

**Investment Rationale**

Jointly managed by Lucy MacDonald and Jeremy Thomas, The Brunner Investment Trust PLC provides investors with a globally diversified equity portfolio. It combines a base in the UK with the freedom to invest globally. Through Brunner, investors can access a spread of high quality companies in a single portfolio.

**Fund Managers' Review**

Lucy MacDonald    Jeremy Thomas



**Market Review**

Global equity markets generally succumbed to profit-taking after a strong 1Q. The FTSE All Share Index declined 0.3% and the FTSE All World ex UK Index declined 2.9% with Europe and Japan underperformed the US. Markets retreated on renewed concerns about the euro zone crisis and disappointing economic data. Spanish and Italian risk assets were particularly weak on worries that fiscal austerity measures alone would not be sufficient to repair the countries' finances. Euro zone finance ministers did agree to raise the combined ceiling of the currency block's rescue funding facilities to €700 billion.

**Portfolio Review**

The Trust's NAV fell 1.90% versus the benchmark which fell 1.64%. The biggest detractor was the Brazilian bank Itau Unibanco Holding, which reported weak 1Q results due to deteriorating asset quality and muted loan growth.

Diageo continued to be strong on solid volume growth and improved pricing as the company's premium and super premium brands continued to drive performance in the US. This is a well-diversified business with growth opportunities in North America, Asia Pacific and emerging markets and cost savings potential in Europe. We expect both earnings and dividends to continue to increase over the next few years. The airline ticket reservations company, Amadeus IT Holding, was also strong as the company announced two new contracts in the important US travel market. Amadeus has a powerful business model with high operating leverage to growth in transaction volumes.

Smith & Nephew was added to the portfolio during the month. We believe the market is overly negative on the orthopedic business and that the growing endoscopy and wound businesses, which will account for almost half of this year's revenues, are under appreciated. The company has a strong balance sheet and generates both high margins and a high return on capital employed.

**Outlook**

Although it might not feel like it to a UK investor, equity markets have already been quite strong this year with the US market up 11% and close to a four year high. There are still plenty of risks to be concerned about, most notably the on-going European crisis, which is far from solved, the need for the US to tackle its own fiscal deficit and the slowing of growth in China. The political process will be important here which adds a degree of unpredictability particularly with elections a feature for 2012. That said most companies are in good shape with strong balance sheets and they are generating a lot of cash whilst equity market valuations are reasonably attractive in a historical context. We have a preference for well-financed companies with strong and defensible market positions, and where absolute valuations are attractive.

**Performance (%)**



**Cumulative Performance (%)**

	3 Months	6 Months	1 Year	3 Years	5 Years
<b>Share Price</b>	<b>11.7</b>	<b>9.5</b>	<b>4.9</b>	<b>51.1</b>	<b>8.7</b>
NAV	5.2	9.6	2.0	49.8	6.7
Benchmark	2.4	6.6	-2.3	47.8	12.5

**Discrete Performance (%)**

From	30.03.07	31.03.08	31.03.09	31.03.10	31.03.11
To	31.03.08	31.03.09	31.03.10	31.03.11	30.03.12
<b>Share Price</b>	<b>-1.4</b>	<b>-27.9</b>	<b>43.8</b>	<b>4.3</b>	<b>6.6</b>
NAV	-1.0	-31.4	49.9	5.1	5.0
Benchmark	-5.5	-24.3	49.6	8.5	0.9

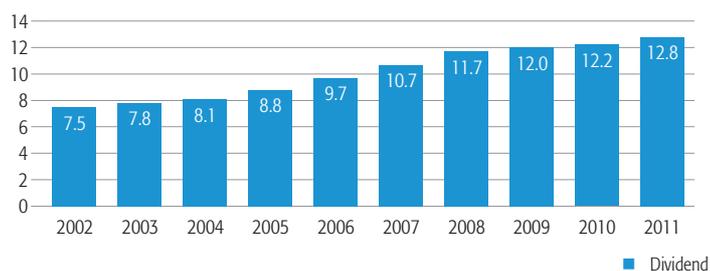
Source: Lipper, share price calculation percentage growth, mid to mid, total return to 30.04.12.

