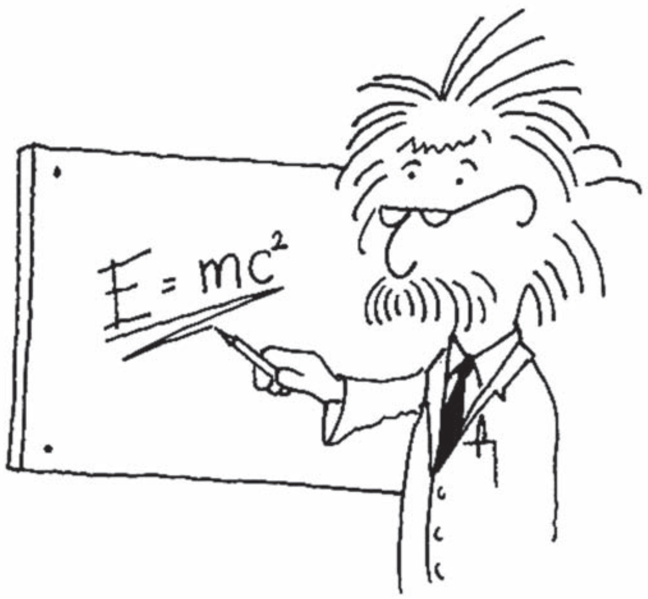
Witan Investment Trust plc
Annual Report 2010

"Wisdom is not a product of schooling but of the lifelong attempt to acquire it." – Albert Einstein



Contents

Investment trusts are public limited companies, quoted on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments. Income, net of expenses and tax, is distributed substantially to shareholders. Shareholders elect the directors.

Definitions: in this document 'the Company' refers to Witan Investment Trust plc; 'the Group' refers to Witan Investment Trust plc (the parent company) and Witan Investment Services Limited (the subsidiary company); and 'the Trust' or 'Witan' refer to either the Company or the Group, according to the context.

Witan Investment Trust plc
Annual Report 2010

Objective

To be the preferred choice for wealth creation through equity investment.

Philosophy

- Seek returns for our investors across global stockmarkets.
- Embrace new investment techniques when appropriate.
- Present ourselves to investors in a clear, no-nonsense way.

Method

- To maintain at least 80% exposure to equity markets.
- To offer an independent multi-manager approach, accessing the best available talent within the global marketplace.
- To use alternative asset classes and investment techniques to improve performance.
- To grow the dividend at least in line with inflation.
- To buy back shares to improve net asset value and mitigate the discount's volatility and level.
- To be ready to use borrowing in attractive markets while retaining the ability to convert to cash when prospects are poor.
- To promote and seek demand for Witan shares.
- To exercise strict controls on costs and keep expenses competitive.

Directors' Report
Financial Highlights

Corporate Key Performance Indicators

	31 December 2010	31 December 2009	% change
Share price	516.5p	444.6p	+16.2
Net asset value per ordinary share (debt at par value)	584.4p	502.7p	+16.3
Net asset value per ordinary share (debt at fair value)	578.1p	497.0p	+16.3
Dividends per ordinary share	10.9p	10.5p	+3.8
Discount (debt at par value)	11.6%	11.6%	
Discount (debt at fair value) [A]	10.7%	10.5%	
Share buy-backs [B]	4.0%	5.1%	
Total expense ratio including performance fees [C]	1.07%	0.99%	
Total expense ratio excluding performance fees [C]	0.81%	0.72%	
Number of private investors [D]	36,595	36,703	

(A) The average discount in 2010 was 11.1% (2009: 11.0%). (Source: Datastream)
(B) The percentage of the ordinary share capital in issue at the previous year end that was bought back during the year.
(C) The total of the management fees and other administrative expenses (excluding the expenses of the subsidiary company) as a percentage of the average of shareholders' funds at the beginning and end of the year (see note 5 on page 51). See further comment on page 4.
(D) The sum of the number of accounts on the Company's register of members and the number of accounts in Witan Wisdom and Jump Savings.

Performance

Total returns to 31 December 2010	1 year % return	3 years % return	5 years % return
Total shareholder return [E]	18.9	16.7	40.6
Net asset value total return [F]	18.9	15.6	38.1
Benchmark [G]	15.5	9.4	31.6
FTSE All-Share Index [H]	14.5	4.4	28.4
FTSE World (ex UK) Index [H]	16.7	15.0	33.2

(E) The movement in the ordinary share price adjusted to include the notional reinvestment of dividends.
(F) The movement in the net asset value per share adjusted to include the notional reinvestment of dividends.
(G) Source: Lipper. Since 1 October 2007 the benchmark has been a composite of four indices: the FTSE All-Share Index 40%, the FTSE All-World North America Index 20%, the FTSE All-World Europe (ex UK) Index 20% and the FTSE All-World Asia Pacific Index 20%. From 1 September 2004 to 30 September 2007 the benchmark consisted of the FTSE All-Share Index 50% and the FTSE World (ex UK) Index 50%.
(H) Source: Lipper.

Other Financial Information

	31 December 2010	31 December 2009	% change
Net assets	£1,141,765,000	£1,022,819,000	+11.6
Number of ordinary shares in issue	195,375,220	203,464,280	-4.0
Revenue return per ordinary share	9.45p	10.63p	-11.1
Gearing *	5.4%	5.0%	

* The total market value of the investments less shareholders' funds as a percentage of shareholders' funds.

The Company's ten year historical record is shown on page 68.

Directors' Report
Chairman's Statement

"Patience is the companion of wisdom." – Saint Augustine

- NAV total return ahead of benchmark by 3.4%
- NAV total return over last five years of 38.1% – exceeding benchmark by 6.5%
- increased gearing at market low point in June
- dividend increased for the 36th consecutive year
- portfolio repositioned on 100% active lines with a more pro-active approach to risk management

Opening Remarks

It has been another good year for equities and for Witan shareholders, with the FTSE All-Share Index giving a total return of 14.5%, the FTSE World ex-UK index 16.7% and Witan achieving a share price total return of 18.9%. The year had a happy ending but there were some hairy moments along the way which meant financial markets experienced significant volatility and something of a white-knuckle ride during the summer. After a rally lasting until April, the uncertainty over the possible withdrawal of fiscal stimulus and monetary policy changes implemented in 2009 was sharpened by the explosion of a full-blown European debt crisis and the consequent fears for the viability of Europe's financial sector. This gave investors a real shock but it also obscured the reality of the ongoing recovery in the global economy.

As the year progressed, better fundamentals manifested themselves on the back of loose global monetary policies. A robust recovery in corporate profitability reduced the risk of a double-dip recession, unemployment stabilised and household bank balance sheets were rebuilt. The apparent improvement in visibility has led investors to end 2010 in a positive frame of mind. The script for 2011 may well not be very different.

Increased volatility in financial markets has persuaded the Board that a more pro-active approach to the management of the Trust should be adopted. Your Board, therefore, took the decision to sell the more index aware proportion of the portfolio and replace it with managers that demonstrate skills in managing the economic cycle and picking stocks. The Board has also supported a more active approach to the management of risk through the variable use of gearing, employing equity index futures and investment in specialist funds. These important changes are set out in detail in the Investment Section of the Business Review on pages 11 to 17.

Performance and Shareholder Returns

In the twelve months ended 31 December 2010 the total return of Witan's benchmark was 15.5%. Your Board is pleased that the comparable Witan NAV total return is 18.9%. The share price rose by 16.2% in 2010 which, combined with dividends paid during the year, resulted in a total shareholder return which was also 18.9%. The twelve month figures are important but a longer term perspective is a better indicator of what an investment in Witan might offer. Over five years the Witan NAV total return has been 38.1% which translates into a 6.7% per annum compound rate of return, while the share price total return has been 7.1% per annum, despite the market crisis in 2008.

Portfolio Attribution

Witan's outperformance of its benchmark during 2010 amounted to 3.4%, attributable to a range of factors. The portfolio generated outperformance (net of fees) of 3.1%, share buy-backs contributed 0.5% and gearing (which was increased ahead of the second half market recovery) a further 1.9%. Offsetting these gains were borrowing costs (-0.7%) and operating costs and tax (-1.3%).

The Company finished the year with a similar level of gearing to the end of 2009 but this conceals a number of active moves. There was a positive decision to increase gearing to a peak of 13% during the summer correction. After the market rallied, gearing was reduced back to 5.4% by the year end.

Apart from the decision to close the remainder of the enhanced index fund mandates, replacing them with active stock pickers, the international portion of the Company's assets was restructured to reduce the proportion managed in separate geographical portfolios. This entailed closing a Europe ex-UK mandate (replacing it with a pan-European remit) and closing the Japanese and US specialist mandates, merging them into a focused global stock-selection mandate. Finally, a specialist

Directors' Report
Chairman's Statement *continued*

Performance Attribution
for the year ended 31 December 2010 (based on the Company's financial statements)

Net asset value total return	+18.9%	Portfolio investment total return		+18.6%
Benchmark total return	+15.5%	Benchmark total return		+15.5%
		Relative investment performance		+3.1%
		Gearing impact	+1.9%	
		Share buy-backs	+0.5%	
		Interest on cash, etc	0.0%	
				+2.4%
				+5.5%
		Borrowing costs	-0.7%	
		Operating costs and tax	-1.3%	
				-2.0%
Outperformance	+3.4%*			+3.4%*

*The totals on each side may not add up because of roundings.

Emerging Markets manager was appointed, to give further direct exposure to faster growing areas of the global economy.

Total Expense Ratio

Including performance fees our Total Expense Ratio ('TER') was 8 basis points higher at 1.07% (2009: 0.99%). Excluding performance fees, the TER rose from 0.72% in 2009 to 0.81%.

These figures should be evaluated against the weighted average TER of 0.88% (excluding performance fees) for the AIC Global Growth sector (source: AIC) and of 2.1% for the open-ended multi-manager sector (source: IMA, Financial Express).

Although the average level of assets was higher, which reduced the impact of fixed costs, the move to fully active management increased base management fees and there were increased (one-off) legal and administrative costs associated with the transition to a new administrator for the Witan Wisdom and Jump Savings schemes. Your Board is pleased to note that shareholders earned good returns in 2010 in spite of this increase in expenses but it will continue to seek ways of keeping expenses as low as practicable.

We have taken the opportunity of the manager changes during the year to update many of our fee structures, to ensure that they give value for money for Witan shareholders, while still enabling us to attract high calibre managers to look after our assets.

Dividend

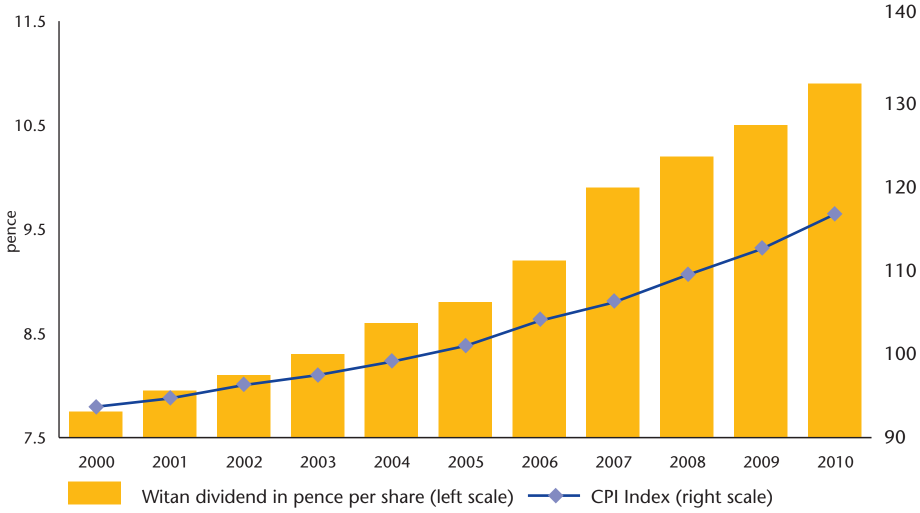
Your Board has declared a second interim dividend of 6.5 pence per share, to be paid to shareholders on 1 April 2011, making a total distribution for the year of 10.9 pence (2009: 10.5 pence). This represents an increase of 3.8% over 2009 and maintains our policy of increasing dividends at least in line with inflation. We have drawn £2.6 million from our revenue reserves to cover the increased payment, leaving us with a revenue reserve of £38m, equivalent to close to two years' dividend payments. A number of one-off effects, such as manager transitions and the BP dividend cut, left us with a revenue shortfall in 2010. Our forecasts indicate that this gap will substantially, or completely, close in 2011, justifying the decision to use our revenue reserve to cover what is likely (subject to the unforeseen) to be a temporary hiatus in our incoming revenue.

This is the 36th consecutive year during which we have increased the dividend. The chart on page 5 shows how our dividends have increased over the past decade.

Share Buy-Backs and Discount

The Company purchased a total of 4% of the starting shares in issue during the year. Buy-backs were at a higher level of 3% in the first half of the year but there was reduced net selling in the market during the second half so that the level of share buy-backs reduced to 1%. These share buy-backs generated an increase in net asset value per share of 0.5%, as well as helping to maintain the discount close to our desired target of a sustainable level of 10% or below. The share price discount (to the net asset value excluding income, with debt at fair value) ended the year at 9.9%, compared with 9.2% at the end of 2009. The average discount for the year on this basis was 11.1% (2009: 11.0%).

10 Year Growth in Witan's dividends per share versus UK Consumer Price Inflation



Source: Datastream

The Board

In line with what is now best practice, an independent Board Review was commissioned in 2010 to find out how we might operate more effectively. The Board has conducted an annual internal evaluation for a number of years but the periodic use of an external specialist ensures a fresh look – it can be helpful to see ourselves as others see us. The review concluded that your Board is performing at a high standard and has also made a number of helpful suggestions for maintaining and building upon this.

At the AGM in May, Rory McGrath retires after fifteen years as a director of Witan. He has been a director of Witan Investment Services Limited since its inception in 2005 and has sat on the Remuneration Committee for the past 5 years. Rory has been instrumental in leading Witan's marketing strategy from his early days as a director and his experience, particularly in this field, has made a large contribution to Witan's fortunes over his time as a director of your company.

We welcome Richard Oldfield, who will be joining the Board in May. With his experience across the investment management industry spanning thirty three years, he brings a wealth of pertinent knowledge and we look forward to his contribution to the business.

Andrew Bell joined the Board and took over responsibility as Chief Executive Officer in February 2010. Changes to the way in which the Trust is managed have been highlighted in this statement and in the Business Review on pages 6 to 17. Your Board is encouraged by these changes, which have been led by Andrew, and believes they are appropriate to enable Witan's shareholders to benefit from the more changeable economic conditions which seem likely to prevail in coming years.

Witan's Differentiated Approach

Witan is unique amongst investment trusts in operating a fully-fledged multi-manager structure for the management of its assets. This aims to benefit from the specific skills of particular managers, as well as reducing the performance volatility that can come from having a single manager. This structure is overseen by the Company's executive team, which is responsible for managing risk appetite by actively varying gearing as well as taking advantage of specialised opportunities which fall outside the investment managers' remits. The details of how the process works, and the significant changes implemented during 2010, are set out in the Business Review on pages 6 to 17.

AGM

Our Annual General Meeting will be held at Merchant Taylors' Hall on Tuesday 10 May 2011 at 2.30 pm. Formal notice of the meeting is set out in the accompanying circular to shareholders. With my fellow directors, I look forward to the opportunity to meet you then for the Company's 103rd AGM.

Outlook

Recent data indicate that the global recovery remains intact. However politicians are performing a high wire act, trying to balance the imperative of continued economic growth on the one hand and the need to resolve the debt crisis on the other. It would seem that higher inflation is probably the inevitable outcome. An additional and less predictable complication is the recent widespread political change affecting the Arab world. This has led to a rise in the oil price, which threatens to undermine economic growth in oil consuming countries.

In recent days, the world has been transfixed by the enormity of the earthquake in Japan and the subsequent inundation of a wide area of Japan's East coast by tsunamis. It is too soon to gauge the consequences, in the wake of the tragic loss of life and the damage to nuclear and other infrastructure. Notwithstanding these immediate uncertainties, your Board believes that in the years ahead a well diversified portfolio of global equities offers the opportunity to participate in positive longer term trends in the global economy, as well as offering some protection against the risks of higher inflation.

Harry Henderson
Chairman
15 March 2011

Directors' Report
Business Review

This Business Review provides shareholders and other readers with information about the Company's business and results in 2010 and looks forward to the year ahead. It is divided into two sections: Corporate and Investment.

CORPORATE SECTION

Objectives and Strategy

Witan's objective is to be the preferred choice for wealth creation through equity investment, adding value in the long term for its investors. This means that Witan will seek to make money for shareholders, to do so more effectively than its sector peers with similar objectives and to achieve consistent outperformance of the global stock markets represented by its benchmark. Recognising the importance of dividends in the returns from equity investment, Witan has a policy of seeking to increase its dividend at least in line with inflation. In addition, Witan seeks to attract new investors to buy the Trust's shares in order to provide ongoing liquidity for shareholders.

Witan's portfolio has a multi-manager investment structure. This reduces the performance volatility which can occur when employing a single manager. This approach allows us to select a range of high quality fund managers with differing areas of expertise from around the world – often where the fund manager is not otherwise available on the same terms (or at all) to the UK investor.

Your Board believes that active management of risk is essential in investment. This is particularly relevant when markets are threatened by major economic disruption, as seen in recent years, but an adaptable approach is also needed in order to enhance investment performance in more positive times. Where appropriate, we are also willing to employ innovative investment techniques and invest in diverse asset classes. Investment trusts have the advantage of being able to borrow in order to improve performance in rising markets. Witan has £110 million of long term debt (including preference shares) which can be deployed, hedged or neutralised with cash balances according to our view of the outlook for markets. We have a policy of actively managing our gearing.

Management Arrangements

As already noted, the management of Witan's portfolio is outsourced to third party investment managers around the world. Witan's in-house executive management team manages and controls these relationships, selects new managers when a change is appropriate, and advises the Board on all relevant investment and business matters. The executive management team is also responsible for actively managing the overall risk appetite of the portfolio and for identifying attractive specialist investments in areas outside the delegated remit of Witan's external managers. In addition, the in-house team manages the subsidiary company, Witan Investment Services Limited.

Changes to the investment manager line-up during the year, along with other investment issues, are referred to in greater detail in the Investment Section on pages 11 to 17. Our current managers are listed on pages 20 and 21, with a brief description of their style and corporate structure.

Witan uses third parties for the supporting services it requires, including:

- BNP Paribas Securities Services SA ('BPSS') for global custody, investment accounting and administration.
- Frostrow Capital LLP for company secretarial services.
- International Financial Data Services Limited ('IFDS') as the savings plan administrators of Witan Wisdom and Jump Savings.

- Cauldron Consulting for media relations.
- Tangible Financial for advertising.
- Towers Watson for manager research and performance analysis.
- From time to time, as required, Witan also procures professional advice in the areas of legal, compliance, investment consulting, financial and tax advice.

Witan's aim (as indicated in the first paragraph of this Business Review on page 6) is to provide consistently superior returns to shareholders. Unlike other multi-manager services, we do not levy an additional fee (on top of the underlying external managers' fees) and any negotiated savings in investment management fees fall directly through to lower the costs for shareholders. Your Board applies strict controls over central corporate costs. Expenditure is only undertaken when necessary or when a specific endeavour has been identified which is likely to achieve a profitable return. Our Total Expense Ratio ('TER') reflects this disciplined attitude to costs as well as our ability to secure external investment management services on competitive terms. The figure for 2010 was 1.07%, of which 0.26% reflected performance fees payable as a result of your managers' success in beating their benchmarks. This compares with a TER of 0.99% in 2009, or 0.72% excluding performance fees, and with an average fee of 0.88% (excluding performance fees) for the AIC Global Growth sector (source: AIC) and of 2.1% for the open-ended fund of funds sector (source: IMA, Financial Express).

Since November 2005 the Company has had a lease on office premises at 14 Queen Anne's Gate, London SW1H 9AA, which (since 21 February 2011) has also become the Company's registered office.

The Company's policy towards its employees is to attract and retain staff with the particular skills and expertise required to manage the affairs of an investment trust company. The Group has no specific policies in respect of environmental or social and community affairs.

The Witan Benchmark

Your Company's benchmark is a reference point for what shareholders can expect in the long term from an investment in Witan, in terms of the underlying investment structure of the portfolio and in performance. It enables the aims of your Company to be encapsulated succinctly without the need for a detailed description. Although it is an equity benchmark, your Board reserves the right to invest in other assets if appropriate, for better performance or capital preservation. Since 1 October 2007 the benchmark has been:

40% FTSE All-Share Index
20% FTSE All-World North America Index (£)
20% FTSE All-World Europe (ex UK) Index (£)
20% FTSE All-World Asia Pacific Index (£).

This reflects a balance between the domestic exposure and international status of the UK market and a broadly spread exposure to growth in other regions of the world. To assist shareholders who may apply different benchmarks in evaluating comparative performance, we include performance information for other commonly used indices in the Key Performance Indicators summary section on page 2. The benchmark does not drive the portfolio structure or the specific allocation of mandates to managers but it provides a marker for the long term performance of the Company – it is a yardstick, not a straitjacket.

