

30 September 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

September was another positive month for World equity markets as economic data points continued to show improvement and a number of companies reported earnings figures that were better than expected. In the US the Federal Reserve stated that the US recession had ended, whilst the much watched ISM manufacturing index moved above 50 for the first time since January 2008, suggesting manufacturing growth. In Europe, German unemployment fell unexpectedly but the ECB remains cautious and seems comfortable with the current 1% interest rate in the near term. The minutes from the Bank of England policy meeting revealed that although the Quantitative Easing program was not extended in September, a future extension could be on the cards

Brunner's NAV outperformed its benchmark over the month. The best performers within the portfolio were Brazilian bank Itau Unibanco, new holding ANZ bank and UK food service group Compass. Itau advanced over 20% during the month as the company announced plans to open a further 150 branches in Brazil as Brazilian growth quickens with lending to grow by 10% in 2010. Compass reported a solid fiscal fourth quarter that showed growth in profit margins which more than offset a fall in revenue in a tough trading environment. The worst performers were the Japanese Banks Sumitomo Mitsui and Mitsui Fudosan as investors remained wary of Japanese economic prospects and the possibility of further capital needing to be raised by the financial sector. Telety was also among the worst performers after a large placing of shares with a number of investors taking profits after excellent year to date performance.

Key Information

| | |
|--|--|
| Total Assets: | £255.6m |
| Gearing (net): | 11.6% |
| No. of Shares (Ordinary 1p): | 46,633,305 |
| Share Price¹: | 360.0p |
| Net Asset Value²: | 434.3p (412.0p – debt at market value) |
| Premium/-Discount to NAV²: | -17.1% (-12.6% – debt at market value) |
| Dividend Yield²: | 3.25% |
| No. of Holdings: | 124 |

All data source RCM (UK) Limited as at 30.09.09 unless otherwise stated.

| | |
|---------------------------------|--|
| Launch Date: | January 1927 |
| AIC Sector: | Global Growth |
| Benchmark: | 50% FTSE All-Share Index 50% FTSE All-World ex UK Index |
| 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), Vivian Bazalgette, Ben Siddons, William Worsley, Richard Wakeling |
| Investment Manager: | Mark Lovett, CIO, UK & European Equity Lucy MacDonald, CIO, Global Equity RCM A company of Allianz Global Investors |
| Investor Services: | 020 7065 1407 |

¹Source: Lipper as at 30.09.09, market close mid price.

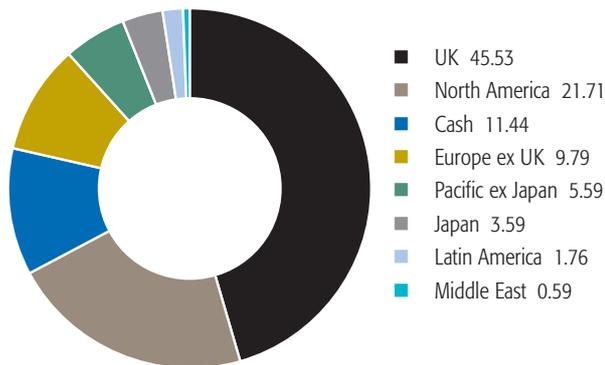
²Source: Datastream as at 30.09.09. Calculated using the latest full year dividend divided by the current share price.

³A 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 | 6.0 |
| HSBC | 4.2 |
| Royal Dutch Shell "B" Shares | 3.3 |
| GlaxoSmithKline | 3.1 |
| Vodafone Group | 2.6 |
| BP | 2.6 |
| BG Group | 2.2 |
| 4% UK Government 2022 | 2.0 |
| Unilever | 1.9 |
| 2.5% UK Government Index-Linked 2020 | 1.9 |
| Total | 29.8 |

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 or from the AIC at 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

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.

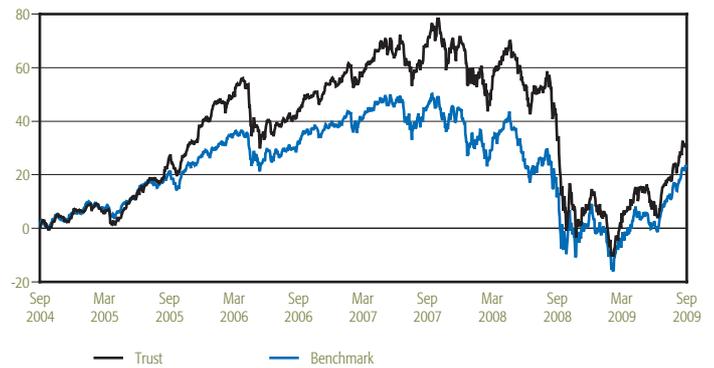
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as at 30.09.09 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 | 18.81 | 23.08 | -2.04 | -9.94 | 29.96 |
| Benchmark | 21.19 | 29.85 | 7.56 | -7.12 | 22.86 |

Standardised Past Performance (%)

| From | 30.09.04 | 30.09.05 | 29.09.06 | 28.09.07 | 30.09.08 |
|-------------|----------|----------|----------|----------|----------|
| To | 30.09.05 | 29.09.06 | 28.09.07 | 30.09.08 | 30.09.09 |
| Share Price | 26.90 | 13.73 | 16.57 | -21.14 | -2.04 |

Source: Lipper, percentage growth, mid to mid, capital return, to 30.09.09
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.