

**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.

**Performance (%)**



**Cumulative Performance (%)**

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-7.6	3.2	-3.8	29.7	-1.0
NAV	-0.9	4.3	3.4	38.9	4.3
Benchmark	-0.1	2.3	1.3	37.2	13.7

**Discrete Performance (%)**

	From	To	Share Price	NAV	Benchmark
	29.06.07	30.06.08	-5.8	-6.6	-11.2
	30.06.08	30.06.09	-25.1	-27.6	-16.6
	30.06.09	30.06.10	20.5	21.5	22.2
	30.06.10	30.06.11	24.0	23.3	23.9
	30.06.11	29.06.12	-4.6	-0.6	-3.3

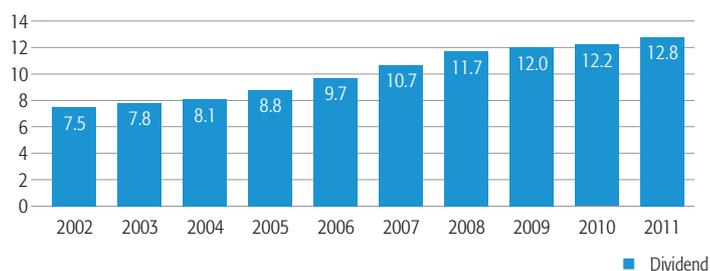
Source: Lipper, share price calculation percentage growth, mid to mid, total return to 31.07.12.

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 (financial year to date)**

	Pay Date	XD Date	Payment
Interim Dividend	31.08.12	03.08.12	5.0p

**Fund Managers' Review**

Lucy MacDonald    Jeremy Thomas



**Market Review**

Equity markets edged higher as concerns about weak corporate earnings and rising borrowing costs for Spain and Italy were met with policy responses from both governments and central banks. The FTSE

All World index rose 1.54%. Early in the month the ECB and People's Bank of China cut lending rates in response to sluggish economic growth and the Bank of England increased its asset purchase program by £50bn. In addition, Euro zone ministers agreed to grant Spain an extra year until 2014 to reach its deficit reduction targets in exchange for further budget savings. However, disappointing US jobs data, weak US, European and Chinese manufacturing and service sector surveys and corporate warnings about difficult economic conditions weighed on markets mid-month. Markets did recover on supportive comments by ECB president Mario Draghi which temporarily eased Euro worries. Spanish bond yields fell sharply after hitting record highs.

**Portfolio Review**

The Trust's NAV returned 2.0% versus the benchmark which returned 1.4%. Aegis was the top contributor to performance. The company received a takeover offer from Japanese advertising firm Dentsu at a 48% premium to the previous day's share price. Keller Group also gained as H1 results highlighted the strength of the company's US business, particularly in private commercial and residential construction. Business trends are improving in all regions except Europe, forecasts look conservative and long-term valuations remain supportive.

Allergan, a long term outperformer, was the most significant detractor. The stock was weak on speculation that Botox growth trends were losing momentum. However, a recent Grassroots study on non-surgical cosmetic procedure trends in the US has found no signs of a slowdown. United Health Group also detracted. The stock has also been a long-term contributor as a result of positive membership enrolment and medical insurance pricing trends. The company posted good results and raised guidance and continues to be more disciplined in pricing than many of its competitors, emphasizing profitability over growth. Nonetheless, margins are anticipated to come under some pressure over the short term due to a more challenging operating environment and we have taken some profits as the stock trades at a significant premium to its peers.

**Outlook**

As such, our outlook for global equities remains unchanged. The current low interest rate and low growth environment will continue for the foreseeable future. Equities are likely to continue to struggle although we would expect markets to react very positively in the event that European governments formulate a credible roadmap to fiscal and political union. In any case, stock selection will continue to be critical and our focus remains on high quality companies that are positioned to profitably access structural growth opportunities on a global, regional or industry basis.

## Capital Structure

Total Assets:	£269.3m
Gearing (net):	5.9%
Shares in Issue:	43,277,918 (Ordinary 25p)
Share Price <sup>1</sup> :	387.0p
Net Asset Value <sup>2</sup> :	496.9p (451.7p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-22.1% (-14.3% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>2</sup> :	3.4%

1. Source: Lipper as at 31.07.12, market close mid price.

2. Source: Datastream as at 31.07.12. 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 31.07.12 unless otherwise stated.

Issued by RCM (UK) Limited. Authorised and regulated by the Financial Services Authority. The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation and anyone who acts on it, or changes their opinion thereon, does so entirely at their own risk. The opinions expressed are based on information which we believe to be accurate and reliable, however, these opinions may change without notice.

## Portfolio Analysis

Top Ten Holdings	(%)	(%)	
Royal Dutch Shell "B" Shares	3.3	Diageo	1.9
GlaxoSmithKline	3.3	Rio Tinto	1.7
BP	2.8	Reed Elsevier	1.6
Vodafone	2.7	Philip Morris	1.4
HSBC	2.3	Abbot Labs	1.4
Total Number of Holdings			112

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

Sector Breakdown	(%)
Financials	14.7
Industrials	14.3
Cash	14.1
Oil & Gas	10.4
Health Care	10.2
Consumer Goods	9.1
Consumer Services	8.3
Technology	6.4
Basic Materials	5.6
Telecommunications	5.2
Other	1.9

Geographic Breakdown	(%)
UK	42.8
North America	22.2
Cash	14.1
Europe ex UK	8.8
Pacific ex Japan	8.1
Japan	2.5
Latin America	1.5

## 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:

**0800 389 4696**

**e-mail: [investment-trusts@uk.rcm.com](mailto:investment-trusts@uk.rcm.com)**

**website: [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts)**