Over shorter periods, performance can be expected to vary, sometimes considerably, from that of the benchmark. Over the longer term, we aim for consistent outperformance.

Dividend Policy

The Board has declared a second interim dividend of 6.5 pence per share, to be paid to shareholders on 1 April 2011, making a total distribution for the year of 10.9 pence (2009: 10.5 pence). This is the 36th consecutive year that the annual dividend has increased and meets the Company's ongoing intention to increase dividends per share at least in line with inflation.

Share Buy-Backs and Discount Policy

Your Board places great importance on the encouragement of a liquid market in Witan's shares on the stock exchange. A healthy two-way market enables shareholders to sell Witan shares at a price that reflects prevailing market value while potential new shareholders should also be able to invest readily. The Company operates an active share buy-back policy, purchasing shares for cancellation when they stand at a significant discount to the net asset value (excluding income, with debt at market value), with the objective of achieving a sustainable discount of 10% or below (subject to market conditions). This policy has the direct effect of improving net asset value per share with the additional strategic aims of mitigating volatility in the discount and bringing the share price closer to the net asset value.

The level of share buy-backs during 2010 is referred to in detail in the Chairman's Statement. This activity not only generated an increase in net asset value per share of 0.5% but also helped to reverse periods of widening discounts occasioned by market conditions and trading imbalances. Our discount ended the year at 9.9% (2009: 9.2%). Our average discount during the year was 11.1% (2009: 11.0%).

In addition to share buy-backs, Witan operates an ongoing marketing programme designed to stimulate interest in Witan and encourage new investment into the Company's shares. 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).

Directors' Report
Business Review *continued*

Further information about our marketing programme can be found on pages 70 and 71.

Debt and Gearing Policy

Witan has long term debt consisting of debentures, secured bonds and preference share capital which is detailed in note 13 on page 57. In December 2010, a £50 million one year multi-currency facility was agreed (see note 14.5 on page 61), which provides additional flexibility over the level of gearing, as well as enabling the Company to borrow in other currencies than sterling, if deemed appropriate. Witan may either invest its borrowings fully, or neutralise the gearing effect with cash balances (or the sale of equity index futures) according to our view of the outlook for markets.

Key Performance Indicators

Your Board assesses its performance in meeting the Company's objective against the following key performance indicators:

- net asset value total return
- total shareholder return
- investment performance compared with the benchmark
- investment performance compared with sector comparators
- annual dividend growth
- discount to net asset value
- total expense ratio.

Witan's performance in 2010 against the above indicators is shown on page 2. Most are also discussed in the Chairman's Statement on pages 3 to 5. The Board also reviews absolute and relative volatility and risk statistics for the portfolio and evaluates employee performance against assigned personal targets.

Principal Risks and Uncertainties

The Board has identified the key risks to the Group which need to be managed and has collated them in a risk matrix document. The risks relating to Witan's subsidiary company, Witan Investment Services Limited ('WIS'), are separately recorded. The respective documents are reviewed and updated regularly by the relevant Board of directors.

The Board is conscious that it must regularly review the nature of its corporate objectives and strategy to ensure that both remain relevant and appropriate in a rapidly changing financial services and savings market. This includes scrutiny of investment policies, the role of marketing, the service offered by the Witan Wisdom savings schemes and wider industry trends. These issues are reviewed at least annually by the Board.

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

1. Market and portfolio risks

Witan has traditionally been a vehicle for UK and overseas equity investment. Whilst this does not preclude a more diversified or defensive strategy during periods of falling or turbulent markets, nonetheless a key risk of investing in Witan is a general fall in equity prices.

The other generic risks, as with any international equity portfolio, are those of overall investment strategy and country, currency, industrial sector, and stock selection. There are also risks associated with the choice of managers. Your Board seeks to manage these risks through:

- Appropriate asset allocation decisions.
- Regular reviews of the competence and stock selection skills of fund managers.
- Monitoring the economic outlook, geo-political environment and stock market conditions around the world.
- The application of relevant policies on gearing and liquidity.
- Manager diversification. The multi-manager structure of the portfolio means that from a risk point of view Witan is less exposed to individual manager performance than with a conventionally structured portfolio.
- Delegating authorities to the executive management team to manage risk actively, whether to preserve capital or capitalise on opportunities.

Risk issues are further referred to in note 14 on pages 57 to 64.

2. Investment activity and strategy risks

It is important that investment activities, including asset allocation, stock selection and the level of gearing, are managed in a disciplined and prudent way, to reduce the risk of falls in Witan's portfolio value or underperformance against the Company's benchmark index or its peer group. Adverse performance could also result in the Company's shares trading on a wider discount. The Board seeks to manage these risks by implementing an appropriate asset allocation and a portfolio that is spread across a diverse range of investment managers and investments. These aspects are regularly reviewed, in addition to the extent of borrowings.

During the year Witan's Chief Executive, Andrew Bell, managed the overall business and investment portfolio in accordance with limits and restrictions determined by the Board. These include limits on the extent to which borrowings may be used. The Board reviews regularly the matters delegated to executive management and the CEO confirms compliance at each Board meeting. Directors are provided with comprehensive management information covering many aspects of the business, including investment performance data, financial reports and shareholder analyses. The Board reviews investment strategy at each Board meeting and monitors the implementation and results of the investment process with the CEO. The CEO regularly reviews reports and data which monitor the portfolio's principal risk factors.

3. Corporate governance and shareholder relations

Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 28 to 34.

An innovation in 2010 was the commissioning of an externally-managed Board Review, to evaluate the current effectiveness of the Board and make suggestions to help ensure that the structure and processes of the Board remain effective and evolve to meet future challenges. The Board has for a number of years conducted its own internal review but in line with best practice a three-yearly external review cycle has been established to supplement the more frequent internal evaluation.

Operational and regulatory risks are regularly and extensively reviewed by Witan's Audit Committee. Witan Investment Services Limited ('WIS') is subject to its own operating rules and regulations and is regulated by the Financial Services Authority. Your Board takes its own regulatory responsibilities very seriously and reviews the main points of compliance against requirements on a quarterly basis. Your Board also takes corporate, legal, accounting and tax advice as appropriate.

Operationally the multi-manager structure is robust, as each of the investment managers, the custodian and the fund accountants keep their own records which are reconciled monthly. Management monitors the activities of all third parties and reports any significant issues to the Board. Comprehensive contractual obligations and indemnification provisions have been put in place with each of the third party service providers.

4. Accounting, legal and regulatory

In order to qualify as an investment trust the Company must comply with sections 1158-59 of the Corporation Tax Act 2010 ('CTA') to which reference is made on page 23 under the heading 'Status'. A breach of these sections could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax. The criteria are monitored by the CEO. The Company must comply with the provisions of the Companies Act 2006 ('the Companies Act'), and, as the Company's shares are listed for trading on the London Stock Exchange, the Company must comply with the UK Listing Authority's Listing Rules and Disclosure Rules ('UKLA Rules'). A breach of the Companies Act could result in the Company and/or the directors being fined or becoming the subject of criminal proceedings. Breach of the UKLA Rules could result in the suspension of the Company's shares, which would in turn lead to a breach of the provisions of the CTA.

The Board relies on the CEO, the Company Secretary and the Group's professional advisers to ensure compliance with the CTA, the Companies Act and the UKLA Rules. WIS is regulated by the Financial Services Authority for the marketing and administration of savings plans and the provision of investment advice to professional clients. The savings plans are administered on behalf of WIS by IFDS.

The Board takes legal, accounting or compliance advice, as appropriate, to monitor changes in the regulatory environment affecting the Company. Current issues include the Alternative Investment Fund Manager Directive from the European Commission and the Retail Distribution Review, which will affect the investment management industry as well as the marketing of investment products to retail investors. Their practical implications will become clearer as the details of how they will be implemented are specified in the next two years.

5. Operational

Many of the Group's operations are outsourced to third parties, principally BPSS. Disruption to, or failure of, the accounting, payment systems or custody records operated by BPSS could prevent the accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by BPSS and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal control section of the Corporate Governance Statement on pages 33 and 34.

Witan Investment Services ('WIS')

Witan Investment Services Limited is a wholly owned subsidiary of Witan Investment Trust plc. It was established in March 2005 and is authorised and regulated by the FSA to provide investment products and services and to give investment advice to professional investors.

The principal activity of WIS is to provide executive management services to the boards of Witan Investment Trust plc and Witan Pacific Investment Trust plc and to stimulate interest in their shares.

Its objectives are:

- to operate a reliable and efficient investment savings platform for Witan and Witan Pacific investors
- to minimise the operating costs for Witan Investment Trust
- to seek sources of revenue to generate a profit.

WIS has two discernible channels of income by which its performance may be judged. These are the revenues from transaction fees or annual management charges relating to its savings plan business and, secondly, executive management and marketing fees paid by its corporate clients, Witan Investment Trust plc and Witan Pacific Investment Trust plc.

The business provides savings plans to WIS clients and is marketed under the **Witan Wisdom** and **Jump Savings** brands. It currently has about 30,000 customers with assets of some £229 million invested. The major costs incurred by WIS are fees to the administrators of the Witan Wisdom platform.

The migration of Witan's savings schemes to a new administrator was successfully completed in December 2010. The new

Directors' Report
Business Review *continued*

administrator is International Financial Data Services Limited.

Priorities for 2011

The objective in 2010 was to manage Witan's portfolio to add value in an environment which was less chaotic than 2008 and 2009 but continued to have its share of crises. This was successfully accomplished, as recorded in detail elsewhere in this report. The range of managers was changed to increase the exposure to active management, closing the two enhanced index mandates. A more active approach was taken to asset allocation and risk management, increasing gearing mid year after the summer correction and using equity index futures. A portfolio of direct holdings in certain investment companies was built up, focused on asset categories (such as private equity) not represented in our external managers' portfolios.

2010 was a year of substantial change, increasing the range of tools used by Witan to generate performance. 2011 will see Witan operating the revised investment process for the full year, while remaining alert to new ideas which could give us additional levers to pull to generate performance.

In 2011, the key priorities include:

- maintaining an appropriate strategic asset allocation to reflect changing opportunities in the world economy
- selecting and monitoring suitable managers to deliver our strategic objectives through a multi-manager structure
- active management of risk appetite, responding to tactical opportunities to boost returns or to protect capital
- aiming to maintain dividend growth ahead of inflation
- communicating Witan's more active investment process to existing and potential shareholders
- delivering a good service to the corporate and individual clients of Witan Investment Services
- seeking business development opportunities where Witan's multi-manager expertise can be applied beneficially.

INVESTMENT SECTION

Investment Policy

Witan invests primarily in global equities. Equity exposure is unlikely, in normal conditions, to drop below 80% although this does not preclude a more defensive positioning in exceptional market conditions. The Board is prepared to consider alternative investments when appropriate.

The Company has the power under its Articles of Association to borrow up to 100% of the adjusted total of capital and reserves. This allows the Board to seek to improve performance through gearing by borrowing amounts equivalent in value to shareholders' funds. In practice the Board would not, other than temporarily in exceptional circumstances, allow gearing as defined on page 2 to rise to more than 20%. Over the past five years it has varied between 0% and 15% while, occasionally, the Company has held a small net cash position. At the end of 2010, the Company had in place £110 million of long term debt (equivalent to 9.7% of shareholders' funds), although effective gearing was less than this (5.4%), owing to cash holdings, which had been increased following the market rally.

Investment risk is managed through:

- diversification of the investment portfolio across global markets
- selecting a range of investment managers with different mandates
- monitoring and reviewing investment manager performance and portfolios
- active management of risk appetite, taking account of asset allocation, currency exposures and gearing levels
- carefully controlled use of liquid, exchange-traded derivatives (principally equity index futures).

During the year the Company invested its assets with a view to spreading investment risk and in accordance with the investment policy as set out above. In particular it has maintained a diversified portfolio in terms of stocks, sectors and geography. The portfolio has been actively managed by the investment managers, with overall asset allocation and risk being managed by Witan's executive team. The directors have received regular reports on investment activity and portfolio construction, both at and between the regular meetings of the Board.

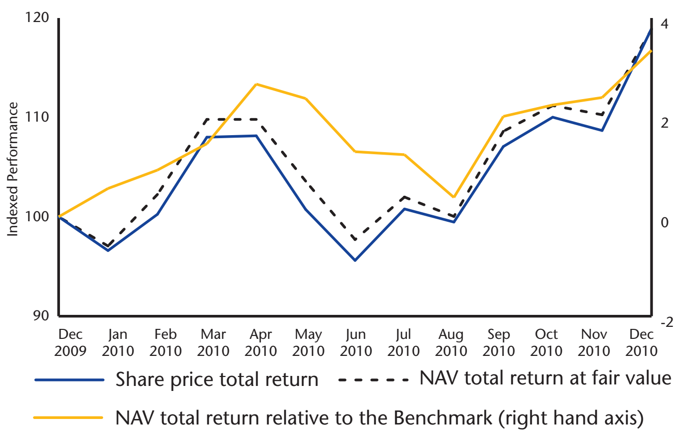
Portfolio Review

The year in summary

Following the high dramas of 2009, 2010 saw greater certainty over the economic outlook and reduced fears over the stability of the financial system but still had its fair share of volatility. Sentiment was fickle, with the early months' anticipation of economic recovery giving way to fears of renewed recession, as the impact of 2009's reflationary policies began to fade. These concerns were given extra bite by investor realisation that the Euro currency zone's economic policies were unable to bridge the differences in economic conditions between the core, relatively stable economies (notably Germany) and those on the periphery of the region, whose economies had misapplied the benefit of the lower interest regime in the Euro by succumbing to fiscal laxity or a bank lending bubble centred on property speculation.

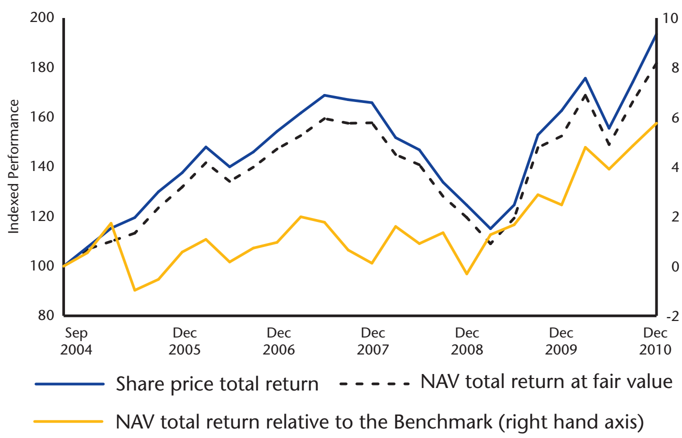
The fear of governments defaulting would be bad enough at any time but the widespread exposure of European banks to the government bonds of peripheral Eurozone countries threatened losses which would undermine their capital strength when they had barely begun to recover from exposure to the sub-prime lending collapse in the US. Albeit grudgingly, the European authorities recognized that they could not afford to allow a run of sovereign defaults, since these would risk a renewed recession which would make it harder to implement the more responsible policies required to put the continent's economies on a sustainable long-term footing. It also became clear that there was a degree of self-sustaining

Performance for 2010



Source: Lipper and Datastream from 31 December 2009 to 31 December 2010

Performance since multi-manager inception



Source: Lipper and Datastream from 30 September 2004 to 31 December 2010

Directors' Report
Business Review *continued*

The table below shows the current investment management arrangements:

Equity mandate	Investment manager	Benchmark (total return)	Investment style
UK	Artemis Investment Management	FTSE All-Share	Recovery/special situations
UK	Lindsell Train	FTSE All-Share	Intrinsic value
UK	NewSmith Asset Management	FTSE All-Share	Flexible, thematic
UK smaller companies	Henderson Global Investors	Hoare Govett Smaller Companies (ex investment companies)	Growth at an attractive price
Global	Southeastern Asset Management	FTSE All-World	Value
Global	MFS Investment Management	FTSE All-World	Growth at an attractive price
Global	Thomas White International	FTSE All-World	Fundamental value
Global	Veritas Asset Management	FTSE All-World	Fundamental value, real return objective
Pan-European	Marathon Asset Management	FTSE All-World Developed Europe	Capital cycles
Pan-European	Varenne Capital Partners	FTSE All-World Developed Europe	Intrinsic value
Asia Pacific (ex Japan)	Comgest	FTSE All-World Asia (ex Japan/Australia/New Zealand)	Fundamental research
Emerging Markets	Trilogy Global Advisors	MSCI Emerging Markets	Fundamental, growth orientated
Growth Opportunities	Witan (direct holdings)	Witan's external benchmark	Opportunistic, mispriced assets, recovery, specialist funds

momentum in the recovery, particularly in the corporate sector, and that the global authorities were committed to supporting the recovery, if only in order to make the required rebalancing in the global economy more readily achievable (which would be less likely, and certainly more traumatic, in a recessionary environment). Consequently, a midyear wobble in equity markets was followed by a strong autumn rally which persisted through to the end of the year.

As 2010 ended, the policy contradictions in Europe remained a potential source of instability, given differing national objectives within the Eurozone. Furthermore, there is a risk that bond markets take fright if a sustained global recovery takes hold in 2011, given the risk of inflation from the unconventional monetary policies adopted to combat the banking crisis. There is also likely to be an increased focus on the outsized government deficits which have been created in order to mitigate the effects of recession. Although a rise in bond yields seems more likely to force politicians to curtail budget deficits rather than be ignored and then stifle the recovery, the risks of policy mistakes mean that a benign outcome cannot be taken for granted. A lesson from 2010 was that periods when markets are unhappy with macro-economic policies can be highly volatile.

Manager changes

During the year, a number of changes were made to Witan's manager structure:

- In July, Marathon Asset Management was appointed to manage a pan-European portfolio, incorporating its existing UK-only mandate and a Europe ex-UK mandate previously managed by Wellington Management Company.
- In September, two active UK managers (Lindsell Train and NewSmith Asset Management) were appointed in place of the UK enhanced index portfolio previously managed by Henderson Global Investors.

- In November, Veritas Asset Management was appointed to manage a global unconstrained portfolio, replacing the Japan-only mandate previously managed by Brandes Investment Partners and the US enhanced index portfolio previously managed by Henderson Global Investors.
- Finally, in December, Trilogy Global Advisors was appointed to manage a specialist Emerging Markets portfolio, funded from cash balances and the sale of the Australian equity portfolio previously managed by Orbis Investment Management.

The guiding principles behind these manager changes were a reorientation of the portfolio towards a full commitment to active managers, closing the remainder of the index-oriented mandates and a greater emphasis on unconstrained cross-border stock selection, reducing the proportion in single-country portfolios.

Use of derivatives

In June 2010, Witan began to employ equity index futures in order to raise its gearing, in response to the perceived value on offer after the correction in world markets. The investments covered futures in the FTSE 100, S&P Composite, Euro Stoxx 50, Japanese and MSCI Emerging Markets indices. The Company takes full account of the underlying value of the futures contracts in measuring its gearing. The value of the investments (which are exchange traded) is fully marked to market every day.

The use of equity index futures has a number of benefits. It enables Witan to increase or reduce its gearing at a known and immediate index level, conferring tactical flexibility. It also provides a means of adjusting the geographical asset allocation (for example, by allocating the investment differentially to favoured markets). In both cases, the use of index futures enables the adjustments to be made without interfering with the assigned objectives for our investment managers, which are to pick stocks that will grow in value over the medium to long term and outperform their respective benchmarks.

The underlying futures exposure varied between zero and 7% of assets, finishing the year at zero. The investments in this area were beneficial during 2010, as they gave us additional tactical exposure to our preferred equity markets during the second half of the year, when the market trend was strongly positive. Although this ability was used in 2010 to increase gearing ahead of the second half market rally, in other circumstances it could be used to reduce our investment exposure, if this were judged to be in the interests of shareholders.

Performance for the year ended 31 December 2010 and from inception to 31 December 2010

Investment Manager	Inception Date	Value of Witan assets managed £m at 31.12.10	% of Witan's assets under management at 31.12.10 (Note 1)	Performance in 2010 (%)	Benchmark Performance in 2010 (%)	Performance since inception to 31.12.10 (%) (Note 2)	Benchmark Performance since inception to 31.12.10 (%) (Note 2)
Artemis Investment Management (UK)	06.05.08	101.7	8.3	+20.3	+14.5	+9.6	+2.5
Lindsell Train (UK) (Note 3)	01.09.10	117.2	9.5	not applicable		+16.8	+11.5
NewSmith Asset Management (UK) (Note 3)	01.09.10	114.4	9.3	not applicable		+13.4	+11.5
Henderson Global Investors (UK smaller)	31.08.04	31.2	2.5	+42.8	+28.5	+13.5	+12.1
Southeastern Asset Management (Global)	30.09.04	156.6	12.8	+21.4	+16.7	+8.6	+9.8
MFS Investment Management (Global)	30.09.04	118.6	9.7	+17.7	+16.7	+11.9	+9.8
Thomas White International (Global)	28.09.07	122.6	10.0	+20.3	+16.7	+5.5	+4.4
Veritas Asset Management (Global) (Note 3)	11.11.10	83.2	6.8	not applicable		+4.2	+5.9
Marathon Asset Management (Pan-Europe) (Note 3)	23.07.10	136.9	11.2	not applicable		+12.8	+11.8
Varenne Capital Partners (Pan-Europe)	30.04.08	31.7	2.6	+31.1	+8.2	+5.2	+0.8
Comgest (Asia Pacific (ex Japan))	31.07.07	81.6	6.6	+27.2	+25.6	+12.9	+12.4
Trilogy Global Advisors (Emerging Markets) (Note 3)	09.12.10	51.9	4.2	not applicable		+4.2	+3.7
Witan Growth Opportunities (direct holdings) (Note 3)	19.03.10	79.9	6.5	not applicable		+3.3	+6.7

Notes:
1. Excluding cash balances held centrally by Witan and the unquoted investments.
2. The percentages are annualised where the inception date was before 2010.
3. Part year only.

