ANNUAL REPORT 2020

Witan Pacific Investment Trust plc

CONTENTS

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

- Aim to outperform the Company's benchmark, the MSCI AC Asia Pacific Free Index in Sterling terms, over the long term
- Aim to increase the dividend per share in real terms over the long term
- Employ an active multi–manager approach with the aim of adding value and diversifying risk
- Appoint independent portfolio managers to access the wide range of opportunities in the Asia Pacific region, seeking capital return and income growth
- Buy back shares when the Company's shares are standing at a substantial and anomalous discount to their net asset value ("NAV")
- Control costs, seeking to maintain ongoing charges (excluding performance fees, if any) of 1% or less per annum

During the year under review, these strategies were in place.

Why choose Witan Pacific Investment Trust?

- The only UK investment trust with a strategic focus across the entire Asia Pacific region, including Japan, Australia and India: investing in companies operating within this increasingly interdependent region
- A multi–manager strategy which involves the active management both of portfolio managers and the allocations to those managers, to give access to a variety of investment styles and skills, and a broader investment opportunity
- The combination of portfolio managers offers a portfolio of stocks reflecting their best ideas, independent of index weightings and aiming to balance out some of the risks
- Investment performance: a commitment to NAV Total Return outperformance of the benchmark's total return; if outperformance is not achieved in the period from 1 February 2019 to 31 January 2021, then proposals will be put forward including a full cash exit. See Chair's statement for further details.
- Growing income: annual regular dividends have increased in each of the past 15 years
- Governance by an experienced, independent Board of Directors

FINANCIAL SUMMARY

for the year ended 31 January 2020

Key data

	2020	2019		% change
NAV per share	**363.49p**	352.54p	↑	3.1%
Share price[2]	**333.00p**	303.00p	↑	9.9%
Discount[1]	**8.4%**	14.1%		

Total return

	2020	2019
NAV per share	**5.2%**	−7.4%
Share price[1,2]	**12.3%**	−10.3%
Benchmark[3]	**8.7%**	−5.4%

Income

	2020	2019		% change
Revenue per share	**7.15p**	7.88p	↓	9.3%
Dividend per share	**7.15p**	7.00p	↑	2.1%

Ongoing charges[1]

	2020	2019
Excluding performance fees	**1.00%**	1.03%
Including performance fees	**1.07%**	1.03%

Total return since inception of the multi-manager structure (31 May 2005)

1 The financial statements (on pages 60 to 78) set out the required statutory reporting measures of the Company's financial performance. In addition to these, the Board assesses the Company's performance against a range of non-statutory reporting criteria which are viewed as particularly relevant for investment trusts ("Alternative Performance Measures"), which are summarised on pages 2 and 3 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 17. Definitions of the terms used are set out on page 80.

2 Source: Morningstar.

3 Source: Morningstar. The benchmark for Witan Pacific Investment Trust plc is the MSCI AC Asia Pacific Free Index.

LONG-TERM PERFORMANCE ANALYSIS

for the year ended 31 January 2020

Total returns since inception of multi–manager structure (31 May 2005)

	Cumulative return	Annualised return
NAV per share[1]	236.2%	8.6%
Share price[2]	255.5%	9.0%
Benchmark[3]	243.0%	8.8%

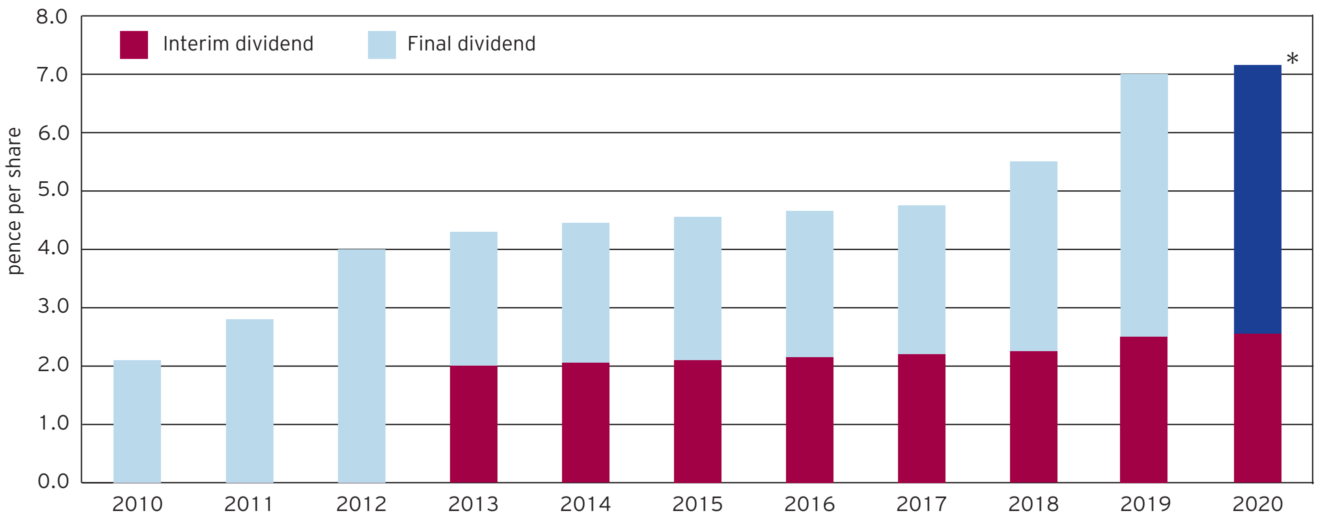
Total returns over each of the past five financial years (twelve months to 31 January)

	2020	2019	2018	2017	2016
NAV per share[1]	**5.2%**	−7.4%	17.3%	30.7%	−5.6%
Share price[2]	**12.3%**	−10.3%	22.1%	26.1%	−3.5%
Benchmark[3]	**8.7%**	−5.4%	17.9%	35.3%	−5.9%

Total returns over three, five and ten years

	3 year return		5 year return		10 year return	
	Cumulative	Annualised	Cumulative	Annualised	Cumulative	Annualised
NAV per share[1]	14.3%	4.6%	41.0%	7.1%	114.7%	7.9%
Share price[2]	23.0%	7.2%	49.7%	8.4%	143.3%	9.3%
Benchmark[3]	21.2%	6.6%	54.2%	9.1%	126.9%	8.5%

10–year dividend record



* Proposed dividend

1 Source: Morningstar/Witan Investment Services. Alternative Performance Measure (see page 80).

2 Source: Morningstar. Alternative Performance Measure (see page 80).

3 Source: Morningstar. The benchmark for Witan Pacific Investment Trust plc is the MSCI AC Asia Pacific Free Index.

CHAIR'S STATEMENT

Market background

Over the year under review, Asia Pacific equities underperformed most major regions as a series of local and global factors conspired to limit the upside of the region's markets. The primary concerns surrounded US/China trade negotiations, US Federal reserve policy, pro-democracy demonstrations in Hong Kong and the lack of global economic growth. Despite these headwinds, equity markets ended the year higher with our benchmark, the MSCI AC Asia Pacific Free index, up 8.7% in sterling terms. Asian equity markets started the year positively following the US Federal Reserve's suspension of its plans to raise interest rates. This gave the Asian Central banks more flexibility with their own monetary policies helping to support the growth of their respective economies. Markets continued to be influenced by the ongoing trade negotiations between the US and China throughout the year. The signing of a 'Phase One' deal as the year drew to a close in January was viewed positively by markets though quickly followed by concerns surrounding the impact of the rapidly spreading Coronavirus (Covid-19) which led to falls of 2.4% in Asian markets in January 2020. As you will be well aware, the spread of the Covid-19 has resulted in significant market falls and volatility since then.

During our financial year, there was a wide divergence in the performance of Asian markets. Taiwan, the best performing market returned 28.7% closely followed by the China A share market which returned 28.5%, helped by MSCI's increased weighting of China A shares in its Emerging Markets Index. The developed markets in the region on the whole did better than the emerging markets with Japan and Australia gaining by 11.4% and 14.7% respectively. Japan was led higher by high-tech, healthcare and speciality materials companies while Australia enjoyed a resurgence in fortunes on the back of an improving economic environment. South Korea and the ASEAN nations were impacted by the global trade uncertainty and a slowing economic outlook. The regional laggard was Thailand which was down 8.7% having been one of the top performers in the last financial year. Pro-democracy demonstrations in Hong Kong hit retail sales there and the Hong Kong market ended the year lower. Elections in India and Australia were initially positive for markets though both leaders have been under pressure (Modi for treatment of non-Hindu minorities and Morrison for handling of bushfires). Both countries have seen their GDP growth rates slow.

The best and worst performing sectors reversed position during the year compared with the previous year. The worst performing sectors were the energy and utilities sectors. The energy sector was held back by lower oil prices while the defensive qualities of many utility companies led to underperformance in the second half of the year. In addition, both sectors are seen as structurally challenged in a world which is paying closer attention to Environmental, Social and Governance (ESG) issues. Technology, the worst performing sector last year, topped the tables this year returning over 23%. The technology sector benefitted from the return of the semiconductor cycle which was boosted by demand for processors especially in Internet of Things and 5G applications. Taiwan was the main beneficiary of this with the country's (and Company's) largest holding, Taiwan Semiconductor Manufacturing Corp (TSMC), producing a total return of over 50%.

Performance

The Company's net asset total return was 5.2% and the share price total return was 12.3% compared to the benchmark's total return of 8.7%. The NAV and share price hit an all-time high in January but fell back due to the emergence of Covid-19 in China. Aberdeen outperformed the benchmark whereas disappointingly the other three managers underperformed. Manager performance is covered in detail in the Investment Review which follows my statement.

I remind shareholders of the corporate announcement made in February 2019. In summary, this stated that if the

SUMMARY

- NAV total return of 5.2% for the year, compared with benchmark 8.7%
- Final dividend of 4.6p, making 7.15p for the year (+2.1%)
- Share price total return of 12.3%
- Covid–19 impact highly uncertain
- Region's long–term attraction remains

Company does not deliver NAV total return outperformance of its benchmark over the period from 31 January 2019 to 31 January 2021, the Board will put forward proposals which would include a full cash exit at close to NAV for all shareholders.

I am disappointed to report that the Company had not delivered NAV total return outperformance over the measurement period at the year–end. Including the period subsequent to the year–end, the NAV total return from 31 January 2019 to 1 May 2020 was –1.7%, compared with the benchmark total return of 0.9% over the same period. The Board continues to monitor performance closely and is considering the available options in the best interests of shareholders and the Company, should the performance target not be met. In that event, any proposal that the Board might put to shareholders would include the opportunity to realise cash should shareholders so wish. The Board will update shareholders at the appropriate time, expected to be no later than the end of the first week of February 2021.

Dividend

The Board aims to increase the ordinary dividend in real terms over the long term. It has done so for each of the last fifteen years. Following the interim dividend of 2.55p paid in October 2019, the Board is proposing a final dividend of 4.6p per share. Last year's revenue earnings were exceptionally high being 21% higher than the year ended January 2018. This year's revenue earnings are down on last year though 10% higher than the previous year.

Subject to shareholder approval, the final dividend will be paid in July, with the shares trading ex–dividend on 11 June 2020. This will make a total dividend of 7.15p per share for the year, a rise of 2.1% on last year. This increased dividend equates to a yield of 2.3% based on the share price at the time of writing of 317p.

The Board believes that the payment of 7.15p for the full year, which is equal to, but not more than, the year's revenue earnings per share, is a prudent stance as there is significant uncertainty surrounding earnings for the year ahead as companies deal with the threats posed by Covid–19. There are likely to be significant dividend cuts, which will impact on our earnings. We are, however, fortunate to enter this period of uncertainty with a sizable revenue reserve. It is likely that the Company will use some of these reserves to help supplement the Company's income in the current financial year.

Discount

The discount at the year–end was 8.4%. During the year, we repurchased 1,251,965 shares at a cost of £4.2m at an average discount of 10.5%. This added approximately 0.8p per share of value. Since the year–end, in line with most Investment Trusts, our discount range has widened and we have continued to buy back shares.

Environmental, Social and Governance (ESG)

ESG is a growing focus both of shareholders and our investment managers and the companies they invest in. All our investment managers employ ESG analysts and they each have their own ESG policies as well as being signatories to the UN–supported Principles for Responsible Investment. ESG factors are used to filter out or to help value potential investments. Such due diligence also helps our managers to engage with otherwise attractive investee companies with a view to improving their standards and help put them in a stronger position to generate sustainable shareholder returns. Many Asian companies (especially those in countries such as Japan and South Korea) have attracted criticism for governance standards which fall short of generally accepted best practises. Any improvement in governance, as well as environmental practices and social standards, within the region could have a disproportionately positive effect on the value which investors may attribute to Asian companies in future.

Covid–19

Since the year end markets have fallen sharply ending the bull market run as the Covid–19 virus has spread across the globe causing many thousands of fatalities. Measures taken to contain its spread have impacted economic growth and will undoubtedly result in a global recession, although its longevity and long–term impact are, as yet, unknown. Central banks have eased monetary policy and governments have unveiled enormous fiscal measures to alleviate some of the economic and social impact of the virus. Since our year–end, Sterling has fallen versus most Asian currencies which has to some extent cushioned the fall in the NAV. Notwithstanding

CHAIR'S STATEMENT continued

this, the NAV has fallen by 6.6% since the year–end (as at 1 May 2020). This fall, whilst disappointing, represents a significant improvement compared to the 16.4% decline witnessed at the low for the period on 19th March. Whilst this recovery is welcome, it may be many months before normality returns and stock market volatility subsides. In the meantime, the Board is focused on ensuring the effective management of the Company and its portfolio managers. It has reviewed and is satisfied with their business continuity plans and the implementation thereof.

Outlook

It is difficult to predict how long it will take for businesses to return to their normal modus operandi. The pandemic began in China which now appears to have contained it and has started to reopen its factories. Long–term growth forecasts for mainland China remain strong. Some sectors such as travel, will be much more hurt than others, and some companies will be casualties of the imposed tough operating conditions. From an investment perspective, an active approach to selecting stocks rather than tracking indices should prove particularly valuable in this investment climate although it may take time for these investment decisions to bear fruit. Eventually, however, Asia's economic spirits will prevail, and this, together with the extraordinary measures provided by governments and central banks, are likely to stimulate positive returns once fear subsides and the global economy reopens for business. The region's long–term attractions remain, underpinned by structural drivers such as high educational standards, rising discretionary consumption, and advances in technology.

Annual General Meeting

It is intended that the Annual General Meeting ("AGM") of the Company will be held on 29 June 2020. Further details will be made available via an announcement to the London Stock Exchange and through statements on our website. The formal Notice of AGM will be provided to shareholders under separate cover. The well–being of our shareholders is vitally important to us and if the AGM proceeds on 29 June 2020 as a physical meeting then, in light of current restrictions on movement and gatherings in England (which prohibit public gatherings of more than two people), we expect shareholders to stay at home as they will be prohibited from attending the AGM. Therefore, I encourage you to vote on the resolutions but not to attend in person. In the meantime, should you wish to get in touch with me please do so via the Company Secretary whose details are below.

Susan Platts–Martin
Chair
6 May 2020

Company Secretary contact details:
Link Company Matters Limited
Beaufort House, 51 New North Road, Exeter EX4 4EP
email: WitanPacificInvestmentTrustplc@linkgroup.co.uk

INVESTMENT REVIEW

for the year ended 31 January 2020

Performance summary

Manager performance

It was another frustrating year for the majority of Witan Pacific's managers as the environment outlined in the Chair's statement was ill–suited to their current portfolio positioning. Three of the four managers underperformed the benchmark, with Aberdeen being the sole positive contributor to relative returns. Aberdeen's focus on the best quality companies was well placed to benefit in an uncertain environment for Asian markets. These companies, with strong franchises, solid balance sheets and healthy cash flows, were favoured over the more cyclical or consumer focused stocks owned elsewhere in the portfolio. Aberdeen's total return of 14.7% was solidly ahead of the benchmark's total return of 8.7%. Matthews gave up a significant degree of the outperformance since appointment as retail, resources and automobile stocks were key detractors from returns as was their exposure to the Chinese consumer. A total return of 2.4% was a disappointing result from a manager whose long–term record has served Witan Pacific well. Robeco's investment style made up some ground in the final quarter as value stocks came back into favour, but not by enough to overcome the relative underperformance they had suffered in the first half of the year. Their portfolio ended the year 4.2% behind the benchmark. Dalton enjoyed some significant successes this year including owning two of the region's best performing companies; GDS Holdings (a Chinese data centre operator) and Shin Zu Shing (a Taiwanese manufacturer of precision hinges for technology applications). Unfortunately, these gains were largely offset by losses elsewhere resulting in a portfolio return of 4.3%. Over the longer–term, Aberdeen has produced annualised returns of 10.6% compared with the 8.8% achieved by the benchmark since 2005 and Matthews is up 10.1% (annualised) versus 9.4% for the benchmark since their appointment in 2012. Robeco and Dalton are both behind benchmark since appointment in 2017.

