuals other than the Committee Chairman and its members are entitled to be present at Committee meetings unless invited to attend by its members. Copies of the terms of reference for the Board Committees are available on the Company's website or from the Company Secretary.

During the year, the Directors also held four private sessions without any portfolio managers, the Executive Manager or the Company Secretary present.

### Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board subject to which the Board has delegated specific duties to an Audit and Management Engagement Committee and a Nomination and Remuneration Committee, both of which operate within written terms of reference. All Directors are members of each standing Committee of the Board. Capita Company Secretarial Services Limited acts as Secretary to the Board and its Committees.

## Audit and Management Engagement Committee

The Audit and Management Engagement Committee ("the Audit Committee") of the Company meets at least three times a year. During the year ended 31 January 2016 the Audit Committee met three times.

### Responsibilities of the Audit Committee

The Audit Committee's principal functions are to:

- monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- review the Company's internal financial controls and risk management systems;
- make recommendations to the Board on the continuing appointment and removal of the Independent Auditor;
- manage the relationship between the Company and the Independent Auditors, including reviewing the Independent Auditor's independence and objectivity as well as the effectiveness of the external audit process;
- make recommendations to the Board on the remuneration of the Independent Auditors;
- develop and implement policy on the engagement of the Independent Auditor to supply non-audit services; and
- review the performance of and contractual arrangements with, the portfolio managers and other third party service providers and make recommendations to the Board as to their continuing appointment.

## Significant issues

In relation to the Annual Report and Accounts for the year ended 31 January 2016, the following significant issues have been considered:

Significant issue	How the issue was addressed
Valuation and existence of investments	Listed investments are valued using stock exchange prices provided by third party pricing vendors. Investments in UCITS funds are priced using their published Net Asset Value. There were no unlisted investments held during the year. The Directors consider and review detailed portfolio valuations on a quarterly basis including a geographical and sector breakdown, most significant trades and largest active positions. Ownership of assets is verified by reconciliation with the Custodian's records. There were no significant matters during the year to report.
Recognition of income	Income received is accounted for in line with the Company's accounting policy. There were no significant matters during the year to report.
Performance fee	The calculation of the performance fee payable to Aberdeen Asset Managers Limited is reviewed by the Directors regularly at each Board meeting. There were no significant matters during the year to report.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Directors regularly receives updates from BPSS on the Company's compliance with the requirements of investment trust status. There were no significant matters during the year to report.
Maintaining internal controls	WIS reports to the Audit Committee on compliance and internal controls issues relating to the third party service providers. WIS's own internal controls procedures are evaluated by an external consultancy and the results of the review are reported to the Audit Committee. Additionally, the Audit Committee receives regular reports on internal controls from the Investment Managers, WIS and the Company's other third party service providers. The Audit Committee makes recommendations to the Board in respect of all third party service providers. There were no significant matters during the year to report.
Risk review	The Committee regularly reviews the Company's Risk Map and Matrix and keeps the key strategic risks facing the Company under particular scrutiny. There were no significant matters during the year to report.

## Composition of the Audit Committee and resources

Mr Robson, the Chairman of the Audit Committee is an experienced chartered accountant and is considered to have recent and relevant financial and investment experience as a result of his previous employment in accountancy and financial services sectors.

All of the Directors of the Company are members of the Audit Committee, each Director is considered to be independent and will count towards the independent majority. The Audit Committee as a whole considers that it has relevant financial and investment experience to help to carry out its role and duties to the Company and details of their experience are given on pages 22 and 23.

As the Company has no employees there is no dedicated resource to the Audit Committee. However, representatives from BNP Paribas Securities Services, which produces the financial information for the Company, are invited to attend and present on issues as required. In addition, representatives of the Executive Manager are invited to attend the Audit Committee meetings and are asked to present on specific issues.

The Audit Committee also has direct access to PricewaterhouseCoopers LLP, who act as Independent Auditor to the Company. The Independent Auditors attend the Audit Committee meeting to review the annual results and to discuss with the Audit Committee its comprehensive review of the scope and audit of the Company.

The Audit Committee is authorised to use whatever resources are required to fulfil its duties including seeking independent legal or other professional advice.

### **Independent Auditor**

The Audit Committee Chairman leads the relationship with the Independent Auditor. The Audit Partner attends the Audit Committee meetings as appropriate during the year. The Audit Committee reviews the performance of the Independent Auditor at least annually and is assisted by Witan Investment Services Limited in its review. The Audit Committee takes into account the standing, experience and tenure of the Audit Partner and her team, the nature and level of services provided, and confirmation that they have complied with the relevant UK independence standards.

On the basis of its assessment, the Audit Committee has recommended to the Board the continuing appointment of the Independent Auditor.

The Audit Committee also assesses the fee of the Independent Auditor and makes recommendations to the Board regarding their remuneration.

The appointment of the Independent Auditor was put out to tender in 2004. Independent Auditors are required to rotate the Audit Partner every five years and during 2014, a new Audit Partner with PricewaterhouseCoopers LLP was rotated on to the Company's account.

The Company has kept under review developments in the European Union in relation to mandatory rotation of audit firms; these have now been approved by the European Parliament and will be applicable to the Company. The Company fully intends to comply with these requirements when they become effective in the UK, the Company intends to conduct a tender and replace the Independent Auditor by 2019 when the current Audit Partner will be rotating off the account.

The Audit Committee has approved and implemented a policy on the engagement of the Independent Auditor to supply non-audit services whereby all non-audit services provided by PricewaterhouseCoopers LLP must first be agreed by the Audit Committee or the Board. In considering whether to engage the Independent Auditor for non-audit services, the Audit Committee considers the effect such work could have on the objectivity and independence of the Independent Auditor. Taking into account the recommendations of the FRC's Guidance on Audit Committees and does not believe there to be any impediment to the Independent Auditor's objectivity and independence.

Audit fees in the year ended 31 January 2016 amounted to £31,000. The cost of non-audit services for the financial year ended 31 January

2016 was £5,000 as stated in note 4 to the accounts and were related to PWC work on the Company's Taiwanese tax affairs. Following the year end, a further £4,000 (exclusive of VAT) was invoiced by PWC for a review of the Company's 2015 corporate tax computation. All non-audit fees were assurance related and are not considered material in nature in the context of the accounts.

### **Internal audit**

The Company does not have an internal audit function as it delegates most of its operations to third parties and does not employ any staff. The Administrator (BPSS) has established an internal controls framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients. The portfolio managers, the Administrator and the Company Secretary report on any breaches of law or regulation if and when they arise and periodically in scheduled Board reports. The Audit Committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the internal audit controls which exist within its third party providers and that it is not necessary to have an internal audit function.

The Company does not have a whistleblowing policy and procedure in place. The Company delegates its main functions to third party providers who have such policies in place and the Audit Committee understands that these policies meet the industry standards and reviews these arrangements. Similarly, the Audit Committee requires the third party service providers to supply details of their anti-bribery policies and compliance at least annually and also maintains and reviews the Company's own anti-bribery policy.

### **Going concern**

The activities of the Company, together with the factors likely to affect its future development, performance, financial position, its cash flows and liquidity position are described in the Strategic Report.

In addition, the Company's policies and processes for managing its key risks are described in note 17 on pages 60 to 64.

The assets of the Company consist mainly of securities which are readily realisable, and, as at 31 January 2016 the Company's total assets less current liabilities were in excess of £170 million. As a consequence, the Directors believe that the Company continues to be well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this Annual Report and Accounts.



## Nomination and Remuneration Committee

The primary role of the Nomination and Remuneration Committee (the "Nomination Committee") is to review and make recommendations with regard to the Board structure, size and composition, balance of knowledge, experience and skills of the Board members and consider succession planning and tenure policy as well as reviewing the Directors' level of remuneration. It also agrees the criteria for future Board appointments and the methods of recruitment, selection and appointment.

The Committee considers and makes recommendations with regard to Committee membership, the reappointment of those Directors standing for re-election at AGMs, variations in terms of appointment and the question of each Director's independence prior to publication of the Annual Report and Accounts. The Nomination Committee is chaired by Mr McMeekin. The Nomination Committee's terms of reference provide that the Chairman of the Committee also acts as the Senior Independent Director.

The Nomination Committee meets at least twice each year, receives feedback from the Chairman on the Directors' performance through the evaluation process and considers those Directors who are to retire by rotation at the AGM, making recommendations to the Board on their re-election.

At the Nomination Committee meeting held in March 2016, the Committee considered the requirement for Mrs Bates, who has served as a Director for more than nine years, to retire at the AGM pursuant to Principle 3 of the AIC Code. The Nomination Committee undertook a rigorous review of the performance and individual contribution to the Board of Mrs Bates in view of her length of service. The Committee concluded that her extensive experience within the investment company sector enabled her to make significant contributions to the Board and its management of the Company. After due consideration, the Committee recommended to the Board that a resolution be put to shareholders at the AGM that, being eligible and willing to act, Mrs Bates be re-elected as a Director of the Company.

Details of the Committee's activities in relation to Directors' remuneration are set out in the Directors' Report on pages 39 to 42, together with information on the fees paid to Directors during the year under review.

## Internal controls and management of risk

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness, ensuring that

the risk management and control processes are embedded in day-to-day operations. The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Company. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records maintained and the financial information used within the business and for publication is reliable. The Board has exercised its control of financial, operational and compliance risks and of overall risk management by relying on regular reports on performance attribution and other management information provided by the Executive Manager and the portfolio managers. The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve the investment objective and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board, through the Audit Committee, has carried out and documented a risk and control assessment, which was reviewed during the year, is monitored regularly and is subject to detailed annual review.
- The responsibilities for the investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement each other to safeguard the Company's assets.
- The Board is responsible for setting the overall investment policy and monitoring the actions of the portfolio managers at regular Board Meetings. The Board reviews information produced by the portfolio managers in detail on a monthly basis and is assisted by the Executive Manager which oversees and monitors the portfolio managers.
- Administration and Company Secretarial services are provided by BPSS and Capita Company Secretarial Services Limited ("Capita") respectively. BPSS and Capita report to the Board at least on a quarterly basis as well as on an ad hoc basis, as necessary. In addition the Board reviews independent reports on the testing of the internal controls of BPSS.