Source: The WM Company.

Directors' Report
Business Review *continued*

The operation of this investment area is the responsibility of the Chief Executive Officer, who reports transactions to the Board as they occur as well as being accountable to the Board for the financial results.

Gearing management

Gearing was managed actively during the year, averaging 6.6% during the first half before being stepped up to reflect clearer economic prospects in the second half, when gearing averaged 9.9%, ending the year at 5.4%. This reflects the Company's view that gearing is an effective tool to boost returns at times of high conviction but should be used judiciously.

Growth Opportunities

The Company initiated a policy of making direct investments in selected collective funds during the year, to gain exposure to investment areas which fell outside the remit of the Company's external investment managers but were viewed as attractive. These included listed private equity funds (3i Group, Electra Private Equity and HarbourVest Global Private Equity), distressed debt investment (NB Distressed Debt Fund), UK domestic recovery (Invista Foundation Property Fund and Aberforth Geared Income Trust) and a specialist environmental fund (Ludgate Environmental Fund Limited). These amounted to 6.5% of Witan's investment portfolio at the year end, with the management of this portfolio being the responsibility of the Chief Executive Officer. This category may also be used to allocate smaller size investments to investment managers who may currently be less established in order to gain greater familiarity with their processes and style. The incidence of such opportunities is likely to vary over the economic cycle, which will be reflected in the size and composition of this portfolio of direct holdings.

Portfolio diversification

In order to capture the changing dynamics in the global economy and provide stability against problems within individual countries, Witan's portfolio is well diversified across regional stock markets and, importantly, across a range of managers. In addition, the exposure to more rapidly growing and emerging economies has been increased. As expected in a multi-manager portfolio, individual manager returns vary; however, in 2010 all of Witan's managers who were in place for the whole of 2010 outperformed their respective benchmarks during the year. In addition, five out of the six who were replaced outperformed their benchmarks. This combined performance, along with the timely use of gearing, helped to generate a NAV total return of 18.9%, 3.4% ahead of the Witan benchmark which returned 15.5%.

Witan is predominantly equity based but the remit allows investment in other areas when considered appropriate, either to enhance returns or to mitigate risk. In normal market circumstances, equity exposure can be expected to be at least 80%, while gearing, as noted elsewhere, is managed within an overall maximum level of 20%.

Investment Managers

As set out in the table on page 12, the portfolio consists of 12 separate external mandates managed by different fund management firms, in addition to the directly-held positions managed by the Chief Executive Officer.

Each of the managers is entitled to a base management fee, calculated according to the value of the assets under management, and/or a performance fee, calculated according to investment performance, relative to the benchmark applicable to the investment mandate. The fees for each of the segregated investment management agreements are subject to a percentage cap in respect of each accounting year. Each agreement can be terminated on one month's notice. One of the investment mandates is operated via a fund vehicle, to simplify custody arrangements in emerging economies.

The base management fee rates range from nil to 0.9% per cent per annum and the performance fees range from nil to 25 per cent per annum of the relevant outperformance. All the fees are payable quarterly in arrears. The performance fees are payable on a pro rata basis, after a minimum initial period of one year.

The average aggregate base management fee, weighted according to the value of the funds under management, was 0.35% as at 31 December 2010 (end 2009: 0.31%). On a similar basis, the average performance fee is 14% of outperformance of the relevant benchmark, subject in most cases to capping of payments for any particular year. As an illustration, if our managers uniformly outperformed their benchmarks by 3% after base management fees, this would generate a performance fee of 0.42% of net assets, giving total investment management fees of 0.77%. The actual fees payable will of course vary according both to the level of performance and the variation in performance between managers with higher or lower fees. Witan takes care to ensure that the fee levels it pays are competitive and that where higher fees are incurred they are linked to good performance, from which shareholders benefit.

The investment 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.

Manager Review

The table on page 13 shows the performance of the individual equity managers for 2010 as well as since inception, compared with their respective benchmarks. The standout absolute performer in 2010 was the smaller companies portfolio managed by Henderson, which delivered a total return of 43%, 14% ahead of its benchmark. The strongest relative performer was the concentrated stock portfolio managed by Varenne, which saw a total return of 31%, 23% ahead of its benchmark. All the managers in place for the full year outperformed.

The outperformance from most of the managers whose mandates were closed during the year underscores the point that the reason for the changes related principally to a shift towards a more active, unconstrained stock-picking structure for Witan's portfolio, not to manager shortcomings.

In the UK, the management of our assets was substantially changed during the year by the replacement of the UK enhanced index mandate and the merger of Marathon's UK portfolio into a new and larger pan-European portfolio. The two mandates in place for the full year, Artemis and Henderson smaller companies, both outperformed. As noted earlier, the smaller companies portfolio was a particularly strong performer.

The two new active managers appointed in September have had a good start, keeping pace with the strong rally in the market since their appointment.

Our three global stock picking managers all outperformed their global benchmark, with Southeastern's value-driven concentrated style proving the most successful. This illustrates the merits of taking a long-term view of manager performance, given that their deep value style struggled to perform during the momentum led bull market prior to 2008 but has been creating value since the markets troughed. Witan added a fourth global manager, Veritas, in November, for whom it is too soon to comment on performance.

Aside from European holdings within the global managers' portfolios, Witan has two managers with pan-European UK remits. Varenne is a small, intrinsic-value focused concentrated stock picker and performed very strongly, against an unpromising European market backdrop. Its relative return of 23% was the strongest in Witan's portfolio although the absolute gain came second to the UK smaller companies portfolio. Marathon, the other pan-European manager, was appointed in July and has so far performed ahead of its European benchmark.

Japan is a market where we have decided to cease using a specialist manager. Although Witan's manager outperformed the Japanese market during the six years of the appointment, Japan was such a poorly performing market that the mandate was a drain on Witan's overall returns. Although the 20 year decline of the Japanese market attracts the attention of contrarians, the attraction is diluted by the overvalued starting point in 1990. The yen's strength has offset some of the index decline and the record of companies being managed in shareholders' interests is mixed. We are watchful for signs of change but not currently convinced of the market's relative attractions. Our global managers are free to take positions in Japanese companies they perceive as attractive compared with opportunities elsewhere and we have tactical scope to vary Japanese market exposure using equity index futures (which were profitably employed during November).

Our Asian manager, Comgest, has performed ahead of the regional benchmark during the year, despite a fundamentally-driven investment style that was at a disadvantage during some of the more momentum-dominated phases of the market. During December, Witan also appointed a manager, Trilogy Global Advisors, for a global emerging markets portfolio. This, together with an increase in our global portfolios' exposure to faster growing and emerging economies, has increased the proportion of our assets exposed to countries with faster growth, which we believe will prove to be an enduring trend, albeit with bumps along the way.

Finally, as noted elsewhere, Witan has invested 6.5% of its assets in a number of investment companies, which offer exposure to areas of value or specialist growth in which our external managers would be unlikely to invest. To date, the bulk of this investment is in quoted private equity investment companies, as well as some exposure to property, smaller companies and distressed debt management. This portfolio is compared against the overall Witan composite benchmark, since it has a wide remit partly determined by gaps in Witan's overall exposure and needs to demonstrate that it can add value in the long-term relative to allocating the money to Witan's other managers. To date, performance has been behind Witan's average performance, although the average invested period for the holdings is under six months.

It is pleasing to note that, aside from their relative performance, all of Witan's portfolios (including those appointed shortly before the market downturn) are now ahead of their book cost (making shareholders actual, rather than simply relative, money).

The table on page 16 shows the investments with the widest variation above and below the weighting of the stocks in Witan's benchmark. Although stock selection is not driven by the significance of the stock in the index, the table gives a snapshot of the top overweight and underweight holdings (on a look through basis across our managers).

The top 50 holdings across the whole of Witan's portfolios are set out on page 19. They represent 42.9% of Witan's portfolio (2009: 37%). This highlights the substantial diversification provided by our range of managers and global geographical exposure. Diversification does not mean index-hugging. What also stands out is the distinctive nature of our top 50. They represent 43% of Witan's portfolio but only 19% of the benchmark. Looked at another way, the benchmark's top 50 stocks represent 34.9% of that yardstick but Witan has

Directors' Report
Business Review *continued*

Name	Sector	Portfolio Weighting minus Benchmark Weighting
Top 10 Overweight positions at 31 December 2010		
Electra Private Equity (including convertible bond)	Equity Investment Instruments	2.44
NKSJ Holdings	Nonlife Insurance	1.30
London Stock Exchange	Financial Services	1.15
3i Group	Financial Services	1.12
Schroders	Financial Services	1.11
Fairfax Financial	Nonlife Insurance	1.00
Sage	Software & Computer Services	0.96
DirecTV	Media	0.94
Dell	Technology Hardware & Equipment	0.92
ACS Actividades	Construction & Materials	0.90
Top 10 Underweight positions at 31 December 2010		
Royal Dutch Shell	Oil & Gas Producers	-2.42
HSBC	Financial Services	-2.20
Vodafone	Mobile Telecommunications	-1.07
British American Tobacco	Tobacco	-0.93
Anglo American	Mining	-0.90
BG Group	Oil & Gas Producers	-0.54
Exxon Mobil	Oil & Gas Producers	-0.54
GlaxoSmithKline	Pharmaceuticals & Biotechnology	-0.47
Nestlé	Food Producers	-0.46
BP	Oil & Gas Producers	-0.44

only 19% of its portfolio invested in them. The objective of using active managers is to hold a portfolio which will perform better than the benchmark, which means it has to be different from the benchmark. Witan meets this test.

Outlook

2010's recovery in corporate profitability is expected to continue during 2011, as economic growth has picked up from a dip last summer. The process of retrenchment by overextended borrowers in developed economies and the pressure for banks to boost their capital ratios continue to act as headwinds to economic growth. The hope therefore is that the corporate sector will begin to raise capital investment to offset the cuts in government spending required to bring budget deficits down. There is also an assumption that monetary policy will remain very loose, to help borrowers reduce their debts and attract capital to refinance borrowings hanging over from the credit boom.

The recent widespread political change in Arab countries, including some important oil producers, has injected significant uncertainty into the economic outlook for 2011. A prolonged disruption to oil supplies would change current assumptions markedly for the worse. In a rational world, the dislocation to supplies would be limited, or brief, as producing countries' need for oil revenues is independent of the nature of the government. However, reason is not always in the ascendant during periods of rapid political change, so forecasts of steady economic growth during 2011 must be made with greater caveats than usual.

Another threat is premature policy tightening. As long as growth in developed economies remains slow and fragile, there is a risk that rapid fiscal retrenchment or rises in interest rates could cause the recovery to stall. So far, this risk has been averted (helped by the US commitment to low rates and 'quantitative easing') but complacency is not warranted – some European countries are under market pressure to tighten fiscal policy to a degree that threatens to keep their economies in recession.

Inflation has gained increased attention in recent months, as strong demand growth in emerging economies, loose monetary policy, political unrest and climatic factors have contributed to a surge in commodity prices. This is posing dilemmas for developed economies (as a result of headline inflation rising in economies still subject to deflationary pressures), but the problems are more severe in emerging economies, where the cost of basic foodstuffs is a higher proportion of household budgets.

In recent days, the world has been transfixed by the enormity of the earthquake in Japan and the subsequent inundation of a wide area of Japan's East coast by tsunamis. In a humbling demonstration of the forces of nature, many thousands have lost their lives or been displaced for an indefinite period and coastal towns and cities have been swept away. It is too soon to gauge the consequences, in the wake of the tragic loss of life and the damage to nuclear and other infrastructure.

The foregoing range of both man-made and natural events injects a significant amount of uncertainty into the outlook for economic planners and financial markets. The improving prior trend of economic momentum should help these problems to be surmounted but the conjunction of these factors has led to a correction in equity markets, reflecting greater concern over the near-term prospects for economic growth in general and the differing effects of these events on individual economies and companies.

Witan's Multi-Manager Approach

As referred to elsewhere in this report, Witan manages its portfolio using a multi-manager approach. This was adopted in 2004, in the belief that no single investment manager was likely to excel in all asset classes over economic cycles or longer time periods. Therefore, seeking to employ managers to invest in their areas of greatest competence has the potential both to improve returns and to reduce risk relative to using a single manager across the investment waterfront.

The Board and the executive team are responsible for managing the portfolio's asset allocation, choosing a suitable range of managers to use their stock selection skills to implement the strategy, designing appropriate incentives and monitoring performance against targets.

Witan selects its managers from amongst those whose processes, principles and performance commend them as long term custodians of investors' wealth. We are seeking managers who can capture the longer term growth rewards from equity investment by focusing on fundamental value rather than chasing short term momentum. This fits with a fundamental dictum of equity investment, that whilst in the short term markets are a voting machine in the long term they are a weighing machine.

Central to this approach is the idea of balance. Just as exposure to a single market or a small number of investments can lead to volatile performance, so can investing with a single manager or a group of managers with the same philosophy. Witan's approach aims to balance different factors (such as value and growth, geographical diversification, concentrated versus widely diversified portfolios and secular growth versus cyclical trends) with the intention of smoothing out stylistic fashions and profiting from the managers' ability to outperform over time.

Our Current Managers

The tables on pages 12 and 13 give a summary of the range of styles amongst our current investment managers, the proportion of Witan's portfolio they manage and their performance over the past year and since appointment. On pages 20 and 21 further information is given about the managers' history, the total amount of investments they manage and their investment approach. These are intended to give a sense of the investment infrastructure and dynamics underlying the management of the portfolio.

An Evolving Process

Witan's multi-manager approach has evolved in stages from its pre 2004 model as a Company with a single manager. 2010 was a year of significant change, with the aims of adding to future performance and giving greater clarity over Witan's investment policy. Our investment processes are focused on continuing to adapt to structural changes and themes in the global economy while being resilient against the shorter term influences of economic cycles and investment fads.

Directors' Report
Classification of Investments *at 31 December 2010*

		United Kingdom %	Continental Europe %	North America %	Asia Pacific (ex Japan) %	Japan %	Latin America %	Other %	Total 2010 %
Basic Materials	Chemicals	0.3	1.3	0.2	–	0.1	–	–	1.9
	Industrial Metals & Mining	–	0.5	0.1	–	–	–	–	0.6
	Mining	3.0	–	0.1	0.2	–	0.2	0.3	3.8
		3.3	1.8	0.4	0.2	0.1	0.2	0.3	6.3
Consumer Goods	Automobiles & Parts	–	0.6	–	0.1	–	–	–	0.7
	Beverages	1.7	1.0	0.1	0.1	–	–	–	2.9
	Food Producers	1.5	1.2	0.4	0.2	–	–	–	3.3
	Household Goods & Home Construction	0.7	–	0.3	0.2	–	–	–	1.2
	Personal Goods	0.7	1.3	0.2	0.1	0.1	–	–	2.4
	Tobacco	0.2	0.1	0.2	0.1	–	–	–	0.6
		4.8	4.2	1.2	0.8	0.1	–	–	11.1
Consumer Services	Food & Drug Retailers	1.3	0.9	0.5	–	–	–	–	2.7
	General Retailers	–	0.3	0.6	0.6	–	–	–	1.5
	Media	4.0	0.4	2.4	–	–	–	–	6.8
	Travel & Leisure	2.0	0.6	0.7	0.8	–	–	–	4.1
		7.3	2.2	4.2	1.4	–	–	–	15.1
Financials	Banks	2.5	1.4	0.7	0.3	0.1	0.1	–	5.1
	Equity Investment Instruments	4.5	0.3	–	–	–	–	–	4.8
	Financial Services	4.7	0.1	1.1	–	–	0.1	–	6.0
	Life Insurance	0.4	–	0.1	0.5	–	–	–	1.0
	Nonlife Insurance	0.3	0.7	2.1	0.2	1.3	–	–	4.6
	Real Estate Investment Services	0.6	–	–	1.2	–	–	–	1.8
	Real Estate Investment Trusts	–	–	0.1	–	–	–	–	0.1
		13.0	2.5	4.1	2.2	1.4	0.2	–	23.4
Health Care	Health Care Equipment & Services	0.4	1.0	1.2	–	–	–	–	2.6
	Pharmaceuticals & Biotechnology	2.0	1.2	0.6	0.2	–	–	0.1	4.1
		2.4	2.2	1.8	0.2	–	–	0.1	6.7
Industrials	Aerospace & Defense	0.9	0.1	0.6	–	–	–	–	1.6
	Construction & Materials	0.1	2.3	0.1	0.3	–	0.7	–	3.5
	Electronic & Electrical Equipment	0.6	0.4	–	0.4	0.3	–	–	1.7
	General Industrials	0.5	–	0.4	0.2	–	–	0.1	1.2
	Industrial Engineering	0.4	0.4	0.2	0.1	0.1	–	–	1.2
	Industrial Transportation	0.1	0.7	0.4	–	–	–	–	1.2
	Support Services	2.2	0.8	0.2	–	0.1	–	–	3.3
		4.8	4.7	1.9	1.0	0.5	0.7	0.1	13.7
Oil & Gas	Alternative Energy	–	0.1	–	–	–	–	–	0.1
	Oil & Gas Producers	3.0	0.6	1.3	0.3	0.1	0.4	–	5.7
	Oil Equipment Services & Distribution	0.6	0.3	0.2	0.4	–	–	–	1.5
		3.6	1.0	1.5	0.7	0.1	0.4	–	7.3
Technology	Software & Computer Services	2.1	0.1	0.9	0.7	–	–	–	3.8
	Technology Hardware & Equipment	0.7	0.3	1.3	1.2	0.1	–	–	3.6
		2.8	0.4	2.2	1.9	0.1	–	–	7.4
Telecommunications	Fixed Line Telecommunications	0.4	0.2	0.1	0.6	–	–	–	1.3
	Mobile Telecommunications	0.9	–	0.1	0.9	–	0.1	0.3	2.3
		1.3	0.2	0.2	1.5	–	0.1	0.3	3.6
Utilities	Electricity	0.1	–	–	0.3	–	–	–	0.4
	Gas Water & Multiutilities	0.3	0.2	0.2	–	–	–	–	0.7
		0.4	0.2	0.2	0.3	–	–	–	1.1
Open-Ended Funds	(see note 3)	–	–	–	2.0	–	0.9	1.4	4.3
Totals 2010		**43.7**	**19.4**	**17.7**	**12.2**	**2.3**	**2.5**	**2.2**	**100.0**
Totals 2009		34.2	21.9	23.1	9.9	9.5	1.0	0.4	100.0

1. Unquoted investments, options and futures are not included in this classification.
2. Included in the above are fixed interest holdings (including convertibles) of £11,822,000 (2009: £665,000).
3. Open-ended funds relates to the collective investment fund used to invest in Emerging Markets.