In terms of individual stock contribution to returns, the Company's largest position, Taiwan Semiconductor Manufacturing Company, made the greatest contribution. Indeed, technology and high–precision industries were well represented in the list of contributors over the year with Samsung Electronics, Hoya Corporation (electro–optical products), Shin Zu Shing, Shin–Etsu Chemical (semiconductor silicon), MediaTek (semiconductor manufacturer) all making significant contributions. Other successes included Breville, the Australian kitchen appliance manufacturer and Chugai Pharmaceutical in Japan. On the negative side were China Petroleum & Chemical Corp (SINOPEC), China Mobile, Seven & I (Japanese convenience retail), China Resources Power, Turquoise Hill Resources (copper mines) and LG Chemical (industrial petrochemicals and plastics).

Japan makes up the largest single country allocation of our portfolio. Despite this, it remains the largest underweight position relative to the benchmark. Being underweight Japan was a headwind for performance as the Tokyo stock market outperformed its emerging market counterparts. The portfolio was also held back by owning certain Japanese stocks which were particularly exposed to the fortunes of the Chinese consumer. The ebb and flow of US/China trade negotiations was a key influence on Asian equity sentiment throughout the year and was not particularly helpful to manager performance.

Portfolio Composition

The Company's overall portfolio is the result of individual stock selection decisions made by the managers and geographic and sector weightings are the result of these decisions rather

Portfolio manager performance for the year ended 31 January 2020 and from appointment to 31 January 2020

	Appointment date	Managed assets[1] £m	Managed assets[1] %	Performance Manager %	Performance Benchmark %	Annualised performance[2] Manager %	Annualised performance[2] Benchmark %
Matthews	30 April 2012	88.0	39.6	+2.4	+8.7	+10.1	+9.4
Aberdeen	31 May 2005	58.5	26.4	+14.7	+8.7	+10.6	+8.8
Robeco	28 Sept 2017	55.0	24.8	+4.5	+8.7	+2.4	+4.9
Dalton	28 Sept 2017	20.4	9.2	+4.3	+8.7	−2.6	+4.9

Source: BNP Paribas. All performance figures are disclosed on a pre–fee basis.

Notes:

1 Excluding cash balances held centrally by the Company.

2 Since appointment.

INVESTMENT REVIEW continued

than the result of 'top–down' asset allocation although, of course, portfolio distribution is closely monitored. The top 50 investments are shown on pages 12 and 13 and the resulting country and sector allocation is shown on page 9.

The Company's three largest country allocations are to Japan, China and South Korea which together account for 69% of the portfolio. Taiwan, Singapore, India and Australia make up a combined 24%, with the balance of 7% spread across the smaller markets of the region. Of course, the country of domicile may have little bearing on a company's fortunes or the source of its revenues. In Japan, for example, only c. 45% of revenues of Japanese listed companies emanate from their home market. The majority of revenues come from overseas with the US (25%) being the largest foreign source of revenue. The rest of Asia is approximately 20% while Europe accounts for much of the balance. This regional and global inter–dependence has been seen as one of Asia's strengths in recent years but, in a post Covid–19 world, there is a concern that globalisation could stall as major importers, such as the US, may look to 'onshore' sensitive supply chains or diversify away from reliance on individual countries. Clearly it is too early to provide a definitive answer to this particular threat, but the matter is clearly being debated at the highest levels. Therefore, it is of some comfort that major economies such as China and India are becoming increasingly dependent on their domestic economies rather than relying on being the outsource centres for developed world corporations.

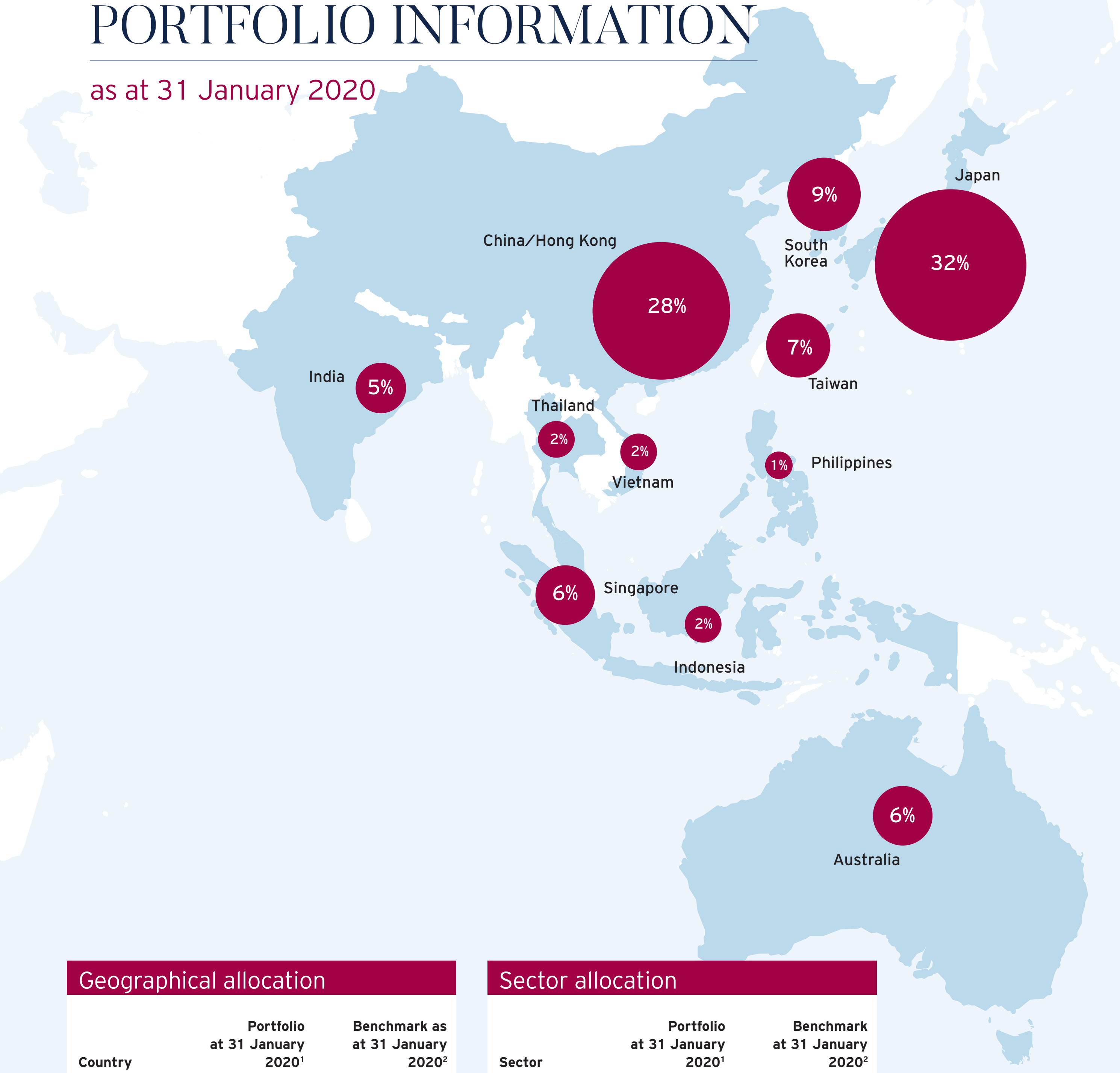
There were 18 new entrants to the list of top 50 stocks this year. Many were the result of relative share price performance or additions to existing holdings but there were also six new purchases. These included Gree Electrical Appliances (China, air conditioning), Hitachi (Japan, conglomerate), Katitas (Japan, real estate management), Bandai Namco (Japan, toys and video games), Netlink (Singapore, internet infrastructure) and Keppel DC REIT (Singapore, data centres). Overall, there were 44 outright sales from the portfolio and 47 new positions purchased out of a total of 213 holdings. This level of portfolio activity is similar to the previous year which in turn was a little higher than has been typical of our managers in the past. This suggests that they are continuing to find interesting investment opportunities despite what, by industry standards, remains relatively low portfolio turnover. This is due, in part, to a broadening of the opportunity set but also down to a widening of the valuation differentials between the companies within Witan Pacific's investment universe.

The active share of the portfolio, a commonly used measure of active management, (where a portfolio identical to the benchmark has an active share of 0% while one with no holdings in common with its benchmark has an active share of 100%) was 69% (2019: 73%). The active share of our managers ranged from 78% to 99%. The forecast Price/Earnings ratio for the portfolio was 13.5 at the year–end compared with 14 for the benchmark (2019:12.5 and 12.7) indicating that Asian equities were 25% cheaper than their US counterparts (2019: 25%). Clearly, market moves post the year–end and revised earnings forecasts will have influenced the headline figures but, taken together, these statistics indicate that the portfolio is rationally valued and well diversified.

Of course, as we have seen in the recent years, active managers can go through fallow periods where positive relative performance proves elusive. This is especially the case when a small number of the largest companies are dominating stock market performance. To help demonstrate how narrow this leadership has been, we examined how many companies have contributed to the benchmark's total return in any given period. Last year half of the benchmark's 8.7% total return came from the share price performance of just 14 companies. This is approximately half as many companies as contributed a similar proportion to the positive return achieved over the last decade. Not only has performance been focused in a small number of companies but also large companies significantly outperformed their smaller brethren last year. This phenomenon was unhelpful to Witan Pacific which has approximately 30% of its portfolio invested in medium or smaller companies while the benchmark has a little over 10% in such enterprises. It is the collective managers' belief that the pendulum will swing back in favour of these companies, particularly those that are currently overlooked due to their size or a challenged business environment, assuming they are equipped to navigate the current earnings recession. Of course, in the current uncertainty, it is hard to predict when this recovery in fortunes will occur. What is clear, however, is that the clouds which are currently overshadowing the world will pass and that stock markets, being forward looking, will respond to signs that Covid–19 is being contained. This will allow the patient investor to benefit from a resumption in growth aided by the massive economic stimulus that governments around the world have provided to help limit the impact of the virus. In general, Asian economies and corporations entered the current crisis better placed than many Western counterparts to weather the storm and are well placed to reap the rewards of a brighter future.

PORTFOLIO INFORMATION

as at 31 January 2020



Strategic report

Geographical allocation

Country	Portfolio at 31 January 2020[1]	Benchmark as at 31 January 2020[2]
Australia	6%	10%
China/Hong Kong	28%	26%
India	5%	6%
Indonesia	2%	1%
Japan	32%	37%
Malaysia	–	1%
Philippines	1%	1%
Singapore	6%	2%
South Korea	9%	7%
Taiwan	7%	7%
Thailand	2%	2%
Vietnam	2%	–
	100%	**100%**

1 Source: BNP Paribas – portfolio represents investments excluding cash.
2 Source: MSCI.

Sector allocation

Sector	Portfolio at 31 January 2020[1]	Benchmark at 31 January 2020[2]
Communication Services	7%	10%
Consumer Discretionary	17%	15%
Consumer Staples	9%	6%
Energy	2%	3%
Financials	20%	19%
Health Care	6%	7%
Industrials	10%	12%
Information Technology	17%	14%
Materials	5%	6%
Real Estate	6%	5%
Utilities	1%	3%
	100%	**100%**

1 Source: BNP Paribas.
2 Source: MSCI.

PORTFOLIO INFORMATION continued

Portfolio manager information

Dalton Investments LLC ("Dalton") is an independent investment boutique established in Santa Monica, California in 1999. Dalton manages US$3.4bn (as at 31 December 2019) in strategies focused on Asian, global and emerging market equities. The firm is independently owned by its founders, each of whom has over 30 years of investment experience, as well as the firm's senior employees.

Strategy
Dalton's Asia strategies are managed by James B. Rosenwald III, co–founder of Dalton Investments, and noted authority on Asia equity investment. He is supported by multi–cultural, multi–lingual analyst teams located in Santa Monica, Tokyo, Mumbai and Sydney. Dalton follows a disciplined value investment process to identify good businesses trading at a significant discount to intrinsic value and whose management share an alignment of interest with shareholders.

Aberdeen Asset Managers Limited ("Aberdeen") is a subsidiary of Aberdeen Asset Management PLC and part of the Standard Life Aberdeen PLC group of companies. Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments. Aberdeen has delegated management of the Company's assets to Aberdeen Standard Investments (Asia) Limited (also part of the Standard Life Aberdeen PLC group of companies) which was established in Asia in 1992 and, as at 31 December 2019, was managing £47.3bn of assets in Asia. The Asia Pacific Equities team, made up of over 40 fund managers in the region, is headed up by Flavia Cheong. The team follow a fundamental investment style emphasising the identification of good quality companies on reasonable valuations relative to their growth potential.

Strategy
Aberdeen are buy–and–hold investors, focusing on companies that its research analysts identify as high quality. This involves assessing each company on five key factors; namely the durability of the business model & moat, the attractiveness of the industry, the strength of financials, the capability of management, and our assessment of the company's ESG credentials.

Matthews Asia®

Matthews International Capital Management LLC ("Matthews Asia") is an independent, privately owned firm, and the largest dedicated Asia investment specialist in the United States. Matthews believes in the long–term growth of Asia and employs a bottom–up, fundamental investment philosophy with a focus on long–term investment performance. As at 31 December 2019, Matthews Asia had US$27.3bn in assets under management.

Strategy

The Company is invested in a segregated portfolio that is managed according to the Matthews Asia Dividend Strategy; the lead portfolio manager is Yu Zhang, CFA, and the Co–Managers are Robert Horrocks, PhD, Vivek Tanneeru and Sherwood Zhang, CFA. 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 a balance between stable dividend yielding companies and companies with attractive dividend growth prospects, in order to provide both capital growth and a sustainable dividend yield. The strategy invests in companies of all sizes and has significant exposure to small and mid–cap stocks.

ROBECO
The Investment Engineers

Robeco Institutional Asset Management B.V. ("Robeco") is a pure–play international asset manager founded in 1929 with headquarters in Rotterdam, the Netherlands, and 17 offices worldwide. A global leader in sustainable investing since 1995, its unique integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies, for a broad range of asset classes. As at 31 December 2019, Robeco had EUR 173 billion in assets under management, of which EUR 149 billion is committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V.

Strategy

Robeco's investment approach combines a value approach with awareness of business and price momentum with the aim of constructing portfolios of attractively–valued shares while avoiding value traps. Whilst their portfolio may have similar geographic weightings to the benchmark, it will tend to look very different from the benchmark as it has a high active share which is the result of active bottom–up stock selection. The aim is for performance to be driven by stock selection rather than country, macro–economic or political factors.

TOP FIFTY INVESTMENTS

as at 31 January 2020

Rank	Description	Country	% of total investments	Value £'000
1	**Taiwan Semiconductor** The world's largest dedicated semiconductor foundry	Taiwan	3.9	8,352
2	**Samsung Electronics** Global market leader in semiconductors, mobile phones, televisions and OLED panels	South Korea	3.8	8,284
3	**Aberdeen Global Indian Equity Fund** UCITS fund providing cost effective access to a concentrated portfolio of Indian equities	India	2.3	4,846
4	**AIA Group** Leading insurance and wealth management service provider in the Asia Pacific region	Hong Kong	1.8	3,841
5	**Ping An Insurance** Personal and corporate insurance services across Greater China	China	1.7	3,748
6	**Aberdeen Global China A Share Fund** UCITS fund providing cost effective access to a concentrated portfolio of Chinese equities	China	1.7	3,678
7	**Minth Group** Auto–parts manufacturer with over 100 clients representing over 80% of the world's car production	China	1.5	3,259
8	**Hyundai Mobis** Korean based manufacturer of automotive and environmental products with global operations	South Korea	1.3	2,811
9	**Hoya Corporation** Japanese manufacturer of glass products for optical, electronic and medical applications	Japan	1.2	2,581
10	**China Construction Bank** CCB provides banking services to public, corporate and private sectors throughout China	China	1.1	2,476
11	**Misumi Group** Worldwide distribution of precision machine parts, automation components and industrial supplies	Japan	1.1	2,471
12	**Anritsu Corporation** Manufactures electronic systems, instruments and devices chiefly in the information and communication fields	Japan	1.1	2,430
13	**Tencent Holdings** Chinese internet and mobile value–added service provider	China	1.1	2,387
14	**Seven & I Holdings** Japanese convenience store operator with over 50,000 stores worldwide	Japan	1.0	2,232
15	**LG Chemical** Manufacturer of speciality chemicals used in life sciences, mobile phone, OLED and innovative battery markets	South Korea	1.0	2,182
16	**Shin–Etsu Chemical** A leading manufacturer of polyvinyl chloride, silicon and silicon wafers for semiconductors	Japan	1.0	2,178
17	**NTT DoCoMo** Japan's largest telecoms company	Japan	1.0	2,084
18	**Shin Zu Shing** Manufactures hinge assembly, springs and stamping parts for communication and computer products	Taiwan	1.0	2,074
19	**Pigeon Corporation** Manufactures baby, maternity and elderly care products distributed in Japan, China and across Asia	Japan	1.0	2,069
20	**Shenzhou International** Chinese textile manufacturer supplying the global branded sports goods and casualwear market	China	1.0	2,048
21	**United Overseas Bank** Singaporean multinational banking organisation with over 500 offices in 19 countries	Singapore	1.0	2,046
22	**BHP Group** International minerals company with focus on iron ore, copper and other metals	Australia	0.9	2,020
23	**China Merchants Bank** Chinese commercial bank	China	0.8	1,819
24	**Gree Electric Appliances** The world's largest air conditioning manufacturer for domestic and industrial applications	China	0.8	1,752
25	**BGF Retail** Food and beverage retail chain operating over 8,000 convenience stores throughout South Korea	South Korea	0.8	1,658
26	**CK Hutchison** Holding company including ports, telecoms, retail, infrastructure, energy and leasing operations	Hong Kong	0.8	1,658