Safekeeping of the Company's assets is undertaken by an independent custodian, JP Morgan Chase Bank N.A. The custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

- The duties and responsibilities of the Company's agents and advisers are clearly defined in the terms of their contracts of engagement. The appointment of agents and advisers is conducted by the Board after consideration of the expertise of each party and the Board monitors their ongoing performance and contractual arrangements to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.

Through the application of the procedures set out above, and in accordance with the Financial Reporting Council's 'Guidance on Audit Committees' dated September 2012 and its 'Risk Management, Internal Control and Related Financial and Business Reporting' dated September 2014 and, up to the date of this report, the Directors have kept under review the effectiveness of the Company's internal controls throughout the year. During the course of its review of the system of internal controls systems, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

By order of the Board

**Capita Company Secretarial Services Limited**

Company Secretary  
22 April 2016

# Directors' Remuneration Report

This Report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

## Annual statement from the Chair of the Nomination and Remuneration Committee

The Committee consists of all of the Directors of the Company whose names and roles are set out on pages 22 and 23 of the Directors report. During the year under review, the Committee met twice and reviewed the quantum of remuneration for each of the Directors. The remuneration of each Director is discussed with the Chairman of the Company and individual non executive Directors are excluded from any discussion in relation to their own remuneration. As part of the process, the Committee considered:

- how Director compensation should be positioned relative to the Company's peers;
- the outcome of the annual review of the performance of the Board as a whole including the quality of contributions from individual Directors;
- the greater time commitment required of Directors of a trust with a multi-manager structure; and
- the increasingly regulated nature of the investment trust industry, epitomised by the Company becoming authorised with the Financial Conduct Authority as a small registered self-managed AIFM.

Following a review of the time commitment required, the nature of the roles which took account of the more complex multi-manager structure used by the Company, the Committee recommended to the Board that the remuneration of the Senior Independent Director (Mr McMeekin) and the Chairman of the Audit and Management Engagement Committee (Mr Robson) be increased with effect from 1 August 2015 and 1 November 2015 respectively. Details of the increase may be found in the notes to the table on page 41. When contemplating the increase in remuneration for Mr McMeekin and Mr Robson, the Directors conducted a review of director remuneration for similar roles across a number of other investment trusts of a similar size and/or complexity. The Directors feel that the increase in remuneration for both Mr McMeekin and Mr Robson was fair in the circumstances and in line with industry practice and good governance. Neither Mr McMeekin nor Mr Robson was present when the increase in their respective remuneration was considered and agreed.

## ANNUAL REPORT ON REMUNERATION

The following section provides shareholders with an understanding of how the Company's remuneration policy has been implemented during the year.

The Board is satisfied that the changes to the remuneration of the Senior Independent Director and the Audit and Management Engagement Committee Chairman are compliant with the Company's remuneration policy, which was approved by shareholder vote at the Company's AGM held on 9 June 2014 and is in the best interests of shareholders. The details of the policy are set out on pages 38 and 39 of the Company's 2014 Annual Report and Accounts which is available to view from the Company's website or on request from the Company Secretary.

## Board composition

As at 31 January 2016, the Board comprised five non executive Directors, all of whom were independent of the portfolio managers. In accordance with the Company's Articles of Association, new Directors are required to stand for election at the first AGM following their appointment, and thereafter, are required to retire by rotation, so that over a three-year period all Directors have retired from the Board and have offered themselves for re-election. In accordance with the AIC Code of Corporate Governance, Directors who have served on the Board for more than nine years must offer themselves for re-election on an annual basis.

## Scheme interests awarded during the financial year (audited)

The Company does not operate a share incentive plan. None of the Directors receive any remuneration or any part of their fee in the form of shares in the Company, options to subscribe for shares, warrants or any other equity based scheme.

## Directors' interests (audited)

The Company does not have any requirement for any Director to own shares in the Company. The interests of the Directors of the Company (including their connected persons) as at 31 January 2016 are as follows:

Director	Type of holding	No of fully paid Ordinary 25p shares	
		31 January 2016	31 January 2015
S Bates	Beneficial	64,200	64,200
D Seymour-Williams	Beneficial	15,000	15,000
D McMeekin	Beneficial	15,000	15,000
S Platts-Martin	Beneficial	9,000	4,000
A Robson	Beneficial	12,000	5,000

The Directors' interests in shares remained unchanged as at 22 April 2016.

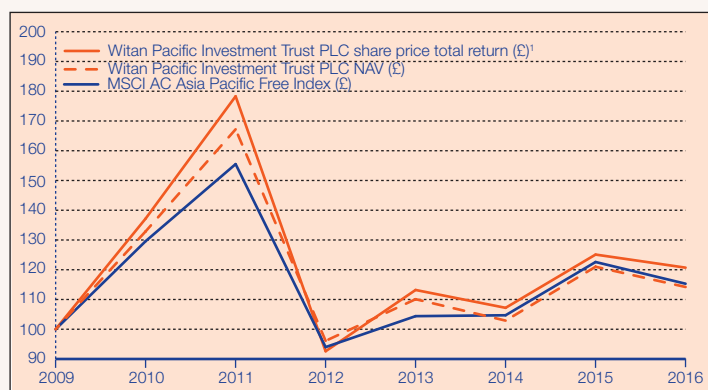
### The consideration of Directors' remuneration

The Committee considered the remuneration of the Directors at a meeting held on 23 November 2015 at which all Directors of the Company were present. No person provided to the Committee advice or services that materially assisted the Committee in respect of their consideration of Directors' remuneration.

### Company performance

The Board is responsible for the Company's investment strategy and performance, although day-to-day management of the Company's investment portfolios is delegated to the portfolio managers. An explanation of the performance of the Company is given in the Chairman's statement.

### Performance graph



\*Total returns include dividends reinvested.

Source: Morningstar

The performance graph above shows the share price total return to ordinary shareholders since 31 January 2009 compared to the total return of the MSCI All Country Asia Pacific Free Index, the benchmark index against which the Company's performance is measured which matches the Company's mandate.

### Relative importance of the spend on pay

The table below sets out, in respect of the financial years ended 31 January 2016 and 31 January 2015, Directors' fees as a relative proportion of the Company's outgoings.

	Year ended 31 January 2016 £'000	Year ended 31 January 2015 £'000	Change %
Management fees including Performance fees	834 <sup>2</sup>	933	-10.6
Dividends	3,054 <sup>3</sup>	3,000	+1.8
Share buy-backs	514 <sup>4</sup>	225	+128.4
Total Directors' fees <sup>1</sup>	143	141	+1.4

- 1 The 2016 figure includes fees received by Mr A Barber who ceased to be a Director of the Company on 10 June 2015. The 2015 figure includes fees received by Mrs G Nott who ceased to be a Director of the Company on 9 June 2014 and also includes fees paid to Mrs S Platts-Martin and Mr A Robson who were both appointed as Directors of the Company on 15 July 2014.
- 2 This figure has been taken from the statement of comprehensive income.
- 3 The figure for this measure is taken from note 8 to the financial statements but does not include refund of unclaimed dividends.
- 4 This figure has been taken from the statement of changes in equity.

As the Company has no employees and undertakes all its operations through portfolio managers and other service providers, the spend on management fees, alongside dividends and share buy-backs, was chosen to assist the shareholders in understanding the relative importance of spend on Directors' fees.

## Directors' emoluments for the year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

Director	Fees paid 2016 £	Fees paid 2015 £	Taxable benefit 2016 £	Taxable benefit 2015 £	Total 2016 £	Total 2015 £
G Nott (Chairman to 9 June 2014) <sup>1</sup>	–	13,583	–	–	–	13,583
S Bates (Chairman from 9 June 2014) <sup>2</sup>	<b>38,872</b>	32,505	–	–	<b>38,872</b>	32,505
A Barber (Chairman of the Audit and Management Engagement Committee to 10 June 2015) <sup>3</sup>	<b>9,181</b>	24,720	–	–	<b>9,181</b>	24,720
D McMeekin (Chairman of the Nomination and Remuneration Committee) <sup>4</sup>	<b>24,113</b>	22,660	–	–	<b>24,113</b>	22,660
D Seymour-Williams (Director)	<b>23,113</b>	22,660	–	–	<b>23,113</b>	22,660
A Robson (Chairman of the Audit and Management Engagement Committee, from 10 June 2015) <sup>5,6</sup>	<b>24,707</b>	12,463	–	–	<b>24,707</b>	12,463
S Platts-Martin (Director) <sup>6</sup>	<b>23,113</b>	12,463	–	–	<b>23,113</b>	12,463
<b>Totals</b>	<b>143,099</b>	141,054	–	–	<b>143,099</b>	141,054

1 Mrs Nott retired and resigned as a Director and as Chairman on 9 June 2014.

2 Mrs Bates succeeded Mrs Nott as Chairman on 9 June 2014; at that time her annual fee increased from £22,000 paid to 31 January 2014 to £38,110, which was equal to the annual fee previously paid to Mrs Nott for acting as Chairman in 2014. For the period 1 February 2014 to 9 June 2014, Mrs Bates was paid £8,076 for acting in her role as a non-executive Director; after her appointment as Chairman she was paid £24,429 for the period from 10 June 2014 to 31 January 2015.

3 Mr Barber retired and resigned as a Director and as Chairman of the Audit and Management Engagement Committee on 10 June 2015.

4 During the year and without Mr McMeekin being present, the Directors agreed to increase the annual fee paid to Mr McMeekin by £2,000 for acting as Senior Independent Director, increasing his overall remuneration from £23,113 to £25,113 with effect from 1 August 2015. For the period from 1 February 2015 to 31 July 2015, Mr McMeekin was paid £11,556 and was paid £12,557 for the period from 1 August 2015 to 31 January 2016.