Directors' Report
Fifty Largest Equity Investments *at 31 December 2010*

	Company	Market value of holding £ million	% of portfolio	Country	Sector
1	Electra Private Equity*	29.5	2.45	UK	Equity Investment Instruments
2	BP	18.0	1.50	UK	Oil & Gas Producers
3	Rio Tinto	17.5	1.46	UK	Mining
4	NKSJ Holdings	16.0	1.33	Japan	Nonlife Insurance
5	Diageo	15.6	1.29	UK	Beverages
6	Unilever	15.5	1.29	UK	Food Producers
7	Schroders	14.4	1.20	UK	Financial Services
8	London Stock Exchange	14.3	1.19	UK	Financial Services
9	3i Group	14.3	1.19	UK	Financial Services
10	BHP Billiton	12.8	1.06	UK	Mining
11	Sage	12.5	1.04	UK	Software & Computer Services
12	Pearson	12.4	1.03	UK	Media
13	Fairfax Financial	12.2	1.01	Canada	Nonlife Insurance
14	Reed Elsevier	12.1	1.01	UK	Media
15	DirecTV	11.9	0.99	USA	Media
16	GlaxoSmithKline	11.6	0.96	UK	Pharmaceuticals & Biotechnology
17	Dell	11.5	0.96	USA	Technology Hardware & Equipment
18	ACS Actividades	11.3	0.94	Spain	Construction & Materials
19	Cheung Kong	11.2	0.93	Hong Kong	Real Estate Investment Services
20	Chesapeake Energy	10.4	0.86	USA	Oil & Gas Producers
21	Vodafone	10.3	0.85	UK	Mobile Telecommunications
22	NB Distressed Debt Investment Fund	10.1	0.84	UK	Equity Investment Instruments
23	HarbourVest Global Private Equity	10.0	0.83	UK	Equity Investment Instruments
24	Walt Disney	10.0	0.83	USA	Media
25	Lloyds Banking Group	9.8	0.81	UK	Banks
	Top 25	*335.2*	*27.85*		
26	Willis	9.5	0.79	USA	Nonlife Insurance
27	Daily Mail & General Trust	9.4	0.78	UK	Media
28	Hochtief	9.1	0.76	Germany	Construction & Materials
29	AstraZeneca	9.0	0.75	UK	Pharmaceuticals & Biotechnology
30	Burberry	8.8	0.73	UK	Personal Goods
31	Yum! Brands	8.6	0.72	USA	Travel & Leisure
32	Carrefour	8.3	0.69	France	Food & Drug Retailers
33	Cemex	8.2	0.68	Mexico	Construction & Materials
34	Accor	7.7	0.64	France	Travel & Leisure
35	Standard Chartered	7.6	0.63	UK	Banks
36	Roche	7.4	0.61	Switzerland	Pharmaceuticals & Biotechnology
37	Heineken	7.2	0.60	Netherlands	Beverages
38	Reckitt Benckiser	7.1	0.59	UK	Household Goods & Home Construction
39	Taiwan Semiconductor Manufacturing	6.5	0.54	Taiwan	Technology Hardware & Equipment
40	Royal Dutch Shell	6.4	0.53	UK	Oil & Gas Producers
41	Marr SPA	6.3	0.52	Italy	Food Producers
42	Liberty Media	6.3	0.52	USA	Media
43	Greene King	6.2	0.51	UK	Travel & Leisure
44	Invista Foundation Property Trust	6.1	0.51	UK	Real Estate Investment Services
45	Genting Berhad	6.1	0.51	Malaysia	Travel & Leisure
46	Carnival	6.0	0.50	UK	Travel & Leisure
47	Compass	5.9	0.49	UK	Travel & Leisure
48	Rolls-Royce	5.7	0.47	UK	Aerospace & Defense
49	Norbert Dentressangle	5.6	0.47	France	Industrial Transportation
50	Edenred	5.6	0.46	France	Support Services
	Top 50	*515.8*	*42.85*		

The full portfolio is not listed because it contains over 500 companies. The above listing is of the largest individual equity investments and as such excludes the collective investment used to invest in Emerging Markets (which is valued at £51.9 million).
*Includes convertible bonds valued at £11.8 million.

Directors' Report
Investment Managers

Artemis Investment Management

Established in 1997, Artemis Investment Management Limited manages over £11.1bn* on behalf of a range of retail and institutional clients. Witan's portfolio is a segregated mirror of Derek Stuart's £1.7bn UK Special Situations Strategy launched in 2001 – a contrarian fund that aims to outperform the FTSE All-Share Index by 3% per annum. This approach seeks to exploit market inefficiencies, with an absolute return mindset, in order to generate maximum returns. It is a stock-picking strategy that aims to achieve long term capital growth by focusing on stocks that are out of favour and have turnaround potential.

Lindsell Train

Lindsell Train Limited was established in 2000 by Michael Lindsell and Nick Train and specialises in the management of UK equity, Japanese equity and global mandates for institutional clients. The business was founded on the shared investment philosophy that developed while the founders worked together from the early 1990s. Lindsell Train aims to provide a professional working environment where strong investment returns are delivered to their clients over the longer term. Both the founders were concerned about their ability to deliver such returns within the confines of the major institutions where they were employed previously. The business has grown steadily and assets under management totalled £1.34bn*. Lindsell Train continues to be majority owned by the two founders. This is important because it permits the maintenance of the integrity of the business principles on which the firm was founded.

NewSmith Asset Management

NewSmith Asset Management LLP, established in 2004 by a team of fund managers who had worked together at Mercury Asset Management, has assets under management of £2.2bn*, the majority in UK equities on behalf of a range of institutional and high net worth clients. The UK team manages concentrated, unconstrained equity portfolios, all with performance fee structures, and the team's business model is driven by client performance not by asset gathering. Their investment philosophy is driven by the depth of understanding of UK companies and a strong market sense, combined with a flexible investment style and a thematic overlay.

Henderson Global Investors

Founded in 1934, Henderson Global Investors ('Henderson') is wholly-owned by Henderson Group plc, which is dual-listed on the London Stock Exchange and Australian Securities Exchange. Henderson Group is a constituent of the FTSE 250 and S&P/ASX 200 indices. Henderson Group plc is a focused organisation consisting solely of Henderson, the asset management entity of Henderson Group plc. The Group's strategic focus is the development of Henderson as a leading investment manager, based around its core fixed income, equity and property capabilities as well as its offering of alternative products, such as private equity and hedge funds. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with over £59.1bn assets under management (as at 30 September 2010) and employing over 900 people worldwide.

Southeastern Asset Management

Founded in 1975 and based in Memphis, Tennessee, Southeastern manages over £22.1bn* for a range of institutional, high net worth and retail clients. When Southeastern makes an investment they take the view that they are purchasing that company in its entirety. They aim to avoid capital loss while targeting an annual average return of at least inflation plus 10%. In the US they manage the Longleaf mutual funds which reopened in 2008 to new investors, after being closed for several years, due to the large amount of opportunity in the market. Southeastern is 100% employee owned with all staff equity investment made exclusively into the firm's funds.

MFS Investment Management

MFS is a global investment firm managing £140.1bn* of equity and fixed income assets for investors worldwide. Founded in 1924, MFS established one of the industry's first in-house fundamental research departments in 1932. Today, MFS offers a broad range of investment styles that combine both fundamental and quantitative research and portfolio management. Their investment philosophy has remained consistent: to identify opportunities on behalf of clients through the application of global research and bottom-up security selection. MFS' culture is investment driven, client centred, and collaborative. To underscore their values of collaboration and accountability, they structure ownership and compensation to reward long term investment performance and teamwork. Up to 22% ownership of MFS is available to key MFS contributors. Their majority shareholder since 1982 has been Sun Life of Canada (U.S.) Financial Services Holdings, Inc.

Thomas White International

Founded in 1992 by a Managing Director of Morgan Stanley Asset Management, Thomas White has £918m* under management. With professionals in Chicago and Bangalore, India, Thomas White invests in 50 markets around the world using a disciplined value-driven strategy. Its analysts are aided in their stock selection by proprietary fundamental appraisal techniques applied to each company within an industry and/or country. This body of valuation knowledge has been refined over decades. Their unique analytical approach allows them to limit overall portfolio volatility and downside risk while delivering excellent long term investment returns.

Veritas Asset Management

Veritas is an independent investment company, managing £4.6bn* of assets, with the key objective of delivering long term real returns to its clients. Veritas aligns its interest with clients' objectives and is committed to partnership. Veritas manages both segregated portfolios and funds, with either long-only or long-short real return mandates. Their clients include institutions, charities, trusts and private clients. The company was established in 1993 and has offices in London, Zürich and Hong Kong. Veritas Asset Management (UK) Ltd and Veritas Asset Management AG are wholly-owned subsidiaries of The Real Return Group, which is 100% owned by management and employees and operates as a partnership. Stewart Newton is Chairman of The Real Return Group, Charles Richardson is Chairman and Chief Executive of Veritas UK and Anthony Rosenfelder is Chairman and Managing Director of Veritas AG. They are all co-founders of the firm.

Marathon Asset Management

Marathon Asset Management was founded in 1986 and is totally independent, managing some £33bn* of institutional client assets. At the heart of Marathon's investment philosophy is the 'capital cycle' approach to investment. This is based on the idea that the prospect of high returns will attract excessive capital (and hence competition), and vice versa. In addition, the assessment of management and how they respond to incentives and the forces of the capital cycle is critical to the investment outcome. The investment philosophy is intrinsically contrarian. Given the long term nature of the capital cycle, Marathon's investment ideas generally require patience and, by industry standards, long stock holding periods.

Varenne Capital Partners

Varenne Capital Partners invests internationally in significantly undervalued equity and other listed securities. Varenne was established in 2003, managing some £77.3m*, and is a Paris based boutique with four founding partners. The managers at Varenne focus on companies with good to excellent economic characteristics – a measurable, sustainable competitive advantage delivering long term above average returns on capital employed – that trade at discounts of at least 45% to its intrinsic value estimates.

Comgest

Founded in 1985, Comgest is an independent, international asset management group with offices in Paris, Dublin, Hong Kong and Tokyo. Comgest is characterised by its unique approach of 'quality growth in the long term' through its unconstrained style across all equity portfolios. It serves a diverse client base of long term oriented investors around the globe. Comgest manages £13.3bn* across 7 regional strategies (Asia, Asia ex-Japan, Asia Pacific ex-Japan, Global Emerging Markets, Global, Latin America, Pan-European) and 4 single country strategies (Greater China, India, Japan and USA).

Trilogy Global Advisors

Trilogy Global Advisors is a long-only specialist equity investment boutique managing global developed and global emerging market portfolios for institutional pension schemes. Founded in 1999, it is wholly independent with all the equity owned by the principal partners, other staff and non-executive directors. It has two investment offices in New York and Orlando, Florida, and a marketing and client service office in London. Total assets under management comprise £7.8bn* with approximately a quarter represented by UK pension fund clients and around a third of total assets managed in dedicated global emerging market equity portfolios. Trilogy has recently entered into a partnership with Affiliated Managers Group, Inc.

* Figures as at 31 December 2010.

Directors' Report
Board of Directors

a Independent non-executive directors.
b Members of the Audit Committee which is chaired by Mr Boyle.
c Members of the Remuneration Committee which is chaired by Mrs Claydon.

H M Henderson [a,c]

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

R A Bruce [a,b] MA, MBA

Andrew Bruce was appointed a director in 2002. He is Group Credit Risk Director at Barclays PLC where he has responsibility for asset quality and credit risk across the Barclays Group. He is also a member of the Advisory Board of Clearstream International.

J E B Bevan [a] MA

James Bevan was appointed a director in 2007. He is CIO, CCLA Investment Management. Before joining CCLA in November 2006, he was the Chief Investment Officer at Abbey. Prior to Abbey, he was Chief Investment Officer for Barclays Stockbrokers and Barclays Personal Investment Management, having joined BZW in 1988, following postgraduate research in applied economics and asset allocation at Cambridge University.

M C Claydon [a,c] BA, MBA

Catherine Claydon joined the Board in March 2009. From 1992 to 2007 she worked at Goldman Sachs, from 2002 as Managing Director, Pension Advisory Group. From 2007 to 2008 she held the same position at Lehman Brothers International. She is a non-executive director of London Metal Exchange Limited and Dunedin Income and Growth Investment Trust plc. Mrs Claydon is a Canadian citizen.

A L C Bell MA

Andrew Bell was appointed a director and Chief Executive Officer from February 2010. He is responsible for the overall management of Witan. He has worked in the City since 1987, as an equity strategist and subsequently as Co-Head of the Investment Trusts team at BZW and Credit Suisse First Boston. From 2000 until 2010 he worked for Rensburg Sheppards Investment Management Limited as Head of Research and Strategy. Prior to the City, he worked for Shell in Oman, leaving to take a Sloan Fellowship at the London Business School. He is a non-executive director of Henderson High Income Trust plc and a deputy chairman of the Association of Investment Companies. Mr Bell is a director of Witan Investment Services Limited.

R H McGrath [a,c]

Rory McGrath was appointed a director in 1996. He was formerly Chief Executive of H. Young Holdings plc, a marketing company. Mr McGrath is a director of Witan Investment Services Limited. He will retire from the Board at the conclusion of the Annual General Meeting on 10 May 2011.

A Watson [a,b] CBE, BSc (Econ), ASIP, Barrister-at-Law, FSI (Hon)

Tony Watson was appointed a director in 2006. He was appointed Senior Independent Director in February 2008. He is a non-executive director of Hammerson plc, Lloyds Banking Group plc and Vodafone Group Plc and chairman of the Trustees of the Marks & Spencer Pension Scheme. He was chairman of Strategic Investment Board Limited (Northern Ireland) and was a member of the Financial Reporting Council. Mr Watson retired in 2006 from an executive career in the investment management industry, most recently as Chief Executive of Hermes Pensions Management Limited.

R W Boyle [a,b] MA, FCA

Robert Boyle was appointed a director in 2007. He is a Chartered Accountant and was a partner of PricewaterhouseCoopers LLP, where he was responsible for multi-national client accounts, specialising in the telecoms and media sectors: he was chairman of the PWC European Entertainment and Media Practice for twelve years, retiring in 2006. He is a non-executive director, and chairman of the audit committee, of Maxis Berhad (in Malaysia), Centaur Media plc, Prosperity Voskhod Fund Ltd (an AIM listed company) and the Hampshire Partnership NHS Foundation Trust and a non-executive director of Schroder AsiaPacific Fund plc. He is also the independent member of the audit committee of the National Trust.

R J Oldfield MA

Richard Oldfield will join the Board on 1 May 2011. He is chief executive of Oldfield Partners LLP, an investment management firm which he founded in 2005 after nine years as chief executive of a family investment office. Before that he was a director of Mercury Asset Management plc which he joined in 1977. He is chairman of the Oxford University investment committee and was chairman of Keystone Investment Trust plc from 2001 to 2010. He is a trustee of Leeds Castle Foundation and of Canterbury Cathedral Trust.

Directors' Report
Statutory Information

In this Section

The directors present the Annual Report of the Group for the year ended 31 December 2010.

Activities and Business Review
A review of the business is given in the Chairman's Statement on pages 3 to 5 and in the Business Review on pages 6 to 17.

The Company is required by the Companies Act to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2010 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group ('business review'). The information that fulfils the requirements of the business review can be found within the Business Review on pages 6 to 17.

Investment Policy
The Company's investment policy is set out, within the Business Review, on page 11.

Status
Witan Investment Trust plc ('the Company') is incorporated in England and Wales and domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 (formerly section 842 of the Income and Corporation Taxes Act). HM Revenue & Customs approval of the Company's status as an investment trust has been received in respect of the year ended 31 December 2009, although approval for that year may be subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The Company will continue each year to seek approval as an investment trust under section 1158 of the Corporation Tax Act.

Subsidiary Company
The Company has one subsidiary company, Witan Investment Services Limited, which provides marketing services and investment products to the Company and executive management and marketing services to third party investment trust clients. Witan Investment Services Limited is authorised and regulated by the Financial Services Authority to manage savings schemes for investors.

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

Substantial Share Interests
As at 15 March 2011, the following had notified the Company of interests in the Company's voting rights:

	%
AXA SA (direct 0.7%; indirect 17.7%)	18.4
Legal & General Group plc (direct)	4.3

The above percentages are calculated by applying the shareholdings as notified to the Company to the issued ordinary share capital as at 15 March 2011 (the shareholdings representing the voting rights).

Assets
At 31 December 2010 the total net assets of the Group were £1,141.8 million (2009: £1,022.8 million). At this date the net asset value per ordinary share was 584.4p (2009: 502.7p).

Revenue and Dividend
The profit for the year was £177.0 million, of which £18.7 million is attributable to revenue (2009: £209.6 million, of which a profit of £22.5 million was attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

Directors' Report
Statutory Information *continued*

	£'000
Distributed as dividends:	
First interim of 4.40p per ordinary share (paid on 17 September 2010)	8,665
Second interim of 6.50p per ordinary share (payable on 1 April 2011)	12,654
Drawn from the revenue reserve	(2,590)
	18,729

The directors have declared a second interim dividend instead of a final dividend in order to ensure that, as in previous years, the distribution is made to the shareholders before 5 April. The Company intends to grow the dividend at least in line with inflation year on year.

Company Revenue Account

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The profit on the revenue return of the Company dealt with in the accounts of the Group amounted to £18,682,000 (2009: £22,549,000).

Directors

The current directors of the Company are shown on page 22.

All the directors held office throughout the year under review, with the exception of Mr Bell, who was appointed with effect from 8 February 2010. Mr R E Clarke also served as a director until 1 April 2010. Mr R J Oldfield, whose details are given on page 22, has agreed to serve on the Board and he will be appointed a director with effect from 1 May 2011.

At the Annual General Meeting on 10 May 2011, Mr Bruce and Mr Watson will retire in accordance with the Company's Articles of Association. Mr Henderson will also stand for re-election, having served as a director for more than nine years, and being eligible will stand for re-election. Mr Oldfield will stand for election as a new director. The Board's policy on the frequency of the re-election of directors is set out on page 29 in the Corporate Governance Statement.

Throughout the year the membership of the Audit Committee comprised Mr Boyle (Chairman), Mr Bruce and Mr Watson. Throughout the year the membership of the Remuneration Committee comprised Mrs Claydon (Chairman), Mr H M Henderson and Mr R H McGrath. Mr McGrath is the non-executive director who has led on marketing matters but the Board has decided not to establish a permanent committee to cover this area of the business.

As noted on page 28, Mr Henderson was formerly a senior executive at Cazenove and a partner in its predecessor firm. As one of a number of institutional investors, the Company purchased in 2001 a holding of shares in Cazenove Group plc ('Cazenove') (see note 10 (v) on page 56). Subject to this exception, no director was a party to, or had an interest in, any contract or arrangement with the Company at any time during the year or to the date of this report. With the exception of Mr Bell and Mr Clarke, no director has or had a service contract with the Company.

Directors' Interests

The interests of the directors in the share capital of the Company were as follows:

	31 December 2010	
Ordinary shares:	Beneficial	Non-Beneficial
H M Henderson	722,732	432,500
A L C Bell	40,000	–
R H McGrath	27,688	2,500
R A Bruce	3,270	549
A Watson	25,000	–
J E B Bevan	–	–
R W Boyle	9,775	–
M C Claydon	28,352	–
	856,817	435,549

	1 January 2010	
Ordinary shares:	Beneficial	Non-Beneficial
H M Henderson	722,732	471,500
A L C Bell*	–	–
R H McGrath	27,688	1,993
R A Bruce	3,228	473
A Watson	25,000	–
J E B Bevan	–	–
R W Boyle	7,528	–
M C Claydon	11,695	–
	797,871	473,966

*on appointment on 8 February 2010.

Since the year end, Mr McGrath's non-beneficial interests have increased to 2,594 shares, as a result of regular investment through the Jump Savings plans, and Mr Bruce's non-beneficial interests have increased similarly to 565 shares. Mr Bell's holding has increased to 50,000 shares. No other changes in the interests of the directors have been notified. No director had an interest in the secured bonds, debenture stock or preference shares of the Company.

Directors' Conflicts of Interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. With effect from 1 October 2008, the Companies Act 2006 ('the Act') has allowed directors of public companies to authorise such conflicts and potential conflicts, where appropriate, but only if the Articles of Association contain a provision to this effect. The Act also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. There are two circumstances in which a conflict of interest can be permitted: either the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or the matter has been authorised in advance by the directors. The Company's Articles of Association, which were adopted by shareholders on 27 April 2010, give the directors the relevant authority required to deal with conflicts of interest. Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest, if any, applicable to the Company. A register of conflicts of interest has been compiled and approved by the Board. The directors have also undertaken to notify the Chairman as soon as they become aware of any new potential conflicts of interest that need to be approved by the Board and added to the Register, which is reviewed annually by the Board. It has also been agreed that directors will advise the Chairman and the Company Secretary in advance of any proposed external appointment and new directors will be asked to submit a list of potential situations falling within the conflicts of interest provisions of the Act in advance of joining the Board. The Chairman will then determine whether the relevant appointment causes a conflict or potential conflict of interest and should therefore be considered by the Board. Only directors who have no interest in the matter being considered would be able to participate in the Board approval process. In deciding whether to approve a conflict of interest, directors will also act in a way they consider, in good faith, will be most likely to promote the Company's success in taking such a decision. The Board can impose limits or conditions when giving authorisation if the directors consider this to be appropriate. The Board believes that its powers of authorisation of conflicts has operated effectively since they were introduced on 1 October 2008. The Board also confirms that its procedures for the approval of conflicts of interest have been followed by all the directors.

Directors' Indemnity

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

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

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

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

Directors' Fees

The report on the directors' remuneration is set out on pages 36 to 39.

Financial Instruments and the Management of Risk

By its nature as an investment trust, the Company is exposed to market risk, price risk, currency risk, interest rate risk, liquidity risk and credit risk. The Company's policies for managing these risks are outlined in note 14 to the accounts on pages 57 to 64.

Investment Managers

It is the opinion of the directors that the continuing appointment of the investment managers listed on pages 20 and 21 is in the interests of the Company's shareholders as a whole and that the terms of engagement negotiated with them are competitive and appropriate to the investment mandates. The Board reviews the appointments of the investment managers on a regular basis and makes changes as appropriate.

Directors' Report
Statutory Information *continued*

Share Capital

The Company's share capital comprises:

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

The voting rights of the shares on a poll are one vote for every four shares held (one vote per £1 of nominal value). At 31 December 2009 there were 203,464,280 shares in issue. During the year a total of 8,089,060 shares were bought back by the Company for cancellation. At 31 December 2010 there were 195,375,220 shares in issue and thus the number of voting rights was 48,843,805 on a poll.