Rank	Description	Country	% of total investments	Value £'000
27	**Sun Art Retail** Leading Chinese hypermarket operator with 450 sites in over 200 cities as well as a strong online presence	China	0.8	1,630
28	**Hitachi** Manufacturer of communications and electronic equipment, heavy electrical and industrial machinery and consumer electronics	Japan	0.7	1,614
29	**Kao Corporation** Manufacturer of speciality chemicals, edible oils/acids and beauty, healthcare and homecare products	Japan	0.7	1,598
30	**HKBN** Hong Kong based broadband network provider with mobile broadband licence	Hong Kong	0.7	1,593
31	**Japan Exchange** Asia's largest stock exchange by market cap and third largest by trading volume	Japan	0.7	1,546
32	**Thai Beverage** Market leading Thai beverage company with overseas operations in Scotland, Singapore and China	Singapore	0.7	1,531
33	**Lixil Group** Manufacturer of aluminium housing materials including doors, windows and curtain walls	Japan	0.7	1,510
34	**ICICI Bank** Retail and corporate banking services across India	India	0.7	1,497
35	**Katitas Co** Japanese real estate agency and property management	Japan	0.7	1,492
36	**Keyence Corporation** Manufactures and sells sensors and measuring instruments used in factory automation equipment	Japan	0.7	1,464
37	**WH Group** Chinese meat and food processing company	China	0.7	1,460
38	**Bank Central Asia** One of South-East Asia's largest banks offering financial services to both individual and business customers	Indonesia	0.7	1,443
39	**Breville Group** Manufacturer of small domestic appliances marketed under various brands around the world	Australia	0.7	1,441
40	**Sumitomo Mitsui Financial** One of the market leaders in the Japanese banking and financial services industry	Japan	0.7	1,400
41	**Bandai Namco** Japanese toy and video games manufacturer	Japan	0.6	1,392
42	**China Resources Land** Property investment and development and ancillary services	Hong Kong	0.6	1,374
43	**BELLSYSTEM24** Japanese CRM solutions provider including call centre outsourcing, technology and consulting services	Japan	0.6	1,358
44	**NetLink NBN** Singapore''s Next Generation Broadband Network provider	Singapore	0.6	1,353
45	**Keppel DC REIT** Asia's first pure-play data centre REIT	Singapore	0.6	1,351
46	**Minda Industries** Designs and manufactures switches and other components for cars, motorcycles and off-road vehicles	Indonesia	0.6	1,344
47	**Yuexiu Transport Infrastructure** Invests in, develops and manages toll roads, expressways and bridges in China	China	0.6	1,330
48	**Globe Telecom** Provider of mobile and fixed-line telecoms services to Philippine individuals and business consumers	Philippines	0.6	1,297
49	**DBS Group** Full service investment bank involved in consumer banking, brokerage and asset management	Singapore	0.6	1,267
50	**Nifco** Manufactures synthetic fasteners and plastic components for automobiles and home appliances	Japan	0.6	1,263

The value of the fifty largest holdings represents 51.6% (31 January 2019: 48.8%) of the Company's total investments. The full portfolio listing is published monthly (with a three-month lag) on the Company's website. The country shown is the country of incorporation or, in the case of funds, the country of risk.

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 25 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 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. The 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 is likely to 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. Therefore, the overall performance of regional equity and currency markets and the operating performance of specific companies selected by the managers is likely to have the most significant impact on the performance of the Company's net asset value.

Investment risk is managed through:

- the selection of at least two portfolio managers. Details of the proportion of assets managed by them are set out on page 7;
- the portfolio managers are required to spread their investments over a number of securities within the region;
- monitoring of portfolio manager performance and portfolios. Portfolio manager performance against the benchmark is set out on page 7; and
- monitoring of sector and country allocations of the manager portfolios and of the resulting combined portfolio.

Implementation of the investment policy in 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 9, 12 and 13.

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 Board holds an annual strategy meeting. The Directors use the strategy day to consider, amongst other things, the relevance of the investment mandate, the multi–manager approach, the marketing of the Company and the discount. It further believes that, if superior returns are achieved over the long term, the discount should narrow. As a result of its strategy discussions in February 2019, the Board announced that if outperformance is not achieved between 1 February 2019 and 31 January 2021, proposals will be put to shareholders, including a full cash exit at close to NAV.

The Company sponsors a marketing programme provided by Witan Investment Services Ltd. (WIS). 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.

Please also see the Chair's Statement and the Investment Review for further commentaries on the year.

Business model

The Company is an investment trust and aims to provide shareholders with capital and income growth from a diversified portfolio of investments in the Asia Pacific region. The Board achieves this through:

- the selection of suitable portfolio managers;
- the choice of investment benchmark;
- investment guidelines and limits;
- the appointment of providers for other services required by the Company; and
- the maintenance of an effective system of oversight, risk management and corporate governance.

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. The selection of individual investments is delegated to these external portfolio managers, subject to investment limits and guidelines.

The portfolio is managed in four segregated accounts, held at the Company's custodian. 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 manager's 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 7.

Our selected benchmark

The Company's benchmark is a reference point for a comparison of results from an investment in Witan Pacific. The benchmark is the MSCI AC Asia Pacific Free Index in sterling terms, with gross dividends reinvested ("MSCI Index" or "benchmark").

The benchmark is a widely diversified regional index which includes the principal countries in the Asia Pacific region.

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.

Priorities for the year ahead

For the year ending 31 January 2021, the key priorities for Witan Pacific include:

- **Investment.** Monitor and manage the portfolio managers with the objective of delivering outperformance of the benchmark to shareholders whilst assessing the risk approach of each portfolio manager.
- **Performance.** The Board is committed to securing outperformance of the benchmark and therefore announced that, if outperformance is not achieved between 1 February 2019 and 31 January 2021, proposals will be put to shareholders, including a full cash exit at close to NAV.

CORPORATE REVIEW continued

- **Governance.** Ensure effective oversight of all service providers and compliance with all applicable rules and guidelines, and monitor supplier risk including cyber risk.
- **Costs.** Monitor and manage costs carefully, with a view to achieving an ongoing charges ratio in line with the Company's target of 1% or less per annum.
- **Marketing and Communications.** Communicate Witan Pacific's distinct investment approach to existing and potential shareholders. The marketing programme, in combination with the buy–back policy, aims to reduce the Company's discount over time.
- **Covid–19.** There is currently significant uncertainty in relation to the impact of the spread of Covid–19. The Board will monitor its impact both on its investments and also on its suppliers.

Dividend policy

The Company aims to grow its dividend in real terms over the long term. 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 ("Articles") 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 4.50p in June 2019 and an interim dividend of 2.55p in October 2019 for the year under review. The Company has proposed a final dividend for 2019/20 of 4.60p, making a total payment for the year of 7.15p per share. This is an increase of 2.1% on the previous year, which compares with a 1.8% rise in the Consumer Price Index ("CPI") during the year.

Please see commentary in Chair's statement on dividends, particularly in relation to the potential impact of Covid–19 on investee company dividends.

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 in place for the year under review are set out below, with a record (in italics) of the Company's performance against them during the year.

NAV total return and total shareholder return.* Long–term outperformance of the combined portfolios compared with the benchmark is a key objective.	*The NAV total return was 5.2%, underperforming the benchmark total return of 8.7%, while the share price total return was 12.3%. Since the adoption of the multi–manager strategy in 2005, the NAV total return was 236.2%, underperforming the benchmark return of 243.0%. The share price total return was 255.5% reflecting the narrowing of the discount (see below).*
Investment performance by the individual portfolio managers. Long–term outperformance relative to the benchmark is sought.	*Over the year, Aberdeen outperformed the benchmark, while Dalton, Matthews and Robeco underperformed. Aberdeen and Matthews have both outperformed the benchmark since appointment. Dalton and Robeco have both underperformed since appointment in 2017. Details are shown in the table on page 7.*
Annual growth in the dividend. The Company's aim is to deliver increases in real terms, ahead of UK inflation.	*The dividend for the year ended 31 January 2020 rose (subject to shareholder approval) by 2.1%, compared with an inflation rate (CPI) of 1.8% during the year. Since the adoption of the multi–manager strategy, dividends have grown at an annualised rate of 13.6% compared with an annualised inflation rate of 2.2%.*
Discount to NAV.* 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 8.4% compared with 14.1% a year earlier. The average discount of the Company over the year was 10.3% (2019: 14.6%).* *The Company bought back 1.25m shares during the year at an average discount of 10.5% (2.0% of shares in issue (excluding treasury shares) at the prior year end), which both mitigated discount volatility and added 0.8p to net asset value.*
The level of ongoing charges.* Costs are managed with the objective of delivering an ongoing charges figure of less than 1% (excluding performance fees). Where higher charges arise, these are carefully evaluated to ensure there is a net benefit for shareholders. The increasingly stringent regulatory environment has resulted in additional pressure on costs. The Board considers its level of costs remains competitive compared to similar investment opportunities.	*The ongoing charges figure excluding performance fees was 1.00% (2019: 1.03%) while the ongoing charges figure including performance fees was 1.07% (2019: 1.03%). The ongoing charges figure including performance fees is higher this year as the one manager with a performance fee structure significantly outperformed the benchmark.*

* Alternative Performance Measure not defined under UK GAAP (for definitions see Glossary on page 80).

CORPORATE REVIEW continued

Gearing and the use of derivatives

Borrowings and gearing

The Company has the power under its Articles 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

The Company's delegated managers are not permitted to use derivatives or to gear their portfolios, nor does the Company use derivatives itself.

Market liquidity and discount

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 1,251,965 shares into treasury, at times when supply and demand in the market were out of balance and the discount was particularly wide. This added 0.8p to NAV per Ordinary share.

Since the year end to 1 May 2020, the Company has repurchased a further 102,155 Ordinary shares, which have been placed into treasury. Treasury shares may only be reissued at a premium to the prevailing NAV.

Witan Pacific is an 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 WIS) 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) to enable investors to make informed decisions about including Witan Pacific shares in their investment portfolios.

S.172(1) Statement

Background

Directors have a duty (under section 172 of the Companies Act 2006) to promote the success of a company for the benefit of shareholders as a whole. In doing so, a company must have regard to other broader matters including the likely long–term consequences of any decision, and on the need to foster a company's relationships with its employees, suppliers, customers and others and to have regard to their interests, the impact of a company on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision–making. During the year under review, the Board discussed which parties should be considered as stakeholders of the Company and concluded that, as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, its key stakeholders comprise its shareholders, suppliers (comprising mainly its portfolio managers, executive manager, third party service providers and advisers), while also taking into account the Company's responsibilities to regulators and to the environment and the wider community. The section below discusses the actions taken by the Company to ensure that the interests of stakeholders are taken into account.

Shareholders

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These include:

- **Annual General Meeting** – Whilst the Company welcomes and encourages attendance and participation from shareholders at the AGMs, in view of specific restrictions this year in relation to Covid–19, attendance at the AGM is likely to be, exceptionally, severely restricted (see Chair's statement). Under normal circumstances, shareholders have the opportunity to meet the Directors and the Executive Manager and to address questions to them directly and there are presentations on the Company's performance and the future outlook.
- **Publications** – The Annual Report and Half–Year results are made available on the Company's website and are circulated to those shareholders requesting hard copies. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by a monthly factsheet which is available on the website and the publication of which is announced via the stock exchange. Feedback and/or questions the Company received from shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and understandable;
- **Shareholder concerns** – In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chair at the registered office. The Senior Independent Director and other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels; and
- **Investor Relations updates** – at every Board meeting, the Directors receive updates from the Executive Manager on the share trading activity, share price performance, the Company's share register and investor relations. To gain a deeper understanding of the views of its shareholders and potential investors on behalf of the Company, the Executive Manager carries out a program of one to one and group meetings with existing and potential shareholders to update them on the strategy and performance of the Company.

Other stakeholders

- **The Executive and portfolio managers** – Maintaining a close and constructive working relationship with the Executive Manager (WIS) and the portfolio managers is crucial to the Board. The portfolio managers aim to achieve long–term returns in line with the Company's investment objective. WIS has a critical role in monitoring the portfolio managers and assisting the Board in its review of their performance. The Board meets with the Executive Manager at least every quarter, and there is also regular e–mail correspondence. The Board has visited its portfolio managers at their main overseas offices every other year; has at least annual video conference calls with them, receives monthly reports, and also has regular e–mail contact either direct or via WIS.

  Further details on the investment management and executive management arrangements can be found on page 29.

CORPORATE REVIEW continued

- **Suppliers**

  The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice and views are routinely taken into account. The Audit Committee formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee also reviews and evaluates the financial reporting control environments in place at each service provider.

- **Regulators**

  The Company regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best–practice guidance, and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer–term.

- **Environment and Community**

  In view of the out–sourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Directors recognise that the portfolio managers can influence an investee company's approach to Environmental, Social and Governance (ESG) matters, and therefore discusses ESG matters regularly with its portfolio managers (see section on ESG).

The above mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective.

Should the shareholders and other stakeholders of the Company wish to contact the Chair of the Company, they can do so by contacting the registered office of the Company or by sending an email for the attention of the Chair at **WitanPacificInvestmentTrustPlc@linkgroup.co.uk**.

Culture

The Board agrees that establishing and maintaining a healthy corporate culture, based on integrity, ethical behaviour, good governance and openness, will support the delivery of its purpose and strategy, and is essential both to the reputation of the Company and to its success. The interaction and relationships between Board members and between the Board and its stakeholders are particularly important. The Board seeks to promote a culture of openness, debate and integrity, both in its own internal discussions and through ongoing dialogue and engagement with all of its service providers. The Board recognises that it is essential that the Chair and the Board lead by example.

The Company seeks to comply both with relevant codes of corporate governance and with general best practice. It has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the Corporate Governance Statement section on page 37).

Corporate and operational structure

Investment management arrangements

Each of the portfolio managers, Aberdeen, Dalton, Matthews and Robeco, is entitled to a base management fee, levied on the assets under management. The base management fee rates for managers in place at 31 January 2020 ranged from 0.2% to 0.85%. The weighted average base management fee was 0.56%. In addition, one portfolio manager (which is also entitled to the lowest base fee) is entitled to a performance fee, calculated according to investment performance relative to the benchmark. These agreements can be terminated on one month's notice. Further details on fee arrangements are set out on page 29.

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.

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

- WIS for Executive Management services; WIS has experience of the issues arising in operating a multi–manager structure, and manages and monitors the outsourced structure and relationships, provides commentary on investment issues and provides 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;
- BNP Paribas Securities Services for investment accounting and administration;
- JP Morgan Chase Bank, N.A. for investment custody services;
- Link Market Services Limited for company secretarial services (through Link Company Matters Limited);
- the Company also takes specialist advice on regulatory and 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 where necessary and stipulate clear objectives and guidelines for the level of service required; and
- Share Savings Plan. WIS no longer manages the Share Savings Scheme, and holders have been offered alternative means of holding their shares. The Board encourages all shareholders to subscribe to the Company's newsletters and factsheets, which can be done on the Company's website.

Premises and staffing
Witan Pacific has no premises nor employees.

Environmental, human rights, employee, social and community issues

The Company's core investment activities are undertaken by Aberdeen, Dalton, Matthews and Robeco, which consider policies relating to environmental and social matters as part of their investment process. The Company has therefore not reported on these or community issues. The Company is not within the scope of the Modern Slavery Act 2015 as it has insufficient turnover and is therefore not obliged to make a human trafficking statement. The Board reviews its portfolio managers' reports on their policies relating to environmental, social and corporate governance issues and discusses the managers' approaches with them. 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 one female and three 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 diversity policy is set out on page 37.

Key Information Document

The European Union's Packaged Retail Investment and Insurance based Products ("PRIIP"s) Regulations cover Investment Trusts and require boards to prepare a key information document ("KID") in respect of their companies. Witan Pacific's KID is available on the Company's website. Investors should note that the processes for calculating the risks, costs and potential returns in the KID are prescribed by EU law and the Company has no discretion over the format or content of the document.

The illustrated performance returns in the KID cannot be guaranteed and, together with the prescribed cost calculation and risk categorisation, may not reflect figures for the Company derived using other methods. Accordingly, the Board recommends that investors also take account of information from other sources, including the Annual Report.

CORPORATE REVIEW continued

COST ANALYSIS

The Company exercises strict scrutiny and control over costs. Any negotiated savings in investment management or other fees will 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.