5 Mr Robson was appointed as Chairman of the Audit and Management Engagement Committee on 10 June 2015; at that time his annual fee increased from £22,660 to £24,720, which was equal to the fee previously paid to Mr Barber for acting as Chairman of the Audit and Management Engagement Committee. Subsequently, the Directors, without Mr Robson being present, agreed that the Chairman of the Audit and Management Committee be paid £3,000 as an additional fee for fulfilling that role. Accordingly, Mr Robson's fee was increased by £898 to £26,113 with effect from 1 November 2015. For the period from 1 February 2015 to 9 June 2015, Mr Robson was paid £8,461; for the period 10 June 2015 to 31 October 2015 Mr Robson was paid £9,718; and for the period 1 November 2015 to 31 January 2016, Mr Robson received £6,528.

6 Mr Robson and Ms Platts-Martin were appointed Directors on 15 July 2014.

The amounts paid by the Company to the Directors were for services as non executive Directors.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £175,000 per annum.

### Loss of Office (audited)

Directors do not have service contracts with the Company but are engaged under letters of appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

### Sums Paid to Third Parties

None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

### Other Benefits

The Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them

in connection with the performance of their duties and attendance at Board and General Meetings.

As non executive Directors, none of the Directors of the Company is entitled to any pension contribution from the Company.

### Statement of Voting at the AGM

The table below sets out the voting at the Company's AGM held on 9 June 2014 in respect of the resolution proposed to approve the Company's remuneration policy. This was the last date that the Company's remuneration policy was put to shareholders and the policy will remain in effect until the Company's AGM to be held in 2017. The table below also sets out the voting at the Company's AGM held on 10 June 2015 in respect of the resolution proposed to approve the Directors' Remuneration Report detailing how the policy had been applied for the year to 31 January 2015.

Resolution	Votes withheld %	Votes against %	Votes for <sup>1</sup> %
To approve the Company's remuneration policy (2014)	1.73	1.31	98.69
To approve the Directors' remuneration report (2015)	0.37	0.81	99.13

<sup>1</sup> Votes for include discretionary proxy votes granted to the Chairman by shareholders.

### **Implementation of the remuneration policy for the year to 31 January 2017**

The overwhelmingly positive votes in favour of both the resolution in 2014 to approve the Company's Remuneration Policy and in 2015 to approve the Directors' Remuneration Report indicated strong support for both the Company's policy on Directors' remuneration and the implementation of that policy. As such, no significant changes are expected in the Company's approach to Director remuneration, however, the Company's policy and the overall remuneration of each Director will continue to be monitored by the Committee taking into account those matters referred to in the annual statement above.

### **Approval of the Annual Report on Remuneration**

The annual report on remuneration was approved by the Board on 22 April 2016.

On behalf of the Board

**Dermot McMeekin**

Chairman of the Nomination and Remuneration Committee

22 April 2016



# 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, the Directors' Remuneration 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 have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. 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 applicable UK 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 and the Directors' Remuneration Report 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 financial statements are published on [www.witanpacific.com](http://www.witanpacific.com), which is a website maintained by the Company's Executive Manager, Witan Investment Services Limited ("WIS"). The Directors are responsible for the maintenance and integrity of the Company's website. The work carried out by the Independent Auditors does not involve consideration of the maintenance and integrity of the website and accordingly, the Independent Auditors accept no responsibility for any changes that have occurred to the Annual Report and Accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts as a whole, are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy.

## Statement under DTR 4.1.12

Each of the Directors, whose names and functions are listed on pages 22 and 23, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

## Sarah Bates

Chairman  
22 April 2016

# Independent Auditors' report

to the members of Witan Pacific Investment Trust PLC

## Report on the financial statements

### Our opinion

In our opinion, Witan Pacific Investment Trust PLC's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

Witan Pacific Investment Trust PLC's financial statements comprise:

- the Statement of financial position as at 31 January 2016;
- the Statement of Comprehensive income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

## Our audit approach

### Overview

**Materiality** ■ Overall materiality: £1.7 million which represents 1% of net assets.

### Audit Scope

- The company is a standalone Investment Trust Company and engages Aberdeen Asset Managers Limited, Matthews International Capital Management LLC and Gavekal Capital Limited (the 'Managers') to manage its assets.
- We conducted our audit of the financial statements at BNP Paribas Securities Services (the 'Administrator') to whom the company has delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the company operates.

### Areas of focus

- Revenue recognition.
- Valuation and existence of investments.

### *The scope of our audit and our areas of focus*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

## AREA OF FOCUS

### *Revenue recognition*

*Refer to pages 27 to 38 (Corporate Governance Statement), pages 52 to 54 (Accounting Policies) and pages 52 to 65 (notes to the financial statements).*

We focused on the accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.

We also focused on the calculation of realised and unrealised gains or losses on the investment portfolio.

## HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS

We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.

We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.

In addition, we tested dividend amounts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified which required reporting to those charged with governance.

To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends.

We tested the allocation and presentation of dividend income between the income and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. We then tested the validity of special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.

We have also tested the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. For realised gains or losses, we tested purchases and sales amounts to bank statements and we re-performed the calculation of a sample of realised gains or losses. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. No misstatements were identified by our testing which required reporting to those charged with governance.

### *Valuation and existence of investments*

*Refer to pages 27 to 38 (Corporate Governance Statement), pages 52 to 54 (Accounting Policies) and pages 52 to 65 (notes to the financial statements).*

The investment portfolio at the year-end was valued at £166.25 million.

We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of financial position in the financial statements.

We tested the valuation of the investment portfolio by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.

We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from JP Morgan Chase Bank N.A. No differences were identified by our testing which require reporting to those charged with governance.

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the company, the involvement of the Managers and Administrator, the accounting processes and controls, and the industry in which the company operates.

The company's accounting is delegated to the Administrator who maintain their own accounting records and controls and report to the directors.

As part of our risk assessment, we assessed the control environment in place at both the Managers and the Administrator to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports issued by the independent auditors of the Managers and the Administrator in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and Administrator's control environment and to consider the operating and accounting structure at both the Manager and the Administrator. Following the assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

**Overall materiality** £1.7 million (2015: £1.8 million).

**How we determined it** 1% of net assets.

**Rationale for benchmark applied** We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £85,000 (2015: £92,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

*Going concern*

Under the Listing Rules we are required to review the directors' statement, set out on page 36, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the company's financial statements using the going concern basis of accounting. The going concern basis presumes that the company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the company's ability to continue as a going concern.

**Other required reporting**

**Consistency of other information**

*Companies Act 2006 opinion*

In our opinion 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.

*ISAs (UK & Ireland) reporting*

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

<p>■ information in the Annual Report is:</p> <ul style="list-style-type: none"> <li>– materially inconsistent with the information in the audited financial statements; or</li> <li>– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or</li> <li>– otherwise misleading.</li> </ul>	<p>We have no exceptions to report.</p>
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■ the statement given by the directors on page 43, in accordance with provision C.1.1 of the UK Corporate Governance Code (“the Code”), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the company’s performance, business model and strategy is materially inconsistent with our knowledge of the company acquired in the course of performing our audit.

We have no exceptions to report.

■ the section of the Annual Report on pages 34 to 36, as required by provision We have no exceptions to C.3.8 of the Code, describing the work of the Audit Committee does appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report.

**The directors’ assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company**

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

■ the directors’ confirmation on pages 37 to 38 of the Annual Report, in accordance with provision C2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

We have nothing material to add or to draw attention to.

■ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

We have nothing material to add or to draw attention to.

■ the directors’ explanation on pages 20 to 21 of the Annual Report, in accordance with provision C2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors’ statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors’ statement in relation to the longer-term viability of the company, set out on pages 20 to 21. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors’ process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors’ remuneration**

*Directors’ remuneration report – Companies Act 2006 opinion*

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

*Other Companies Act 2006 reporting*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors’ remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Corporate governance statement**

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company’s compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Sally Cosgrove (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 April 2016



## Statement of comprehensive income

for the year ended 31 January 2016

	Revenue notes	Capital notes	Year ended 31 January 2016			Year ended 31 January 2015		
			Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss		9	–	(13,038)	(13,038)	–	25,314	25,314
Exchange losses		15	–	(123)	(123)	–	(68)	(68)
Investment income	2		4,782	–	4,782	4,464	–	4,464
Management fees	3		(834)	–	(834)	(830)	–	(830)
Performance fees			–	–	–	–	(103)	(103)
Other expenses	4	15	(807)	(35)	(842)	(722)	(43)	(765)
<b>Net (loss)/return before finance charges and taxation</b>			<b>3,141</b>	<b>(13,196)</b>	<b>(10,055)</b>	2,912	25,100	28,012
Finance charges	5		–	–	–	(17)	–	(17)
<b>Net (loss)/return on ordinary activities before taxation</b>			<b>3,141</b>	<b>(13,196)</b>	<b>(10,055)</b>	2,895	25,100	27,995
Taxation on ordinary activities	6	6	(305)	–	(305)	(267)	–	(267)
<b>Net (loss)/return on ordinary activities after taxation</b>			<b>2,836</b>	<b>(13,196)</b>	<b>(10,360)</b>	2,628	25,100	27,728
<b>Basic and diluted return per ordinary share – pence</b>	7	7	<b>4.31</b>	<b>(20.03)</b>	<b>(15.72)</b>	3.98	38.05	42.03

All revenue and capital items in the above statement derive from continuing operations. The total columns of this statement represents the profit and loss account of the Company. The revenue return and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company had no other comprehensive income, recognised gains or losses other than those disclosed in this statement.

There is no material difference between the net return/(loss) on ordinary activities before taxation and the net return/(loss) for the financial year stated above and their historical costs equivalents.

# Statement of changes in equity

for the year ended 31 January 2016

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>Year ended 31 January 2016</b>							
At 1 February 2015		16,486	5	41,085	115,636	11,068	184,280
Net return on ordinary activities after taxation		–	–	–	(13,196)	2,836	(10,360)
Purchase of own shares	13	–	–	–	(514)	–	(514)
Dividends paid	8	–	–	–	–	(3,018)	(3,018)
<b>At 31 January 2016</b>		<b>16,486</b>	<b>5</b>	<b>41,085</b>	<b>101,926</b>	<b>10,886</b>	<b>170,388</b>
<b>Year ended 31 January 2015</b>							
At 1 February 2014		16,512	5	41,059	90,761	11,409	159,746
Net return on ordinary activities after taxation		–	–	–	25,100	2,628	27,728
Purchase of own shares	13	(26)	–	26	(225)	–	(225)
Dividends paid	8	–	–	–	–	(2,969)	(2,969)
<b>At 31 January 2015</b>		<b>16,486</b>	<b>5</b>	<b>41,085</b>	<b>115,636</b>	<b>11,068</b>	<b>184,280</b>

The notes on pages 52 to 65 form an integral part of these financial statements.