The Company's Articles of Association permit the Company to purchase its own shares and to fund such purchases from its accumulated realised capital profits. At the AGM in April 2010 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2011, to make market purchases for cancellation of the Company's ordinary shares up to a maximum of 29,827,667 shares (being 14.99% of the issued ordinary share capital as at 27 April 2010). As at 31 December 2010 the Company had valid authority, outstanding until the conclusion of the AGM in 2011, to make market purchases for cancellation of 26,219,117 shares. A further 1,090,220 shares have been bought back between the year end and the date of this report and, accordingly, the Company has valid authority to make market purchases for cancellation of 25,128,897 shares. The directors intend to seek a fresh authority at the AGM in May 2011.

The Company announced in December 2004 its intention to buy back shares proactively in order to maintain an appropriate level of discount, with the aim of moving the sustainable level of the discount to below 10% (excluding income, valuing the Company's debt on a fair value basis). Shares are not bought back unless the result is an increase in the net asset value per ordinary share.

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

The 2.7% preference shareholders have no rights to attend and vote at general meetings. At 31 December 2010 there were 500,000 2.7% preference shares in issue. Further details on the preference shares are given in note 17 on page 65.

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

The 3.4% preference shareholders have no rights to attend and vote at general meetings. At 31 December 2010 there were 2,055,000 3.4% preference shares in issue. Further details on the preference shares are given in note 17 on page 65.

At the AGM in April 2010 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2011, to make market purchases for cancellation of the Company's own 2.7% preference shares and 3.4% preference shares up to a maximum of all those in issue. This authority has not been used. Accordingly, as at 31 December 2010 the Company had valid authority, outstanding until the conclusion of the AGM in 2011, to make market purchases for cancellation of 500,000 2.7% preference shares and 2,055,000 3.4% preference shares. No preference shares were bought back between the year end and the date of this report. Accordingly, the Company has valid authority to make market purchases for cancellation of 500,000 2.7% preference shares and 2,055,000 3.4% preference shares. The directors intend to seek a fresh authority at the AGM in May 2011.

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company.

Termination of the New Zealand Listing

With effect from 1 November 2010, the Company terminated the listing of its shares on the New Zealand Stock Exchange. The listing had been established in March 2006 but had been little used.

Company Secretary and Registered Office

On 21 February 2011, Frostrow Capital LLP succeeded Henderson Secretarial Services Limited as Company Secretary. On the same date the Registered Office moved from 201 Bishopsgate, London EC2M 3AE (the offices of Henderson Global Investors) to 14 Queen Anne's Gate, London SW1H 9AA (the offices of Witan).

Payment of Suppliers

It is the Company's payment policy for the financial year to 31 December 2011 to obtain the best terms for all business. In general, the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. At 31 December 2010 the Company had no trade creditors (2009: none).

Independent Auditors

Resolutions to re-appoint Deloitte LLP as the Company's auditors, and to authorise the directors to determine their remuneration, will be proposed at the forthcoming Annual General Meeting.

Directors' Statement as to the Disclosure of Information to the Auditors

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

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

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

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

Donations

No donations were made to political parties during the year. No donations were made to charities during the year.

Annual General Meeting ('AGM')

The next AGM will be held at 2.30 pm on Tuesday 10 May 2011 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB. The formal notice of the AGM is set out in the accompanying circular to shareholders.

Directors' Report
Corporate Governance Statement

Background
The UK Listing Authority's Disclosure and Transparency Rules (the 'Disclosure Rules') require listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code on Corporate Governance (the 'Combined Code'), as issued by the Financial Reporting Council ('the FRC'). The provisions of the Combined Code issued by the FRC in June 2008 were applicable in the year under review. The Combined Code can be viewed at www.frc.org.uk

The related Code of Corporate Governance ('the AIC Code'), issued by the Association of Investment Companies ('the AIC'), provides specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies will be meeting its obligations in relation to the Combined Code and the associated disclosure requirements of the Disclosure Rules. The AIC Code issued in March 2009 was applicable in the year under review. The AIC Code can be viewed at www.theaic.co.uk

The FRC issued the UK Corporate Governance Code and the UK Stewardship Code, in June and July 2010 respectively, in place of the Combined Code. The Board has reviewed the changes made to the Combined Code and this statement reflects that review.

Compliance
Throughout the year ended 31 December 2010 the Company complied with the provisions of the AIC Code. The Board attaches importance to the matters set out in the Code and seeks to observe its principles. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), provides the most relevant information to shareholders.

The Principles of the AIC Code
The AIC Code is made up of twenty one principles. Its three sections cover: the Board; Board Meetings and relations with the Investment Manager; and Shareholder Communications.

Principles of the AIC Code	Application of the principles
The Board	
1. The chairman should be independent.	Mr H M Henderson has been Chairman of the Company since the Annual General Meeting in March 2003; he joined the Board in 1988. The Board considers that Mr Henderson is, and has been since his appointment, an independent non-executive director. Independence stems from the ability to make those objective decisions that may be in conflict with the interests of management; this in turn is a function of confidence, integrity and judgement. Mr Henderson has served on the Board for more than nine years. Accordingly, he stands for election by the shareholders each year and will do so for as long as he continues to serve on the Board. The Board is firmly of the view, however, that length of service does not of itself impair a director's ability to act independently; rather, a director's longer perspective adds value to the deliberations of a well-balanced investment trust company board. The other independent non-executive directors, under the chairmanship of the Senior Independent Director, review and evaluate annually the performance and continuing independence of the Chairman. Mr Henderson was formerly a partner of Cazenove & Co., the firm which for many years acted as the Company's stockbroker. However, he did not have responsibility for or involvement with Cazenove's role with the Company, being for many years responsible for aspects of Cazenove's fund management division. Accordingly, the Board considers that the Chairman has no relationships that might create a conflict of interest between his interests and those of the other shareholders.

Principles of the AIC Code	Application of the principles
2. A majority of the board should be independent of the manager.	At 31 December 2010 the Board was composed of seven independent non-executive directors and one executive director (the Chief Executive Officer). The Board expects to maintain this balance. The Board is therefore independent of the Company's executive management. All the directors are wholly independent of the Company's various investment managers. In the opinion of the Board, each of the directors is independent in character and judgement and there are no relationships or circumstances relating to the Company that are likely to affect their judgement.
3. Directors should be elected for a fixed term of no more than three years. Nomination for re-election should not be assumed but be based on disclosed procedures.	New directors stand for election by the shareholders at the annual general meeting of the Company that follows their appointment. Thereafter all directors stand for re-election at least every three years. Directors who have served for more than nine years stand for re-election annually. There are currently two directors with service of more than nine years: Mr H M Henderson (the Chairman) and Mr R H McGrath but Mr McGrath will retire from the Board at the conclusion of the Annual General Meeting to be held on 10 May 2011. The Board has reviewed Provision B.7.1 of the UK Corporate Governance Code, as published in June 2010, which states that all directors of FTSE 350 companies should be subject to annual election by shareholders. The Board considers that the annual re-election of all the directors is inappropriate to the Company. There are two main reasons for this view: (a) it appears to place excessive emphasis on the short term and insufficient emphasis on the need for an effective board to work together and to refresh its composition over time; and (b) there is some danger, because many small and nominee shareholders choose not to exercise their voting rights, that if all the directors seek re-election at once a minority of the shareholders could engineer the removal of the whole Board for reasons injurious to the interests of the Company's investors as a whole. Therefore the Board considers it appropriate to continue to apply Provision B.7.1 as if the Company was not a constituent of the FTSE 350 Index, a view which a number of prominent institutional investors have shared. Every year the Board reviews its composition and the composition of its two Committees. The Board's Remuneration Committee, which serves as its nominations committee, oversees this process. Further details are given under section 7 below.
4. The board should have a policy on tenure, which is disclosed in the annual report.	New directors are appointed for an initial term ending three years from the date of their first annual general meeting after appointment and with the expectation that they will serve two three-year terms. The continuation of directors' appointments is contingent on satisfactory performance evaluation and re-election at annual general meetings. Directors' appointments are reviewed formally every three years by the Board as a whole. None of the directors has a contract of service and a director may resign by notice in writing to the Board at any time; there are no set notice periods. The Board's tenure and succession policy seeks to ensure that the Board is well-balanced and refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. Directors must be able to demonstrate their

Directors' Report
Corporate Governance Statement *continued*

Principles of the AIC Code	Application of the principles
	commitment to the Company, including in terms of time. The Board seeks to encompass past and current experience of various areas that is relevant to the Company's objective and operations, the most important skill-sets being investment management, finance, marketing, financial services, risk management, custody and settlement, and investment banking. Specialist agents are used to assist with recruitment. While the roles and contributions of longer serving directors are subject to rigorous review, the Board is strongly of the view that length of service is only one factor and that the shareholders benefit from having directors with a longer perspective of the Company's history and its place in the savings market. Therefore there is no absolute limit to the period for which a director may serve.
5. There should be full disclosure of information about the board.	Details of the directors are set out on page 22. They demonstrate a broad range of investment, professional and commercial expertise and experience, gained overseas as well as in the United Kingdom.
6. The board should aim to have a balance of skills, experience, ages and length of service.	The Board considers that it has achieved this aim.
7. The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board has established a process to evaluate its performance on an annual basis. This process is based on open discussion and seeks to assess the strengths and weaknesses of the Board and its Committees. The Chairman leads on applying the conclusions of the evaluation. The Chairman reviews with each director his or her individual performance, contribution and commitment to the Company. The Senior Independent Director leads the annual evaluation of the Chairman and reviews the conclusions with him. The Board's Remuneration Committee oversees this process. However, in the summer of 2010 the Board reviewed Provision B.6.2 of the UK Corporate Governance Code, which states that evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years, and concluded that, regardless of the size of the company, periodic external evaluation should add value to the process. Accordingly, a sub-committee of the Board reviewed a number of the firms offering this service and appointed Trust Associates Limited to carry out an evaluation programme. The Board has reviewed the report submitted to it and the Chairman will lead on implementing those changes recommended by the report that the Board considers should be made. The report did not identify any material weaknesses or concerns. Trust Associates Limited as a firm has been used to identify possible candidates for recruitment to the Board.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Directors' Remuneration Report on pages 36 to 39 details the process for determining the directors' remuneration and sets out the amounts payable.
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Board's Remuneration Committee serves as its nominations committee and oversees the recruitment process. However, all the independent non-executive directors are asked to contribute and to consider serving on the sub-committee appointed to draw up the shortlist of candidates. Notwithstanding this, the Chairman would not expect to be involved in the selection of his successor.

Principles of the AIC Code	Application of the principles
10. Directors should be offered relevant training and induction.	Directors newly appointed to the Board are provided with an introductory programme covering the Company's strategy, policies and operations, including those outsourced to third parties. Thereafter, directors are given, on a regular and ongoing basis, key information on the Company's investment portfolios, financial position, internal controls and details of the Company's regulatory and statutory obligations (and changes thereto). The directors are encouraged to attend seminars, conferences and courses, if necessary at the Company's expense, and to participate generally in industry events. The directors have access to the advice and services of the Company's executive team and of the Company Secretary, through its appointed representative, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.
11. The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.	As a long established investment trust company, this principle does not apply to the Company.
Board meetings and the relationship with the manager	
12. Boards and managers should operate in a supportive, co-operative and open environment.	Typically, the Board meets at least ten times each year. The Chief Executive Officer (who is himself a director), other representatives of the Company's executive team and a representative of the Company Secretary expect to be present at all meetings. The Board devotes two full days each year to meetings with the Company's investment managers and each investment manager sends representatives at least once a year. The Chairman seeks to encourage open debate within the Board and a supportive and co-operative relationship with the executive team and with the Company's investment managers, advisors and support staff.
13. The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Chief Executive Officer and his team monitor investment performance and all associated matters. He reports to each Board meeting, at which investment performance, asset allocation, gearing, marketing and investor relations are usually key agenda items.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for determining the strategic direction of the Company and for promoting its success. At least one of its meetings is devoted entirely to reviewing overall strategy and progress is monitored throughout the year.
15. The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).	The Board's Remuneration Committee reviews the performance of and the contractual arrangements with the Chief Executive Officer. The Chief Executive Officer is responsible to the Board for reviewing the performance and the contractual arrangements of his staff. The Board's Remuneration Committee oversees this process.

Directors' Report
Corporate Governance Statement *continued*

Principles of the AIC Code	Application of the principles
16. The board should agree policies with the manager covering key operational issues.	The Chief Executive Officer is responsible to the Board for all operational matters. He operates within agreed parameters and reports to each Board meeting on key issues. Each of the investment managers operates within the terms of the mandate given to them, as set out in the relevant investment management contract.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Chief Executive Officer and his team monitor the share price and the discount to net asset value on a daily basis and he reports to every Board meeting. The Board has a share buy-back programme that seeks to add to the net asset value per share and achieve a sustainable discount of not more than 10%.
18. The board should monitor and evaluate other service providers.	The Chief Executive Officer and his team are responsible for monitoring and evaluating the performance of the Company's various service providers, including the investment managers. The Board's Audit Committee oversees this process.
Shareholder communications	
19. The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.	The Chairman is responsible for ensuring that there is effective communication with the Company's shareholders. He works closely with the Chief Executive Officer and there is regular liaison with the Company's stockbroker. There is a process in place for analysing and monitoring the shareholder register and a programme for meeting or speaking with the institutional investors and with private client stockbrokers and advisors. In addition to the Chief Executive Officer, the Chairman, or the Senior Independent Director, expect to be available to meet the larger shareholders. The Company encourages attendance at its Annual General Meeting as a forum for communication with the individual shareholders. The Chairman, the Chief Executive Officer, the Chairman of the Audit Committee and the Chairman of the Remuneration Committee all expect to be present and able to answer questions from shareholders as appropriate. Details of the proxy votes received in respect of each resolution are made available to shareholders. The Chief Executive Officer makes a presentation to the meeting.
20. The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	While the Chief Executive Officer and his team expect to lead on preparing and effecting communications with investors, all major corporate issues are put to the Board or, if time is of the essence, to a Committee thereof.
21. The board should ensure that shareholders are provided with sufficient information for them to understand the risk : reward balance to which they are exposed by holding the shares.	The Board places importance on effective communication with investors and approves a marketing programme and budget each year to enable this to be achieved. Copies of the Annual Report and the Half Year Report are circulated to shareholders, to those who hold shares through the subsidiary company's products and, where possible, to investors through other providers' products and nominee companies (or written notification is sent when they are published on-line). In addition, the Company publishes a fact sheet monthly and its net asset value per share daily. All this information is readily accessible on the Company's website (www.witan.com). The Company belongs to the Association of Investment Companies which publishes information to increase investors' understanding.

The Board

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

The Board has typically met at least ten times a year and deals with the most important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, the review of investment performance and the extent to which borrowings may be used. The Chief Executive Officer is responsible to the Board for the overall management of the Company including investment performance, business development, shareholder relations, marketing, investment trust industry matters, administration and unquoted investments. The duties of the Chief Executive Officer include leading on investment strategy and asset allocation, on the selection and monitoring of the investment managers and their terms of reference and on the use of derivatives. The Chief Executive Officer reports to each meeting of the Board. His report includes confirmation that the Board's investment limits and restrictions have been adhered to, including those which govern the Company's tax status as an investment trust. The Company receives monthly confirmation from each of the investment managers that they have carried out their duties in accordance with the terms of their investment mandates. The investment managers take decisions as to the purchase and sale of individual investments and are responsible for effecting those decisions on the best available terms. The Chairman is responsible for ensuring that the directors are provided, in a timely manner, with management, regulatory and financial information that is clear, accurate and relevant, whether from the Chief Executive Officer or otherwise.

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

Board Committees

The Board has established Audit and Remuneration Committees. The membership of the Audit Committee and the Remuneration Committee is set out on page 22, in the Report of the Audit Committee on page 35 and in the Directors' Remuneration Report on pages 36 to 39.

Meetings of the Board and its Committees

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

Number of meetings	Board	Audit Committee	Remuneration Committee
	10	3	3
H M Henderson	10	*3	3
A L C Bell	9 of 9	*3	*1
R H McGrath	9	–	3
R A Bruce	10	3	–
A Watson	9	3	–
J E B Bevan	9	–	–
R W Boyle	10	3	–
M C Claydon	10	–	3
R E Clarke	2 of 2	*1	*1

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

All the then directors attended the Annual General Meeting in April and the Board's 'away day' in May.

Directors' Remuneration

The directors' remuneration is detailed in the Directors' Remuneration Report on pages 36 to 39.

Accountability and Audit

The directors' statement of responsibilities in respect of the accounts is set out on page 40.

The report of the independent auditors is set out on pages 41 and 42.

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

Internal Control

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process accords with the Turnbull guidance, is subject to regular review by the Audit Committee and was fully in place during the year

Directors' Report
Corporate Governance Statement *continued*

under review and up to the date of this annual report. The Board remains responsible for the Company's system of internal control and has conducted its annual review of the effectiveness of the system, covering all the controls, including financial, operational and compliance controls and risk management systems. This review took into account points raised during the year in the regular appraisal of specific areas of risk. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board routinely reviews the Company's business risks. These are analysed and recorded in a risk map. The Company receives from its main contractors formal reports which detail the steps taken to monitor the areas of risk and which report the details of any known internal control failures. The Board receives each year from its investment managers and its investment administrator reports on their internal controls; in most cases these include a report from the relevant company's auditors on the control policies and procedures in operation.

The Company's subsidiary, Witan Investment Services Limited, is authorised and regulated by the Financial Services Authority to provide investment products and services. The compliance structures required for these activities, including a compliance manual and a compliance monitoring programme, have been duly put into place.

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

The Company does not have an internal audit function. It delegates to third parties the management of its investments and most of its other operations and employs only a small staff. The investment managers and certain other key contractors are subject to external regulation and most have compliance and internal audit functions of their own. The Company's investments are held on its behalf by a global custodian. A specialist firm of investment accountants and administrators is responsible for investment administration, for maintaining accounting records and for preparing financial accounts, management accounts and other management information. The investment performance of the investment managers, both individually and collectively, is measured for Witan by a company that is independent of all the investment managers.
The corporate company secretary is a company with well established experience in servicing investment trusts. The appointment of these and other professional contractors provides a clear separation of duties and a structure of internal controls that is balanced and robust. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended and the directors will review at least annually whether a function equivalent to an internal audit is needed.

Going Concern

The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council. (See also note 1(b) on page 47.)

Stewardship and the Exercise of Voting Powers

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

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

In respect of the direct investments held, the Company's executive management maintains regular touch with the management of the investee holdings and will engage when issues arise that are controversial or potentially prejudicial to the interests of Witan's shareholders.

By order of the Board
E Cranmer ACA
For and on behalf of
Frostrow Capital LLP,
Secretary
15 March 2011

Directors' Report
Report of the Audit Committee

The role of the Audit Committee is to assist the directors in applying financial reporting and internal control principles and to maintain an appropriate relationship with the Group's auditors.

The Committee's role and responsibilities are set out in its terms of reference, which comply with the Combined Code. The terms of reference are available on request from the Company Secretary and can be seen on the Company's website.

The Committee is responsible for monitoring the integrity of the Company's financial statements, including consideration of the Company's accounting policies and significant reporting judgements. It reviews the Company's internal financial controls and risk management systems. It reviews the scope and effectiveness of the audit process and monitors the auditors' independence and objectivity. It conducts a formal review of the performance of the external auditors and makes recommendations in relation to this appointment, including their remuneration and the provision by them of any non-audit services. The Committee has established a procedure to ensure that the engagement of the auditors to provide non-audit services cannot exceed a specified proportion of the annual audit fees without due consideration being given by the Committee to the proposed appointment. The Committee also reviews the process for negotiating and monitoring major contracts undertaken by the Company, the Board's investment restrictions and the values attributed to the unlisted investments. It ensures that the Company maintains appropriate compliance with the requirements of regulators; and it reviews the reporting of investment performance. The Committee reports to the Board, identifying matters on which it considers that action is needed and making recommendations on the steps to be taken.

The Committee comprises three non-executive directors, including its Chairman, who are appointed by the Board. Mr Boyle was appointed Chairman of the Committee in 2007. He is a Chartered Accountant and was previously a partner in PricewaterhouseCoopers LLP. The other two members are Mr Bruce and Mr Watson, who were appointed in 2002 and 2006 respectively; details of their qualifications and experience are given on page 22. The Committee's programme is to meet at least three times a year: in advance of the publication of both the annual and the half year results and on at least one other occasion.

The Committee held three meetings during the year, at two of which representatives of the auditors were present: to consider the outcome of the audit of the Group's 2009 financial statements and to consider the plan for the audit of the Group's 2010 financial statements.

During the year the Committee addressed all the matters set out as its responsibilities under its terms of reference (and confirmed that the Group should not establish an internal audit function). In particular, the Committee conducted a detailed review of the internal processes of the investment managers.

Robert Boyle
Chairman of the Audit Committee
15 March 2011

Directors' Report
Directors' Remuneration Report

Introduction

The Directors' Remuneration Report ('the Report') is prepared, in accordance with the Listing Rules of the Financial Services Authority and with sections 420 to 422 of the Companies Act 2006 ('the Act'), in respect of the year ended 31 December 2010. It also serves as the report of the Remuneration Committee. An ordinary resolution to approve the Report will be put to the Annual General Meeting on 10 May 2011. The Act requires the auditors to report to the Company's members on certain information contained within the Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Act. Therefore the Report has been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

Role of the Remuneration Committee

The role of the Remuneration Committee is essentially twofold. In respect of the Company's staff, it assists the directors in determining the remuneration of the Chief Executive Officer and evaluating his performance; and it assists the Chief Executive Officer in determining the remuneration arrangements for the Company's staff. In respect of the non-executive directors, it serves as the Board's nomination committee with responsibility for reviewing the effectiveness and composition of the Board and considering the remuneration of the non-executive directors. The Committee's role and responsibilities are set out in its terms of reference, which are available on request from the Company Secretary and can be seen on the Company's website.