	Year ended 31 January 2020		Year ended 31 January 2019	
Category of costs[1]	**£m**	**% of average net assets**	£m	% of average net assets
Management fees[2]	**1.48**	**0.65**	1.61	0.69
Other expenses	**0.81**	**0.36**	0.80	0.34
Non–recurring expenses	**(0.03)**	**(0.01)**	(0.01)	0.00
Ongoing charges[3]	**2.26**	**1.00**	2.40	1.03
Portfolio manager performance fees	**0.16**	**0.07**	-	-
Ongoing charges including performance fees	**2.42**	**1.07**	2.40	1.03
Portfolio transaction costs	**0.27**	**0.12**	0.27	0.11

1 For a full breakdown of costs, see notes 3 and 4 on pages 66 and 67.

2 Figures inclusive of fees paid to WIS.

3 Ongoing charges exclude performance fees, if payable. No performance fees were payable in 2018/19.

Principal risks and uncertainties

The Audit Committee regularly (at least annually) reviews the risks facing the Company 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 16 to the financial statements on pages 72 to 78.

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. Emerging risks are considered at each Audit Committee meeting. An assessment is made on the threat and means of mitigation. A record is maintained and emerging risks are incorporated in the Risk Matrix as and when necessary.

Information about the Company's internal control and risk management procedures can be found in the Audit Committee Report on page 44.

The Board has identified the following as being the principal risks and uncertainties facing the Company:

RISK	MITIGATION
Inappropriate business strategy and/or changes in the financial services market leads to lack of demand for the Company's shares and to an increase in the discount of the share price to the NAV.	The Board reviews its strategy at an annual strategy meeting. It considers investor feedback, consults with its broker and reviews its marketing strategy. It regularly reviews its discount control policy. The strategy is considered in the context of developments in the wider financial services industry.
Adverse market conditions, particularly in equities and currencies, lead to a fall in NAV.	The Company's exposure to equity market risk and foreign currency risk is an integral part of its investment strategy. Adverse markets may be caused by a range of factors including economic conditions, political change, natural disasters and health epidemics. Volatility in markets from such factors can be higher in less developed markets. Market risk is mitigated to a degree by careful selection of portfolio managers and appropriate portfolio diversification.
Poor investment performance, including through inappropriate asset allocation, leads to value loss for shareholders in comparison to the benchmark or the peer group.	The performance of the portfolio managers is reviewed at each Board meeting, and compared against the benchmark and similar investment opportunities. Exposures against companies and countries are reviewed against benchmark exposure to identify the highest risk exposures. In a multi-manager structure, different portfolio construction styles can mitigate underperformance. The Board reviews the investment strategies of the managers at least annually.
A reduction in income received from the companies in which it invests, from adverse currency movements, or from portfolio re-allocation could lead either to lower dividends being paid by the Company or to dividends being paid out of reserves.	The Board reviews forecast income at each Board meeting, and also receives longer-term views on income from the portfolio managers. The Company has substantial revenue reserves which can be utilised without requiring the use of other reserves.
Operational failure leads to reputational damage and potential shareholder loss. Operational issues could include: errors, control failures, cyber attack or business discontinuity at service providers.	The Audit Committee reviews the controls including business continuity procedures at the service providers and requires appropriate reports. Separate records of investments are maintained by the portfolio managers, custodian and fund accountants, and are reconciled. The Executive Manager also monitors the performance and controls of third party providers.
Tax and regulatory change or breach leads to the loss of investment trust status and, as a consequence, the loss of the exemption from taxation of capital gains. Change in tax, regulation or laws could make the activities of the Company more complicated, more costly or even not possible. Other regulatory breaches (including breaching the listing rules, market abuse regulations and AIFMD) could result in reputational damage and costs. Regulatory change can also increase the costs of operating the Company.	Compliance with investment trust status regulations is reviewed at each Board meeting. The Board reviews compliance with other regulatory, tax and legal requirements and is kept informed of forthcoming regulatory changes.

CORPORATE REVIEW continued

Covid–19. Since January 2020 the spread of Covid–19 has been a fast emerging risk to the Company. There are a number of risks. Firstly, the disruption to demand and supply chains, and general uncertainty around the eventual severity, has caused significant volatilty in markets with consequences for the value of the Company's investments. Secondly, the potential disruption to the Company's service providers could lead to impairment in the level of servce provided to the Company. The Company addresses the market risk as it does other market risk through diversification of its investments and careful monitoring of the impact on investee companies. The Company also monitors its service providers to ensure there is adequate business continuity. Thirdly, there is a risk that income received will be substantially reduced, particularly in the year to 31 January 2021. This is being monitored carefully by the Board (see Chair's statement).

EU Departure transition period. The Board has also considered the implications for the Company in connection with the uncertainty surrounding trade deals with the EU and other countries. Given the Company is invested in the Asia Pacific region, the greatest impact has been, and may continue to be, the movement of sterling against international currencies. Because the value of the Company's investments, and income received, is denominated substantially in overseas currencies, any fall in sterling will increase the value of those investments, and income received, in sterling terms. Conversely, any rise in sterling will decrease the value of those investments, and income received, in sterling terms.

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 founded in 1907, 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's portfolio is invested in quoted securities, which can be sold at short notice to raise cash if required. There are no unquoted securities in the portfolio.
- The Company currently has no borrowings.
- The expenses of the Company are reasonably predictable, modest in comparison to the assets and adequately covered by investment income (investment income to 31 January 2020 was 2.4 times total expenses), and the Board expects there to continue to be adequate cover taking account of any decline in investment income resulting from the impact of Covid–19.

The Board has also taken account of its strategy and investment policy set out on page 14, and the principal risks and uncertainties set out on pages 22 and 23. The Company operates a robust risk control framework to manage those risks and uncertainties. As part of its risk assessment, the Board has considered the potential impact of Covid–19 on the Company (see above).

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.

The Board has also assessed the viability of the Company in the light of the Board's statement in February 2019 and as stated in the Chair's statement on page 4, that unless NAV outperformance is delivered from 31 January 2019 to 31 January 2021, the Board will put forward proposals which would include the option of a full cash exit. As stated above, there are several risks resulting from the impact of Covid–19, but the Board's assessment is that there is no threat to the viability of the Company, particularly in view of the Company having no borrowings, a liquid portfolio and suppliers with strong business continuity procedures.

Taking account of all of 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.

Approval

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

Susan Platts–Martin
Chair
6 May 2020

BOARD OF DIRECTORS

Susan Platts–Martin
Chair
Appointed: July 2014
Chair since June 2017

Susan Platts–Martin was appointed to the Board in July 2014 and 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 International, including several years as the Head of Investment Trusts. She has experience of both open–and closed–end funds, having been director of product development and head of fund accounting at Fidelity and she is a qualified chartered accountant. Susan currently sits on the board of BlackRock Smaller Companies Trust plc and the advisory board of the Barings Targeted Return Fund.

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 has been a director and chairman of PMC Treasury Group Ltd, a financial advisory firm, and of the 2gether NHS Foundation Trust. Dermot is a non–executive director of European Leisure Estates, Greenway Limited and Sanater SpA. He is also chairman of Westonbirt Schools Limited.

Chris Ralph
Appointed: July 2017

Chris Ralph is Chief Global Strategist at St. James's Place, the UK's largest independent Wealth Management Company. He has worked in financial markets for over thirty–five years. As well as sitting on the Investment Committee for St. James's Place and focusing on the monitoring and development of the company's Investment Management Approach, Chris also chairs the Investment Committee of The Big Exchange and is a member of the Investment Committee for the Rank Foundation.

Andrew Robson
Audit 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 currently those of two other investment companies, and has a business advisory practice.

Andrew took over the role of Chairman of the Audit Committee in June 2015.

Andrew is currently non–executive director of Shires Income PLC and JP Morgan Smaller Companies Investment Trust plc. He was also a non–executive director of British Empire Trust plc until 2017 and M&G Equity Investment Trust plc until April 2011.

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

STATUTORY INFORMATION

at 31 January 2020

The Directors have pleasure in presenting their Annual Report and the audited Financial Statements of the Company for the year ended 31 January 2020.

Status of the Company
The Company is a public company limited by shares and incorporated in England. It is an investment company as defined by Section 833 of the Companies Act 2006. Its shares have a premium listing on the London Stock Exchange. The Company operates as an approved investment trust in accordance with Sections 1158–1159 of the Corporation Tax Act 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").

Future developments
See Chair's Statement on pages 4 to 6 for a review of the year and the outlook for the next year.

Directors
The Directors of the Company who were in office during the year and at the date of this Report, and their biographical details, are shown on pages 26 and 27.

All Directors will retire by rotation at the AGM and will stand for re–election.

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

To the extent permitted by law and by the Company's Articles, the Company has 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, were in place throughout the year and as at the date of approval of the financial statements.

The Articles permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations.

Share capital
At 31 January 2020, there were 65,944,000 Ordinary shares of 25p each in issue (2019: 65,944,000 Ordinary shares), of which 4,812,561 were held in treasury (2019: 3,560,596 treasury shares). At the 2019 AGM, the Directors were granted authority to buy back up to a maximum of 9,266,822 Ordinary shares. At 31 January 2020, the unused authority to buy back Ordinary shares was 8,578,229 Ordinary shares. This authority will expire at the conclusion of the 2020 AGM when the Directors will seek a renewal of the authority.

During the year to 31 January 2020, the Company repurchased a total of 1,251,965 Ordinary shares to hold in treasury representing 2.0% of the shares in issue (excluding shares held in treasury) as at the prior year end. The nominal value of Ordinary shares repurchased during the year was £312,991. The total consideration for these repurchases was £4,153,000.

Following the year end, the Company has repurchased a further 102,155 Ordinary shares to hold in treasury (as at 1 May 2020), with a nominal value of £25,539. The total consideration for these repurchases was £311,000.

At 1 May 2020, there were 65,944,000 Ordinary shares of 25p each in issue. 4,914,716 Ordinary shares were held in treasury, representing 7.4% of the issued Ordinary share capital as at 31 January 2020. Each Ordinary share carries one vote, therefore, the total votes in issue were 61,029,284.

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 NAV.

The impact to the NAV as a result of the buy–back activity for the year ended 31 January 2020 was an enhancement of £0.5m or 8p per Ordinary share.

At the 2019 AGM, the Directors were also granted authority to allot ordinary shares up to an aggregate nominal amount of £1,546,661. No shares have been issued under this authority. This authority is due to expire at the conclusion of the next AGM, when proposals for its renewal will be sought.

Results and dividend

Revenue return after taxation	£'000
Net revenue return after taxation	**4,412**
Dividend paid/payable: Interim dividend of 2.55p per share	**(1,569)**
Proposed final dividend of 4.6p per share	**(2,807)**
Residual revenue return after dividends	**36**
At 31 January 2020 Revenue reserve[1]	**13,191**

1 Revenue reserve excludes the proposed final dividend for the year ended 31 January 2020 of £2,807,000. Subject to approval by shareholders at the AGM, this dividend will be payable on 3 July 2020 to shareholders on the register on 12 June 2020 (see Chair's Statement on page 5).

Investment management services

The Company appointed Aberdeen Asset Managers Limited as a portfolio manager on 31 May 2005. Matthews International Capital Management LLC was appointed on 30 April 2012 and Dalton Investments LLC and Robeco Institutional Asset Management BV were appointed as portfolio managers on 28 September 2017.

The Management Agreements with Aberdeen, Dalton, Matthews and Robeco can each 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 0.85% 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 Free 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 such that the aggregate management fee and performance fee in any year shall not exceed 1% of the average portfolio assets in that year).

The Investment Review (pages 7 and 8) contains an assessment of the performance of the portfolio managers.

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 appraisals of the portfolio managers' services from the Executive Manager. 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, San Francisco and Los Angeles to meet with the portfolio managers in February 2019.

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 Committee. The performance of the Executive Manager and the portfolio managers is monitored and reviewed by the Board as a whole. Given the multi–manager structure, it is felt more appropriate for the review of the performance of the managers to be carried out by the Board rather than delegated to a separate Management Engagement Committee. The Board assesses the continuing appointment of each of the portfolio managers on an ongoing basis, and more formally once a year, taking into account advice received from the Audit Committee and the Executive Manager.

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.

While the Board currently considers that the continuing appointment of the portfolio managers, on the terms agreed, is in the best interests of shareholders as a whole, it is keeping this under review in accordance with its corporate statement last February (see Chair's statement).

Executive management services

On 27 May 2005, the Company appointed Witan Investment Services Limited as Executive Manager. Witan Investment Services is entitled to an annual Executive Management Fee of 0.125% of NAV (subject to a minimum of £75,000 per year), payable quarterly. With effect from 1 February 2019, the annual Executive Management Fee will be calculated at the rate of 0.12% of NAV up to £200m and 0.07% of NAV over £200m (subject to a minimum of £75,000 per annum). A Marketing Fee of £75,000 per annum is also payable. The Executive Management Agreement is terminable on six months' notice in writing by either party.

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 £62,000 per annum plus an ad valorem charge of 0.02% per annum on the total assets of the Company up to £300m and 0.01% thereafter. The agreement with BPSS continues until terminated by either party on giving not less than six months' written notice.

STATUTORY INFORMATION continued

Link Market Services Limited ("Link") (formerly known as Capita Registrars Limited) provides company secretarial services through Link Company Matters Limited (formerly known as Capita Company Secretarial Services Limited) pursuant to an agreement dated 1 January 2013. The fee for these services is of £58,094 per annum, and is subject to annual RPI increase. The agreement with Link continues until terminated by either party on giving not less than six months' written notice.

Substantial share interest

Significant direct or indirect interests	31 January 2020 Ordinary shares	% of voting rights
Wells Capital Management[1]	**9,307,992**	**15.0**
City of London Investment Management Company Limited	**5,039,126**	**8.2**
Rathbone Nominees	**3,084,454**	**5.0**

1 Changes to these interests have been notified to the Company between 31 January 2020 and the date of this report: Wells Capital Management have notified a change to their interests between 31 January 2020 and the date of this report. Wells Capital Management now own 9,879,734 shares in the Company representing 16.2% of voting rights.

Internal controls and risk management systems

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This is described in more detail on page 40.

Going concern

The activities of the Company, together with the factors likely to affect its future development, performance, financial position and liquidity position are described in the Strategic Report. In addition, the Company's policies and processes for managing its key financial risks are described in note 16 on pages 72 to 78. The assets of the Company consist mainly of securities which are readily realisable, and, as at 31 January 2020, the Company's total assets less current liabilities were £222 million. The assets of the Company consist mainly of securities which are readily realisable, and, as at 31 January 2020, the Company's net assets were £ 222 million. As at 1 May 2020, the Company's net assets were £207 million. The Company has no borrowings. As a consequence, the Directors believe that the Company continues to be well placed to manage its business risks successfully. After making enquiries, and assessing both the risks arising from Covid–19 (see page 24) and the consequences of its corporate statement made in February 2019 (see "Performance" in Chair's statement), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next year. Accordingly, they continue to adopt the going concern basis in preparing this Annual Report and Accounts.

Information about securities carrying voting rights

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 Guidance 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 above.
- The rules on the appointment and replacement of the Directors are set out in the Company's 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.

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.

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 generate a small amount of greenhouse gases in the form of incidental transport, use of personal computers and other activities on which it is not required to report. During the year ended 31 January 2020, the Board travelled to Asia and America to meet with the Company's portfolio managers. The measurable amount of carbon dioxide equivalent ("CO2e") produced over the course of this trip was 87.66 tonnes, being 14.61 tonnes per person. This compares to zero tonnes in the year to 31 January 2019. Please see the table and methodology below.

Global GHG emissions for the period 1 February 2019 to 31 January 2020

	Tonnes of CO_2e Current reporting year 2019–2020
Emissions from:	
Air Transport Company's chosen intensity measurement:	**70.78**
Emissions reported per person[1]	**14.61**

1 Five Directors and a representative from WIS travelled to Asia.

Methodology

The Company has used the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2017.

Resolutions of the Annual General Meeting

A full explanation of the resolutions being proposed at the AGM can be found in the Notice of AGM of the Company.

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.

Independent Auditors

Ernst & Young LLP, the Independent Auditors of the Company, have indicated their willingness to continue in office. The Audit Committee has responsibility for making a recommendation to the Board on the reappointment of the Independent Auditors. After careful consideration of the services provided to the Company during the year and a review of the effectiveness of the Independent Auditors, the Audit Committee has recommended that Ernst & Young 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 Audit Committee to agree their remuneration for the ensuing year. When considering the continuing appointment of Ernst & Young LLP the Company considered the objectivity as well as the performance of Ernst & Young LLP.

Resolutions to re–appoint Ernst & Young LLP as Independent Auditors and to authorise the Audit Committee to agree their remuneration will be proposed at the forthcoming AGM.

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.

Approval

The Directors' Report has been approved by the Board.

Link Company Matters Limited
Company Secretary
6 May 2020

CORPORATE GOVERNANCE STATEMENT

Background

The UK Listing 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 July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code") issued by the Association of the Investment Companies ("AIC") in February 2019 addresses all the principles set out in the UK Code as well as providing specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the FCA. The AIC Code can be viewed at www.theaic.co.uk.