# Statement of financial position

at 31 January 2016

	Notes	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	9	<b>166,251</b>	178,620
<b>Current assets</b>			
Debtors	10	<b>737</b>	986
Cash at bank and in hand		<b>5,412</b>	5,893
		<b>6,149</b>	6,879
<b>Creditors:</b>			
Amounts falling due within one year	11	<b>(2,012)</b>	(1,219)
		<b>(2,012)</b>	(1,219)
<b>Net current assets</b>		<b>4,137</b>	5,660
<b>Total assets less current liabilities</b>		<b>170,388</b>	184,280
Provisions for liabilities and charges	12	<b>–</b>	–
<b>Net assets</b>		<b>170,388</b>	184,280
<b>Capital and reserves</b>			
Called up share capital	13	<b>16,486</b>	16,486
Share premium account		<b>5</b>	5
Capital redemption reserve	14	<b>41,085</b>	41,085
Capital reserves	15	<b>101,926</b>	115,636
Revenue reserve	15	<b>10,886</b>	11,068
<b>Total shareholders' funds</b>		<b>170,388</b>	184,280
<b>Net Asset Value per Ordinary share – pence (basic and diluted)</b>	16	<b>259.27</b>	279.45

The financial statements on pages 49 to 51 were authorised and approved by the Board of Directors on 22 April 2016 and signed on its behalf by:

**Sarah Bates**, Chairman

The notes on pages 52 to 65 form an integral part of these financial statements.  
Company Registration Number 91798

# Notes to the financial statements

for the year ended 31 January 2016

## 1 Significant accounting policies

### (a) Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted. The accounting policies have been applied consistently throughout the year.

These financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of balances as at the transition date, 1 January 2014, or comparative figures in the Statement of Financial Position or the Statement of Comprehensive Income is considered necessary.

In accordance with FRS 102, the Board has chosen not to present the Statement of Cash Flows in respect of the annual report and accounts for the year ended 31 January 2016.

### (b) Valuation of investments

All investments have been designated upon initial recognition as fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss.

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices for quoted investments. Investments in Class B consist of unlisted reportable funds within the portfolio, GaveKal Asian Opportunities UCITS and Aberdeen Global Indian Equity UCITS. These are priced daily using their Net Asset Value, which is the fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

### (c) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentation currency of the Company and rounded to the nearest £'000. The directors, having regard to the currency of the Company's share capital and the predominant currency in which the Company operates, have determined the functional currency to be pounds sterling. The results and financial position of the Company are therefore expressed in pounds sterling.

Transactions recorded in foreign currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities denominated in overseas currencies (including equity investments) at the year end date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or revenue return of the Statement of Comprehensive Income, depending on whether the gain or loss is of a capital or revenue nature.

### (d) Income

Income from equity shares is brought into the revenue return of the Statement of Comprehensive Income (except where, in the opinion of the Directors, its nature indicates it should be recognised as capital return) on the ex-dividend date, or where no ex-dividend date is quoted, when the Company's right to receive payment is established.

Dividends receivable are accounted for on the basis of gross income actually receivable, without adjustment for the tax credit attaching to the dividends.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital reserve.

Bank interest, underwriting commission and stock lending fees are accounted for on an accruals basis.

### (e) Expenses including finance costs

Finance costs are accounted for on an accruals basis. Finance costs are fully allocated to revenue.

## 1 Significant accounting policies (continued)

Management fee rebates of the fee on GaveKal Asian Opportunities (UCITS Fund) are credited against Management fees paid.

All expenses are charged to the revenue return of the Statement of Comprehensive Income, with the exception of the following which are charged to the capital return of the Statement of Comprehensive Income:

- performance fees/repayments insofar as they relate to capital performance;
- expenses incurred buying back the Company's own shares; and
- expenses incidental to the acquisition or disposal of investments.

All expenses are accounted for on an accruals basis.

### (f) Taxation

The tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Company's effective rate of corporation taxation for the accounting period.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the year end date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

### (g) Bank borrowings

During 2015, the Company became authorised as a small registered UK AIFM which requires there to be no gearing as long as it remains subject to this regulatory regime.

Interest bearing bank loans are recorded as the proceeds are received, net of direct issue costs. Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### (h) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

### (i) Repurchase of Ordinary shares

The cost of repurchasing Ordinary shares including related stamp duty and transaction costs is taken directly to equity and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

### (j) Capital reserves

#### Capital reserve arising on investments sold

The following transactions are accounted for in this reserve:

- gains and losses on the realisation of fixed asset investments;
- realised exchange differences of a capital nature;
- costs of professional advice, including irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- cost of purchasing Ordinary share capital.

#### Capital reserve arising on investments held

The following transactions are accounted for in this reserve:

- increase and decrease in the valuation of investments held at year end; and
- unrealised exchange differences of a capital nature.

**1 Significant accounting policies (continued)**

(k) Dividends payable

In accordance with FRS 102 final dividends are not accrued in the financial statements unless they have been approved by shareholders before the year end date.

Interim dividends are recorded in the financial statements when they are paid. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders in the case of a final dividend, or paid in the case of an interim dividend and become a liability of the Company.

(l) Critical accounting estimates

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The critical estimates and assumptions relate, in particular, to the calculation of performance fees, as summarised in note 3 below. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**2 Investment income**

	2016 £'000	2015 £'000
Income from investments held at fair value through profit or loss:		
Overseas dividends	4,076	3,727
UK dividends	363	361
Scrip dividends	334	374
Total dividend income	4,773	4,462
Other income:		
Bank interest	6	1
Underwriting commission	3	1
Total other income	9	2
Total income	4,782	4,464

**3 Management and performance fees**

	2016 £'000	2015 £'000
Charged to the revenue return:		
Management fee <sup>1</sup>	980	959
Management fee rebates <sup>2</sup>	(146)	(129)
Total management fees	834	830
Charged to the capital return:		
Performance fees	-	103

1 The management fee stated above includes fees paid to Witan Investment Services Limited of £224,000 (2015: £218,000).

2 This figure relates to a rebate of management fees associated with the Gavekal Asia Opportunities UCITS Fund.

Further details of management fees can be found in note 18.



#### 4 Other expenses

	2016 £'000	2015 £'000
Auditors' remuneration:		
for audit services	31	29
for non audit services – tax <sup>1</sup>	5	4
Custody fees	65	61
Directors' emoluments: fees for services to the Company	143	141
Directors' expenses and travel <sup>2</sup>	67	2
Marketing <sup>3</sup>	202	173
Printing and postage	50	34
Loan commitment fees	–	8
Secretarial and Administration fees <sup>4</sup>	131	130
Directors' and Officers' liability insurance	7	8
Registrars' fees	25	22
Legal fees	–	10
Sundry expenses	81	102
	<b>807</b>	<b>722</b>

1 Charges for other services provided by the Independent Auditors in the year ended 31 January 2016 were in relation to tax compliance work. An additional amount of £4,000 (exclusive of VAT) was invoiced by PWC after the year end in relation to a review of the 2015 tax computation.

2 Costs in 2016 relate primarily to the costs of a Board visit to the Asia-Pacific region, which is conducted every two to three years to review the operations of the portfolio managers and other industry participants.

3 The marketing expense stated above includes fees paid to Witan Investment Services Limited of £75,000 (2015: £75,000).

4 Secretarial fees includes iXBRL filing by Capita.

#### 5 Finance charges

	2016 £'000	2015 £'000
On bank loans and overdrafts repayable within one year – see also note 11	–	17

#### 6 Taxation on ordinary activities

(a) Analysis of tax charge for the year

	2016 Revenue return £'000	2016 Capital return £'000	2016 Total £'000	2015 Revenue return £'000	2015 Capital return £'000	2015 Total £'000
Overseas taxation	305	–	305	267	–	267
Taxation on ordinary activities	305	–	305	267	–	267

**6 Taxation on ordinary activities (continued)**

(b) Factors affecting the charge for the year

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 20.17% (2015: 21.33%).

	2016 Revenue return £'000	2016 Capital return £'000	2016 Total £'000	2015 Revenue return £'000	2015 Capital return £'000	2015 Total £'000
Return/(loss) on ordinary activities before tax	3,141	(13,196)	(10,055)	2,895	25,100	27,995
Corporation tax at 20.17% (2015: 21.33%)	634	(2,662)	(2,028)	618	5,354	5,972
Effects of:						
Non-taxable overseas dividends	(862)	–	(862)	(845)	–	(845)
Non-taxable UK dividends	(73)	–	(73)	(77)	–	(77)
Overseas taxation	305	–	305	267	–	267
Disallowed expenses	7	7	14	18	9	27
Income taxable in different years	–	–	–	3	–	3
Excess management expenses and finance costs	294	25	319	283	22	305
Net capital returns not subject to tax <sup>1</sup>	–	2,630	2,630	–	(5,385)	(5,385)
Current tax charge for the year	305	–	305	267	–	267

<sup>1</sup> These items are not subject to corporation tax within an investment trust company provided the Company obtains approval from HM Revenue & Customs that the requirements of Section 1158 - 1159 of the Corporation Tax Act 2010 have been met

(c) Deferred taxation

The Company has not recognised a deferred tax asset of £2,330,000 (2015: £2,078,000) arising as a result of excess management expenses and interest paid. These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognised.

(d) Protective claim

Witan Pacific has filed protective claims with HMRC and the UK High Court in order to seek recovery of potentially overpaid taxes from HMRC in relation to the UK's pre-2009 dividend tax rules. The claims cover historic periods in which Witan Pacific paid UK tax under Schedule D Case V. In such periods, Witan Pacific is seeking recovery of the tax paid together with interest on a compound basis. No tax or related interest recovery has been accrued or recognised as a contingent asset, as the outcome of lead cases in this area is expected to remain uncertain for several years.

