

30 June 2009

## 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.

## Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including demand, or lack of, 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.

## 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.

## Fund Managers' Review



Mark Lovett



Lucy MacDonald

World Equity markets posted their first their first monthly loss since March as the bear market rally stuttered to a halt. Macroeconomics were mixed with some data points again suggesting that the pace of decline is slowing, but this had generally been accepted by the market, so was not enough to enthuse investors. Eastern

Europe continued to be an area of concern as rumours that Latvia may have to devalue its currency surfaced. This weighed heavily on the Western European and Scandinavian banks with the largest Eastern European exposure. Credit rating agency S&P also downgraded Ireland's credit rating for the second time in four months. This shows that although the economic environment may be showing signs of improvement, the ability of countries to finance their debt burden will be a major factor in any recovery.

Brunner performed behind its benchmark in June, primarily due to the performance of stocks with a high Emerging markets exposure. Potash Saskatchewan, which had performed well in the market rally was one of the worst performers within the portfolio after it was forced to cut its second quarter profit forecast. Demand from around the world has declined as farmers switch to phosphate and nitrogen based fertilisers where prices have fallen further. Reed Elsevier also underperformed in June amid concerns that the new management teams strategy and a possible write-down of the recently acquired Choicepoint, could lead to a drop in earnings. The best performers within the portfolio were UK oil exploration company Dana Petroleum and US adult education provider Apollo. Dana rose sharply on speculation that it may be the subject of a \$18 per share bid, whilst Apollo performed well after reporting strong growth in student enrolments and a confident outlook for the rest of the year.

## Key Information

<b>Total Assets:</b>	£219.3m
<b>Gearing (net):</b>	14.6%
<b>No. of Shares (Ordinary 1p):</b>	46,695,015
<b>Share Price<sup>1</sup>:</b>	303.0p
<b>Net Asset Value<sup>2</sup>:</b>	354.3p (332.1p – debt at market value)
<b>Premium/-Discount to NAV<sup>2</sup>:</b>	-14.5% (-8.8% – debt at market value)
<b>Dividend Yield<sup>2</sup>:</b>	3.86%
<b>No. of Holdings:</b>	127

All data source RCM (UK) Limited as at 30.06.09 unless otherwise stated.

<b>Launch Date:</b>	January 1927
<b>AIC Sector:</b>	Global Growth
<b>Benchmark:</b>	50% FTSE All-Share Index 50% FTSE All-World ex UK Index
<b>Year end:</b>	30 November
<b>Reports &amp; Accounts:</b>	Final posted in February, Interim posted in July
<b>AGM:</b>	March
<b>Dividends:</b>	March, August
<b>Price Information:</b>	Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts
<b>Board of Directors:</b>	Keith Percy (Chairman), Vivian Bazalgette, Ben Siddons, William Worsley, Richard Wakeling
<b>Investment Manager:</b>	Mark Lovett, CIO, UK & European Equity Lucy MacDonald, CIO, Global Equity RCM A company of Allianz Global Investors
<b>Investor Services:</b>	020 7065 1407

<sup>1</sup>Source: Lipper as at 30.06.09, market close mid price.

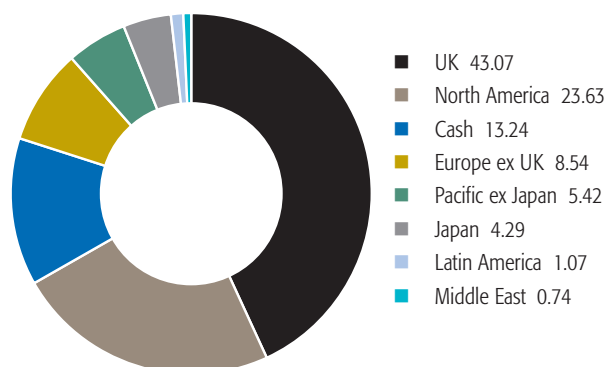
<sup>2</sup>Source: Datastream as at 30.06.09. Calculated using the latest full year dividend divided by the current share price.

<sup>3</sup>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.

## Top Ten Holdings (%)

Name	%
4.75% UK Government Stock 2010	9.3
Royal Dutch Shell "B" Shares	3.3
GlaxoSmithKline	3.2
BP	3.1
HSBC	3.0
Vodafone Group	2.5
BG Group	2.0
Unilever	1.8
BHP Billiton	1.4
Cobham	1.4
<b>Total</b>	<b>31.0</b>

## Geographic Breakdown (%)



Changes in rates of exchange may cause the value of investments and the income from them to go down or up.

## 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.

**RIC:** BUT      **SEDOL:** 0149000      **ISIN:** GB0001490001

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 [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts) or from the AIC at [www.theaic.co.uk](http://www.theaic.co.uk)

Please note: Our Investment Trust Savings Plan was closed and transferred to Alliance Trust Savings on 29 February 2008. Alliance Trust can be contacted on 01382 573 737 or [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

## RCM Advantage

RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to investment markets around the world through professionally managed portfolios. Each trust benefits from the expertise of the RCM fund managers yet, as a company listed on the London Stock Exchange, it is independent and is overseen by its own Board of Directors.

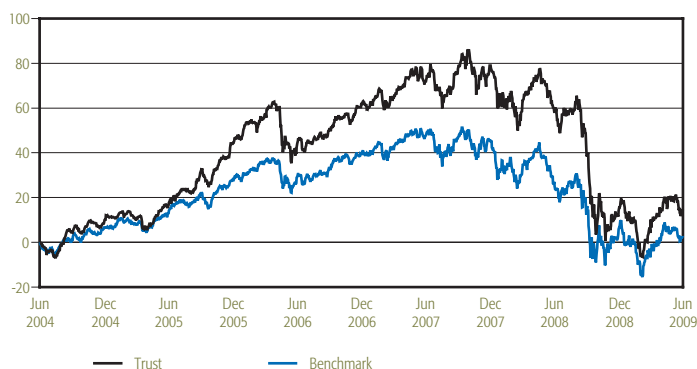
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as at 30.06.09 unless otherwise stated.

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## Performance

### Five Year Trust Performance (%)



### Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	3.59	-1.30	-27.86	-20.89	14.12
Benchmark	7.15	-4.35	-19.64	-21.06	2.10

### Standardised Past Performance (%)

From	30.06.04	30.06.05	30.06.06	29.06.07	30.06.08
To	30.06.05	30.06.06	29.06.07	30.06.08	30.06.09
Share Price	16.76	23.55	19.19	-8.00	-27.86

Source: Lipper, percentage growth, mid to mid, capital return, to 30.06.09  
Benchmark: 50% FTSE All-Share Index/50% FTSE All-World ex UK Index. Note the benchmark was 60% FTSE All-Share and 40% FT/S&P World Index (ex UK sterling adjusted) up to 26th March 2008.

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

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.