Compliance

Throughout the year ended 31 January 2020 the Company complied with the principles and provisions of the AIC Code 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 on the following pages reports on compliance with the recommendations of the AIC Code.

It should be noted that, as an investment trust, all of 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 Code relating to the role of the Chief Executive or executive remuneration.

The Principles of the AIC Code

The AIC Code is made up of eighteen principles and 42 provisions over five sections covering:

- Board Leadership and Purpose;
- Division of Responsibilities;
- Composition, Succession and Evaluation;
- Audit, Risk and Internal Control
- Remuneration

The Board's Corporate Governance Statement sets out how the Company complies with each of the provisions of the AIC Code.

BOARD LEADERSHIP AND PURPOSE

	AIC Code Principle	Compliance statement
A.	**A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.**	Members of the Board are fully engaged and bring diverse skills to the table fostering healthy debate. The investment objective is to provide investors with capital and income growth from a diversified portfolio of investments designed to achieve long-term outperformance of the benchmark thereby generating value for shareholders. The Company allocates its capital to specialist investment managers who all have ESG policies and employ dedicated ESG staff who have input to investment decisions. Furthermore, there are many examples of our investment managers engaging with companies in the portfolio to raise issues and make improvements of an ESG nature. This principle has been reflected in updated Directors' appointment letters.
B.	**The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.**	The purpose of the Company is also the investment objective which 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 Index in sterling terms. It does this by investing its assets with a view to spreading investment risk and in accordance with the investment objective, while maintaining a diversified portfolio. The Board embraces a culture of inclusivity, fairness and responsibility, adopting a responsible governance culture with due regard to broader matters in so far as they apply. As such, transparency and openness are important values both within the Board and its dealings with stakeholders. The Board assesses and monitors its own culture as part of the annual Board evaluation process, including its policies, practices and behaviour to ensure that it is appropriately aligned to the Company's activities.
C.	**The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.**	The Board and the Audit Committee regularly review the performance of the Company and the performance and resources of the Executive Manager, the portfolio managers and its other key Service Providers to ensure that the Company is able to meet its objectives. The Board assesses performance in a number of different ways including through the KPIs. The Audit Committee is responsible for assessing and managing risks. Risks are reviewed as part of the review of the Company's key Service Providers. Considerable work has also been done to develop a risk matrix which is reviewed at least every six months by the Audit Committee and by the Board as a whole. Further information about how this process can be found in the Audit Committee Report on pages 41 to 44.

CORPORATE GOVERNANCE STATEMENT continued

AIC Code Principle	Compliance statement
D. **In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.**	The Board understands its responsibilities to shareholders and stakeholders and considers the expressed opinions of all such parties when making any decision. The Board considers that, other than shareholders, their other key stakeholders are their third–party service providers including Advisers, the portfolio managers and the Executive Manager. The Audit Committee reviews annually the performance of all the Company's third–party service providers including the level and structure of fees payable and the length of notice period, to ensure that the Service Providers remain competitive and the arrangements are in the best interests of shareholders. The Committee also reviews the internal controls, anti–bribery and corruption policies and policies on whistleblowing and cyber security of each service provider. With regards to Covid–19, the Audit Committee reviewed the business continuity procedures of the key service providers of the Company; no significant concerns were identified as all the key service providers had robust business continuity procedures in place. The Board considers the impact any decision will have on all relevant stakeholders. In addition, the Directors welcome the views of all shareholders and place considerable importance on communications with them. Shareholders wishing to communicate with the Chair, 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. Representatives of the Board and the Executive Manager make themselves available to 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. Feedback from any discussions with shareholders is also presented by the Company's brokers and marketing advisors. Any substantive communications regarding any major corporate issues would be discussed by the Board taking into account representations from the Executive Manager, the Auditor, legal advisers, Broker and Company Secretary. The Directors' statement on meeting their responsibilities under s.172 of the Companies Act 2006 can be found on pages 19 and 20 of this report.

DIVISION OF RESPONSIBILITIES

F.

The chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non–executive directors, and ensures that directors receive accurate, timely and clear information.

There is a clear division of responsibility between the Chair, the Directors, the Executive Manager, the portfolio managers and the Company's other third–party service providers. The Chair is responsible for leading the Board, and is responsible for its overall effectiveness in directing the affairs of the Company. The Chair ensures that all Directors receive accurate, timely and clear information and promotes a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chair also takes a leading role in determining the composition of the Board and for seeking to ensure effective communications with shareholders and other stakeholders. Further details on the Company's engagement with shareholders and other stakeholders can be found in the S.172(1) Statement set out on pages 19 and 20.

The Board meets regularly throughout the year and representatives of the Executive Manager are in attendance, when appropriate, at each meeting and most Committee meetings.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes setting the corporate strategy, appointing the portfolio managers and other service providers, setting the overall objectives and investment restrictions within which the portfolio managers are free to operate, setting gearing and asset allocation limits and imposing limits on investment powers changes, within which the portfolio managers have discretion to act, approving any unquoted investments and reviewing risk management.

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.

The review of the performance of the Chair was carried out during the period by Dermot McMeekin as Senior Independent Director ("SID") taking into account feedback from other Board members. The document setting out the roles of the Chair and SID is available on the Company's website. This review concluded that the Chair continues to make a significant contribution to, and devotes sufficient time to the affairs of, the Company and continues to display excellent leadership.

The SID acts a sounding board for the Chair, provides a channel for any shareholder concerns regarding the Chair. In the event the Company faces a period of stress, the SID would work with the Chair, other Directors and/or shareholders to resolve any issue.

CORPORATE GOVERNANCE STATEMENT continued

AIC Code Principle	Compliance statement
G. The Board should consist of an appropriate combination of directors (and, in particular, independent non–executive directors) such that no one individual or small group of individuals dominates the Board's decision making.	All of the Directors are non–executive and are independent of the Executive Manager and the other service providers. The Chair, Susan Platts–Martin, was independent of the Executive Manager at the time of her appointment and remains so. Each Director is not a director of another investment company managed by the Company's Executive Manager, nor has any Board member been an employee of the Company or any of its service providers. 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 Management Asia Limited, one of the Company's four current portfolio managers. At the year end, Aberdeen managed 25.3% of the Company's assets. It has been announced that Mr Robson will be resigning from the Board of Shires Income plc in July 2020. The Board considers that the Company's arrangements differ from those traditionally found elsewhere. Witan Pacific is itself the AIFM (in accordance with the AIFMD) 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 believes the above–mentioned circumstances underpin Mr Robson's independence.
H. Non–executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third–party service providers to account.	As part of the Board evaluation process, the contributions of each Director, as well as the time commitments made by each board member are considered and reviewed. Directors' other commitments are regularly reviewed and any new appointments are considered by the other Directors to ensure there is no conflict of interest or risk of overboarding. Following the Board's evaluation, it was concluded that each Director provided appropriate levels of challenge and provided the Company and the service providers with guidance and advice when required.
I. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are in place and followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

COMPOSITION, SUCCESSION AND EVALUATION

AIC Code Principle		Compliance statement
J.	**Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.**	The Board has established a Nomination and Remuneration Committee, comprising all the independent Directors. This Committee will lead the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession plans. More information regarding the work of the Nomination and Remuneration Committee can be found on pages 47 to 50. No Directors were appointed in the year under review. The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: ■ all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and ■ long lists of potential non–executive directors should include diverse candidates of appropriate merit. The Company is committed to ensuring that any board vacancies are filled by the most qualified candidates.
K.	**The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.**	The Directors' biographical details are set out on pages 26 and 27 of this Report. These demonstrate the wide range of skills and experience that they bring to the Board. The Directors' skills, experience and knowledge is reviewed as part of the annual evaluation process. While considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. In addition, the Nomination and Remuneration Committee conducts a skills audit to enable the Board to identify any skill shortages to be filled by new Directors.
L.	**Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.**	The Board has agreed to evaluate its own performance and that of its Committees and Chair on an annual basis. For the period under review this was carried out by way of a questionnaire and subsequent discussions. The SID led the assessment, which covered the functioning of the Board as a whole, composition and diversity of the Board, the effectiveness of the Board Committees and the independence and contribution made by each Director. The Chair 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 Chair, 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. More information regarding the proposed re–election of each Director can be found in the Notice of AGM. The results of the annual Board Evaluation process conducted in early 2020 can be found on page 40 and in the Notice of AGM.

CORPORATE GOVERNANCE STATEMENT continued

AUDIT, RISK AND INTERNAL CONTROL

AIC Code Principle	Compliance statement
M. **The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.**	The Audit Committee has put in place a non–audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit Committee or the Board. This enables the Committee to ensure that the external auditors remain fully independent. In addition, the Audit Committee carries out a review of the performance of the external auditor on an annual basis. Feedback from other third parties, including the Executive Manager, is included as part of this assessment to ensure the Audit Committee takes into account the views of different parties who have a close working relationship with the external auditor. Further information regarding the work of the Audit Committee can be found on pages 41 to 44.
N. **The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.**	The Audit Committee has considered the Annual Report and Accounts as a whole and agreed that they believe that the document presents a fair, balanced and understandable assessment of the Company's position and prospects.
O. **The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long–term strategic objectives.**	The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon. The Audit Committee has carried out an annual review of the effectiveness of the Company's systems of internal control and given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee reviews the control systems in operation of the Company's key service providers insofar as they relate to the affairs of the Company. As set out in more detail in the Report of the Audit Committee on pages 41 to 44. The Audit Committee's internal control oversight focus is described in more detail in the Audit Committee report on page 44. As part of this the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of potential and emerging risks that the business may face. More detail regarding the principal and emerging risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 2 to 25.

P.	**Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.**	As outlined in the Remuneration Report (which contains the annual statement from the Chairman of the Nomination and Remuneration Committee) on page 47, the Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to the Company's peer group and the investment trust industry generally. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors. The Remuneration Policy is therefore designed to attract and retain high quality Directors, whilst ensuring that Directors remain focused and incentivised to promote the long-term sustainable success of the Company. All Directors own shares in the Company, all of which were purchased in the open market and using the Directors' own resources. More information can be found in the Remuneration Report on page 47.
Q.	**A formal and transparent procedure for developing policy remuneration should be established. No director should be involved in deciding their own remuneration outcome.**	The Remuneration Policy has been developed with reference to the peer group. There is an agreed fee which all non-executive Directors receive (irrespective of experience or tenure) and an additional fee for the roles of Senior Independent Director and Audit Committee Chairman. There is also an agreed fee for the role of Chair. Any changes to Directors' fees are considered by the Nomination and Remuneration Committee as a whole.
R.	**Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.**	All Directors of the Company are independent non-executive Directors and all Directors are the members of the Nomination and Remuneration Committee. Any decision with regard to remuneration is taken after considering the performance of the Company and the current market conditions.

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 Committee	Nomination And Remuneration Committee	Strategy
S Platts-Martin	5/5	3/3	2/2	1/1
D McMeekin	5/5	3/3	2/2	1/1
C Ralph	5/5	3/3	2/2	1/1
A Robson	5/5	3/3	2/2	1/1

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 Board also held a private session without the Executive Manager or any portfolio managers present. Board members are encouraged to indicate if further sessions are thought to be appropriate.

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board subject to which the

CORPORATE GOVERNANCE STATEMENT continued

Board has delegated specific duties to an Audit Committee, a Nomination and Remuneration Committee and a Disclosure Committee, each of which operate within written terms of reference. All Directors are members of each standing Committee of the Board. Link Company Matters Limited acts as Secretary to the Board and its Committees.

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.

It is the Board's policy that all Directors, including the Chairman, shall normally have tenure limited to nine years from their first appointment to the Board. Exceptions could be made in exceptional circumstances, particularly in respect of the Chair or if the Company were in the middle of a corporate action, when an extension could be made. However, the Board subscribes to the view expressed in the AIC Code that long–serving directors should not be prevented from forming part of an independent majority and that the length of a Director's tenure should not necessarily reduce his or her ability to act independently. Therefore, the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director, or the Chairman, beyond nine years from their first appointment, is in the best interests of the Company and its shareholders.

The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience required for the Board to be effective; and
- long lists of potential non–executive Directors should include diverse candidates of appropriate merit.

The Nomination Committee considers and makes recommendations with regard to Committee membership, the re–appointment 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 Chair on the Directors' performance through the evaluation process and considers those Directors who are to retire by rotation at the AGM. Following consideration of the results of the performance evaluation, the Committee was assured that the performance of all Directors continues to be effective, that they bring extensive knowledge and commercial experience to the Board, demonstrate a range of valuable business, financial and investment trust skills, that they continue to be effective and their contribution supports the long–term sustainable success of the company and that they remain wholly independent. The Board therefore recommends that shareholders vote in favour of each Directors proposed election.

Information about the work of the Committee during the year can be found on page 47. Details of the Committee's activities in relation to Directors' remuneration are set out in the Directors' Remuneration Report on pages 47 to 50, together with information on the fees paid to Directors during the year under review.

Disclosure Committee

A Disclosure Committee, comprising all Directors, is in place to ensure inside information is identified and disclosed, if necessary. The Committee met once during the period under review.

AUDIT COMMITTEE REPORT

Audit Committee

The Audit Committee of the Company meets at least three times a year. During the year ended 31 January 2020, 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;
- approve the appointment, re–appointment or removal of the Independent Auditors and make recommendations to the Board following an audit tender process;
- manage the relationship between the Company and the Independent Auditors, including reviewing the Independent Auditors' independence and objectivity as well as the effectiveness of the external audit process;
- approve the remuneration of the Independent Auditors;
- develop and implement a policy on the engagement of the Independent Auditors to supply non–audit services;
- review the contractual arrangements with the portfolio managers and other third party service providers; and
- review the performance of, and make recommendations

to the Board as to the continuing appointment of third party service providers, other than the Executive Manager and the portfolio managers, where responsibility rests with the Board.

Composition of the Audit Committee and resources

All of the Directors of the Company are members of the Audit Committee, including the Chairman of the Board. In accordance with the Code and given the size of the Board it is considered appropriate for the Chair of the Board to be a member of the Audit Committee. The Chair of the Board is a qualified accountant and brings a valuable contribution to the Committee's deliberations. Each Director is considered to be independent and will count towards the independent majority. 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, and the Audit Committee as a whole has competence relevant to the investment trust sector. Details of their experience are given on pages 26 and 27.

As the Company has no employees, there is no dedicated resource available to the Audit Committee. However, representatives from BPSS, 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, WIS, are invited to attend the Audit Committee meetings and are asked to present on specific issues.

The Audit Committee also has direct access to the Independent Auditors to the Company. The Independent Auditors attend an Audit Committee meeting at least once a year, and other meetings are arranged as necessary. The Audit Committee reviews, with the Independent Auditors, the plan and scope of the audit prior to the audit, and the results of the audit after it is concluded. At least annually, the Audit Committee discusses any relevant matters with the Independent Auditors privately without the presence of third party suppliers.

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

AUDIT COMMITTEE REPORT continued

Significant issues

In relation to the Annual Report and Accounts for the year ended 31 January 2020, 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 NAV. 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. The Audit Committee reviews the treatment of any special dividends received during the year, and also reviews total income against both prior year income and forecast income.
Performance fee	The calculation of the performance fee payable to Aberdeen Asset Managers Limited is reviewed by the Directors regularly at each Board meeting. A performance fee amount was due, and a further amount accrued, in respect of the year. The Audit Committee considered the calculation of the performance fee in conjunction with BPSS and the Independent Auditors.
Risk review and emerging risks	The Committee regularly reviews the Company's Risk Matrix and keeps the key strategic risks facing the Company under particular scrutiny. There were no significant matters during the year to report. In addition, the Audit Committee considered its processes for identifying and monitoring emerging risks. It was agreed that at each Audit Committee meeting there should be a discussion on emerging risks, and any identified emerging risks should be recorded in the Risk Matrix.
Going concern	The Audit Committee has reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts, particularly in view of the impact of the Covid–19 pandemic and also the Board's statement in February 2019 in respect of any NAV underperformance from 31 January 2019 to 31 January 2021 (see "Performance" in Chair's statement). The Audit Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement on page 30)

Other matters arising during the year

During the year, the Audit Committee also considered the following:

- **Independent Auditor**. Ernst & Young ("EY") were appointed as Independent Auditors for the year ended 31 January 2020. Details are provided on page 43 in the section "Independent Auditors".
- **Compliance with Section 1158 of the Corporation Tax Act 2010.** The Directors regularly receive 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.
- **Recovery of withholding tax.** Many dividends received by the Company are subject to withholding tax, some of which may be recoverable. The Audit Committee reviews withholding taxes to ensure recovery is made wherever practical.
- **Cyber security.** The threat of cyber attack is a concern for all organisations. The Audit Committee considered the principal risks, and reviewed information from relevant service providers on their cyber security arrangements.
- **Service providers.** The Audit Committee reviewed the performance and internal controls of its major operational service providers.
- **Allocation of costs.** The Audit Committee reviewed the Company's policy on the allocation of certain costs (principally management fees) between capital and revenue and recommended to the Board that there should be no charge in the following proportion: capital 75%; revenue 25%. This split reflected the Board's view of the expected long–term split of returns, in compliance with the SORP. The recommendation was accepted by the Board.