The Remuneration Committee comprises three non-executive directors, including its Chairman, who are appointed by the Board. During the year the following directors served as members of the Committee: Mrs M C Claydon (Chairman), Mr H M Henderson and Mr R H McGrath. Mrs Claydon was appointed to the Committee, and as its Chairman, in 2009. Mr Henderson and Mr McGrath were appointed to the Committee in 2003 and 2006 respectively.

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

The appointment of a new Chief Executive Officer was made early in 2010. The directors reviewed the skills and experience required of the position, which combines the previously separate roles of Chief Executive Officer and Chief Investment Officer. The Remuneration Committee, assisted by a specialist firm of executive search consultants, prepared a short list of candidates from which the Board selected the person it considered to be best suited to the position.

A further Board appointment was made early in 2011. The Remuneration Committee, in its role as the Board's nomination committee, reviewed the skills and experience required of the new director and, assisted by a firm of non-executive director recruitment consultants, identified the person it considered to be most suitable to fill the vacancy. The Board confirmed this choice and the appointment was duly made.

Consideration by the Directors of Matters relating to Directors' Remuneration

The Board as a whole sets the directors' remuneration but it has appointed its Remuneration Committee to consider matters relating thereto.

The Remuneration Committee has not been provided with advice or services by any person in respect of its consideration of the non-executive directors' remuneration (although the directors expect from time to time to review the fees paid to the boards of directors of other investment trust companies).

Statement of the Company's Policy on Directors' Remuneration

Non-executive directors

All the directors are non-executive, with the exception of the Chief Executive Officer. New directors are appointed for an initial term ending three years from the date of their first annual general meeting after appointment and with the expectation that they will serve two three-year terms. The continuation of directors' appointments is contingent on satisfactory performance evaluation and re-election at annual general meetings. Directors' appointments are reviewed formally every three years by the Board as a whole. None of the directors has a contract of service and a director may resign by notice in writing to the Board at any time; there are no set notice periods. The Company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally or to a third party specified by him.

There are no long term incentive schemes or pension arrangements and the fees are not specifically related to the directors' performance, either individually or collectively.

The Company's policy is that the fees payable to the directors should reflect the time committed by the directors to the Company's affairs and the responsibilities borne by them and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board, the Chairmen of the Board's Committees and the Senior Independent Director to be paid higher fees than the other directors in recognition of their more onerous roles.

The Company's Articles of Association limit the fees payable to the directors to £250,000 per annum in aggregate. During the year under review directors' fees were paid at the following annual rates: the Chairman £50,000; the Chairmen of the Board's Committees and the Senior Independent Director £30,000; Mr McGrath, who has had the additional role of monitoring the Group's marketing activities on behalf of the Board, £30,000; the other directors £26,000. The policy is to review these rates from time to time, although such review will not necessarily result in any change to the rates.

During the year the Remuneration Committee undertook reviews of the directors' fees and, on its recommendation, the Board agreed to increase the fees payable to the Chairman of the Remuneration Committee and to the Senior Independent Director from £26,000 per annum to £30,000 per annum, with effect from 1 April 2010. The Board also agreed to the subsequent recommendation of the Remuneration Committee that the directors' fees be increased with effect from 1 April 2011, by £1,500 per annum in respect of the Chairman and by £1,000 per annum in respect of the other directors (the first general increase since 1 April 2008). Accordingly, from 1 April 2011 the directors' fees will be paid at the following annual rates: the Chairman £51,500, the Chairman of the Audit Committee, the Chairman of the Remuneration Committee, the Senior Independent Director and Mr McGrath £31,000 and the other non-executive directors £27,000. Accordingly, with effect from 1 April 2011 the directors' fees will amount to £229,500 per annum in aggregate. The Board also agreed to seek an increase in the annual cap set by the Articles of Association and a resolution will be put to the Annual General Meeting in May 2011 which, if passed, will increase the aggregate maximum to £300,000 per annum.

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

Executive director

Mr R E Clarke served as Chief Executive Officer until 8 February 2010. He stood down from the Board with effect from 1 April 2010.

Mr A L C Bell was appointed a director and Chief Executive Officer with effect from 8 February 2010.

The Company's policy on the remuneration of the CEO is to pay a basic salary appropriate to the position, together with bonus arrangements that link his remuneration to the performance achieved in the different aspects of his role.

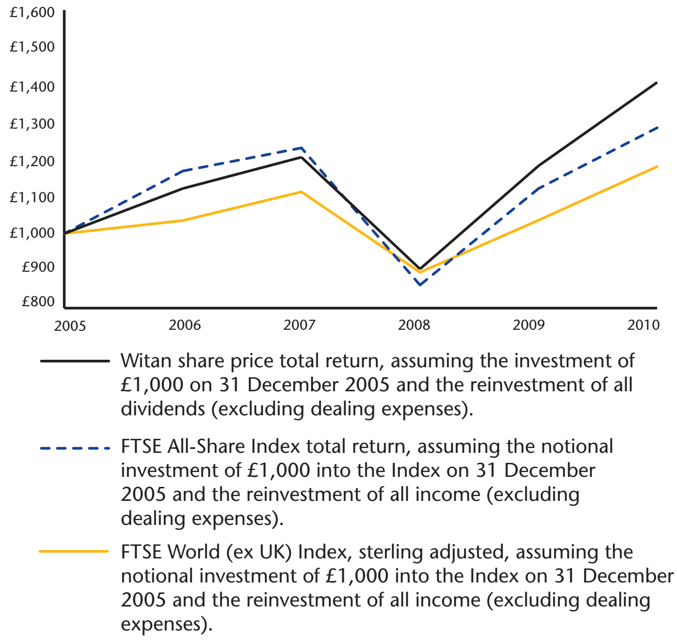
Mr Clarke's service agreement dated 4 September 2008 provided for a salary of £200,000 per annum, pension contributions equivalent to 10% of salary to a pension scheme of his choosing and private health insurance cover. The bonus arrangements provided, at the ultimate discretion of the Board, a bonus of up to 50% of salary in respect of each calendar year, bonus payments to be made over two years. The performance over the year of the Company's net asset value per share relative to its benchmark (excluding the effect of share buy-backs) determined 60% of his bonus payments. Outperformance of the benchmark by 2% or more generated a bonus of the full 60%; no bonus was payable if performance was in line with or below that of the benchmark; relative performance of between nil and 2% generated a pro rata award. The remaining 40% was awarded, at the Board's discretion, on the basis of his overall performance as CEO of the Company, this element being guaranteed for the first six months of his employment (which began on 15 September 2008). An additional bonus, of up to 50% of salary, was payable subject to new business targets being met. The appointment could be terminated by either party subject to not less than six months' written notice. Mr Clarke was not entitled to fees for his service as a director. Following the Board's decision to restructure the senior management of the Company by combining the positions of Chief Executive Officer and Chief Investment Officer, it was agreed that Mr Clarke would leave the Company. He received compensation as detailed on page 39.

Directors' Report
Directors' Remuneration Report *continued*

Mr Bell's service agreement dated 3 February 2010 provides for a salary of £225,000 per annum, payment in lieu of pension contributions equivalent to 10% of salary, death in service insurance cover and private health insurance cover. The bonus arrangements provide, at the ultimate discretion of the Board, a bonus of up to 50% of salary in respect of each calendar year, bonus payments to be made over two years. Of the total bonus eligibility, 60% is subject to the achievement of targets determined by the Board and 40% entirely at the discretion of the Board. For the first year of Mr Bell's employment the bonus was guaranteed to be at least 60% of his maximum entitlement (that is, the equivalent of 30% of his salary). The appointment may be terminated by either party subject to not less than nine months' written notice. The CEO is not entitled to fees for his service as a director. However, subject to receiving the Board's permission, he is entitled to hold outside appointments and to retain the fees receivable from them.

In respect of 2010, the Board awarded Mr Bell a bonus of £112,500 (that is, the equivalent of 50% of his salary). In respect of future years, the Board has agreed with Mr Bell that 60% of his annual bonus payment will be determined by the Company's net asset value per share total return performance over the year (excluding the effect of share buy-backs) relative to its benchmark. Outperformance of the benchmark by 2.5% or more will generate a bonus of the full 60%. No bonus is payable if performance is in line with or below that of the benchmark. Relative performance of between nil and 2.5% will generate a pro rata award. (The benchmark is a composite of 40% the FTSE All-Share Index, 20% the FTSE All-World North America Index, 20% the FTSE All-World Europe (ex UK) Index and 20% the FTSE All-World Asia Pacific Index, all on a total return basis.) An additional bonus, of up to 50% of salary, will be payable if over each rolling three year period, beginning with the year ended 31 December 2010, the Company's net asset value per share total return (excluding the effect of share buy-backs) has outperformed the benchmark by 3% per annum or more. No bonus is payable if performance is in line with or below that of the benchmark. Relative performance of between nil and 3% will generate a pro rata award. This additional bonus will be halved if, despite outperformance of the benchmark over the relevant three year period, the net asset value total return per share is negative over the period. Accordingly, the maximum bonus payable to Mr Bell each year, with effect from 31 December 2012, will be equivalent to 100% of his then salary. The Board has agreed to increase Mr Bell's salary, with effect from 1 January 2011, to £236,000 per annum. A contingent liability of £38,000 has been included in the financial statements as at 31 December 2010 in respect of the rolling three year bonus arrangements.

Performance Graph



Source: Datastream

The Act requires the performance of the Company's share price to be compared to a single broad equity market index. The FTSE All-Share Index is selected for the graph because it is the prime index of the UK market, on which the Company's shares are listed, and forms the largest constituent of the Company's benchmark. The FTSE World (ex UK) Index is also shown because more than half of the Company's investments are held in overseas companies.

AUDITED INFORMATION

Amount of each Director's emoluments

Non-executive directors

The fees payable in respect of each of the directors who served during the year, and during 2009, were as follows:

	2010 £	2009 £
H M Henderson	50,000	50,000
R H McGrath	30,000	30,000
R A Bruce	26,000	26,000
A Watson	29,000	26,000
J E B Bevan	26,000	26,000
R W Boyle	30,000	30,000
M C Claydon (i)	29,000	21,161
A W Jones (ii)	–	8,500
Total	220,000	217,661

Notes:

(i) Mrs Claydon was appointed a director on 9 March 2009 and as Chairman of the Remuneration Committee on 10 November 2009.

(ii) Mr Jones retired from the Board and as Chairman of the Remuneration Committee on 28 April 2009.

Executive director

The remuneration payable to the Chief Executive Officer in respect of the year is as follows:

	2010 £	2009 £
A L C Bell:		
Basic salary	200,481	–
Paid in lieu of pension contributions and health insurance	22,280	–
Compensation on recruitment*	70,181	–
Performance related bonus	112,500	–
Benefits in kind (life insurance)	4,053	–
Total	409,495	–

*The £70,181 relates to the buy-out of deferred emoluments from Mr Bell's previous employment.

	2010 £	2009 £
R E Clarke:*		
Basic salary	56,923	200,000
Pension contributions	5,692	20,000
Performance related bonus	15,000	30,000
Benefits in kind (health insurance)	2,883	3,273
Compensation for loss of office	30,820	–
Total	111,318	253,273

*Mr Clarke was the Chief Executive Officer ('CEO') and the sole executive director of the Company until 8 February 2010; he stood down from the Board on 1 April 2010.

Catherine Claydon
Chairman of the Remuneration Committee
15 March 2011

Statement of Directors' Responsibilities in respect of the Annual Report, the Directors' Remuneration Report and the Financial Statements

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

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

- properly select and apply accounting policies;

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

H M Henderson
Chairman
15 March 2011

A L C Bell
Chief Executive Officer
15 March 2011

Note to those who access this document by electronic means

The Annual Report for the year ended 31 December 2010 has been approved by the Board of Witan Investment Trust plc and circulated to the Company's shareholders in hard copy format. It is also made available in electronic format for the convenience of readers. However, the Board cannot accept responsibility for guaranteeing the integrity of the document in electronic format. Printed copies are available from the Company's Registered Office in London.

Independent Auditors' Report
to the members of Witan Investment Trust plc

We have audited the financial statements of Witan Investment Trust plc for the year ended 31 December 2010 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Individual Company Statements of Changes in Equity, Consolidated and Individual Company Balance Sheets and Consolidated and Individual Company Cash Flow Statements and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the EU IAS Regulation.

Opinion 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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Group financial statements in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Stuart McLaren (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 March 2011

Financial Statements
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

Notes		Year ended 31 December 2010 Revenue return £'000	Year ended 31 December 2010 Capital return £'000	Year ended 31 December 2010 Total £'000	Year ended 31 December 2009 Revenue return £'000	Year ended 31 December 2009 Capital return £'000	Year ended 31 December 2009 Total £'000
2	Investment income	28,021	–	28,021	29,199	–	29,199
3	Other income	1,365	–	1,365	2,304	–	2,304
10	Gains on investments held at fair value through profit or loss	–	169,686	169,686	–	196,885	196,885
	Total income	29,386	169,686	199,072	31,503	196,885	228,388
	Expenses						
4	Management fees	(776)	(5,161)	(5,937)	(583)	(4,310)	(4,893)
24	Write-back of prior years' VAT	75	–	75	1,249	–	1,249
5	Other expenses	(6,195)	(387)	(6,582)	(5,172)	(74)	(5,246)
	Profit before finance costs and taxation	22,490	164,138	186,628	26,997	192,501	219,498
6	Finance costs	(2,046)	(5,888)	(7,934)	(2,146)	(6,189)	(8,335)
	Profit before taxation	20,444	158,250	178,694	24,851	186,312	211,163
7	Taxation	(1,715)	–	(1,715)	(2,327)	723	(1,604)
	Profit attributable to equity holders of the parent company	18,729	158,250	176,979	22,524	187,035	209,559
9	**Earnings per ordinary share**	9.45p	79.87p	89.32p	10.63p	88.27p	98.90p

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

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

The Group does not have any Other Comprehensive Income and hence the net profit, as disclosed above, is the same as the Group's Total Comprehensive Income.

All items in the above statement derive from continuing operations.

The net profit for the year of the Company was £176,979,000 (2009: £209,559,000).

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

The notes on pages 47 to 67 form part of these financial statements.

Financial Statements

Consolidated and Individual Company Statements of Changes in Equity

for the year ended 31 December 2010

Notes	Group Year ended 31 December 2010	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 December 2009	50,866	16,237	42,960	859,595	53,161	1,022,819
	Total comprehensive income:						
	Profit for the year	–	–	–	158,250	18,729	176,979
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(21,072)	(21,072)
15, 16	Buy-backs of ordinary shares	(2,022)	–	2,022	(36,961)	–	(36,961)
	Total equity at 31 December 2010	48,844	16,237	44,982	980,884	50,818	1,141,765

Notes	Company Year ended 31 December 2010	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 December 2009	50,866	16,237	42,960	859,711	53,045	1,022,819
	Total comprehensive income:						
	Profit for the year	–	–	–	158,297	18,682	176,979
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(21,072)	(21,072)
15, 16	Buy-backs of ordinary shares	(2,022)	–	2,022	(36,961)	–	(36,961)
	Total equity at 31 December 2010	48,844	16,237	44,982	981,047	50,655	1,141,765

Notes	Group Year ended 31 December 2009	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 December 2008	53,600	16,237	40,226	716,756	52,428	879,247
	Total comprehensive income:						
	Profit for the year	–	–	–	187,035	22,524	209,559
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(21,791)	(21,791)
15	Buy-backs of ordinary shares	(2,734)	–	2,734	(44,196)	–	(44,196)
	Total equity at 31 December 2009	50,866	16,237	42,960	859,595	53,161	1,022,819

Notes	Company Year ended 31 December 2009	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 31 December 2008	53,600	16,237	40,226	716,897	52,287	879,247
	Total comprehensive income:						
	Profit for the year	–	–	–	187,010	22,549	209,559
	Transactions with owners, recorded directly to equity:						
8	Ordinary dividends paid	–	–	–	–	(21,791)	(21,791)
15	Buy-backs of ordinary shares	(2,734)	–	2,734	(44,196)	–	(44,196)
	Total equity at 31 December 2009	50,866	16,237	42,960	859,711	53,045	1,022,819

The notes on pages 47 to 67 form part of these financial statements.

Financial Statements
Consolidated and Individual Company Balance Sheets
for the year ended 31 December 2010

Notes		Group 31 December 2010 £'000	Company 31 December 2010 £'000	Group 31 December 2009 £'000	Company 31 December 2009 £'000
	Non current assets				
10	Investments held at fair value through profit or loss	1,203,675	1,204,738	1,074,189	1,075,205
	Current assets				
11	Other receivables	4,986	5,918	5,978	6,251
	Cash and cash equivalents	52,510	50,357	58,638	57,084
		57,496	56,275	64,616	63,335
	Total assets	1,261,171	1,261,013	1,138,805	1,138,540
	Current liabilities				
12	Other payables	(9,160)	(9,002)	(5,820)	(5,555)
	Total assets less current liabilities	1,252,011	1,252,011	1,132,985	1,132,985
	Non current liabilities				
	At amortised cost:				
13	8½ per cent. Debenture Stock 2016	(44,589)	(44,589)	(44,589)	(44,589)
13	6.125 per cent. Secured Bonds due 2025	(63,102)	(63,102)	(63,022)	(63,022)
13, 17	3.4 per cent. cumulative preference shares of £1	(2,055)	(2,055)	(2,055)	(2,055)
13, 17	2.7 per cent. cumulative preference shares of £1	(500)	(500)	(500)	(500)
		(110,246)	(110,246)	(110,166)	(110,166)
	Net assets	1,141,765	1,141,765	1,022,819	1,022,819
	Equity attributable to equity holders				
15	Ordinary share capital	48,844	48,844	50,866	50,866
16	Share premium account	16,237	16,237	16,237	16,237
16	Capital redemption reserve	44,982	44,982	42,960	42,960
	Retained earnings:				
16	Other capital reserves	980,884	981,047	859,595	859,711
16	Revenue reserve	50,818	50,655	53,161	53,045
	Total equity	1,141,765	1,141,765	1,022,819	1,022,819
18	**Net asset value per ordinary share**	584.4p	584.4p	502.7p	502.7p

The financial statements of Witan Investment Trust plc (registered number 101625) were approved by the directors and authorised for issue on 15 March 2011 and were signed on their behalf by

H M Henderson

A L C Bell

The notes on pages 47 to 67 form part of these financial statements.

Financial Statements
Consolidated and Individual Company Cash Flow Statements
for the year ended 31 December 2010

Notes		Group Year ended 31 December 2010 £'000	Company Year ended 31 December 2010 £'000	Group Year ended 31 December 2009 £'000	Company Year ended 31 December 2009 £'000
	Operating activities				
	Profit before taxation	178,694	178,694	211,163	211,163
	Interest paid	7,909	7,909	8,233	8,233
10	Gains on investments held at fair value through profit or loss	(169,686)	(169,733)	(196,885)	(196,860)
19	Net sales of investments held at fair value through profit or loss	33,295	33,295	17,248	17,248
	Net gain from futures contracts	8,984	8,984	1,101	1,101
	Scrip dividends included in investment income	–	–	(94)	(94)
	Decrease/(increase) in other receivables	397	(262)	1,367	1,468
	(Decrease)/increase in other payables	(76)	31	864	752
	Net cash inflow from operating activities before interest and taxation	59,517	58,918	42,997	43,011
	Interest paid	(7,909)	(7,909)	(8,233)	(8,233)
	Amortisation of debt issue costs	80	80	79	79
	Tax on overseas income	(1,877)	(1,877)	(1,513)	(1,513)
	Net cash inflow from operating activities	49,811	49,212	33,330	33,344
	Financing activities				
8	Equity dividends paid	(21,072)	(21,072)	(21,791)	(21,791)
	Buy-backs of ordinary shares	(36,561)	(36,561)	(44,316)	(44,316)
	Buy-backs of secured bonds and debenture stock	–	–	(32,038)	(32,038)
	Net cash outflow from financing activities	(57,633)	(57,633)	(98,145)	(98,145)
	Decrease in cash and cash equivalents	(7,822)	(8,421)	(64,815)	(64,801)
	Cash and cash equivalents at the start of the year	58,638	57,084	124,383	122,815
	Effect of foreign exchange rate changes	1,694	1,694	(930)	(930)
	Cash and cash equivalents at the end of the year	52,510	50,357	58,638	57,084

The notes on pages 47 to 67 form part of these financial statements.