**7 Return/(loss) per Ordinary share**

The total return per Ordinary share is based on the net loss attributable to the Ordinary shares of £10,360,000 (2015: gain of £27,728,000) and on 65,891,245 Ordinary shares (2015: 65,967,247) being the weighted average number of shares in issue during the year.

The total return can be further analysed as follows:

	2016 £'000	2015 £'000
Revenue return	2,836	2,628
Capital return	(13,196)	25,100
Total return	(10,360)	27,728
Weighted average number of Ordinary shares	65,891,245	65,967,247
Revenue return per Ordinary share – pence	4.31	3.98
Capital return per Ordinary share – pence	(20.03)	38.05
Total return per Ordinary share – pence	(15.72)	42.03

The Company does not have any dilutive securities.

## 8 Dividends

Dividends on Ordinary shares	Record date	Payment date	2016 £'000	2015 £'000
Final dividend (2.40p) for the year ended 31 January 2014	<b>23 May 2014</b>	<b>20 June 2014</b>	–	1,584
Interim dividend (2.10p) for the year ended 31 January 2015	<b>10 October 2014</b>	<b>20 October 2014</b>	–	1,385
Final dividend (2.45p) for the year ended 31 January 2015	<b>22 May 2015</b>	<b>19 June 2015</b>	<b>1,615</b>	–
Interim dividend (2.15p) for the year ended 31 January 2016	<b>9 October 2015</b>	<b>19 October 2015</b>	<b>1,416</b>	–
Refund of unclaimed dividends			<b>(13)</b>	–
			<b>3,018</b>	2,969

The proposed final dividend for the year ended 31 January 2016 is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

The total dividend payable in respect of the financial year which meets the requirements of Section 1158 of the Corporation Tax Act 2010 is set out below.

	2016 £'000	2015 £'000
Revenue available for distribution by way of dividend for the year	<b>2,836</b>	2,628
Interim dividend 2.15p for the year ended 31 January 2016	<b>(1,416)</b>	(1,385)
Proposed final dividend of 2.5p (2015: 2.45p) for the year ended 31 January 2016 (based on 65,494,283 Ordinary shares in issue at 22 April 2016)	<b>(1,637)</b>	(1,615)
Refund of unclaimed dividends	<b>13</b>	–
Shortfall for the year	<b>(204)</b>	(372)

All current year income has been distributed, the shortfall of £204,000 has been transferred from revenue reserves.

## 9 Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Cost at 31 January 2015	<b>132,637</b>	139,958
Investment holding gains at 31 January 2015	<b>45,983</b>	24,849
Valuation at 31 January 2015	<b>178,620</b>	164,807
Movements in the year:		
Purchases at cost	<b>37,285</b>	25,281
Sales – proceeds	<b>(36,616)</b>	(36,782)
– gains on sales	<b>3,957</b>	4,180
Decrease in investment holding gains	<b>(16,995)</b>	21,134
Valuation at 31 January 2016	<b>166,251</b>	178,620
Cost at 31 January 2016	<b>137,263</b>	132,637
Investment holding gains at 31 January 2016	<b>28,988</b>	45,983
	<b>166,251</b>	178,620

Purchase transaction costs for the year ended 31 January 2016 were £64,000 (2015: £36,000). Sale transaction costs for the year ended 31 January 2016 were £56,000 (2015: £54,000). These comprise mainly charges and commission.

**9 Investments held at fair value through profit or loss (continued)**

Gains on investments

	2016 £'000	2015 £'000
Gains on investments sold based on historical cost	3,957	4,180
Less: amounts recognised as unrealised in previous years	(6,434)	(3,655)
(Losses)/Gains based on carrying value at previous balance sheet date	(2,477)	525
Net movement in investment holding gains in the year	(10,561)	24,789
(Losses)/Gains on investments held at fair value through profit or loss	(13,038)	25,314

Substantial interests

At 31 January 2016 the Company held more than 3% of one class of the share capital of one of the undertakings held as investments (2015: one).

This consisted of Gavekal Asian Opportunities UCITS Fund and was 4.97% at 31 January 2016 (31 January 2015: 6.20%)

All investments are quoted on recognised stock exchanges or are UCITS Funds with published Net Asset Values.

**10 Debtors**

	2016 £'000	2015 £'000
Sales for future settlement	352	505
Other debtors	27	23
Prepayments and accrued income	358	454
Foreign exchange contract	–	4
	737	986

**11 Creditors: amounts falling due within one year**

<b>Other</b>	2016 £'000	2015 £'000
Purchases for future settlement	1,517	821
Accruals	495	398
	2,012	1,219

<b>Bank loan</b>	2016 £'000	2015 £'000
At 1 February	–	8,500
Loan repayment	–	(8,500)
<b>At 31 January</b>	–	–

The bank loan was a multi-currency revolving facility with this commitment period ending on 20 August 2014. The Company repaid all outstanding sums connected with this facility on 28 March 2014.

## 12 Provisions for liabilities and charges

Provisions in respect of future years' performance fees:

	2016 £'000	2015 £'000
At 1 February	–	–
Change in provision for performance fees	–	–
At 31 January	–	–

The above represent the estimated performance fees payable for the 3 year performance fee periods ending 31 May 2016, 31 May 2017 and 31 May 2018. Any accrual is based on actual performance to 31 January 2016 and the assumption that Aberdeen performs in line with the benchmark from 31 January 2016 to the end of each fee period. Changes in the level of accrual for future performance periods could arise for one of the three principal reasons: a change in the degree of relative performance, the time elapsed (since this would increase the proportion of the rolling three-year performance period to which the performance calculation would be applied) or the termination of Aberdeen's contract.

## 13 Called up share capital

Equity share capital	2016 Authorised Number	£'000	2015 Authorised Number	£'000
Ordinary shares of 25p each:	280,000,000	70,000	280,000,000	70,000
Ordinary shares of 25p each:				
Issued and fully paid	65,719,022	16,430	65,944,000	16,486
Held in treasury	224,978	56	–	–
	<b>65,944,000</b>	<b>16,486</b>	<b>65,944,000</b>	<b>16,486</b>

In the year ended 31 January 2016, 224,978 Ordinary shares were purchased to be held in treasury at a total cost of £514,000. In the year ended 31 January 2015, there were 104,000 shares purchased for cancellation at a total cost of £225,000.

## 14 Capital redemption reserve

	2016 £'000	2015 £'000
Balance brought forward	41,085	41,059
Transferred from share capital on purchase of Ordinary shares	–	26
Balance carried forward	41,085	41,085

## 15 Reserves

	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserve total £'000	Revenue reserve £'000
Balance brought forward	69,649	45,987	115,636	11,068
Movement during the year:				
Gains on investments sold	(2,477)	–	(2,477)	–
Transfer on disposal of investments	6,434	(6,434)	–	–
Increase in investment holding gains	–	(10,561)	(10,561)	–
Exchange losses	(123)	–	(123)	–
Other capital charges	(35)	–	(35)	–
Purchase of own shares	(514)	–	(514)	–
Revenue return for the year	–	–	–	2,836
Dividends paid	–	–	–	(3,018)
Balance carried forward	72,934	28,992	101,926	10,886

Under the terms of the Company's Articles of Association, sums standing to the credit of Capital Reserves are available for distribution only by way of redemption or purchase of any of the Company's own shares and by way of dividend. The Company may only distribute accumulated "realised" profits.

### 16 Net Asset Value per Ordinary share

Net Asset Values are based on net assets of £170,388,000 (2015: £184,280,000) and on 65,719,022 (2015: 65,944,000) Ordinary shares in issue at the year end excluding shares held in treasury.

### 17 Risk management policies and procedures

As an Investment Trust, the Company invests in equities and other investments for the long term so as to achieve its objective as stated on page 1. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the revenue available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the Directors' approach to the management of these risks, are set out below. The Board of Directors and the Executive Manager coordinate the Company's risk management. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board determines the objectives, policies and processes for managing the risk that are set out below, under the relevant risk category. The policies for the management of each risk have not changed from the previous accounting period.

#### (a) Market risk

The fair value of an instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises - market price risk (see note 17(b)), currency risk (see note 17(c)) and interest rate risk (see note 17(d)). The portfolio managers assess the exposure to market risk when making each investment decision, and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

#### (b) Market price risk

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

#### Management of the risk

The Board of Directors manages the risks inherent in the investment portfolios by ensuring full and timely access to relevant information from the portfolio managers. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the portfolio managers' compliance with the Company's objectives, and is directly responsible for oversight of the investment strategy and asset allocation.

The market value of quoted investments at 31 January 2016 was £166,251,000 (2015: £178,620,000).

#### Concentration of exposure to market price risk

A geographical analysis of the Company's investment portfolio is shown on page 9. This shows the significant amounts invested in Australia, China, Hong Kong, Japan and Singapore. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

#### Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the equity to an increase or decrease of 25% (2015: 25%) in the fair value of the Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's investments at each year end date and the investment management fees for the year ended 31 January 2016, with all other variables held constant.

	<b>2016 Increase in fair value £'000</b>	<b>2016 Decrease in fair value £'000</b>	2015 Increase in fair value £'000	2015 Decrease in fair value £'000
Income statement – return after tax				
Revenue return	<b>(206)</b>	<b>206</b>	(211)	211
Capital return	<b>41,563</b>	<b>(41,563)</b>	44,655	(44,655)
Impact on total return after tax for the year and net assets	<b>41,357</b>	<b>(41,357)</b>	44,444	(44,444)



## 17 Risk management policies and procedures (continued)

### (c) Currency risk

Most of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items.

#### Management of the risk

The portfolio managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Executive Manager monitors the risk to the Company of the foreign currency exposure by considering the effect on the Company's Net Asset Value and income of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed.

#### Foreign currency exposure

The table below shows, by currency, the split of the Company's non-sterling monetary assets and investments that are denominated in currencies other than sterling. The exposure is shown on a direct basis and not on a look through basis.