- **Dividend.** The Audit Committee reviews the revenue account, forecasts prepared by BPSS, and analyses prepared by WIS, in order to make recommendations on dividends to the Board.
- **Annual Report.** Financial statements issued by the Company need to be fair, balanced and understandable. The Audit Committee has reviewed the Annual Report as a whole and reported to the Board that, in its opinion, the Financial Statements are fair, balanced and understandable. The Committee is aware that several sections of the Annual Report and Accounts are not subject to formal statutory audit, including the Strategic Report. The checking process for the financial information in these sections is reviewed by the Audit Committee.

The Audit Committee assesses annually whether it is appropriate to prepare the Company's financial statements on a going concern basis, and makes its recommendation to the Board. The Board's conclusions are set out in the Directors' Report.

The Audit Committee's remit includes consideration of a statement by the Directors on the long–term viability of the Company. The Audit Committee reviewed this statement in the light of the Board's statement that, unless NAV outperformance is delivered from 1 February 2019 to 31 January 2021, the Board will put forward proposals which would include a full cash exit. That viability statement can be found on page 24.

- **Half Year Report.** The Audit Committee reviewed the integrity of the Half Year Report, which is not audited. There were no significant issues.

Independent Auditors

The Audit Committee Chairman leads the relationship with the Independent Auditors. The Audit Partner attends the Audit Committee meetings as appropriate during the year. The Audit Committee reviews the performance of the Independent Auditors at least annually and is assisted by WIS 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.

The Audit Committee also assesses the fee of the Independent Auditors and approves their remuneration.

Following a tender for audit services during 2018, the Audit Committee recommended the appointment of Ernst & Young LLP ("EY"). The Board accepted that recommendation, and a resolution to appoint EY was passed at last year's Annual General Meeting.

The year to 31 January 2020 was therefore EY's first year as Independent Auditors of the Company. Prior to the audit, the Audit Partner presented her audit plan to the Audit Committee and the key audit risks were discussed. A materiality level of 1% of net assets was agreed with EY.

On completion of the audit, the Audit Committee reviewed the effectiveness of the audit process and the performance of the Independent Auditors, [and concluded that both the effectiveness and performance had been satisfactory]

Audit fees in the year ended 31 January 2020 amounted to £34,000 (2018: £33,000).

Non–audit fees

In view of recent regulations introduced on the supply of non–audit services by the Independent Auditors, the Audit Committee has implemented a policy whereby no services, other than audit services, will be supplied by the Independent Auditors, effective from 1 February 2017. No non–audit services were provided in the year by the Independent Auditor.

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. It has agreed that it is appropriate for the Company to rely on the 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. It 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 periodically.

The Board has reviewed the implications of the Bribery Act of 2010 and confirmed its zero tolerance to bribery and corruption in its business activities. The Audit Committee has received assurances from the Company's principal third party service providers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents. It also maintains and reviews the Company's own anti–bribery policy.

AUDIT COMMITTEE REPORT continued

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, through the Audit Committee, has established an ongoing process for identifying, evaluating and managing principal risks faced by the Company, which are set out on pages 22 and 23. These controls, which are regularly reviewed, 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 management 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, the portfolio managers and other third party suppliers. 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 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 Link respectively. BPSS and Link report to the Board at least on a quarterly basis as well as on an ad hoc basis, as necessary. In addition, the Audit Committee 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 April 2016 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.

On behalf of the Audit Committee

Andrew Robson
Audit Committee Chairman
6 May 2020

DIRECTORS' REMUNERATION POLICY

The Board is required to submit the remuneration policy to shareholders for approval at least once every three years, or if approval to vary the policy is being sought. The Remuneration Policy is binding and sets the parameters within which Directors' remuneration may be set. A resolution to approve the Policy will be put to shareholders' vote at the forthcoming AGM. The policy provisions set out below will apply until they are next put to shareholders for renewal of that approval. There have been no substantial changes to the Remuneration Policy approved by the shareholders in 2017.

Directors' fees are determined by the Board, based on the recommendations of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee considers the level of Directors' remuneration at least once each year, taking into account the workload and responsibilities involved, the skills and judgement required and comparisons with the industry generally.

The fees paid will be reviewed on an annual basis and may also be reviewed when new non–executive Directors are recruited to the Board. In the absence of major increases in the workload and responsibility involved, the Board does not expect fees to increase significantly over the next three years.

Directors are paid fees for their services provided as Directors and may be entitled to special remuneration for performing, or undertaking to perform, services the Directors consider fall beyond the remit of the ordinary duties of a Director. Under the Company's Articles of Association ("Articles"), if any Director is requested to perform extra or special services, he/she is entitled to receive such additional remuneration as the Board may think fit, which may be either in addition to or in substitution for any other remuneration to which he/she may be entitled.

As the Board is solely composed of non–executive Directors, the consideration of their remuneration does not involve any variable or performance–related bonuses, or other benefits such as pensions.

Further details of the current arrangements are set out below.

Component	Director	Rate at 1 February 2020	Purpose of Remuneration
Annual Fee	All non–executive Directors	£24,500	Commitment as a non–executive Director[1]
Additional Fee	Chair of the Board	£16,500	For additional responsibilities and time commitments[2]
Additional Fee	Chair of the Audit Committee	£3,500	For additional responsibilities and time commitments[3]
Additional Fee	Senior Independent Director	£2,500	For additional responsibilities and time commitments[4]
Additional Fee	All Directors	N/A	For extra or special services performed in their role as a Director[5]
Expenses	All Directors	N/A	Reimbursement of expenses incurred in the performance of duties[6]

1 The Company's Articles limit the aggregate fees payable to the Board of Directors to a total of £175,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non–executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. It is also considered appropriate that no aspect of Directors' remuneration should be performance–related in light of the Directors' non–executive status.

2 The Company's policy is for the Chair of the Board to be paid a higher fee than the other Directors, to reflect the more onerous role.

3 The Company's policy is for the Chair of the Audit Committee to be paid a higher fee than other Directors, to reflect the more onerous role.

4 The Company's policy is for the Senior Independent Director, who is also Chair of the Nomination and Remuneration Committee, to be paid a higher fee than other Directors, to reflect the more onerous role.

5 This is a provision in the Company's Articles. Additional fees would only be payable in exceptional circumstances in relation to the performance of extra or special services.

6 Directors are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.

DIRECTORS' REMUNERATION POLICY continued

It is the Company's policy that no Director shall be entitled to any benefits in kind, share options, long–term incentives, pensions or other retirement benefits.

No Director has a contract of service with the Company; Directors are instead appointed by letters of appointment. A Director may resign by giving notice in writing to the Board at any time; there are no fixed notice periods nor any entitlement to compensation for loss of office.

In accordance with the Company's Articles, 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.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Shareholder views on remuneration

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration. Shareholders have the opportunity to express their views at the Company's AGM or by contacting the Chairman of the Nomination and Remuneration Committee or any of the Directors via the Company Secretary.

Approach to recruitment remuneration

The Board would expect that the remuneration of future Directors will be on the same basis as that of current Directors. It would not normally be a feature of the recruitment of non–executive Directors that any compensation payment for remuneration at previous appointments would be required nor that previous variable pay arrangements would be relevant. If in the next three years, the Company were to decide to employ any executive Directors, major shareholders would be consulted regarding the appropriate provisions.

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.

An ordinary resolution to approve the Directors' Remuneration Report will be proposed at the AGM.

ANNUAL STATEMENT FROM THE CHAIRMAN 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 26 and 27 of the Directors' Report. The Committee met twice during the year under review. The remuneration of each Director is discussed with the Chair 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 financial services industry.

Taking the above into account, no changes were proposed to the current remuneration of the Directors.

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 Directors is compliant with the Company's remuneration policy, which was approved by shareholder vote at the Company's AGM held on 14 June 2017, and were in the best interests of shareholders. A resolution to approve an updated remuneration policy will be put to Shareholders' vote at the forthcoming AGM.

The Remuneration Policy is set out on pages 45 and 46.

Board composition

As at 31 January 2020, the Board comprised four non–executive Directors, all of whom were independent of the Executive Manager and the portfolio managers. In accordance with the AIC Code of Corporate Governance, all Directors of the Company will make themselves available for re–election at the forthcoming AGM of the Company and annually thereafter until they have served a maximum of 9 years (unless not re–elected or retiring sooner).

Scheme interests awarded during the financial year

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 2020 are as follows:

		No. of fully paid Ordinary 25p shares	
Director	**Type of holding**	**31 January 2020**	31 January 2019
S Platts–Martin	Beneficial	**14,694**	14,694
D McMeekin	Beneficial	**15,000**	15,000
C Ralph	Beneficial	**5,180**	5,180
A Robson	Beneficial	**12,000**	12,000

The Directors' interests in shares remained unchanged as at 1 May 2020.

Consideration of Directors' remuneration

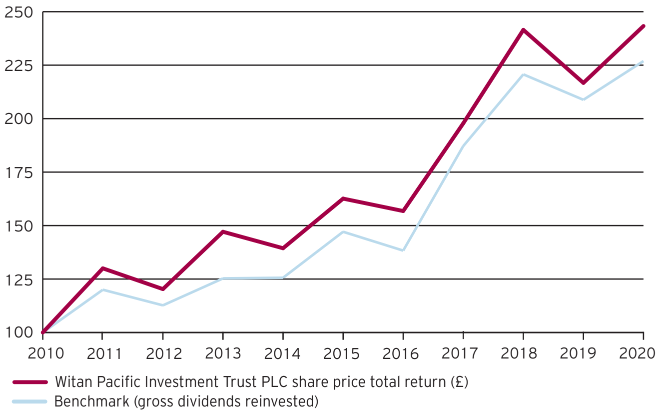
The Committee considered the remuneration of the Directors at a meeting held on 27 November 2019 at which all Directors of the Company were present. No person provided advice or services to the Committee that materially assisted the Committee in respect of their consideration of Directors' remuneration.

DIRECTORS' REMUNERATION REPORT continued

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 Chair's Statement.

Performance graph



The performance graph above shows the share price total return to ordinary shareholders since 31 January 2010 compared to the total return of the MSCI AC Asia Pacific Index (gross dividends reinvested), the benchmark index against which the Company's performance is measured.

Relative importance of spend on pay

The table below sets out, in respect of the financial years ended 31 January 2020 and 31 January 2019, Directors' fees as a relative proportion of the Company's outgoings.

	Year ended 31 January 2020 £'000	Year ended 31 January 2019 £'000	**Change %**
Management fees including performance fees[1]	**1,644**	1,613	+1.9
Dividends[2]	**4,376**	4,347	+0.7
Share buy–backs[3]	**4,153**	2,694	54.2
Total Directors' fees	**129**	142	−9.2

1 This figure has been taken from the Income Statement.

2 The figure for this measure is taken from note 7 to the financial statements but does not include refund of unclaimed dividends.

3 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 2020 £	Fees paid 2019 £	Taxable benefit 2020 £	Taxable benefit 2019 £	Total 2020 £	Total 2019 £
S Platts–Martin (Chair)	**41,000**	40,250	–	–	**41,000**	40,250
D McMeekin (Senior Independent Director)	**27,000**	26,250	–	–	**27,000**	26,250
C Ralph (Director)	**24,500**	24,250	–	–	**24,500**	24,250
A Robson (Chairman of the Audit Committee)	**28,000**	27,250	–	–	**28,000**	27,250
D Seymour–Williams (Director)[1]	**8,921**	24,250	–	–	**8,921**	24,250
Total	**129,421**	142,250	–	–	**129,421**	142,250

1 Mrs Seymour–Williams retired and resigned as a Director on 12 June 2019.

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

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

DIRECTORS' REMUNERATION REPORT continued

Statement of voting at the AGM

The table below sets out the voting at the Company's AGM held on 14 June 2017 in respect of the resolution proposed to approve the Company's Remuneration Policy and at the AGM held on 12 June 2019 in respect of the resolution to approve the Directors' Remuneration Report for the year to 31 January 2019.

Resolution	Votes for[1] % of votes cast	Votes against % of votes cast	Votes withheld	Total votes cast
To approve the Company's Remuneration Policy	98.94	1.06	198,931	34,652,810
To approve the Directors' Remuneration Report	99.80	0.20	51,163	24,975,762

1 Votes 'for' include discretionary proxy votes granted to the Chair by shareholders.

Implementation of the remuneration policy for the year to 31 January 2020

The overwhelmingly positive votes in favour of the resolutions in 2017 and 2019 to approve the Company's Remuneration Policy and the Directors' Remuneration Report respectively indicated strong support for both the Company's policy on Directors' remuneration and the implementation of that policy. 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 6 May 2020.

Dermot McMeekin
Chairman of the Nomination and Remuneration Committee
6 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the Annual Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on www.witanpacific.com, which is a website maintained by the Company's Executive Manager, Witan Investment Services Limited. 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.

Directors' confirmations

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

Each of the Directors, whose names and functions are listed on pages 26 and 27, 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and net loss 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

Susan Platts–Martin
Chair
6 May 2020

INDEPENDENT AUDITORS' REPORT

to the members of Witan Pacific Investment Trust plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Witan Pacific Investment Trust PLC (the 'Company') for the year ended 31 January 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 January 2020 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

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

- the disclosures in the annual report set out on pages 23 and 24 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 22 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 63 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 24 in the annual report as to how they have assessed the prospects of the entity, 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 entity 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.

Overview of our audit approach

Key audit matters	■ Risk of incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement ■ Risk of inappropriate valuation and/or defective title to the investment portfolio ■ Risk that the directors have not appropriately identified or disclosed a material uncertainty over going concern
Materiality	■ Overall materiality of £2.22m which represents 1% of shareholders' funds

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (as described on page 42 in the Report of the Audit Committee and as per the accounting policy set out on page 64). The total revenue for the year to 31 January 2020 was £6.07m, consisting primarily of dividend income from listed investments. The total amount of special dividends received by the Company was £0.25m out of which £0.13m was classified as revenue, and £0.12m was classified as capital. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatments. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We have performed the following procedures:** We obtained an understanding of the Executive Manager and Administrator's processes and controls surrounding revenue recognition and the recognition and classification of special dividends by reviewing their internal controls reports and by performing walkthrough procedures to, in the case of special dividends, evaluate the design and implementation of controls. We agreed and recalculated a sample of dividends received as included in the income report using data from an independent data vendor. We recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share as agreed to an external source. We agreed the sample to bank statements and we also agreed the exchange rates to an external source. To test completeness of recorded income, for a sample of investee company dividend announcements obtained from an independent data vendor, we tested that the dividend had been recorded as income by the Company.	**The results of our procedures are:** Based on our testing we are satisfied that income has been appropriately recognised as revenue or capital and is complete. We concluded that there was no impact on the Company's revenue as a result of COVID-19.

INDEPENDENT AUDITORS' REPORT continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 January 2020. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post period end bank statements. Recognising that a number of Companies have responded to the COVID–19 pandemic by cancelling their dividend payments, we traced 100% of the cash receipts of the accrued dividend income to post year end bank statements to ensure that the accrued dividends had been paid. We performed a review of the income and the acquisition and disposal reports to identify all dividends received and accrued during the period that are above our testing threshold. We assessed which of the dividends above our testing threshold were special dividends with reference to an external source. We noted no special dividends above our testing threshold. We randomly selected six special dividends (five classified as revenue amounting to £0.02m and one classified as capital amounting to £0.03m), and we recalculated and assessed the appropriateness of management's classification as revenue or capital with reference to information available from the underlying company which set out the rationale for paying the special dividend.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inappropriate valuation and/or defective title of the investment portfolio (as described on page 42 in the Report of the Audit Committee and as per the accounting policy set out on page 63). The valuation of the portfolio at 31 January 2020 was £215.36m consisting of listed and quoted investments (equity instruments and Collective Investment Schemes). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at close of business on the reporting date. The fair value of Collective Investment Schemes is determined daily based on their net asset value.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes surrounding investment pricing of listed and quoted securities by reviewing their internal controls report and by performing walkthrough procedures. For all listed and quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We assessed the liquidity of the investment portfolio through analysing the monthly average trading volume of the investments. We also reviewed the year end price exception and stale pricing reports to identify any prices that have not changed since the previous day and tested whether the listed price is a valid fair value. We agreed the Company's investments to the independent confirmation received from the Company's Custodian at 31 January 2020. We assessed the impact of COVID-19 on the valuation of the Company's portfolio and considered the nature of this post balance sheet event as disclosed in the financial statements. We reviewed the disclosure included in Note 18 to the Financial Statements to ensure that the events occurring after the year end had been appropriately considered and disclosed.	**The results of our procedures are:** Based on our testing we are satisfied that the investment portfolio has been appropriately valued and that the existence has been confirmed. We concluded that the impact of COVID-19 as a post balance sheet event had been appropriately disclosed in the Financial Statements.

