

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	9.9	8.8	1.2	64.6	-3.7
NAV	9.8	10.8	0.8	59.7	0.3
Benchmark	8.0	8.9	-2.1	58.0	2.8

Discrete Performance (%)

	From	To	Share Price	NAV	Benchmark
	29.12.06	31.12.07	10.6	12.6	4.2
	31.12.07	31.12.08	-35.4	-35.0	-26.5
	31.12.08	31.12.09	23.1	22.1	20.3
	31.12.09	31.12.10	10.7	10.2	12.5
	31.12.10	30.12.11	-5.3	-7.0	-7.6

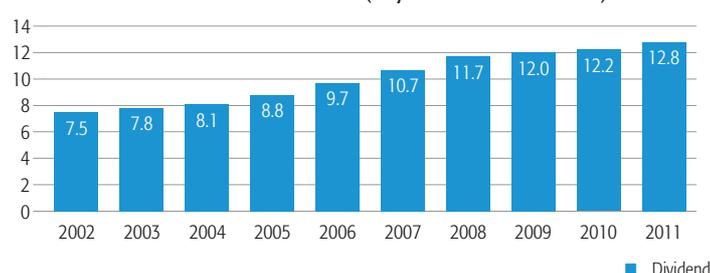
Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 29.02.12.

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	23.09.11	24.02.12	8.0p

Fund Managers' Review

Lucy MacDonald Jeremy Thomas



Global equity markets continued to rise on increased risk appetite and reduced volatility. The MSCI World Index increased 3.7% (GBP) and the FTSE All-Share was 4.3% higher. The most important catalysts were easing concerns about the euro zone crisis, largely due to the ECB's three-year refinancing operations, and indications that the US economy was on a sustainable path to recovery. Financials and economically sensitive sectors such as Information Technology and Consumer Discretionary led the way higher. MSCI World is now up over 20% from its lows in October 2011 and the S&P 500 at its highest level since mid-2008.

The overall portfolio outperformed with the Overseas portfolio ahead of the benchmark and the UK portfolio in-line. US holdings Priceline.com and Apple were both strong after announcing results that were ahead of expectations. Priceline.com continues to gain market share in online travel and now has relationships with 195,000 hotels, a 48% increase year-on-year. Apple continues to exhibit strong product momentum with the impending launch of the new iPad and, later this year, iPhone.

In the UK, Travis Perkins and Xchanging also released good results, which led to an increase in 2012 profit forecasts for both. Travis Perkins is the market leader in the UK building products distribution industry which affords it price leadership and attractive financial metrics such as margins, return on capital and cash generation. The restructuring of Xchanging under the leadership of Ken Lever is proving increasingly successful and we see considerable further upside in the coming year.

We started a new investment in AMEC, the oil services provider. We continue to see considerable growth in oil industry capex and we don't believe the valuation of AMEC when adjusted for the £700m of cash on the balance sheet reflects the growth potential of the business. US railway operator Union Pacific was also purchased as the company is a beneficiary of volume growth and better pricing as legacy contract agreements expire.

The ECB has averted a liquidity crisis but it is unclear how European growth will recover in an environment of deleveraging and fiscal retrenchment. US economic data, while still positive, are unlikely to surprise as much on the upside in the coming months. On the positive side, equities remain supported by valuations and strong corporate liquidity. We continue to look for companies with secular growth prospects, strong cash flows and, increasingly, attractive dividend yields, that will deliver attractive returns over time.

All data source RCM (UK) Limited as at 29.02.12 unless otherwise stated.



Capital Structure

Total Assets:	£271.1m
Gearing (net):	9.3%
Shares in Issue:	43,344,918 (Ordinary 25p)
Share Price ¹ :	418.0p
Net Asset Value ² :	506.1p (465.5p – debt at market value)
Premium/-Discount to NAV ³ :	-17.4% (-10.2% – debt at market value)
NAV Frequency	Daily
Dividend Yield ² :	3.1%

1. Source: Lipper as at 29.02.12, market close mid price.

2. Source: Datastream as at 29.02.12. 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: ⁴	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, www.rcm.com/investmenttrusts

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 5 Equity Holdings	(%)	(%)
Royal Dutch Shell "B" Shares	3.3	
GlaxoSmithKline	3.2	
BP	3.1	
Vodafone	2.5	
HSBC	2.3	

Total Number of Holdings 112

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

Sector Breakdown	(%)
Financials	15.6
Industrials	15.0
Cash	11.6
Oil & Gas	11.3
Health Care	9.4
Consumer Goods	9.4
Consumer Services	7.3
Technology	6.9
Basic Materials	6.3
Telecommunications	4.8
Utilities	2.4

Geographic Breakdown	(%)
UK	44.0
North America	22.4
Cash	11.6
Europe ex UK	8.7
Pacific ex Japan	8.3
Japan	3.2
Latin America	1.8

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

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



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

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