2016	AUS\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000
Debtors (due from brokers, dividends and other income receivable)	–	43	232	–	406
Cash at bank and in hand	–	–	–	–	5
Creditors (due to brokers, accruals and other creditors)	–	(14)	(1,503)	–	–
Total foreign currency exposure on net monetary items	–	29	(1,271)	–	411
Investments at fair value through profit or loss	4,252	34,350	46,090	14,493	46,101
Total net foreign currency exposure	4,252	34,379	44,819	14,493	46,512

2015	AUS\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000
Debtors (due from brokers, dividends and other income receivable)	–	–	475	3	398
Cash at bank and in hand	–	–	–	–	5
Creditors (due to brokers, accruals and other creditors)	–	(73)	(433)	(315)	–
Total foreign currency exposure on net monetary items	–	(73)	42	(312)	403
Investments at fair value through profit or loss	6,462	34,968	42,272	20,703	50,683
Total net foreign currency exposure	6,462	34,895	42,314	20,391	51,086

#### Foreign currency sensitivity

The sensitivity of the total return after tax for the year and the net assets in regard to the movements in the Company's foreign currency financial assets and financial liabilities and the exchange rates for the top 4 risk currencies are set out in the table below:

It assumes the following changes in exchange rates:

- £/US\$ +/- 15% (2015: no disclosure)
- £/AUS\$ +/- no disclosure (2015: 15%)
- £/HK\$ +/- 15% (2015: 15%)
- £/Japanese Yen +/- 15% (2015: 15%)
- £/SG\$ +/- 15% (2015: 15%)
- £/Other +/- 15% (2015: 15%)

These percentages have been determined based on the average market volatility in exchange rates in the previous five years and using the Company's foreign currency financial assets and financial liabilities held at each year end date.

**17 Risk management policies and procedures (continued)**

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

	2016					2015				
	US\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000	AUS\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000
Income statement – return after tax										
Revenue return	(83)	(104)	(84)	(70)	(130)	(33)	(100)	(90)	(71)	(188)
Capital return	(2,147)	(4,480)	(6,012)	(1,890)	(4,421)	(843)	(4,561)	(5,514)	(2,700)	(6,611)
Impact on total return after tax for the year and net assets	(2,230)	(4,584)	(6,096)	(1,960)	(4,551)	(876)	(4,661)	(5,604)	(2,771)	(6,799)

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

	2016					2015				
	US\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000	AUS\$ £'000	HK\$ £'000	Yen £'000	SG\$ £'000	Other £'000
Income statement – return after tax										
Revenue return	112	141	114	95	175	44	135	122	96	254
Capital return	2,905	6,062	8,134	2,558	5,980	1,140	6,171	7,460	3,653	8,944
Impact on total return after tax for the year and net assets	3,017	6,203	8,248	2,653	6,155	1,184	6,306	7,582	3,749	9,198

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently.

(d) Interest rate risk

Interest rate movements may affect the interest payable on the Company's variable rate borrowings where applicable.

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

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.

Interest rate exposure

The exposure at 31 January 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 reset.

	2016 Within one year £'000	2016 Total £'000	2015 Within one year £'000	2015 Total £'000
Exposure to floating interest rates:				
Cash at bank and in hand	5,412	5,412	5,893	5,893
Total net exposure to interest rates	5,412	5,412	5,893	5,893

The Company does not have any fixed interest rate exposure at 31 January 2016 (2015: nil). Interest receivable, and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin under LIBOR or its foreign currency equivalent (2015: same).

## 17 Risk management policies and procedures (continued)

### Interest rate sensitivity

The Company is not materially, directly exposed to changes in interest rates as the majority of financial assets are equity shares which do not pay interest. Therefore, the Company's total return and net assets are not materially affected by changes in interest rates.

### (e) Liquidity risk

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

### Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities that are readily realisable.

The Board gives guidance to the portfolio managers as to the maximum amount of the Company's resources that should be invested in one company.

### Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 January 2016, based on the earliest date on which payment can be required are as follows:

	3 months or less £'000	More than 3 months, not more than one year £'000	More than one year £'000	2016 Total £'000	3 months or less £'000	More than 3 months, not more than one year £'000	More than one year £'000	2015 Total £'000
Creditors: amounts falling due within one year								
Amounts due to brokers and accruals	2,012	–	–	2,012	1,219	–	–	1,219
	2,012	–	–	2,012	1,219	–	–	1,219

### (f) Credit risk

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

### Management of the risk

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the portfolio managers;
- Cash at bank and in hand are held only with reputable banks with high quality external credit ratings. None of the Company's financial assets have been pledged as collateral.

### (g) Fair values of financial assets and financial liabilities

Investments are held at fair value through profit or loss. All liabilities are held in the Statement of Financial Position at a reasonable approximation of fair value.

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments) or the Statement of Financial Position amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and amounts due under the loan facility).

### Fair value hierarchy disclosures

FRS 104 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Class A: quoted prices for identical instruments in active markets;
- Class B: prices of recent transactions for identical instruments; and
- Class C: valuation techniques using observable and unobservable market data.

**17 Risk management policies and procedures (continued)**

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

Financial assets and financial liabilities at fair value through profit or loss	Class A £'000	Class B £'000	Class C		Total £'000
			Observable Inputs £'000	Unobservable Inputs £'000	
<b>At 31 January 2016</b>					
Equity investments	<b>141,375</b>	<b>24,876</b>	–	–	<b>166,251</b>
<b>Total</b>	<b>141,375</b>	<b>24,876</b>	–	–	<b>166,251</b>

Financial assets and financial liabilities at fair value through profit or loss	Class A £'000	Class B £'000	Class C		Total £'000
			Observable Inputs £'000	Unobservable Inputs £'000	
<b>At 31 January 2015</b>					
Equity investments	151,349	27,271	–	–	178,620
<b>Total</b>	<b>151,349</b>	<b>27,271</b>	–	–	<b>178,620</b>

The valuation techniques used by the Company are explained in the accounting policies in note 1(b).

There were no transfers during the year between Class A and Class B.

Investments classified as Class B are Gavekal Asian Opportunities Fund and Aberdeen Global Indian Equity Fund.

**(h) Capital Management policies and procedures**

The Company'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 equity capital funds.

The Company's capital at 31 January 2016 comprises its equity share capital and reserves that are shown in the Statement of Financial Position at a total of £170,388,000 (2015: £184,280,000).

The Board with assistance of the Executive Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy-back equity shares, either for cancellation or to hold in treasury, 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);
- the need for new issues of equity shares, including issues from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company'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:

- As a public company, the Company has a minimum 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 last year, and the Company has complied with them.

## **18 Transactions with the Manager**

On 27 May 2005, the Company appointed Witan Investment Services Limited as Executive Manager and Aberdeen Asset Managers Limited and Nomura Asset Management U.K. Limited as portfolio managers. In April 2012, the Company appointed Matthews International Capital Management LLC and Gavekal capital Limited to replace Nomura. Each Management Agreement can be terminated at one month's notice in writing. Each portfolio manager is entitled to a base management fee, at rates between 0.20% and 0.75% per annum, calculated according to the value of the assets under their management; Aberdeen is also entitled to a performance fee based on relative outperformance against the MSCI AC Asia Pacific Index (sterling adjusted total return). The performance fee is calculated according to investment performance over a three year rolling period and is payable at a rate of 15% of the calculated outperformance relative to the benchmark (subject to a cap).

Any provisions included in the Statement of Comprehensive Income at 31 January 2016, are calculated on the actual performance of Aberdeen relative to the benchmark index. The provision assumes that both the benchmark index remains unchanged and that Aberdeen's assets under management perform in line with the benchmark index to 31 May 2016, being the date the next performance period ends. In addition, provisions have been made for the performance periods ending 31 May 2017 and 31 May 2018, on the assumption that Aberdeen performs in line with the benchmark to each period end. The total of these provisions amounts to £nil.

## **19 Subsequent events**

Since the year end the Company has bought back 224,739 Ordinary shares at a cost of £517,157.30.

## Ten year record (unaudited)

## Assets at 31 January (£'000)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total assets less current liabilities (excluding loans and Yen convertible bonds)	158,591	135,595	130,626	104,096	137,866	170,182	163,411	182,346	168,246	184,280	170,388
Deferred taxation/provision for liabilities and charges	(38)	(46)	(43)	(30)	–	–	(359)	(212)	–	–	–
Loans	(3,000)	(3,000)	(3,000)	(3,000)	(5,900)	(5,900)	(7,000)	(8,500)	(8,500)	–	–
Available for Ordinary shares	155,553	132,549	127,583	101,066	131,966	164,282	156,052	173,634	159,746	184,280	170,388

## Net Asset Value at 31 January

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NAV per share	179.2p	181.9p	188.9p	152.3p	199.0p	248.0p	235.6p	262.9p	241.9p	279.5p	259.3p

## Share Price at 31 January

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Mid-market price per share	168.0p	161.5p	161.8p	122.8p	165.0p	212.0p	193.6p	229.3p	213.5p	244.0p	231.0p
Discount to NAV (%)	6.3	11.2	14.4	19.4	17.1	14.5	17.8	12.8	11.7	12.7	10.9
Share price High	169.3p	177.5p	188.0p	176.0p	177.0p	221.6p	221.5p	231.0p	265.0p	248.0p	274.0p
Share price Low	113.4p	138.5p	156.0p	110.0p	106.2p	163.0p	174.9p	183.3p	213.0p	208.0p	209.5p

## Total Returns (per AIC)

	1 year to 31 January 2016 %	5 years to 31 January 2016 %	10 years to 31 January 2016 %
Total shareholder return	-3.5	20.5	61.1
Net asset value	-5.6	14.1	66.2

## Revenue for the year ended 31 January

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Available for Ordinary shares (£'000)	1,445	1,430	1,407	2,344	1,654	2,421	3,015	3,162	2,910	2,628	2,836
Earnings per share	1.33p	1.75p	2.00p	3.50p*	2.49p	3.65p	4.55p	4.78p	4.41p	3.98p	4.31p
Dividends per share	1.33p	1.50p	1.65p	2.85p†	2.10p	2.80p	4.00p	4.30p	4.45p	4.55p	4.65p

\* Includes management fee rebate.

