

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.

Fund Managers' Review

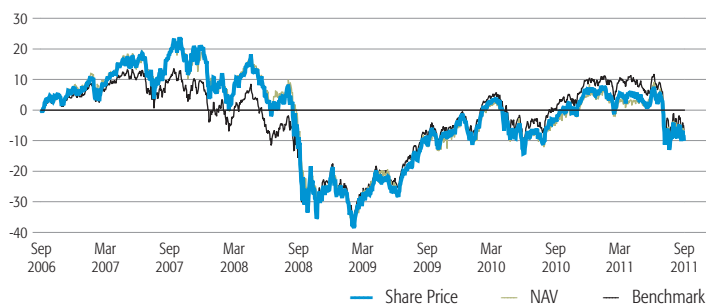
Lucy MacDonald Jeremy Thomas



Over the course of the month, the portfolio benefited most from the underweight position in the mining sector which fell sharply as commodity investors began to react to economic data that indicates slowing growth is likely to impact the outlook for emerging markets

as well as the debt burdened developed economies. The Trust's NAV (-5.8%) performed in line with the benchmark (-5.3%). Stock selection in Health Care also helped performance as Celgene and Allergan were supported by good earnings visibility for their major products. The large defensive growth stocks in the portfolio such as GlaxoSmithKline and Diageo were also positive contributors. This was offset by weakness in Chinese internet search company Baidu which fell on news of a U.S. Justice Department investigation into the accounting practices of U.S.-listed Chinese companies. Man Group was also weak due to a disappointing trading update in the final week of the month. A new addition to the portfolio was Lupus Capital, a deeply undervalued manufacturer of doors and windows. Lupus also owns a couplings business that provides product to the oil and gas industry, which we expect them to sell for a consideration somewhat more than half of the current market capitalisation of the whole group. We believe the remainder of the business will perform extremely well when first signs of a recovery in new housing construction in the US become apparent. Sells included Disney and Nalco, a water treatment company whose share price has been supported by a takeover bid. Overall the portfolio remains fairly defensively positioned, whilst looking to benefit from stock specific opportunities volatile markets present.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-14.48	-13.90	-6.86	-0.04	-10.12
NAV	-13.55	-10.71	-4.92	-0.14	-8.19
Benchmark	-14.86	-14.72	-6.89	8.09	-6.66

Standardised Past Performance (%)

From	29.09.06	28.09.07	30.09.08	30.09.09	30.09.10
To	28.09.07	30.09.08	30.09.09	30.09.10	30.09.11

Share Price	17.76	-23.65	0.94	6.32	-6.86
NAV	16.57	-21.14	-2.04	7.22	-4.92
Benchmark	9.64	-21.24	7.56	7.93	-6.89

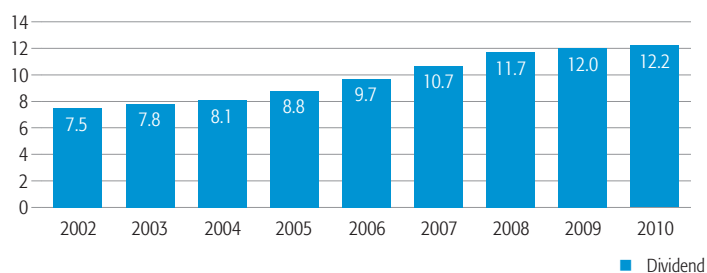
Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 30.09.11.

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	Record Date	Payment
Final Dividend	25.3.11	25.2.11	7.4p per share
Interim Dividend	2.9.11	5.8.11	4.8p per share

Capital Structure

Total Assets:	£242.1m
Gearing (net):	9.6%
Shares in Issue:	43,746,587 (Ordinary 25p)
Share Price ¹ :	367.0p
Net Asset Value ² :	430.1p (390.1p – debt at market value)
Premium/-Discount to NAV ³ :	-14.7% (-5.9% – debt at market value)
NAV Frequency	Daily
Dividend Yield ² :	3.32%

1. Source: Lipper as at 30.09.11, market close mid price.

2. Source: Datastream as at 30.09.11. 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: 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.

All data source RCM (UK) Limited as at 30.09.11 unless otherwise stated.

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Portfolio Analysis

Top Ten Holdings	(%)	(%)	
UK Gov Bond 5.0% 2012	4.2	BP	2.8
UK Gov Bond 2.5% Ind-Linked '20	3.7	Vodafone	2.7
GlaxoSmithKline	3.5	HSBC	2.1
UK Gov Bond 4.0% 2022	3.5	Diageo	2.1
Royal Dutch Shell "B" Shares	3.0	Unilever	1.9
Total Number of Holdings			106

Sector Breakdown

Sector	(%)
Financials	15.69
Cash	13.86
Industrials	13.30
Consumer Services	9.81
Oil & Gas	9.70
Consumer Goods	9.50
Health Care	8.93
Technology	6.38
Telecommunications	5.39
Basic Materials	4.99
Utilities	2.43
Other	0.01

Geographic Breakdown

Geographic	(%)
UK	44.28
North America	20.00
Cash	13.86
Europe ex UK	9.37
Pacific ex Japan	7.78
Japan	3.34
Latin America	1.37

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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