INDEPENDENT AUDITORS' REPORT continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk that the directors have not appropriately identified or disclosed a material uncertainty over going concern (as described on page 42 in the Report of the Audit Committee and as per the accounting policy set out on page 63). The Directors are required to determine the appropriateness of preparing the financial statements on a going concern basis. In doing so, they are obliged to consider the ability of the Company to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. This should also include an assessment of whether material uncertainties exist and the likely success of any realistically possible response to mitigate this uncertainty. They also required to assess the adequacy of the going concern disclosures in the annual report and financial statements. The Board announced to shareholders on 11 February 2019 that if the Company does not deliver NAV total return outperformance of its benchmark over the period from 31 January 2019 to 31 January 2021, the Board will put forward proposals which would include a full cash exit at close to NAV for all shareholders.	**We performed the following procedures:** Reviewed the revenue forecasts which support the Directors' assessment of going concern and which included consideration of the lack of external debt arrangements and the low cost base. Analysed the performance of the Company in comparison with its benchmark. We confirmed that the directors' going concern assessment covers a period of at least twelve months from the date of approval of the financial statements. Ascertained whether the going concern assessment is appropriate given the Board's expectations and future plans for the Company. We also discussed with the Audit Committee whether there are any other events or conditions that exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. We considered whether the Director's assessment of the going concern as included in the Annual Report is appropriate and consistent with the disclosures in the viability statement.	**The results of our procedures are:** We concluded that the directors had an appropriate basis for making their assessment that there is no material uncertainty to the ability of the Company to continue as a going concern.

Emphasis of matter – effects of COVID–19

We draw attention to Note 18 (Post Balance Sheet Event) of the Financial statements, which describes the economic impact the Company is facing as a result of Covid–19 and the potential impact on the Company's financial performance and business continuity protocols.Our opinion is not modified in respect of this matter.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £2.22m which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £1.11m. We have set performance materiality at this percentage as it is our first year as auditor of the Company.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Income Statement of £0.24m being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.11m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1–51 and 79–84, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

INDEPENDENT AUDITORS' REPORT continued

- **Fair, balanced and understandable set out on page 51** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 41** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 32** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non–compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- We were appointed by the Company on 12 June 2019 to audit the financial statements for the year ending 31 January 2020 and subsequent financial periods.
- Our total uninterrupted period of engagement is one year, covering the period from our appointment through to the period ending 31 January 2020.
- The non–audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Caroline Mercer (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
Edinburgh

6 May 2020

Notes:
1 The maintenance and integrity of the Witan Pacific Investment Trust plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INCOME STATEMENT

for the year ended 31 January 2020

	Revenue note	Capital note	**Year ended 31 January 2020** Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2019 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		8	**-**	**7,997**	**7,997**	-	(21,782)	(21,782)
Exchange losses		14	**-**	**(189)**	**(189)**	-	(123)	(123)
Investment income	2		**6,073**	**-**	**6,073**	6,577	-	6,577
Management fees	3	3	**(370)**	**(1,110)**	**(1,480)**	(403)	(1,210)	(1,613)
Performance fees		3	**-**	**(164)**	**(164)**	-	-	-
Other expenses	4	14	**(809)**	**(54)**	**(863)**	(796)	(54)	(850)
Net return/(loss) before taxation			**4,894**	**6,480**	**11,374**	5,378	(23,169)	(17,791)
Taxation	5	5	**(482)**	**(107)**	**(589)**	(424)	-	(424)
Net return/(loss) after taxation			**4,412**	**6,373**	**10,785**	4,954	(23,169)	(18,215)
Return/(loss) per Ordinary share – pence	6	6	**7.15**	**10.33**	**17.48**	7.88	(36.84)	(28.96)

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

The notes on pages 63 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 January 2020

	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Shareholders' funds £'000
Year ended 31 January 2020							
At 1 February 2019		**16,486**	**5**	**41,085**	**149,221**	**13,132**	**219,929**
Net return after taxation and total comprehensive income		**-**	**-**	**-**	**6,373**	**4,412**	**10,785**
Purchase of own shares	12	**-**	**-**	**-**	**(4,153)**	**-**	**(4,153)**
Dividends paid	7	**-**	**-**	**-**		**(4,353)**	**(4,353)**
At 31 January 2020		**16,486**	**5**	**41,085**	**151,441**	**13,191**	**222,208**

	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Shareholders' funds £'000
Year ended 31 January 2019							
At 1 February 2018		16,486	5	41,085	175,084	11,795	244,455
Net (loss)/return after taxation and total comprehensive (expense)/income		–	–	–	(23,169)	4,954	(18,215)
Purchase of own shares	12	–	–	–	(2,694)	–	(2,694)
Dividends paid	7	–	–	–	–	(3,617)	(3,617)
At 31 January 2019		16,486	5	41,085	149,221	13,132	219,929

The notes on pages 63 to 78 form an integral part of these financial statements.

BALANCE SHEET

as at 31 January 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	**215,358**	215,797
Current assets			
Debtors	9	**756**	1,424
Cash at bank and in hand		**7,386**	4,310
		8,142	5,734
Creditors			
Performance fee	10	**(66)**	-
Amounts falling due within one year	10	**(1,128)**	(1,602)
		(1,194)	(1,602)
Net current assets		**6,948**	4,132
Total assets less current liabilities		**222,306**	219,929
Provision for liabilities and charges	11	**(98)**	-
Net assets		**222,208**	219,929
Capital and reserves			
Called up share capital	12	**16,486**	16,486
Share premium account		**5**	5
Capital redemption reserve	13	**41,085**	41,085
Capital reserves	14	**151,441**	149,221
Revenue reserve	14	**13,191**	13,132
Total shareholders' funds		**222,208**	219,929
Net asset value per Ordinary share – pence	15	**363.49**	352.54

The financial statements on pages 60 to 78 were authorised and approved by the Board of Directors of Witan Pacific Investment Trust plc on 6 May 2020 and signed on its behalf by:

Susan Platts–Martin, Chair

The notes on pages 63 to 78 form an integral part of these financial statements.
Company Registration Number 91798

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2020

1. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in the UK ("UK GAAP"), including the Companies Act 2006, Financial Reporting Standard 102 ("FRS 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. As stated on page 24, after making enquiries, and assessing both the risks arising from Covid–19 (see page 24) and the consequences of its corporate statement made in February 2019 (see "Performance" in Chair's statement), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next year. Accordingly, they continue to adopt the going concern basis in preparing this Annual Report and Accounts. The accounting policies have been applied consistently throughout the year.

The financial statements have been prepared under the historical cost basis except for the measurement of fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

As an investment fund, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid and are carried at market value; and where a Statement of Changes in Equity is provided.

(b) Valuation of investments

All investments have been designated upon initial recognition as fair value through profit or loss. This is 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 and therefore included in Level 1 investments. Investments included in Level 2 under the Fair Value Hierarchy disclosures in note 16(g) consist of unlisted reportable funds within the portfolio, these being Aberdeen Global Indian Equity UCITS and Aberdeen Global China A 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 Income Statement 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 Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Significant accounting policies (continued)

(d) Income

Income from equity shares is brought into the revenue return of the Income Statement (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.

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

Any bank interest and underwriting commission is accounted for on an accruals basis.

(e) Expenses including finance costs

Finance costs are accounted for on an accruals basis. Finance costs are charged 25% to the revenue return and 75% to capital return of the Income Statement.

The management fees are charged 25% to the revenue return and 75% to the capital return of the Income Statement.

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

- performance fees/repayments insofar as they relate to capital performance; 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) Segmental reporting

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

(h) 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.

(i) 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.

1. Significant accounting policies (continued)

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 the year end; and
- unrealised exchange differences of a capital nature.

(j) 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.

(k) Critical accounting estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. Excluding the provisions as at 31 January 2020 of £153,000 for performance fees payable (2019: none), the Directors do not consider there are any such items in the financial statements.

Details of the performance fee and the basis for the calculation of performance fees payable at the Balance Sheet date is disclosed in note 11, including the assumptions made by the Directors in computing the provision.

2. Investment income

	2020 £'000	2019 £'000
Income from investments held at fair value through profit and loss:		
Overseas dividends	**5,867**	6,235
UK dividends	**150**	311
Scrip dividends	**26**	27
Total dividend income	**6,043**	6,573
Other income:		
Bank interest	**2**	2
Other income	**28**	2
Total other income	**30**	4
Total income	**6,073**	6,577

NOTES TO THE FINANCIAL STATEMENTS continued

3. Management and performance fees

	2020 £'000	2019 £'000
Charged to revenue return:		
Management fees[1]	**370**	403
	370	403
Charged to capital return:		
Management fees[1]	**1,110**	1,210
	1,110	1,210
Total management fees	**1,480**	1,613
Performance fees charged to capital return	**164**	–

1 The management fees stated above include fees paid to Witan Investment Services Limited of £258,000 (2019: £290,000).

Management fees are charged 75% to capital return and 25% to revenue return respectively.

The allocation percentages approximate to the split of historic returns between capital and income and reflect the Board's expectation of the long–term split of returns in compliance with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. Performance fees, when payable, will be charged wholly to the capital account.

Further details of management fees can be found in note 11 and 17 respectively.

4. Other expenses

	2020 £'000	2019 £'000
Auditors' remuneration:		
– for audit services	**34**	33
Custody fees	**99**	103
Directors' emoluments: fees for services to the Company	**129**	142
Directors' expenses and travel[1]	**48**	1
Marketing[2]	**155**	145
Printing and postage	**17**	27
Secretarial and Administration fees	**168**	158
Directors' and Officers' liability insurance	**7**	7
Registrars' fees	**26**	32
Professional fees[3]	**38**	64
Sundry expenses	**88**	84
	809	796

1 Costs in 2020 relate primarily to a Board visit to the Asia Pacific region, which is conducted every two to three years to meet the portfolio managers and other industry participants.

2 The marketing expense stated above includes fees paid to Witan Investment Services Limited of £75,000 (2019: £75,000).

3 Costs in the current year include professional fees in respect of reclaims of foreign taxes and professional fees in relation to foreign tax compliance.

Additional information concerning transactions with Directors and Directors' fees can be found in the Directors' Remuneration Report on pages 47 to 50.

5. Taxation

(a) Analysis of tax charge for the year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Overseas taxation	**482**	**107**	**589**	424	–	424
Total taxation	**482**	**107**	**589**	424	–	424

NOTES TO THE FINANCIAL STATEMENTS continued

5. Taxation (continued)

(b) Factors affecting tax charge for the year

The effective UK corporation tax rate is 19.00% (2019: 19.00%). The tax assessed for the year is lower (2019: higher) than the UK corporation tax rate. The differences are explained below:

	2020 Revenue return £'000	2020 Capital return £'000	2020 Total £'000	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000
Net return/(loss) before taxation	**4,894**	**6,480**	**11,374**	5,378	(23,169)	(17,791)
Corporation tax at 19.00% (2019: 19.00%)	**930**	**1,231**	**2,161**	1,022	(4,402)	(3,380)
Effects of:						
Non–taxable overseas dividends	**(1,110)**	**-**	**(1,110)**	(1,181)	–	(1,181)
Non–taxable UK dividends	**(19)**	**-**	**(19)**	(59)	–	(59)
Other non–taxable income	**(5)**	**-**	**(5)**	424	–	424
Overseas taxation	**482**	**107**	**589**	-	-	-
Disallowed expenses	**-**	**10**	**10**	–	10	10
Realised gains on non–reporting offshore funds	**-**	**5**	**5**	–	7	7
Tax effect of expensed double taxation relief	**(1)**	**-**	**(1)**	–	–	–
Excess management expenses and finance costs	**205**	**238**	**443**	218	230	448
Net capital returns not subject to tax[1]	**-**	**(1,484)**	**(1,484)**	–	4,155	4,155
Tax charge for the year	**482**	**107**	**589**	424	–	424

1 These items are not subject to corporation tax within an investment trust company provided the Company obtains approval from HM Revenue & Customs ("HMRC") 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 £3,454,000 (2019: £3,063,000) 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. No tax or related interest recovery has been accrued or recognised as a contingent asset. Following the decision in the lead case, HMRC issued a Brief stating it will now consider and determine each claim individually. The value, timing and probability of the claim's success are, therefore, uncertain.

6. Return/(loss) per Ordinary share

The total return per Ordinary share is based on the net return attributable to the Ordinary shares of £10,785,000 (2019: loss of £18,215,000) and on 61,677,613 Ordinary shares (2019: 62,888,550), being the weighted average number of shares in issue during the year.

The total return/(loss) can be analysed as follows:

	2020 £'000	2019 £'000
Revenue return	**4,412**	4,954
Capital return/(loss)	**6,373**	(23,169)
Total return/(loss)	**10,785**	(18,215)
Weighted average number of Ordinary shares	**61,677,613**	62,888,550
Revenue return per Ordinary share – pence	**7.15**	7.88
Capital return/(loss) per Ordinary share – pence	**10.33**	(36.84)
Total return/(loss) per Ordinary share – pence	**17.48**	(28.96)

The Company does not have any dilutive securities.

7. Dividends

Dividends on Ordinary shares	Record date	Payment date	2020 £'000	2019 £'000
Final dividend (3.25p) for the year ended 31 January 2018	**18 May 2018**	**18 June 2018**	**-**	2,054
Interim dividend (2.50p) for the year ended 31 January 2019	**19 October 2018**	**29 October 2018**	**-**	1,563
Final dividend (4.50p) for the year ended 31 January 2019	**17 May 2019**	**18 June 2019**	**2,784**	-
Interim dividend (2.55p) for the year ended 31 January 2020	**18 October 2019**	**28 October 2019**	**1,569**	-
			4,353	3,617

The proposed final dividend for the year ended 31 January 2020 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.

	2020 £'000	2019 £'000
Revenue available for distribution by way of dividend for the year	**4,412**	4,954
Interim dividend 2.55p (2019: 2.50p) for the year ended 31 January 2020	**(1,569)**	(1,563)
Proposed final dividend of 4.60p (2019: 4.50p) for the year ended 31 January 2020 (based on 61,029,284 Ordinary shares in issue at 1 May 2020)	**(2,807)**	(2,784)
Retained surplus for the year	**36**	607

NOTES TO THE FINANCIAL STATEMENTS continued

8. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Opening book cost	**191,557**	185,322
Opening investment holdings gain	**24,240**	55,243
Opening fair value	**215,797**	240,565
Analysis of transactions made during the year:		
Purchases at cost	**61,719**	66,299
Sales proceeds received	**(70,155)**	(69,285)
Gains/(losses) on investments	**7,997**	(21,782)
Closing fair value	**215,358**	215,797
Closing book cost	**182,404**	191,557
Closing investment gains	**32,954**	24,240
Closing fair value	**215,358**	215,797

The Company received £70,155,000 (31 January 2019: £69,285,000) from investments sold in the period. The book cost of investments when they were purchased was £70,871,000 (31 January 2019: £60,064,000). These investments have been revalued overtime and until they were sold, any unrealised gains/losses were included in the fair value of investments.

Purchase transaction costs for the year ended 31 January 2020 were £88,000 (2019: £89,000). Sale transaction costs for the year ended 31 January 2020 were £128,000 (2019: £123,000). These comprise mainly charges and commission.

Substantial interests

At 31 January 2020, the Company did not hold more than 3% of one class of the share capital of any of the undertakings held as investments (2019: none).

All investment are quoted on recognised stock exchanges or are UCITS Funds with published net asset values.

9. Debtors

	2020 £'000	2019 £'000
Sales for future settlement	**329**	813
Other debtors	**13**	23
Prepayments and accrued income	**414**	588
	756	1,424

10. Creditors: amounts falling due within one year

Other	2020 £'000	2019 £'000
Purchases for future settlement	**571**	1,004
Accruals	**557**	598
Performance fee accruals	**66**	-
	1,194	1,602

11. Provisions for liabilities and charges

Aberdeen Asset Managers Limited ("Aberdeen") is 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 Income Statement at 31 January 2020 are calculated on the actual performance of Aberdeen relative to the benchmark index. The provision is computed applying the following assumptions:

- that the benchmark index remains unchanged;
- Aberdeen's assets under management perform in line with the benchmark index to 31 May 2020, being the date the next performance period ends; and
- the future value of assets for performance fee purposes is the same as that at the Balance Sheet date.

In addition, provisions are made where necessary for the performance periods ending 31 May 2021 and 31 May 2022, applying the same assumptions as above. The total of all these provisions as at 31 January 2020 amounts to £153,000 (31 January 2019: £nil).

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.

12. Called up share capital

Equity share capital	2020 Number	2020 £'000	2019 Number	2019 £'000
Ordinary shares of 25p each:				
Issued and fully paid	**61,131,439**	**15,283**	62,383,404	15,596
Held in treasury	**4,812,561**	**1,203**	3,560,596	890
	65,944,000	**16,486**	65,944,000	16,486

In the year ended 31 January 2020, 1,251,965 Ordinary shares were purchased to be held in treasury at a total cost of £4,153,000. In the year ended 31 January 2019, there were 852,346 shares purchased to be held in treasury at a total cost of £2,694,000.