† A special dividend of 1.00p per share was paid in the year ended 31 January 2009.



## Performance (rebased at 31 January 2006)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NAV per share <sup>1</sup>	100.0	102.1	106.9	86.0	115.3	145.0	138.5	160.0	149.5	175.8	<b>165.9</b>
Benchmark <sup>1</sup>	100.0	100.4	103.0	84.6	109.6	131.5	123.6	137.3	137.7	161.2	<b>151.6</b>
Mid-market price per share	100.0	96.9	97.9	75.0	102.9	133.8	123.8	151.4	143.5	167.3	<b>161.4</b>
Earnings per share	100.0	131.6	150.4	263.2	187.2	274.4	342.1	359.4	331.6	299.2	<b>324.1</b>
Dividends per share	100.0	112.8	124.1	214.3 <sup>2</sup>	157.9	210.5	300.8	323.3	334.6	342.1	<b>349.6</b>
RPI	100.0	104.2	108.5	108.6	112.7	118.4	123.1	127.1	130.6	132.1	<b>133.8</b>

1 Source: Datastream NAV per share, Benchmark and Shareprice are Total Returns including reinvested dividends.

2 A special dividend of 1.00p per share was paid in the year ended 31 January 2009.

## Cost of running the Company (Ongoing Charge) for the year ended 31 January (formerly known as the Total Expense Ratio)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ongoing Charge/TER <sup>1</sup> as a percentage of average net assets:											
– excluding performance fees	0.9	0.8	0.7	0.8	0.8	0.7	0.8	1.0	1.0	1.1	<b>1.1</b>
– including performance fees	1.0	0.9	0.8	1.1	1.3	1.2	1.5	1.3	0.9	1.1	<b>1.1</b>

1 TER (total expenses ratio) figures shown for 2006 to 2011.

## Gearing at 31 January

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gearing	(1.2)	0.6	0.9	(1.6)	1.0	2.7	3.4	4.2	3.2	Nil <sup>1</sup>	<b>Nil<sup>1</sup></b>

1 Since repayment of the loan on 28 March 2014, the Company has had no borrowings.

## Definitions

Prior charges	All convertible bonds, loans, overdrafts, etc., used for investment purposes.
Operating costs	All costs charged to revenue and capital, except performance related management fees, all taxation and taxation relief, finance charges, the costs of purchase of share capital and the costs of buying and selling investments.
Gearing	Calculated as the difference between the market value of investments and net assets as a percentage of net assets. (Equivalent to AIC definition of net gearing)
Total assets	Total assets less current liabilities before deducting prior charges.
NAV	Net Asset Value (assuming prior charges at balance sheet value).
RPI	All-items Retail Price Index.
Average net assets	Average of net assets at end of each quarter.
Average total assets	Average of total assets at end of each quarter.
NAV total return	Return on net assets per share assuming that all dividends paid to shareholders were reinvested.
Share price total return	Return to the investor on mid-market prices assuming that all dividends received were reinvested.
AIC	Association of Investment Companies.
TER/Ongoing charges	Total expense ratio/The total of the recurring operating and investment management costs expressed as a percentage of net assets.

# Information for shareholders

## Website

The Company's website is [www.witanpacific.com](http://www.witanpacific.com). The site provides visitors with a comprehensive range of performance statistics, Company information and literature downloads. The Company's profile is also available on third party sites such as [www.trustnet.com](http://www.trustnet.com) and [www.morningstar.co.uk](http://www.morningstar.co.uk).

## Annual and Half Yearly Reports

Copies of the annual and half yearly report may be obtained from Witan Investment Services Limited by calling 0800 082 8180 or by visiting [www.witanpacific.com](http://www.witanpacific.com).

## Share Prices and Net Asset Value information

The Company's Ordinary shares of 25p each are quoted on the London Stock Exchange:

SEDOL number: 0365602

ISIN number: GB0003656021

TIDM code: WPC

The codes above may be required to access trading information relating to the Company on the internet.

## Share price listings

The Company's share price is listed daily in selected national newspapers including the Financial Times, The Times and The Daily Telegraph.

## Electronic communications with the Company (E-communications)

Shareholders and Witan Wisdom scheme members now have the opportunity to be notified by e-mail when the Witan Pacific Annual Report and Accounts, Half Yearly Reports and other formal communications are available on the Company's website instead of receiving printed copies by post. This reduces the costs to the Company as well as having an environmental benefit in the reduction of paper, printing, energy and water usage.

If you have not already elected to receive E-communications from the Company and now wish to do so please contact one of the following depending on whether you hold shares in your own name (see 1. below) or hold shares through the Witan Wisdom scheme (see 2. below):

1. Shareholders who hold shares in their own name and who receive a Form of Proxy should contact:

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road, Bristol BS99 6ZY  
[www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)  
0370 707 1410

and should have to hand their Shareholder Reference Number shown on the Form of Proxy.

2. Investors who hold shares through the Witan Wisdom Scheme and who receive a Voting Instruction Form should contact:

Witan Wisdom  
PO Box 10550 Chelmsford CM99 2BA  
Email: [wisdom@ifdsgroup.co.uk](mailto:wisdom@ifdsgroup.co.uk)  
0800 082 8180

and should have to hand their Shareholder Reference Number shown on the Voting Instruction Form.

## Online voting

Shareholders receiving a Form of Proxy will be able to cast their proxy votes online once they have registered with Computershare Investor Services following which other services in respect of their holding of the Company's shares will become available. Investors who hold shares through the Witan Wisdom Scheme will also have the opportunity to exercise their voting instructions online.

## AIC

The Company is a member of the Association of Investment Companies [www.theaic.co.uk](http://www.theaic.co.uk)

## Financial calendar

Year end	31 January
Annual results	April
Half Year results	September
Annual General Meeting	June
Dividends paid	June & October

## 2016 Final dividend timetable

The proposed final dividend for the year ended 31 January 2016 is 2.5p per share.

Ex-dividend date	19 May
Record date	20 May
Payment date	17 June

Payment of the final dividend is subject to the approval of shareholders at the AGM on 8 June 2016.

## Company registration

Company registration number 91798

## Enquiries

Witan Wisdom Saving Plans

0800 082 8180

wisdom@ifdsgroup.co.uk

Company Secretary

020 7954 9526

## Warning to shareholders – share fraud scams

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 are very persistent and persuasive and who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments.

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or are offered an inflated price for shares they own. These calls come from fraudsters operating in ‘boiler rooms’ that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (“FCA”) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register at [www.fca.gov.uk/register/home.do](http://www.fca.gov.uk/register/home.do) to ensure they are authorised.

3. Use the details on the Financial Services Register to contact the firm.
4. If there are no contact details on the Register or you are told they are out of date, call the FCA Consumer Helpline on 0800 111 6768.
5. Search the FCA list of unauthorised firms and individuals with whom you should avoid any business dealings.
6. Remember: If it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

## Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at [www.fca.org.uk/consumers/scams](http://www.fca.org.uk/consumers/scams), where you can find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

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. Any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment ‘advice’. If you are in any doubt about an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided at the back of this Annual Report.

# Analysis of ordinary shareholders

	Category % holding
Witan Wisdom	14.9%
Retail Nominees	14.5%
Direct Individuals	10.3%
Institutions	33.7%
Wealth Managers	26.6%
	100.00%

Source: RDIR as at 31 January 2016.

# How to invest

There are a variety of ways to invest in Witan Pacific however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

## Private client stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from The Wealth Management Association ("WMA") at [www.thewma.co.uk](http://www.thewma.co.uk)

## Financial advisers

For investors looking to find a financial adviser, please visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

Financial advisers who wish to purchase Witan Pacific for their clients can also do so via a growing number of platforms that offer investment trusts including Ascentric, Alliance Trust Savings, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

## Online stockbroking services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services that are already popular with Witan Pacific shareholders include Hargreaves Lansdown, Alliance Trust Savings, Halifax Share Dealing, TD Waterhouse and Selftrade.

## Witan Wisdom

Witan Wisdom, the savings scheme offered by Witan Investment Services Limited, offers two different savings wrappers that enable investors to access Witan Pacific:

- The **Witan Wisdom ISA** is a stocks and shares ISA that enables investors to buy Witan Pacific shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £15,240 for the 2016/17 tax year. The minimum lump sum investment on opening a Witan Wisdom ISA is £2,000 and £500 to top-up thereafter, with the regular savings minimum being £100 per month or per quarter. Investors can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer, subject to a minimum transfer value of £2,000.

- The **Witan Wisdom Share Plan** is a straightforward, low-cost savings scheme. The minimum lump sum investment on opening a Witan Wisdom Share Plan is £1,000 and £500 to top-up thereafter, with the regular savings minimum being £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.
- Brochures and applications for all of the Witan Wisdom products are available by calling 0800 082 8180 or online via [www.witanpacific.com](http://www.witanpacific.com). If you would prefer to write to request further information, the address details can be found on page 77.

Witan Pacific Investment Trust plc is an equity investment. Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. 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. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited of 14 Queen Anne's Gate, London SW1H 9AA is registered in England number 5272533. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Conduct Authority. We may record telephone calls for our mutual protection and to improve customer service.

# Notice of Annual General Meeting

This Notice of Annual General Meeting is an important document, if shareholders are in any doubt as to what action to take, they should consult an appropriate independent adviser.

Notice is hereby given of the Annual General Meeting of Witan Pacific Investment Trust PLC to be held in the City of London Club, 19 Old Broad Street, London EC2N 1DS on 8 June 2016 at 3pm for the following purposes:

To consider and if thought fit, pass the following resolutions of the Company, resolutions 1 to 7 being ordinary resolutions and resolutions 8 to 10 being special resolutions.