Financial Statements
Notes to the Financial Statements

for the year ended 31 December 2010

1 Accounting policies

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

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

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts* ('the SORP') issued by the Association of Investment Companies ('the AIC') in January 2009 is consistent with the requirements of IFRSs as adopted by the European Union, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Business Review section of the Directors' Report on pages 6 to 17. The financial position of the Group as at 31 December 2010 is shown in the balance sheet on page 45. The cash flows of the Group for the year ended 31 December 2010, which are not untypical, are set out on page 46. The Company had fixed debt and preference share capital totalling £110,246,000, as set out in note 13 on page 57; none of the borrowings is repayable before 2016. The Group had no short term borrowings at 31 December 2010 but shortly before the year end put in place a one year secured multi-currency borrowing facility for £50 million. Note 14 on pages 57 to 64 sets out the Group's risk management policies and procedures, including those covering currency risk, interest rate risk and liquidity risk. As at 31 December 2010 the Group's total assets less current liabilities exceeded its total non current liabilities by a multiple of over ten. The assets of the Group consist mainly of securities that are held in accordance with the Company's investment policy, as set out on page 11. Most of these securities are readily realisable even in volatile markets. The directors, who have reviewed carefully the Group's budget and forecast for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used by it into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(d) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010 (formerly section 842 of the Income and Corporation Taxes Act 1988).

(e) Income

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

Financial Statements
Notes to the Financial Statements *continued*
for the year ended 31 December 2010

1 Accounting policies *continued*

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

Transaction costs incurred on the acquisition or disposal of investments are included in the costs of acquisition or deducted from the proceeds of sale as appropriate and included in capital reserves.

(g) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

(h) Investments held at fair value through profit or loss
When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All the Group's investments are defined by IFRSs as adopted by the European Union as investments held at fair value through profit or loss. All gains and losses are allocated to the capital return within the Statement of Comprehensive Income.

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

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

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

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

1 Accounting policies *continued*

(j) Dividends payable
Interim dividends are recognised in the period in which they are paid. Final dividends are not recognised until approved by the shareholders in general meeting.

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

(l) Foreign currency translation
Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

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

(m) Adoption of new and revised accounting standards
(i) Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous financial year.

(ii) Amendments and improvements to IFRSs
The amendments and improvements to the following standards, effective for periods commencing on or after 1 January 2010 unless otherwise stated, have not had any impact on the accounting policies or the financial position of the Group or the Company during the year.

- IFRS 3 *Business Combinations* (revised 2008) and IAS 27 (revised) *Consolidated and separate financial statements* (effective for periods commencing on or after 1 July 2009).
- IAS 32 Amendment *Classification of Rights Issues* (effective for periods commencing on or after 1 February 2010)
- IAS 39 Amendment *Eligible Hedged Items* (effective for periods commencing on or after 1 July 2009)
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective for periods commencing on or after 1 November 2009 for EU-IFRS)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for periods commencing on or after 1 July 2010)

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

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Comprehensive Income as they arise. If capital in nature, the associated change in value is presented as a capital item in the Statement of Comprehensive Income.

Financial Statements
Notes to the Financial Statements *continued*
for the year ended 31 December 2010

2 Investment income

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Franked:		
UK dividends from listed investments	11,515	13,401
UK special dividends from listed investments	19	–
UK dividends from unquoted investments	53	308
	11,587	13,709
Unfranked:		
Overseas dividends from listed investments	16,253	14,643
Property income dividends	53	111
Scrip dividends from listed investments	–	94
Overseas fixed interest and convertible bonds	128	642
	16,434	15,490
Total investment income	28,021	29,199

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Analysis of investment income by geographical segment:		
United Kingdom	11,708	14,075
North America	2,818	3,429
Continental Europe	8,026	7,346
Japan	2,091	1,994
Asia Pacific (ex Japan)	2,573	2,111
South America	117	229
Other	688	15
Total investment income	28,021	29,199

3 Other income

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Deposit interest	124	252
Stock lending income	217	30
Underwriting commission	135	134
Income from the subsidiary company's third party business	840	724
Interest on VAT recovered	–	984
Other income	49	180
	1,365	2,304

At 31 December 2010 the total value of securities on loan by the Company for stock lending purposes was £16,127,000 (2009: £21,672,000). The maximum aggregate value of securities on loan at any time during the year ended 31 December 2010 was £76,928,000 (2009: £35,033,000). Collateral, revalued on a daily basis at a level equivalent to at least 105% of the market value of the securities lent, was provided against all loans. Collateral in respect of UK securities is usually in the form of Crest DBVs (Delivery by Values); the content of Crest DBVs is subject to a concentration limit of 10%.

4 Management fees

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fees	776	2,328	3,104	583	1,747	2,330
Performance fees	–	2,833	2,833	–	2,563	2,563
	776	5,161	5,937	583	4,310	4,893

A summary of the terms of the management agreements is given on page 14 in the Business Review section of the Directors' Report.

5 Other expenses

	Year ended 31 December 2010 Revenue £'000	Year ended 31 December 2009 Revenue £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	46	46
Fees payable to the Company's auditors and their associates for other services to the Group:		
– the audit of the Company's subsidiary pursuant to legislation	4	4
– tax advisory services in respect of a proposed collective investment	9	–
Directors' fees (see the Directors' Remuneration Report on pages 36 to 39)	220	218
Employers' national insurance contributions on the directors' fees	18	28
Employee costs:		
– salaries and bonuses	864	621
– employers' national insurance contributions	108	84
– pension contributions (or payments in lieu thereof)	51	55
Advisory, consultancy and legal fees	424	368
Investment accounting fees	202	190
Company secretarial fees	76	76
Insurances	79	70
Occupancy costs	140	108
Bank charges and overseas safe custody fees	361	322
Marketing expenses	1,709	1,723
Savings scheme expenses (Witan Wisdom and Jump Savings)	300	283
Savings scheme expenses (Child Trust Fund)	50	50
Savings scheme expenses (migration project)	550	–
Third party marketing costs	–	99
Other expenses	571	566
Irrecoverable VAT	413	261
	6,195†	5,172†

†The total includes costs of £994,000 (2009: £899,000) in respect of the subsidiary company's third party business which are offset by the subsidiary company's income from that business. The analysis relates to the revenue return column only.

The average number of employees during the year was 6 (2009: 6).

Financial Statements
Notes to the Financial Statements *continued*
for the year ended 31 December 2010

6 Finance costs

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on overdrafts repayable within one year	11	33	44	23	70	93
Interest payable on the secured bonds and debenture stock repayable in more than 5 years	1,952	5,855	7,807	2,040	6,119	8,159
Preference share dividends	83	–	83	83	–	83
	2,046	5,888	7,934	2,146	6,189	8,335

7 Taxation

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of the charge for the year						
UK corporation tax at 28% (2009: 28%)	–	–	–	2,058	–	2,058
Double taxation relief	–	–	–	(2,058)	–	(2,058)
	–	–	–	–	–	–
Foreign tax suffered	1,975	–	1,975	1,794	–	1,794
Foreign tax recoverable	(298)	–	(298)	(248)	–	(248)
Write-off of overseas tax reclaimable	38	–	38	58	–	58
Tax relief to capital	–	–	–	723	(723)	–
Total current tax for the year (see note 7(b))	1,715	–	1,715	2,327	(723)	1,604

7 Taxation *continued*

(b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower than that resulting from applying the effective standard rate of corporation tax in the UK for a large company of 28% (2009: 28%). The difference is explained below.

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net profit on ordinary activities before taxation	20,444	158,250	178,694	24,851	186,312	211,163
Corporation tax at 28% (2009: 28%)	5,724	44,310	50,034	6,958	52,167	59,125
Effects of:						
Non-taxable UK dividends	(3,244)	–	(3,244)	(3,839)	–	(3,839)
Non-taxable stock dividends	–	–	–	(26)	–	(26)
Non-taxable overseas dividends	(4,396)	–	(4,396)	(1,306)	–	(1,306)
Withholding tax written off	1,677	–	1,677	1,546	–	1,546
Double tax relief	–	–	–	(2,058)	–	(2,058)
Income taxable in different years	2	–	2	187	–	187
Write off of overseas tax reclaimable	38	–	38	58	–	58
Non taxable gains on investments held at fair value through profit or loss	–	(47,512)	(47,512)	–	(55,128)	(55,128)
Excess management expenses not utilised in period	2,899	–	2,899	1,282	–	1,282
Unused loan relationship deficits for the period	2,168	–	2,168	1,740	–	1,740
Preference dividends not deductible in determining taxable profit	23	–	23	23	–	23
Capitalised expenses	(3,176)	3,202	26	(2,238)	2,238	–
Current tax charge/(credit)	1,715	–	1,715	2,327	(723)	1,604

(c) Deferred tax

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

No provision has been made for deferred tax on income outstanding at the end of the year as this will be covered by unrelieved business charges and eligible unrelieved foreign tax (2009: £nil).

(d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £23,857,000 (2009: £19,178,000) arising as a result of having unrelieved loan relationship deficits and eligible unrelieved foreign tax.

It is unlikely that the Company will obtain relief for these in the future so no deferred tax asset has been recognised.

Financial Statements
Notes to the Financial Statements *continued*
for the year ended 31 December 2010

8 Dividends

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Amounts recognised as distributions to equity holders in the year:		
Second interim dividend for the year ended 31 December 2009 of 6.20p (2008: 5.90p) per ordinary share	12,407	12,629
First interim dividend for the year ended 31 December 2010 of 4.40p (2009: 4.30p) per ordinary share	8,665	9,162
	21,072	21,791
Second interim dividend for the year ended 31 December 2010 of 6.50p (2009: 6.20p) per ordinary share	12,654	12,407

The second interim dividend has not been included as a liability in these financial statements.

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

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Revenue profits available for distribution	18,729	22,524
First interim dividend for the year ended 31 December 2010 of 4.40p (2009: 4.30p) per ordinary share	(8,665)	(9,162)
Second interim dividend for the year ended 31 December 2010 of 6.50p (2009: 6.20p) per ordinary share	(12,654)	(12,407)
Revenue (deficit)/surplus for the year	(2,590)	955

9 Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the year of £176,979,000 (2009: £209,559,000) and on 198,139,038 ordinary shares (2009: 211,898,833), being the weighted average number of ordinary shares in issue during the year.

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

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Net revenue profit	18,729	22,524
Net capital profit	158,250	187,035
Net total profit	176,979	209,559
Weighted average number of ordinary shares in issue during the year	198,139,038	211,898,833

9 Earnings per ordinary share *continued*

	Year ended 31 December 2010 *Pence*	Year ended 31 December 2009 *Pence*
Revenue earnings per ordinary share	9.45	10.63
Capital earnings per ordinary share	79.87	88.27
Total earnings per ordinary share	89.32	98.90

10 Investments held at fair value through profit or loss

(i) Analysis of investments held at fair value through profit or loss

	2010		2009	
	Group *£'000*	Company *£'000*	Group *£'000*	Company *£'000*
Listed in the United Kingdom	507,310	507,310	379,111	379,111
Listed abroad	695,403	695,403	687,983	687,983
Unquoted at directors' valuation (see note 10(v))	962	962	7,095	7,095
Investment in subsidiary undertaking	–	1,063	–	1,016
	1,203,675	1,204,738	1,074,189	1,075,205

(ii) Group changes in investments held at fair value through profit or loss

	Valuation 31 December 2009 *£'000*	Purchases *£'000*	Sales *£'000*	Movement in investment holding gains/(losses) *£'000*	Valuation 31 December 2010 *£'000*	Cost 31 December 2010 *£'000*
United Kingdom	386,206	398,248	386,644	128,525	526,335	459,280
North America	236,415	73,650	82,737	(14,594)	212,734	170,959
Continental Europe	231,536	148,833	152,791	5,701	233,279	196,017
Japan	97,791	6,728	82,077	5,994	28,436	25,841
Asia Pacific (ex Japan)	105,570	69,075	57,066	28,881	146,460	120,367
South America	11,905	16,919	590	1,512	29,746	27,694
Other	4,766	20,553	1,817	3,183	26,685	23,508
	1,074,189	734,006	763,722	159,202	1,203,675	1,023,666

Included in the above figures are purchase costs of £1,525,000 (2009: £962,000) and sales costs of £672,000 (2009: £444,000). These comprise mainly stamp duty and commission.

(iii) Gains on investments held at fair value though profit or loss

	Year ended 31 December 2010 *£'000*	Year ended 31 December 2009 *£'000*
Realised gains/(losses) on sales of investments	75,429	(29,456)
Movement in investment holding gains	92,563	229,309
Realised loss on buy-backs of secured bonds and debenture stock	–	(2,038)
Net movement on foreign exchange on cash and cash equivalents	1,694	(930)
	169,686	196,885

Financial Statements
Notes to the Financial Statements *continued*
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10 Investments held at fair value through profit or loss *continued*

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

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

(v) Unquoted investments
The value of the unquoted investments as at 31 December 2010 was £962,000 (2009: £7,095,000) and the portfolio comprised the following holdings:

Investments	Valuation *£'000*
Cazenove Capital Holdings Limited	780
HarbourVest (put option)	182
	962

Cazenove Capital Holdings Limited is an asset management business which split away from Cazenove Group in 2005. The holding is valued on the basis of an independent valuation of the company that was used in May 2010 to set the price for a tender offer to the company's shareholders; the directors consider this price to be supported by information about the company's business over the remainder of 2010.

11 Other receivables

	2010 Group *£'000*	2010 Company *£'000*	2009 Group *£'000*	2009 Company *£'000*
Sales for future settlement	1,958	1,958	2,521	2,521
Unrealised gain on derivatives designated as held at fair value through profit or loss	–	–	194	194
Taxation recoverable	602	602	440	440
Intercompany account	–	1,330	–	869
Prepayments and accrued income	1,973	1,973	1,826	1,825
Other debtors	453	55	997	402
	4,986	5,918	5,978	6,251

12 Other payables

	2010 Group *£'000*	2010 Company *£'000*	2009 Group *£'000*	2009 Company *£'000*
Purchases for future settlement	3,310	3,310	294	294
Share buy-backs awaiting settlement	686	686	286	286
Preference dividends	38	38	38	38
Accruals	5,126	4,968	5,202	4,937
	9,160	9,002	5,820	5,555

13 Non current liabilities

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Financial instruments redeemable other than in instalments are as follows:				
8½ per cent. Debenture Stock 2016	44,589	44,589	44,589	44,589
6.125 per cent. Secured Bonds due 2025	63,102	63,102	63,022	63,022
2,055,000 3.4 per cent. cumulative preference shares of £1 (see note 17 on page 65)	2,055	2,055	2,055	2,055
500,000 2.7 per cent. cumulative preference shares of £1 (see note 17 on page 65)	500	500	500	500
	110,246	110,246	110,166	110,166

On 15 December 2000 the Company issued £100,000,000 (nominal) 6.125 per cent. Secured Bonds due 2025, net of discount and issue costs totalling approximately £2,000,000. The discount and the issue costs will be written back over the life of the Secured Bonds. The nominal value of the remaining Secured Bonds in issue (£64,290,000 at 31 December 2010) is redeemable on 15 December 2025. The nominal value of the Debenture Stock is redeemable on 1 October 2016. The Debenture Stock and the Secured Bonds are secured by floating charges over all the undertaking and assets of the Company. The security of the charges applies pari passu to both issues.

14 Financial instruments

Risk management policies and procedures

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

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

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

14.1 Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises: price risk (see note 14.2), currency risk (see note 14.3) and interest rate risk (see note 14.4). The Board reviews and agrees policies for managing these risks, which policies have remained substantially unchanged from those applying in the year ended 31 December 2009. The investment managers assess the exposure to market risk when making each investment decision and monitor the overall level of market risk on the whole of their investment portfolios on an ongoing basis.

14.2 Price risk

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

Management of the risk

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

When appropriate, Witan has the ability to manage its exposure to risk by buying/selling put or call options on indices and on equity investments in its portfolios.

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Notes to the Financial Statements *continued*
for the year ended 31 December 2010

14 Financial instruments *continued*
The Company's exposure to other changes in market prices at 31 December on its quoted and unquoted equity investments, and on options on indices and investments, was as follows:

	2010 £'000	2009 £'000
Investments held at fair value through profit or loss	1,203,675	1,074,189

Concentration of exposure to price risks
An analysis of the Company's investment portfolio is shown on page 18. This shows that the greater geographical weighting is to UK companies, with significant exposure also to North America and Continental Europe. Accordingly, there is a concentration of exposure to those regions, although an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

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

	2010		2009	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Income statement – profit after tax				
Revenue return	–	–	–	–
Capital return	180,551	(180,551)	161,128	(161,128)
Change to the profit after tax for the year and shareholders' funds	180,551	(180,551)	161,128	(161,128)

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

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

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

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

14 Financial instruments *continued*

2010	US$ £'000	Euro £'000	Yen £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	276	254	20	2,578
Cash at bank and on deposit	4,372	1,987	470	742
Payables (due to brokers, accruals and other creditors)	–	(6)	–	(2,267)
Total foreign currency exposure on net monetary items	4,648	2,235	490	1,053
Investments at fair value through profit or loss that are equities	253,201	170,952	28,436	195,900
Total net foreign currency exposure	257,849	173,187	28,926	196,953

2009	US$ £'000	Euro £'000	Yen £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	576	2,350	76	435
Cash at bank and on deposit	15,919	1,622	313	591
Payables (due to brokers, accruals and other creditors)	(120)	(92)	(42)	–
Total foreign currency exposure on net monetary items	16,375	3,880	347	1,026
Investments at fair value through profit or loss that are equities	202,697	188,187	97,791	145,206
Total net foreign currency exposure	219,072	192,067	98,138	146,232

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

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:
£/US dollar +/- 15% (2009: 15%)
£/Euro +/- 15% (2009: 15%)
£/Japanese yen +/- 15% (2009: 15%)

These percentages have been determined by taking in each case the highest range seen in each of the last seven calendar years. The sensitivity analysis is based on the Company's monetary foreign currency financial instruments held at the balance sheet date and takes account of forward foreign exchange contracts that offset the effects of changes in currency exchange rates.

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

			2010			2009
	US$ £'000	Euro £'000	Yen £'000	US$ £'000	Euro £'000	Yen £'000
Income statement – profit after tax						
Revenue return	580	928	353	555	960	333
Capital return	44,683	30,168	5,018	35,868	33,379	17,282
Change to the profit after tax	45,263	31,096	5,371	36,423	34,339	17,615
Change to the shareholders' funds	45,263	31,096	5,371	36,423	34,339	17,615

Financial Statements
Notes to the Financial Statements *continued*
for the year ended 31 December 2010

14 Financial instruments *continued*

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

	2010			2009		
	US$ £'000	Euro £'000	Yen £'000	US$ £'000	Euro £'000	Yen £'000
Income statement – profit after tax						
Revenue return	(429)	(686)	(261)	(410)	(709)	(246)
Capital return	(33,026)	(22,298)	(3,709)	(26,511)	(24,672)	(12,774)
Change to the profit after tax	(33,455)	(22,984)	(3,970)	(26,921)	(25,381)	(13,020)
Change to the shareholders' funds	(33,455)	(22,984)	(3,970)	(26,921)	(25,381)	(13,020)

In the opinion of the directors, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently, as part of the currency risk management process used to meet the Company's objective.

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

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

The Company holds significant cash balances, partially to meet payments as they fall due but also to offset the long term borrowings that it has in place.

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

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure
The exposure at 31 December 2010 of financial assets and financial liabilities to interest rate risk is shown by reference to:

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

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

The Company's exposure to floating interest rates on assets is £52,510,000 (2009: £58,638,000).

The Company's exposure to fixed interest rates is £11,822,000 (2009: £665,000).

The Company's exposure to fixed interest rates on liabilities is £110,246,000 (2009: £110,166,000).

Interest receivable and finance costs are at the following rates:

– interest received on cash balances, or paid on bank overdrafts, is at margin over LIBOR or its foreign currency equivalent (2009: same);

– the finance charge on the preference shares is at a weighted average interest rate of 3.3% (2009: 3.3%);

– the finance charge on the debenture stock is at a weighted average interest rate of 8.5% (2009: 8.5%); and

– the finance charge on the secured bonds is at a weighted average interest rate of 6.125% (2009: 6.125%).

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

Interest rate sensitivity
Based on the Company's monetary financial instruments at each balance sheet date, an increase or decrease of 200 basis points in interest rates would decrease or increase revenue return after tax by £1,050,000 (2009: £845,000), capital return after tax by £nil (2009: £328,000), and total profit after tax and shareholders' funds by £1,050,000 (2009: £1,173,000).

14 Financial instruments *continued*

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

14.5 Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable. The Company has borrowed £44,589,000 by its issue in 1986 of 8½ per cent Debenture Stock 2016 and £63,102,000 by its issue in 2000 of 6.125 per cent Secured Bonds due 2025. The Company is able to draw short term borrowings of up to the sterling equivalent of £50 million from its secured and committed multi-currency borrowing facility of £50 million with BNP Paribas, London Branch (expiring on 12 December 2011). No borrowings were drawn down under the facility at 31 December 2010 (there was no such facility in place in 2009).

The Board gives guidance to the investment managers as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should remain fully invested in normal market conditions.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 December 2010, based on the earliest date on which payment can be required, was as follows:

	2010			2009		
	Within 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Within 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000
Debenture stock*	3,790	15,160	47,432	3,790	15,160	51,222
Secured bonds*	3,938	15,751	103,495	3,938	15,751	107,433
Preference shares†	83	332	2,555	83	332	2,555
Other creditors and accruals	9,160	–	–	5,820	–	–
	16,971	31,243	153,482	13,631	31,243	161,210

*The above figures show interest payable over the remaining terms of each instrument. The figures in the 'more than 5 years' columns also include the capital to be repaid.