Benchmark: 50% FTSE All-Share Index; 50% FTSE All-World ex UK Index.

Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested. This investment trust charges 70% of its annual management fee to the capital account and 30% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result. Your capital could also decrease if income paid out of capital exceeds the growth rate of the trust.

**Dividend History**

**Ten Year Net Dividend Record in Pence (to year end 30 November)**



**Net Dividends Paid (year ending 30 November)**

	Pay Date	XD Date	Payment
Interim Dividend	02.09.11	05.08.11	4.8p
Final dividend	23.03.12	24.02.12	8.0p



## Capital Structure

Total Assets:	£271.0m
Gearing (net):	8.1%
Shares in Issue:	43,277,918 (Ordinary 25p)
Share Price <sup>1</sup> :	390.0p
Net Asset Value <sup>2</sup> :	501.3p (461.4p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-22.2% (-15.5% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>2</sup> :	3.1%

1. Source: Lipper as at 30.04.12, market close mid price.

2. Source: Datastream as at 30.04.12. Calculated using the latest full year dividend divided by the current share price.

3. A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. In line with current industry best practice NAVs are now shown that take into account the 'fair value' of debt. This means NAVs are calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. NAVs with debt at market value provide a more realistic impact of the cost of debt, and thus a more realistic discount. It is the capital NAV that is shown, which excludes any income.

## Key Information

Launch Date:	January 1927
AIC Sector:	Global Growth
Benchmark:	50% FTSE All-Share Index 50% FTSE All-World ex UK Index
Annual Management Charge:	0.45%
Performance Fee:	No
Total Expense Ratio: <sup>4</sup>	0.60%
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	March, August
Price Information:	Financial Times, The Daily Telegraph, <a href="http://www.rcm.com/investmenttrusts">www.rcm.com/investmenttrusts</a>

Board of Directors:  
Keith Percy (Chairman), Ian Barlow (Chairman of the Audit Committee), William Worsley (Senior Independent Director), Vivian Bazalgette, Peter Maynard

Company Secretary	Kirsten Salt
Investment Manager	Lucy MacDonald, CIO, Global Equity Jeremy Thomas, CIO, UK Equity
Codes:	RIC: BUT SEDOL: 0149000 ISIN: GB0001490001

4. Source: Annual Financial Report as at 30 November 2011

## Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

The Trust seeks to enhance returns for its shareholders through gearing, in the form of long-term, fixed rate debentures. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

All data source RCM (UK) Limited as at 30.04.12 unless otherwise stated.

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## Portfolio Analysis

Top 5 Equity Holdings	(%)	(%)
UK Government 4.5% 2013	3.8	
UK Gov Bond 2.5% Ind-Linked '20	3.4	
GlaxoSmithKline	3.4	
Royal Dutch Shell "B" Shares	3.3	
UK Gov Bond 4.0% 2022	3.2	

Total Number of Holdings 113

Largest holdings shown excluding Government debt which is held for structural and not investment reasons

Sector Breakdown	(%)
Industrials	14.9
Financials	14.5
Cash	12.6
Health Care	10.6
Oil & Gas	10.3
Consumer Goods	9.8
Technology	7.3
Consumer Services	6.9
Basic Materials	6.0
Telecommunications	4.7
Utilities	2.2

Geographic Breakdown	(%)
UK	43.3
North America	22.9
Cash	12.6
Europe ex UK	8.7
Pacific ex Japan	8.2
Japan	2.9
Latin America	1.4

## HOW TO INVEST?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker. Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website or from the AIC at [www.theaic.co.uk](http://www.theaic.co.uk)

## CONTACT US

To download the Annual Financial Report, Trust brochure or watch an interview with the fund manager, please visit us online at [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts)



If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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