## Ordinary Resolutions

1. To receive the Strategic Report, the Report of the Directors and audited Financial Statements for the year ended 31 January 2015.
2. To approve the Directors' Remuneration Report for the year ended 31 January 2016.
3. To declare a final dividend of 2.5p per Ordinary share.
4. To re-elect Sarah Bates as a Director.
5. To reappoint PricewaterhouseCoopers LLP as Independent Auditors of the Company from the conclusion of this meeting until the conclusion of the next General Meeting at which the Financial Statements are laid before Members.
6. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Independent Auditor of the Company.
7. THAT, in substitution for any existing authority, the Directors of the Company be and they are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights");
  - (a) up to an aggregate nominal amount of £5,457,856 (being approximately one-third of the issued share capital (excluding treasury shares) as at 22 April 2016); and
  - (b) comprising equity securities (within the meaning of Section 560 of the Act) up to a further nominal amount of £5,457,856 in connection with an offer by way of a rights issue:
    - (i) to holders of Ordinary shares in proportion (as nearly as may be practicable) to their holdings; and
    - (ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that Directors may impose any limits or restrictions and make any arrangements which they consider necessary or

appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts),

provided that the authorities conferred on the Directors by paragraph (a) and (b) above shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company, after the passing of this resolution (which must be held no later than 31 July 2017), save that the Company may before such expiry make offers or arrangements which would or might require shares to be allotted or Rights to be granted after such expiry and so the Directors of the Company may allot shares or grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

## Special Resolutions

8. THAT, subject to the passing of Resolution 7 above (and in substitution for all subsisting authorities to the extent unused but without prejudice to the existence of such power prior to the date hereof), the Directors of the Company be and are hereby empowered pursuant to section 570 and Section 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 or by way of a sale of treasury shares (within the meaning of Section 560(3) of the Act) as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 7, by way of a rights issue only):
    - (i) to holders of Ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including and such problems arising by virtue of equity securities being represented by depositary receipts); and

(b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £818,678 (being approximately 5 per cent of the issued share capital (excluding treasury shares) as at 22 April 2016),

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 31 July 2017), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. THAT, the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") either for cancellation or to hold as treasury shares (within the meaning of Section 724 of the Act) provided that:

- (a) the maximum aggregate number hereby authorised to be purchased is 9,817,593 Ordinary shares, or if less, 14.99% of the number of Ordinary shares in issue (excluding treasury shares) immediately following the passing of this resolution;
- (b) the Directors be authorised to determine at their discretion that any Ordinary shares purchased to be cancelled or held by the Company as treasury shares, save that the maximum number of Ordinary shares held in treasury shall not exceed 10% of the issued Ordinary share capital of the Company at any time;
- (c) the minimum price which may be paid for a share shall be 25 pence (exclusive of associated expenses);
- (d) the maximum price which may be paid for an Ordinary share is an amount equal to the higher of (i) 105% of the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the relevant share is contracted to be purchased (exclusive of associated expenses); and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange; and
- (e) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on the date of the next Annual General Meeting to be held in 2017, or 15 months after the

passing of this resolution, if earlier, save that the Company may prior to such expiry enter into a contract or arrangement to purchase Ordinary shares under this authority which will or may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary shares pursuant to any such contract or arrangement as if the authority hereby conferred had not expired.

10. THAT the Company be and is hereby generally and unconditionally authorised to hold General Meetings (other than Annual General Meetings) on 14 clear days' notice.

By order of the Board

**Capita Company Secretarial Services Limited**

Corporate Company Secretary

22 April 2016

Registered office:

1st Floor

40 Dukes Place

London

EC3A 7NH

#### Location of Annual General Meeting – New Venue



The City of London Club is situated in the heart of the City of London, five minutes walk from Bank and Liverpool Street Stations and close to many other transport lines.

Please note that the dress code of the club is smart casual business attire.



# Notes to the Notice of Annual General Meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you require additional forms, please contact the Registrar's helpline on 0870 707 1410.

Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of such appointments shall be treated as valid in respect of that share.

2. To be valid, any proxy form or other instrument appointing a proxy, must be received by post or (during normal business hours only) by hand at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by 3pm on 6 June 2016, or at [www.eproxyappointment.com](http://www.eproxyappointment.com)
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, has a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company on 6 June 2016 (or, in the event of any adjournment, 6pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. At 22 April 2016 the Company's issued share capital consists of 65,944,000 Ordinary shares, of which 449,717 shares are held in treasury. Each Ordinary share carries one vote. Therefore, the number of voting rights in the Company at 22 April 2016 total 65,494,283 votes.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) at least 48 hours before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.
15. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- However, if the Chairman has declined to provide an answer for one of the above reasons, the Company will where practicable endeavour to provide an answer after the meeting.
16. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.witanpacific.com](http://www.witanpacific.com)
17. If a shareholder receiving this notice has sold or transferred all shares in the Company, this notice and any other relevant documents (e.g. form of proxy) should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser.
18. None of the Directors has a contract of service. Copies of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during normal business hours on every week day (except weekends and public holidays) until the date of the meeting and for a period of 15 minutes prior to and during the meeting.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

# Explanation of Notice of Annual General Meeting

## **Resolutions 1, 2 and 3: Accounts, Directors' Remuneration Report and Dividend**

These are the resolutions which deal with the presentation of the audited accounts, the approval of the Directors' Remuneration Report and the declaration of the final dividend. The vote to approve the remuneration report is advisory only and will not require the Company to alter any arrangements detailed in the report should the resolution not be passed.

## **Resolution 4: Re-election of Director**

This resolution deals with the re-election of Sarah Bates by the Shareholders.

Due to her period of service, Sarah Bates submits herself for re-election every year at the Company's AGM.

A formal performance evaluation has been completed and the Board has determined that she continues to be effective and demonstrates their commitment to her role.

## **Resolutions 5 and 6: Auditor**

These deal with the re-appointment of the Independent Auditor, PricewaterhouseCoopers LLP, and the authorisation for the Directors to determine their remuneration.

## **Resolution 7: Allotment of share capital**

The Board considers it appropriate that an authority be granted to allot shares in the capital of the Company up to a maximum nominal amount of £10,915,712 (being approximately two-thirds of the Company's current issued share capital excluding shares held in treasury).

The Directors have no present intention of exercising this authority and would only expect to use the authority if shares could be issued at, or at a premium to, the Net Asset Value per share.

Details of the Company's share capital and the number of shares held in treasury may be found on page 24.

This authority will expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2017 or on 31 July 2017.

## **Resolution 8: Disapplication of statutory pre-emption rights**

This resolution would give the Directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal

amount of £818,678 (being approximately 5% of the Company's current issued share capital excluding shares held in treasury).

Details of the Company's share capital and the number of shares held in treasury may be found on page 24.

The authority will expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2017 or 31 July 2017.

## **Resolution 9: Authority to make market purchases of the Company's Ordinary shares**

At the AGM held on 10 June 2015, a special resolution was proposed and passed, giving the Directors authority, until the conclusion of the 2016 AGM, to make market purchases of the Company's own issued shares up to a maximum of 14.99% of the issued share capital between 10 June 2015 and 31 January 2016, the Company had repurchased 224,978 Ordinary shares, being 0.34% of the issued share capital.

The Board is proposing that it should be given renewed authority to purchase Ordinary shares in the market. The Board believes that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value. The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders. The Board intends to hold any shares purchased in treasury for cancellation at the discretion of the Board.

Where purchases are made at prices below the prevailing Net Asset Value per share, this will enhance the Net Asset Value for the remaining shareholders. It is therefore intended that purchases would only be made at prices below Net Asset Value. The Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") came into force on 1 December 2003. The Regulations enable companies in the United Kingdom to hold in treasury any of their own shares they have purchased with a view to possible resale at a future date, rather than cancelling them.

The Listing Rules of the UK Listing Authority limit the maximum price (exclusive of expenses) which may be paid for any such share. It shall not be more than the higher of:

- (i) 105% of the average of the middle market quotations for an Ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the

date on which the Company agrees to buy shares concerned;  
and

- (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share in the Company on the trading venue where the purchase is carried out.

The minimum price to be paid will be 25p per Ordinary share (being the nominal value). The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital in the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 9,817,593 Ordinary shares, or if less, 14.99% of the number of Ordinary shares in issue at the date of the AGM. The authority will last until the AGM of the Company to be held in 2017 or 15 months after the passing of this resolution.

#### **Resolution 10: Annual General Meeting Notice**

This resolution will renew the approval to convene all general meetings of the Company, other than Annual General Meetings, on a minimum of 14 clear days' notice. The notice period for Annual General Meetings will remain at 21 clear days. The approval will be effective until the Company's next Annual General Meeting, when it is intended that renewal will be sought. The Directors will only call General Meetings on 14 clear days' notice when they consider it in the best interests of shareholders to do so and where the relevant matters need to be dealt with expediently.

#### **Recommendation**

The Directors consider each resolution being proposed at the Annual General Meeting to be in the best interests of shareholders as a whole and they unanimously recommend that all shareholders vote in favour of each of them, as they intend to do so in respect of their own shareholdings.

# Directors and Advisers

## Directors

Sarah Bates

*Chairman*

Dermot McMeekin

*Senior Independent Director*

*Nomination and Remuneration Committee Chairman*

Susan Platts-Martin

*Independent Director*

Andrew Robson

*Audit and Management Engagement Committee Chairman*

Diane Seymour-Williams

*Independent Director*

All the Directors are Members of the Audit and Management Engagement Committee and of the Nomination and Remuneration Committee.

## Executive Manager

Witan Investment Services Limited

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## Portfolio managers

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10 Queen's Terrace

Aberdeen AB10 1YG

Matthews International Capital Management, LLC

Four Embarcadero Center, Suite 550,

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Gavekal Capital Limited

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18 Harbour Road

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## Company Secretary and Registered Office

Capita Company Secretarial Services Limited

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London EC3A 7NH

## Fund Accountants and Administrator

BNP Paribas Securities Services

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London EC2R 6PA

## Independent Auditors

PricewaterhouseCoopers LLP

*Chartered Accountants and Statutory Auditors*

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London SE1 2RT

## Custodian and Bankers

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125 London Wall

London EC2Y 5AJ

The Royal Bank of Scotland plc

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## Registrars

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Website: [www.computershare.com](http://www.computershare.com)

## Witan Wisdom Scheme

Witan Wisdom

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## Broker

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