

**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.

**Aim**

The Trust's objective is to increase its total return above the benchmark index of 50% FTSE All-Share and 50% FTSE All-World Index (ex UK sterling adjusted) over the long term, by investing in UK and international securities. The strategy of the Trust is designed to meet the requirements of those seeking a single investment in a diversified and professionally managed portfolio.

**History**

The Trust was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form ICI in 1926. The Trust has been managed by RCM (a subsidiary of Allianz Global Investors, formerly Kleinwort Benson) since inception.

**Performance (%)**



**Cumulative Performance (%)**

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-5.74	-7.84	-2.20	28.14	-5.61
NAV	-5.97	-5.31	0.00	31.31	-5.40
Benchmark	-5.67	-9.78	-2.34	31.25	-2.21

**Standardised Past Performance (%)**

	From	To	Share Price (%)	NAV (%)	Benchmark (%)
3 Months	29.09.06	28.09.07	17.76	16.57	9.64
6 Months	28.09.07	30.09.08	-23.65	-21.14	-21.24
1 Year	30.09.08	30.09.09	0.94	-2.04	7.56
3 Years	30.09.09	30.09.10	6.32	7.22	7.93
5 Years	30.09.10	30.09.11	-6.86	-4.92	-6.89

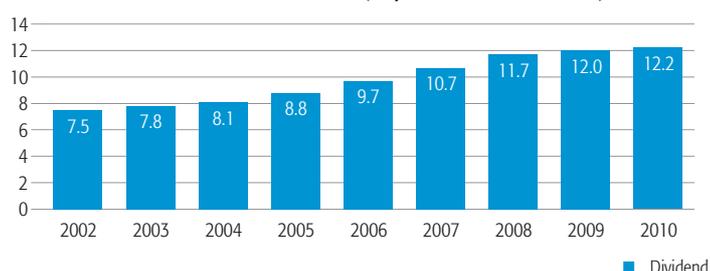
Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 31.10.11.

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 (calendar year to date)**

	Pay Date	XD Date	Payment
Interim Dividend	2.9.11	5.8.11	4.8p

**Fund Managers' Review**

Lucy MacDonald    Jeremy Thomas



Global markets staged a broad-based recovery in October on growing hopes that European political leaders were coming closer to resolving the on-going euro-zone sovereign debt saga. Towards the end of the month EU leaders reached an agreement that will see private-sector

holders of Greek debt take a 50% cut in the value of their bonds, expand the scope of the European Financial Stability Facility, the euro-zone's bail-out fund, and boost the capital buffers of European banks. Initial reaction was positive but by the final day of the month scepticism returned, leading the market to give up some of the month's gains.

The Trust's NAV returned 8.04% (capital only) versus the benchmark which returned 7.17%. The UK portion of the portfolio lagged primarily because of the fairly defensive portfolio positioning led by the underweight in the mining sector, in particular BHP Billiton and Xstrata. Stock selection was neutral over the month, although further weakness in Mothercare was disappointing as poor trading in the UK and resignation of the CEO took the shares lower. We continue to see a huge amount of value in the profitable and fast growing international franchise business of Mothercare. Two meetings with the company in the last few weeks suggest the UK business can be returned to modest profitability which alone would drive considerable upside in the stock.

The offshore portfolio fared better, helped by stock selection in the energy sector, especially National Oilwell Varco, Marathon Petroleum and Suncor Energy. We continue to believe that the secular outlook for oil prices remains supportive, driven by global demand growth of 1-1.5 mn barrels per day over the next several years and that these companies have exciting earnings prospects based on deep water and shale drilling, oil sands volume growth and healthy refining margins, respectively.

As European policy makers struggle to put in place credible solutions to the crisis it is increasingly likely that only two options remain. The first is a breakup of the Eurozone which would have profoundly negative implications for economic growth and asset prices. The alternative is an unlimited intervention by the European Central Bank to buy peripheral government bonds. This would be inflationary and positive for equity markets. As the market speculates on the outcome we retain a preference for a balanced portfolio with a good weighting to large multinational defensive growth companies with pricing power, healthy balance sheets and attractive dividend yields.

All data source RCM (UK) Limited as at 31.10.11 unless otherwise stated.



## Capital Structure

Total Assets:	£257.6m
Gearing (net):	8.6%
Shares in Issue:	43,713,587 (Ordinary 25p)
Share Price <sup>1</sup> :	390.0p
Net Asset Value <sup>2</sup> :	464.7p (425.0p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-16.1% (-8.2% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>2</sup> :	3.13%

1. Source: Lipper as at 31.10.11, market close mid price.

2. Source: Datastream as at 31.10.11. 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

## 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.

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## Portfolio Analysis

Top Ten Holdings	(%)	(%)	
UK Gov Bond 5.0% 2012	3.9	Royal Dutch Shell "B" Shares	3.1
UK Gov Bond 2.5% Ind-Linked '20	3.5	Vodafone	2.7
GlaxoSmithKline	3.5	HSBC	2.2
UK Gov Bond 4.0% 2022	3.3	Diageo	2.1
BP	3.1	Unilever	1.9
Total Number of Holdings		106	

Sector Breakdown	(%)
Financials	16.14
Industrials	13.32
Cash	13.20
Oil & Gas	10.53
Consumer Services	9.57
Consumer Goods	9.37
Health Care	8.65
Technology	6.61
Basic Materials	5.16
Telecommunications	5.07
Utilities	2.39
Other	0.01

Geographic Breakdown	(%)
UK	44.22
North America	20.50
Cash	13.20
Europe ex UK	9.53
Pacific ex Japan	7.96
Japan	3.14
Latin America	1.45

## 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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