†The figures in the 'more than 5 years' columns do not include the ongoing annual finance cost of £83,000.

14.6 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 managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the investment managers, and limits are set on the amount that may be due from any one broker;
- cash at bank is held only with reputable banks with high quality external credit ratings.

None of the Company's financial liabilities are past their due dates or impaired.

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for the year ended 31 December 2010

14 Financial instruments *continued*

Credit risk exposure

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

	2010 £'000	2009 £'000
Fixed interest securities	11,822	665
Cash	52,510	58,638
Receivables:		
Sales for future settlement	1,958	2,521
Unrealised gain on derivatives	–	194
Taxation recoverable	602	440
Accrued income	1,920	1,760
Other debtors	448	851
	69,260	65,069

14.7 Fair values of financial assets and financial liabilities

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

	2010		2009	
	Fair value £'000	Balance sheet amount £'000	Fair value £'000	Balance sheet amount £'000
Financial liabilities measured at amortised cost:				
Non current liabilities				
Preference shares	1,403	2,555	1,357	2,555
Debenture stock	51,819	44,589	54,480	44,589
Secured bonds	69,296	63,102	65,968	63,022
	122,518	110,246	121,805	110,166

The fair values shown above are derived from the offer price at which the securities are quoted on the London Stock Exchange.

Note 1(h) on page 48 sets out the Board's policy for determining the fair values of the unquoted investments. The directors are of the opinion that changing one or more of those assumptions to reasonably possible alternative assumptions would not change those fair values significantly. The amount of change in fair value for such investments recognised in the profit or loss for the year was a profit of £248,000 (2009: £3,645,000).

Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 7 fair value hierarchy.

Financial assets at fair value through profit or loss

At 31 December 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,150,768	–	780	1,151,548
Investments in other funds	–	51,945	–	51,945
Derivatives	–	–	182	182
Total	1,150,768	51,945	962	1,203,675

14 Financial instruments *continued*

At 31 December 2009	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	993,194	–	7,095	1,000,289
Investments in other funds	–	73,900	–	73,900
Derivatives	194	–	–	194
Total	993,388	73,900	7,095	1,074,383

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies in note 1(h). There were no transfers during the year between Level 1 and Level 2. A reconciliation of fair value measurements in Level 3 is set out below.

Level 2 Financial assets
Level 2 Financial assets refer to an investment in Trilogy Emerging Markets Fund (2009: two Open Ended Investment Company investments managed by Henderson Global Investors (North America) and Orbis Investment Management (Australasia)).

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

At 31 December 2010	£'000
Opening fair value	7,095
Purchases at cost	–
Sales proceeds	(6,381)
Total gains included in gains on investments in the Statement of Comprehensive Income:	
– on sold assets	188
– on assets held at the end of the year	60
Closing fair value	962

Level 3 valuation techniques used by the Company are explained in the accounting policies in note 1(h).

Capital management policies and procedures

The Company's capital management objectives are:

– to ensure that it will be able to continue as a going concern; and

– to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's total capital employed at 31 December 2010 was £1,252,011,000 (2009: £1,132,985,000) comprising £110,246,000 of debt (2009: £110,166,000) and £1,141,765,000 of equity share capital and other reserves (2009: £1,022,819,000).

The Company's policy is to manage the effective gearing in the portfolio to not normally exceed +20%. Effective gearing is defined to be the total market value of investments less shareholders' funds as a percentage of shareholders' funds. At 31 December 2010 effective gearing was 5.4% (2009: 5.0%).

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

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

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

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

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

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Notes to the Financial Statements *continued*
for the year ended 31 December 2010

14 Financial instruments *continued*

The Company is subject to several externally imposed capital requirements:

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

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

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

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

15 Called up share capital

	Group and Company 2010 *£'000*	Group and Company 2009 *£'000*
Called up, issued and fully paid:		
195,375,220 ordinary shares of 25p each (2009: 203,464,280)	48,844	50,866

During the year, 8,089,060 ordinary shares were bought back for cancellation at a cost of £36,961,000 (2009: 10,934,374 ordinary shares at a cost of £44,196,000).

16 Share premium account and reserves

	Share premium account *£'000*	Capital redemption reserve *£'000*	Capital reserve arising on investments sold *£'000*	Capital reserve arising on revaluation of investments held *£'000*	Revenue reserve *£'000*
Group					
At 1 January 2010	16,237	42,960	772,149	87,446	53,161
Net movement on investments	–	–	75,429	92,563	–
Net movement on foreign exchange	–	–	1,694	–	–
Expenses and interest payable charged to capital net of tax relief	–	–	(11,436)	–	–
Buy-backs of ordinary shares	–	2,022	(36,961)	–	–
Profit for the year	–	–	–	–	18,729
Ordinary dividends paid	–	–	–	–	(21,072)
At 31 December 2010	16,237	44,982	800,875	180,009	50,818
Company					
At 1 January 2010	16,237	42,960	772,149	87,562	53,045
Net movement on investments	–	–	75,429	92,610	–
Net movement on foreign exchange	–	–	1,694	–	–
Expenses and interest payable charged to capital net of tax relief	–	–	(11,436)	–	–
Buy-backs of ordinary shares	–	2,022	(36,961)	–	–
Profit for the year	–	–	–	–	18,682
Ordinary dividends paid	–	–	–	–	(21,072)
At 31 December 2010	16,237	44,982	800,875	180,172	50,655

17 Preference shares

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

	Group and Company 2010 £'000	Group and Company 2009 £'000
2,055,000 3.4 per cent. cumulative preference shares of £1	2,055	2,055
500,000 2.7 per cent. cumulative preference shares of £1	500	500
	2,555	2,555

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

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

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

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

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

18 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,141,765,000 (2009: £1,022,819,000) and on the 195,375,220 ordinary shares in issue at 31 December 2010 (2009: 203,464,280).

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

	£'000
Total net assets at 1 January 2010	1,022,819
Total profit for the year	176,979
Dividends paid in the year on the ordinary shares (see note 8)	(21,072)
Buy-backs of ordinary shares	(36,961)
Net assets attributable to the ordinary shares at 31 December 2010	1,141,765

An alternative net asset value per ordinary share can be calculated by deducting from the total assets less current liabilities of the Company the preference shares, the debenture stock and the secured bonds at their market (or fair) values rather than at their par (or book) values. Details of the alternative values are set out in note 14.7. The net asset value per ordinary share at 31 December 2010 calculated on this basis is 578.1p (2009: 497.0p).

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for the year ended 31 December 2010

19 Note to the cash flow statement
Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. However, the cash flows associated with these activities are presented below.

	Group and Company Year ended 31 December 2010 £'000	Group and Company Year ended 31 December 2009 £'000
Proceeds on disposal of fair value through profit or loss investments	764,285	410,738
Purchases of fair value through profit or loss investments	(730,990)	(393,490)
	33,295	17,248

20 Capital commitments and contingent liabilities
At 31 December 2010 there were capital commitments in respect of securities not fully paid up of £nil (2009: £nil) and underwriting liabilities of £nil (2009: £nil). In November 2005 the Company took a five year lease on office premises at 14 Queen Anne's Gate, London SW1 which was renewed for a further five years in October 2010.

21 Operating lease arrangements

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Minimum lease payments under operating leases recognised for the year	58	58

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

	2010 £'000	2009 £'000
Within one year	51	51
In the second to fifth years inclusive	196	–
	247	51

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

During the year the lease was re-negotiated for a further term of five years. Rentals are fixed for an average of five years.

22 Subsidiary undertaking
The Company has an investment in the issued ordinary share capital of its wholly owned subsidiary undertaking, Witan Investment Services Limited, which was incorporated on 28 October 2004, is registered in England and Wales and operates in the United Kingdom.

Transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

23 Segment Reporting
The Group adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the Chief Executive Officer and that are used to allocate resources to the segments and to assess their performance. The identification of the Group's reportable segments did not change as a result of the adoption of IFRS 8.

23 Segment Reporting *continued*

Geographical segments

Geographical segments are considered to be the primary reporting segment. An analysis of investment income by geographical segment is set out in note 2 on page 50. Analyses of expenses by geographical segment and of profit by geographical segment have not been given as it is not possible to prepare such information in a meaningful way. An analysis of the investments by geographical segment is set out in note 10 on page 55. Analyses of the remaining assets and liabilities by geographical region have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

Business segments

Business segments are considered to be the secondary reporting segment. The Group has two business segments: (i) its activity as an investment trust, which is the business of the parent company, Witan Investment Trust plc, and recorded in the accounts of that company; and (ii) the provision of executive and marketing management services and the management of savings schemes, which is the business of the subsidiary company, Witan Investment Services Limited, and recorded in the accounts of that company.

	Year ended 31 December 2010		Year ended 31 December 2009	
	Investment trust *£'000*	Management services *£'000*	Investment trust *£'000*	Management services *£'000*
Revenue – see notes 2 and 3	28,546	840	30,779	724
Carrying amount of assets	1,140,702	1,063	1,021,803	1,016
Interest expense	7,934	–	8,335	–

24 Value Added Tax on management fees

Following the decision of the European Court of Justice in 2007 that Value Added Tax ('VAT') should not be charged on fees paid for management services provided to investment trust companies, the Company received, over the three previous financial years (ie the three years up to 31 December 2009), refunds of VAT totalling £3,264,000 (relating to management fees paid during the periods 1990 to 1996 and 2000 to 2007) and £1,191,000 of simple interest on those VAT refunds. During the year the Company received a further £75,000 in respect of the VAT on investment administration fees incurred between 2004 and 2007. No further VAT refunds or interest were expected or received during the year under review. The write-backs of VAT were allocated between revenue return and capital return according to the allocation of the amounts originally paid. The £75,000 recognised in the year has been allocated wholly to the revenue return. The interest paid by HMRC on the VAT recovered was included in other income.

There remain outstanding claims relating to the period 1996 to 2000 and claims for compound interest from 1990 onwards. No amounts have been recognised in respect of these claims as it is currently uncertain whether any further amounts will be recovered.

25 Subsequent events

Since the year end, the Company has bought back 1,090,220 of its ordinary shares (see also page 26).

Since the year end, the Board has declared a second interim dividend in respect of the year ended 31 December 2010 of 6.5p per ordinary share (see also pages 23 and 24 and note 8 on page 54).

Warning to Shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided on page 72.

Historical Record

Year end	Market price per ordinary share in pence	Debt at fair value: Net asset value per ordinary share in pence[b]	Debt at fair value: Share price discount %[b]	Debt at par value: Net asset value per ordinary share in pence[c]	Debt at par value: Share price discount %[c]	Net revenue after taxation in £'000	Earnings per ordinary share in pence	Dividends per ordinary share in pence
31 December 2000	478.0	not recorded		521.5	8.3	32,541[d]	8.95[d]	7.75
31 December 2001	391.0	not recorded		429.3	8.9	29,634	8.40	7.95
31 December 2002	261.5	303.2	13.8	307.6	15.0	31,445[e]	8.92[e]	8.10
31 December 2003	303.0	354.7	14.6	358.2	15.4	31,362	8.98	8.30
31 December 2004	331.5	384.4	13.8	390.2[a]	15.0	29,330[a]	8.63[a]	8.60
31 December 2005	414.0	458.9	9.8	469.5[a]	11.8	28,002[a]	8.96[a]	8.80
31 December 2006	454.5	508.4	10.6	517.1	12.1	27,565	10.24	9.20
31 December 2007	478.5	537.9	11.0	545.7	12.3	27,137	11.08	9.90
31 December 2008	351.0	400.3	12.3	410.1	14.4	25,261	11.60	10.20
31 December 2009	444.6	497.0	10.5[f]	502.7	11.6	22,524	10.63	10.50
31 December 2010	516.5	578.1	10.7[f]	584.4	11.6	18,729	9.45	10.90

(a) The figure for 2005 has been calculated in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and the figure for 2004 has been restated in accordance with IFRSs. The figures for the earlier years have not been restated.
(b) The net asset value per ordinary share is calculated by deducting from the total assets less current liabilities of the Group the fixed borrowings at their fair (or market) values. The share price discount shown reflects this calculation.
(c) The net asset value per ordinary share is calculated by deducting from the total assets less current liabilities of the Group the fixed borrowings at their par (not their market) values. The share price discount shown reflects this calculation.
(d) With effect from 1 January 2001, 75% of finance costs and management fees have been charged to capital. The 2000 figures were restated to reflect this change of accounting policy.
(e) With effect from 1 January 2002, tax relief has been allocated as described in note 1(g) on page 48.
(f) The average discount in 2010 was 11.1% (2009: 11.0%). (Source: Datastream)

Explanation of Share Buy-Backs
The impact of the Company buying in its own shares at a discount

Shareholders have in the past questioned the benefit of buying in shares for cancellation.

Below is a hypothetical example of how buying in shares can improve the share price of an investment trust. Typically, this happens in two ways: first, the buy-back, because it takes place at a discount, increases the NAV (net asset value) per share which, all other things being equal, leads to a rise in the share price; and, secondly, because a seller has been removed the discount may narrow, again leading to a rise in the share price.

Take an investment trust (ABC) whose shares are priced at 320p but which has a NAV per share of 400p. There are 100 shares in the company.

NAV per share of ABC Investment Trust	= 400p
Price per share of ABC Investment Trust	= 320p
Discount of ABC Investment Trust	= 20%
Value of ABC Investment Trust assets	100 x 400p = £400
Market value of ABC Investment Trust	100 x 320p = £320

If the company then buys back 15 shares at 320p the following happens:

Value of buy-back	15 x 320p = £48

As these shares are cancelled the value of the Company's total assets falls.

Value of Assets	£400 – £48 = £352

But there are now only 85 shares in issue so the NAV per share is
£352 ÷ 85 = 414p, a rise of 14p (3.5%).

If the discount remains at 20% then the share price will rise to 80% x 414p = 331p, an increase of 11p (3.4%). In practice because a large seller has been removed, the discount may well fall. Therefore, the share price may rise even more, benefiting all the remaining shareholders who will retain exactly the same number of shares.

Marketing Review

2010

James Frost, Marketing Director

Witan's marketing programme aims to stimulate interest in the Trust's shares and to create liquidity, thereby enabling shareholders to buy and sell shares at a price reflecting the net asset growth performance of the Trust. All of Witan's marketing activities are measured, and the results reviewed by the Board, to ensure all activity is effective, adheres to our key objectives, and above all provides value for money to shareholders.

Equity markets continued to rebuild in 2010 and towards the end of the year some markets returned to pre-global financial crisis levels. Despite intermittent jitters about European sovereign debt, sentiment has remained buoyant and demand for equities has been steady. A change of government in early May brought about a change to the taxation of investments, through an increase in Capital Gains Tax to 28% for higher rate tax payers, as well as a cap on annual pension contributions (which will come into force in April 2011). These changes underline the importance of considering the tax shelter offered by ISAs. Within the Witan Wisdom scheme, Witan's stocks and shares ISA enjoyed a good year with many investors taking advantage of the new ISA limit of £10,200, which further increases to £10,680 from the 6th April 2011. Appetite for stocks and shares ISAs as a whole continues to remain strong as confidence in economic recovery has started to rebuild and the continued low interest rates on offer through bank deposits (including cash ISAs) has prompted a search for higher returns (albeit that those returns come with higher risks).

For Witan, 2010 marked an important year in the evolution of its multi-manager approach. The appointment of Andrew Bell as Chief Executive Officer in February and the subsequent changes made to the portfolio meant that Witan was in the spotlight for most of the year. Interest in the Trust and demand for its shares have been boosted in the wake of the announced changes. His regular appearances on the BBC's Today programme, an economics-focused blog on the Witan website, and video interviews have also helped raise the profile of the Trust and encourage analysts and investors to look anew at Witan's investment merits.

Witan also made some changes to the administration of its savings schemes during 2010. Witan operates on an outsourced business model. This means that certain aspects of the service that we provide are outsourced to third party companies. In the case of our savings schemes the administration had been outsourced to Equiniti Limited; however, in 2010 we decided to appoint International Financial Data Services Limited ('IFDS') as the schemes' administrator. This change was implemented in December 2010 and, following this migration project, we believe that clients can look forward to an improved and more comprehensive service. IFDS will be launching an enhanced on-line service for the Witan Wisdom and Jump Savings schemes over the coming weeks, details of which will be sent out in due course.

2011

As highlighted in the Chairman's statement, Rory McGrath will be stepping down from the Board at the Annual General Meeting in May. For the past 15 years Rory has brought his marketing skills to bear on the Board and has been instrumental in helping develop the success of the Witan Wisdom and Jump Savings brands.

Looking ahead, 2012 will bring the savings industry a step closer to the Retail Distribution Review ('RDR'). The main aim of the RDR is to introduce transparency and reduce conflicts of interest in the way in which financial advice is paid for. Although this new legislation is not due to be brought in until the end of 2012, it is already having effects in the intermediary market place. In 2011, one of the key barriers constraining financial advisers from

being able to recommend investment trusts is being lifted, as the larger adviser product ‘wrap’ providers (the key distribution channel for unit trusts and OEICS), start allowing investment trusts to be traded through on-line platforms. We view this as a key step in providing investors with access to a fuller range of investments, enabling investment trusts like Witan to be considered by a wider range of investors as cost effective direct competitors to open-ended funds.

We will continue with initiatives, begun in 2010, concerning investment management, building Witan’s profile in the media, making use of our website to provide regular and interesting content on investment related matters and looking to increase the strength and breadth of interest in Witan’s shares.

One particular area of focus for us in 2011 will be the Junior ISA. Although product details are yet to be confirmed by the government, this savings wrapper for children could provide parents and grandparents with a simple tax efficient vehicle to help children accumulate assets that will help them in adult life (for example, assisting with increased higher education costs). Watch this space…

How to Invest

There are a variety of ways to invest in Witan Investment Trust plc. Naturally, Witan’s shares can be traded through any UK stockbroker; however, Witan is also available for investment through the two savings schemes managed by Witan Investment Services – Witan Wisdom and Jump Savings.

Witan Wisdom

Witan Wisdom offers two different savings wrappers:

- The Witan Wisdom ISA is a stocks and shares ISA that enables investors to buy Witan shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £10,200 for the 2010/11 tax year, rising to £10,680 for the 2011/12 tax year. The minimum lump sum investment with Witan Wisdom is £2,000, with the regular savings minimum being £100 per month. You can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer.

- The Witan Wisdom Share Plan is our straightforward, low-cost savings scheme. The minimum lump sum investment is £500, and the minimum regular contribution is £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.

Jump Savings for children

Jump gives parents, grandparents and other adults the chance to invest in Witan on behalf of a child. This flexible savings plan has a minimum lump sum investment set at £100 and regular contributions can be made from as little as £25 per month or quarter.

Brochures and applications for all of our products are available by calling 0800 082 81 80 or online via www.witan.com. If you would prefer to write to request further information, the address details can be found on page 72.

Investors are reminded that 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.

Witan Investment Trust plc is an equity investment. 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 provides investment products and services and is authorised and regulated by the Financial Services Authority. We may record telephone calls for our mutual protection and to improve customer service.

Shareholder Information

Points of Contact
If you have any questions or need more information concerning Witan, you may contact us in the following ways:

Freephone:
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E-mail:
wisdom@ifdsgroup.co.uk

Post:
For Witan Wisdom and Jump Savings queries:
Witan Wisdom
PO Box 10550
Chelmsford
CM99 2BA

Points of Reference
You can follow the progress of your investment through the newspapers. Witan's share price appears daily in the national press stock exchange listings under 'Investment Trusts' or 'Investment Companies' and is also included on the Witan website (www.witan.com).

The London Stock Exchange Daily Official List (SEDOL) code is 0974406.

Dividend
A second interim dividend of 6.5p per share has been declared, payable on 1 April 2011. The record date for the dividend was 4 March 2011 and the ex-dividend date for the dividend was 2 March 2011 (see pages 4 and 23).

Capital Gains Tax
The calculation of the tax on chargeable gains will depend on your personal circumstances. If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser.

Disability Act
Copies of this Annual Report and other documents issued by Witan Investment Trust plc are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact our Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People), you should dial **18001** followed by the number you wish to dial.

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*Calls cost about 7 pence per minute from a BT line; calls from other providers, or from mobile phones, may cost more.

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10 Aldermanbury
London EC2V 7RF

London Stock Exchange
LISTED
PREMIUM

The Company is a member of:

aic
The Association of Investment Companies

Source: RHS

Witan Investment Trust has enjoyed a long and fruitful relationship with the Royal Horticultural Society ('RHS'), supporting the charity for over twelve years. Over this time, Witan's support has helped the RHS to develop a number of new areas at Wisley, such as the Walled Garden West, the Herb Garden, Witan Street and the soon to be completed redevelopment of the Bowes-Lyon Rose Garden.

Witan shareholders who hold their shares through Witan Wisdom or Jump Savings, or on the main register, are eligible to apply for a ticket that will allow free entry for two adults to any one of the four RHS gardens in the UK. If you would like to request a ticket then please phone us on 0800 082 8180 or email us at wisdom@ifdsgroup.co.uk

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