

The Brunner Investment Trust PLC

Factsheet

31 December 2012

Fund Managers' Review



Lucy MacDonald & Jeremy Thomas

Market Review

Equity markets were supported by positive developments in Europe, Asia and the US and finished the month on a strong note. The FTSE All World ex UK Index rose 0.9% and the FTSE All-Share Index gained 1.0%. Markets reacted positively to a successful government debt buyback by Greece, which opened the door to an additional EUR34.4 bn tranche of financial support from the Euro zone. Greek bond yields fell sharply as a result. These positive developments, however, were partially tempered by the announcement by Italian Prime Minister Mario Monti that he would resign earlier than expected.

In China there were increasing signs that growth was beginning to pick up. November industrial output and retail sales showed the strongest growth in eight months and exports continued to recover. Markets also reacted positively to the results of the Japanese election, which gave the LDP a strong mandate to pursue more aggressive monetary easing and fiscal stimulus in order to reignite economic growth.

In the US, markets were supported by the Federal Reserve Board's announcement that it would implement an additional round of quantitative easing, taking monthly purchases of US Treasuries and mortgaged-back securities to \$85 bn. While markets began to sell off on news that a comprehensive deal to avert draconian tax increases and spending cuts known as the "fiscal cliff" had fallen apart, shares ended the year on a high note as details of a tentative deal on limiting tax increases to higher income earners began to emerge. However, the issues of spending cuts and raising the US debt ceiling will still need to be dealt with in early 2013.

Portfolio Review

The value of the portfolio's NAV increased 1.0% (share price increased by 1.33%), versus the benchmark which returned 0.94%. Tullet Prebon rebounded after last month's weakness. Revenues had been weak recently due to a slowdown in capital markets activity, the Olympics and Hurricane Sandy in the US. Management continues to reduce costs and invest in its electronic broking capabilities. Volumes are expected to recover as over-the-counter trading activity moves onto electronic platforms due to regulatory changes designed to improve transparency, liquidity and pricing. We expect further consolidation to take place among inter-broker dealers and expect Tullet Prebon to emerge as a long-term beneficiary.

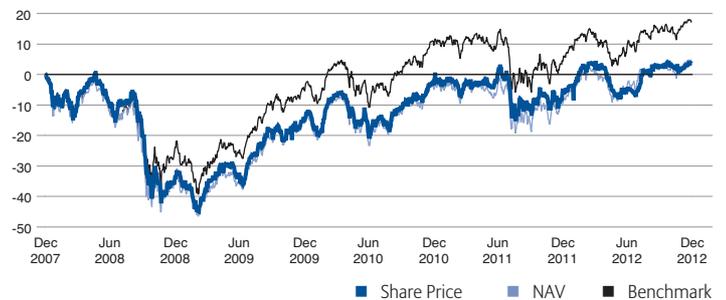
Walgreen also contributed. The company is steadily regaining customers that it lost last year in its dispute with pharmacy benefits manager, Express Scripts. Walgreen has also acquired a stake in Alliance Boots which should provide synergies in the bulk purchasing of generic drugs and supply chain economies of scale. Sentiment towards the shares has been negative due to the Express Scripts dispute and earnings are depressed. The shares should benefit from both a recovery in earnings and a re-rating as sentiment improves.

Lupus Capital detracted during the month. The recovery in the US housing market has not yet flowed through to sales and profits as the company has more exposure to housing completions which lag housing starts. We expect to see a strong recovery in 2013, generating operating leverage and good profit growth.

Outlook

The global economy will remain, structurally, in a low growth environment. However, we are seeing more signs that global growth momentum is stabilizing. Economic data out of Asia, particularly China, continues to show gradual improvement. US housing and, consequently, consumer data are also positive and the weakness in new orders was probably due to uncertainty created by the fiscal cliff discussions. EMU economic indicators are also picking up, albeit from recessionary levels, and there are increasing indications that the financial system stresses are easing.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	0.7	8.1	9.2	21.8	3.6
NAV	2.3	8.2	14.5	23.6	3.8
Benchmark	3.0	7.5	12.2	23.6	17.1

Discrete Performance (%)

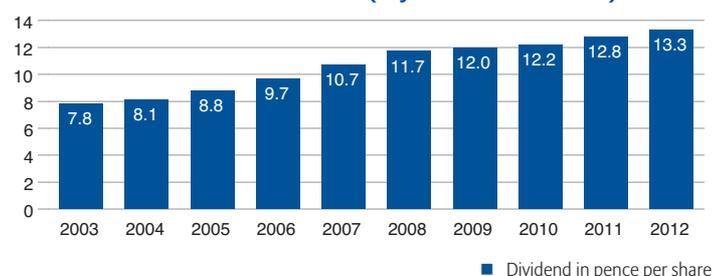
From To	31.12.07 31.12.08	31.12.08 31.12.09	31.12.09 31.12.10	31.12.10 30.12.11	30.12.11 31.12.12
Share Price	-33.7	28.2	14.3	-2.4	9.2
NAV	-33.5	26.3	13.1	-4.6	14.5
Benchmark	-23.9	24.5	15.7	-4.8	12.2

Source: Lipper, percentage growth, mid to mid, total return to 31.12.12. 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.

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Dividend History

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



Allianz Global Investors, 155 Bishopgate, London EC2M 3AD

Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.

Allianz 
Global Investors

The Brunner Investment Trust PLC

Capital Structure

Total Assets:	£280.6m
Gearing (net):	4.9%
Shares in Issue:	43,206,918 (Ordinary 25p)
Share Price ¹ :	419.0p
Net Asset Value ² :	522.2p (481.7p – debt at market value)
Premium/-Discount to NAV ³ :	-19.8% (-13.0% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	3.10%

1. Source: Lipper as at 31.12.12, market close mid price.

2. Source: Datastream as at 31.12.12. 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
On-going Charges ⁴ :	0.78%
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, www.brunner.co.uk

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

Company Secretary: Kirsten Salt

Investment Manager: Lucy MacDonald,
Jeremy Thomas,

Codes: RIC: BUT
SEDOL: 0149000

4. Source: AIC, as at the Trust's Financial Year End. On-going Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee and the market value of the debt (gearing).

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 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 Allianz Global Investors as at 31.12.12 unless otherwise stated.

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Sector Breakdown (%)

Financials	15.6
Cash	14.3
Industrials	13.4
Oil & Gas	10.1
Health Care	9.8
Consumer Services	8.8
Consumer Goods	8.6
Basic Materials	7.3
Technology	5.8
Telecommunications	4.7
Other	1.8

Geographic Breakdown (%)

UK	42.7
North America	21.0
Cash	14.3
Europe ex UK	9.4
Pacific ex Japan	8.5
Japan	2.4
Latin America	1.7

Top Ten Holdings (%)

HSBC	3.2	Rio Tinto	1.9
Royal Dutch Shell "B" Shares	3.1	Diageo	1.9
BP	2.9	Reed Elsevier	1.8
GlaxoSmithKline	2.9	BHP Billiton	1.4
Vodafone	2.2	Unilever	1.3
Total Number of Holdings	106		

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

Net Dividends (Financial Year to Date)

	Pay Date	XD Date	Payment
Interim dividend	31.8.12	3.8.12	5.0p per share
Final dividend	22.3.13	22.2.13	8.3p per share

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

Contact Us

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

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website: www.brunner.co.uk