NOTES TO THE FINANCIAL STATEMENTS continued

13. Capital redemption reserve

	2020 £'000	2019 £'000
Balance brought forward and carried forward	**41,085**	41,085

The capital redemption reserve is used to fund amounts equivalent to the nominal value of any of the Company's own shares purchased and cancelled.

14. Reserves

	Capital reserve arising on investments sold*	Capital reserve arising on investments held	Capital reserve total £'000	Revenue reserve* £'000
Balance brought forward	**124,977**	**24,244**	**149,221**	**13,132**
Movement during the year:				
Losses on investments sold	**(2,701)**	**–**	**(2,701)**	**–**
Transfer on disposal of investments	**1,984**	**(1,984)**	**–**	**–**
Movement in investment holding gains	**–**	**10,698**	**10,698**	**–**
Exchange losses	**(189)**	**–**	**(189)**	**–**
Management and performance fees	**(1,274)**	**–**	**(1,274)**	**–**
Other capital charges	**(54)**	**–**	**(54)**	**–**
Purchase of own shares	**(4,153)**	**–**	**(4,153)**	**–**
Capital gains tax	**(107)**	**–**	**(107)**	**–**
Revenue return for the year	**–**	**–**	**–**	**4,412**
Dividends paid	**–**	**–**	**–**	**(4,353)**
Balance carried forward	**118,483**	**32,958**	**151,441**	**13,191**

* Distributable reserve.

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

15. Net asset value per Ordinary share

Net asset values are based on net assets of £222,208,000 (2019: £219,929,000) and on 61,131,439 (2019: 62,383,404) Ordinary shares in issue at the year end excluding shares held in treasury. The net asset value per Ordinary share at 31 January 2020 was 363.49p (2019: 352.54p).

16. 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 14. 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.

16. Risk management policies and procedures (continued)

The Board determines the objectives, policies and processes for managing the risks 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 16(b)), currency risk (see note 16(c)) and interest rate risk (see note 16(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 (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 and through diversification at the stock level and of management style. 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 2020 was £215,358,000 (2019: £215,797,000).

Concentration of exposure to market price risk

A geographical analysis of the Company's investment portfolio is shown on page •. This shows the significant amounts invested in China/Hong Kong, Japan, South Korea 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 net assets to an increase or decrease of 25% (2019: 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 2020, with all other variables held constant.

	2020 Increase in fair value £'000	**2020 Decrease in fair value £'000**	2019 Increase in fair value £'000	2019 Decrease in fair value £'000
Income Statement – return after tax				
Revenue return	**(74)**	**74**	(76)	76
Capital return	**53,617**	**(53,617)**	53,721	(53,721)
Impact on total return after tax for the year and net assets	**53,543**	**(53,543)**	53,645	(53,645)

NOTES TO THE FINANCIAL STATEMENTS continued

16. 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.

2020	**HK$ £'000**	**KRW £'000**	**US$ £'000**	**Yen £'000**	**Other £'000**
Debtors (due from brokers, dividends and other income receivable)	**-**	**76**	**-**	**-**	**253**
Cash at bank and in hand	**2**	**-**	**298**	**35**	**68**
Creditors (due to brokers, accruals and other creditors)	**(416)**	**(47)**	**-**	**(10.8)**	**-**
Total foreign currency exposure on net monetary items	**(414)**	**29**	**298**	**(73)**	**321**
Investments at fair value through profit or loss	**47,466**	**19,992**	**17,645**	**68,129**	**60,825**
Total net foreign currency exposure	**47,052**	**20,021**	**17,943**	**68,056**	**61,146**

2019	HK$ £'000	KRW £'000	US$ £'000	Yen £'000	Other £'000
Debtors (due from brokers, dividends and other income receivable)	262	–	–	460	91
Cash at bank and in hand	1	–	516	4	15
Creditors (due to brokers, accruals and other creditors)	(1,004)	–	–	–	–
Total foreign currency exposure on net monetary items	(741)	–	516	464	106
Investments at fair value through profit or loss	54,011	22,200	19,002	66,564	52,306
Total net foreign currency exposure	53,270	22,200	19,518	67,028	52,412

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 four risk currencies are set out below:

It assumes the following changes in exchange rates:

£/US$ +/– 15% (2019: 15%)
£/HK$ +/– 15% (2019: 15%)
£/Yen +/– 15% (2019: 15%)
£/KRW +/– 15% (2019: 15%)
£/Other +/– 15% (2019: 15%)

16. Risk management policies and procedures (continued)

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.

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

	2020 US$ £'000	2020 HK$ £'000	2020 Yen £'000	2020 KRW £'000	2020 Other £'000	2019 US$ £'000	2019 HK$ £'000	2019 Yen £'000	2019 KRW £'000	2019 Other £'000
Income Statement – return after tax										
Revenue return	**(44)**	**(161)**	**(162)**	**(49)**	**(241)**	(93)	(152)	(162)	(66)	(263)
Capital return	**(2,292)**	**(6,165)**	**(8,849)**	**(2,597)**	**(7,899)**	(2,468)	(7,014)	(8,645)	(2,883)	(6,792)
Impact on total return after tax for the year and net assets	**(2,336)**	**(6,326)**	**(9,011)**	**(2,646)**	**(8,140)**	(2,561)	(7,166)	(8,807)	(2,949)	(7,055)

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

	2020 US$ £'000	2020 HK$ £'000	2020 Yen £'000	2020 KRW £'000	2020 Other £'000	2019 US$ £'000	2019 HK$ £'000	2019 Yen £'000	2019 KRW £'000	2019 Other £'000
Income Statement – return after tax										
Revenue return	**59**	**218**	**219**	**66**	**433**	125	206	219	90	355
Capital return	**3,101**	**8,341**	**11,972**	**3,513**	**10,688**	3,338	9,490	11,696	3,901	9,190
Impact on total return after tax for the year and net assets	**3,160**	**8,559**	**12,191**	**3,579**	**11,121**	3,463	9,696	11,915	3,991	9,545

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 2020 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.

	2020 Within one year £'000	2020 Total £'000	2019 Within one year £'000	2019 Total £'000
Exposure to floating interest rates:				
Cash at bank and in hand	**7,386**	**7,386**	4,310	4,310
Total net exposure to interest rates	**7,386**	**7,386**	4,310	4,310

The Company does not have any fixed interest rate exposure at 31 January 2020 (2019: 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 (2019: same).

NOTES TO THE FINANCIAL STATEMENTS continued

16. 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 2020, 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**	**2020 Total £'000**	3 months or less £'000	More than 3 months, not more than one year £'000	More than one year £'000	2019 Total £'000
Creditors: amounts falling due within one year	**-**	**-**	**-**	**-**	–	–	–	–
Amounts due to brokers and accruals	**1,128**	**-**	**-**	**1,128**	1,602	–	–	1,602
Performance fee	**11**	**55**	**-**	**66**	–	–	–	–
Creditors: amounts falling due in more than a year	**-**	**-**	**-**	**-**	-	-	-	-
Performance fee	**-**	**-**	**98**	**98**	–	–	–	–
	1,139	**55**	**98**	**1,292**	1,602	–	–	1,602

(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 the Company's custodian, JP Morgan. None of the Company's financial assets have been pledged as collateral.

16. Risk management policies and procedures (continued)

(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 Balance Sheet at a reasonable approximation of fair value.

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

Fair value hierarchy disclosures

FRS 102 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:

- Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Balance Sheet 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	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
At 31 January 2020				
Equity investments	**206,834**	**8,524**	**-**	**215,358**
Total	**206,834**	**8,524**	**-**	**215,358**

Financial assets and financial liabilities at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 January 2019				
Equity investments	208,530	7,267	–	215,797
Total	208,530	7,267	–	215,797

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 Level 1 and Level 2.

Investments classified as Level 2 are Aberdeen Global Indian Equity UCITS and Aberdeen Global China A Equity UCITS (2019: Aberdeen Global Indian Equity UCITS and Aberdeen Global China A Equity UCITS).

(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.

The Company's capital at 31 January 2020 comprises its equity share capital and reserves that are shown in the Balance Sheet at a total of £222,208,000 (2019: £219,929,000).

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

NOTES TO THE FINANCIAL STATEMENTS continued

16. Risk management policies and procedures (continued)

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.

17. Transactions with the managers and related parties

On 27 May 2005, the Company appointed Witan Investment Services Limited as Executive Manager. Aberdeen Asset Managers Limited was appointed as portfolio manager on 31 May 2005. In April 2012, the Company appointed Matthews International Capital Management LLC. In September 2017, the Company appointed Robeco Institutional Asset Management B.V. and Dalton Investments LLC. The Executive Manager and portfolio managers are considered to be related parties. At the year end, the assets managed by Aberdeen included Aberdeen Global Indian Equity, £4,846,000 (2019: £4,229,000) and Aberdeen Global China A Share Fund, £3,678,000 (2019: £3,038,000), which are related to the Aberdeen portfolio manager.

Each Management Agreement can be terminated at one month's notice in writing. The Executive Management Agreement can be terminated on six months' notice. Each portfolio manager is entitled to a base management fee, at rates between 0.20% and 0.85% per annum, calculated according to the value of the assets under their management. Witan Investment Services is entitled to an annual Executive Management Fee of 0.12% of the first £200m of net assets and 0.07% of the balance of net assets over £200m (subject to a minimum of £125,000 per year), payable quarterly.

During the year ended 31 January 2020, management fees paid amounted to £1,480,000 (2019: £1,613,000). At the year end, £398,000 (2019: £450,000) was due to the managers. In addition, annual marketing fees of £75,000 were also paid to the Executive Manager under the Executive Management Agreement.

Aberdeen is also entitled to a performance fee, further details of which are provided in note 11 of these financial statements.

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 47 and 50. The balance of fees due to Directors at the year end was £nil (2019: £nil).

18. Post–balance sheet events

Since the year end, the spread of Covid–19 has led to substantial falls in markets, with high levels of volatility. Though the existence of Covid–19 in Asian countries was known as at 31 January 2020, the extent of its impact was not known, and therefore market valuations as at 31 January 2020 were not materially affected. The market falls thereafter impacted significantly on the net asset value of the Company, though there has been some recovery in recent weeks. Between 1 February 2020 and 1 May 2020 the published net asset value per share of the Company fell to 339.68p, a fall of –6.6%. Please see Chair's statement for further details.

TEN YEAR RECORD (UNAUDITED)

	Net assets £'000	NAV per share	Share price	Discount	Revenue earnings per share	Dividends per share	Ongoing charge[1] with performance fee	Ongoing charge[1] without performance fee
31 January 2010	131,966	199.0p	165.0p	17.1%	2.49p	2.10p	1.3%	0.8%
31 January 2011	164,282	248.0p	212.0p	14.5%	3.65p	2.80p	1.2%	0.7%
31 January 2012	156,052	235.6p	193.6p	17.8%	4.55p	4.00p	1.5%	0.8%
31 January 2013	173,634	262.9p	229.3p	12.8%	4.78p	4.30p	1.3%	1.0%
31 January 2014	159,746	241.9p	213.5p	11.7%	4.41p	4.45p	0.9%	1.0%
31 January 2015	184,280	279.5p	244.0p	12.7%	3.98p	4.55p	1.1%	1.1%
31 January 2016	170,388	259.3p	231.0p	10.9%	4.31p	4.65p	1.1%	1.1%
31 January 2017	217,035	333.9p	286.0p	14.3%	4.41p	4.75p	1.0%	1.0%
31 January 2018	244,455	386.6p	344.0p	11.0%	6.52p[2]	5.50p	1.0%	1.0%
31 January 2019	219,929	352.5p	303.0p	14.1%	7.88p	7.00p	1.0%	1.0%
31 January 2020	**222,208**	**363.5p**	**333.0p**	**8.4%**	**7.15p**	**7.15p**	**1.1%**	**1.0%**

1 Ongoing charge previously known as Total Expense Ratio for years 2010 to 2011.

2 Change of accounting policy to charge management fees 75%/25% to capital return and revenue return respectively. Previously, management fees were charged 100% to revenue.

Financial statements

GLOSSARY (UNAUDITED)

Alternative Performance Measures:

Net asset value per share: This is the value of total assets less all liabilities of the Company. The net asset value, or NAV, per Ordinary share is calculated by dividing this amount by the total number of Ordinary shares in issue (excluding those shares held in treasury).

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

Total return calculation	Year ended 31 January 2020	Year ended 31 January 2019	
Opening cum–income NAV per share (p)	**352.54**	386.58	(a)
Closing cum–income NAV per share (p)	**363.49**	352.54	(b)
Total dividend adjustment factor[1]	**1.019705**	1.015617	(c)
Adjusted closing cum–income NAV per share (d = b x c)	**370.7**	358.1	(d)
Net asset value total return (e = d/a – 1)	**5.2%**	–7.4%	(e)

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

Ongoing charge: The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue as a collective fund, excluding the costs of acquisition and disposal and gains or losses arising on investments. The calculation is performed in accordance with the guidelines issues by the AIC. Please refer to page 22 of this Annual Report.

Premium/discount: The amount by which the market price per share is either higher (premium) or lower (discount) than the net asset value per share expressed as a percentage of the net asset value per share.

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

Total return calculation	Year ended 31 January 2020	Year ended 31 January 2019	
Opening share price (p)	**303**	344	(a)
Closing share price (p)	**333**	303	(b)
Total dividend adjustment factor[1]	**1.021753**	1.018366	(c)
Adjusted closing share price (d = b x c)	**340.2**	308.6	(d)
Share price total return (e = d/a – 1)	**12.3%**	–10.3%	(e)

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

INFORMATION FOR SHAREHOLDERS

Website
The Company's website is 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 and www.morningstar.co.uk.

Annual and Half Yearly Reports
Copies of the Annual and Half Year Report may be obtained from Witan Investment Services Limited by visiting 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 Times and The Daily Telegraph.

Electronic communications with the Company (E–communications)
Shareholders have the opportunity to be notified by email when the Witan Pacific Annual Report and Accounts, Half Year 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:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
www.computershare.com/investor/uk/ecomms
0370 707 1410

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

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, by entering the Control Number, their SRN and their PIN, following which other services in respect of their holding of the Company's shares will become available.

AIC
The Company is a member of the Association of Investment Companies www.theaic.co.uk

Financial calendar

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

2020 final dividend timetable
The proposed final dividend for the year ended 31 January 2020 is 4.6p per share.

Ex–dividend date	June 2020
Record date	June 2020
Payment date	July 2020

Payment of the final dividend is subject to the approval of shareholders at the AGM.

Company registration
Registered in England and Wales. Company registration number 91798.

Enquiries
Company Secretary – witanpacificinvestmenttrust@linkgroup.co.uk

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

INFORMATION FOR SHAREHOLDERS continued

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 https://register.fca.org.uk 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, 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.

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

Financial advisers
For investors looking to find a financial adviser, please visit 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, AJ Bell, Nucleus, Raymond James, Seven IM, Fidelity 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, AJ Bell, Halifax Share Dealing, Fidelity and Interactive Investor.

Computershare
The Company's registrar, Computershare Investor Services PLC, has introduced internet and telephone share dealing services. You will need to register at www.computershare.trade before you can start to trade. The telephone share dealing service is available on 0370 703 0084. To access the internet share dealing service log on to www.computershare.trade. To use these services, you will need your shareholder reference number, which is detailed on your certificate. Please see their website for details on charges for this service.

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.

DIRECTORS AND ADVISERS

Directors

Susan Platts–Martin
Chair

Dermot McMeekin
Senior Independent Director
Nomination and Remuneration Committee Chairman

Chris Ralph
Independent Director

Andrew Robson
Audit Committee Chairman

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

Executive Manager

Witan Investment Services Limited
14 Queen Anne's Gate
London SW1H 9AA

Portfolio managers

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen AB10 1YG

Dalton Investments LLC
1601 Cloverfield Boulevard, Suite 5050N
Santa Monica, CA 90404

Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, USA

Robeco Institutional Asset Management B.V.
Weena 850, 3014 DA Rotterdam
The Netherlands

Company Secretary and Registered Office

Link Company Matters Limited
Beaufort House, 51 New North Road
Exeter EX4 4EP
Email: WitanPacificInvestmentTrustPlc@linkgroup.co.uk

Fund Accountants and Administrator

BNP Paribas Securities Services
10 Harewood Avenue
London NW1 6AA

Independent Auditors

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Custodian and Bankers

JP Morgan Chase Bank, N.A.
125 London Wall
London EC2Y 5AJ

The Royal Bank of Scotland plc
7th Floor
135 Bishopsgate
London EC2M 3UR

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 889 4050

Calls from landlines are typically charged up to 9p per minute; calls from mobiles typically cost between 3p and 40p per minute.
Email: web.queries@computershare.co.uk
Website: www.investorcentre.co.uk

Broker

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

Printed on Cocoon 50% silk, a recycled paper containing 50% recycled waste and 50% virgin fibre.
Pulps used are elemental chlorine free process, manufactured at a mill certified with the ISO 14001 environmental management standard.

The FSC logo® identifies products which contain wood from well–managed forests certified in accordance with the rules of the Forest Stewardship Council®.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

50%