



THE BRUNNER INVESTMENT TRUST PLC
Interim Report for the six months ended
31st May 2003

Report

Key Facts

Investment Objective

To achieve a total return higher than that of the benchmark index of 60% FTSE All-Share and 40% FT/S&P World Index (ex UK sterling adjusted) over the long-term.

Strategy

The objective will be achieved by investing in UK and international securities and by using appropriate gearing to enhance returns. The strategy is designed to meet the requirements of those making a single investment in a diversified and professionally managed portfolio.

Financial Highlights

	For the six months ended 31st May		
Revenue	2003	2002	% change
Available for Ordinary Dividend	£2.54m	£2.35m	8.1
Earnings per Ordinary Share	4.43p	4.01p	10.5
Dividend per Ordinary Share	3.40p	3.30p	3.0
	At	At	
	31st May	30th November	
Assets	2003	2002	% change
Total Assets less Current Liabilities	£234.2m	£241.3m	-2.9
Net Asset Value per Ordinary Share	320.8p	329.0p	-2.5
NAV Total Return#			-1.5
60% FTSE All-Share and 40% FT/S&P World Index (ex UK) in sterling* (Total Return)			-0.1

#NAV total return reflects both the change in net asset value per Ordinary Share and the net ordinary dividend declared in respect of the period.

*Indices are price index returns rebalanced on a monthly basis.

Chairman's Statement

Net Asset Value

A summary of the results for the six months ended 31st May 2003 is set out below. The Net Asset Value attributable to each Ordinary Share at 31st May 2003 was 320.8p. This compares with 329p at 30th November 2002, a fall of 2.5%. Taking into account the net ordinary dividend declared in respect of the period, the Net Asset Value total return amounted to -1.46% compared with a return on the benchmark index of -0.13%.

Earnings

Earnings in the six months to 31st May 2003 of 4.43p per Ordinary Share have increased by 10.5% compared with the same period last year.

Interim Dividend

The Board has declared an interim dividend of 3.40p net (2002: 3.30p) per Ordinary Share payable on 29th August 2003 to holders on the Register of Members at the close of business on 1st August 2003.

Forecast Final Dividend

It is the Board's intention to pay a final dividend of 4.30p per share (2002: 4.20p) which would make a total of 7.70p per share for the full year.

Investment Review

Following weakness in the early part of the year, the second quarter has been the best period for equities since the end of 1998: abundant liquidity, the end of war in Iraq and low interest rates have encouraged investors to take on greater risk. Mixed economic

data and anticipation of further action from the Federal Reserve were enough to help bonds rally too. Weakness in the US dollar also appears to have inspired greater action by central banks outside the US to cut interest rates, in contrast to their previous inertia. Cheap and plentiful capital now seems to be stimulating corporate activity.

Once again the Fed has been successful in encouraging US consumers to take on more debt through further mortgage re-financing, and the Bush administration is assisting with another round of tax cuts. Whether these one-off stimuli will be more successful in creating a sustainable pick up than they were last year remains to be seen. Construction spending has started to weaken, employment is still deteriorating, corporate de-leveraging has further to go and pricing power is poor.

The European economic indicators continue to point to a dismal outlook for growth, despite a slight post-Iraq rebound in economic activity and a cut in rates from the European Central Bank. However, the major European governments seem prepared to abandon the fiscal strictures of the Stability Pact and instigate fiscal stimulus in 2004. Combined with possible further rate cuts this could offset recent euro strength and improve the medium term prospects. The UK, conversely, is beginning to slow under the impact of higher taxes and consumer spending could slow.

Some signs of recovery in Japanese industrial production and profits, together with corporate restructuring and a stabilising labour market suggest

that the Japanese economy has stopped contracting. After a decade of debt repayment, balance sheets are more flexible, buy backs have risen and the Bank of Japan's attempt to stimulate the asset-backed securities market will allow a further freeing-up of capital markets outside the severely weakened banking sector. Asian trade is recovering from the twin impacts of Iraq and SARS. Chinese growth has remained robust as the government has re-ignited investment.

The above comments demonstrate that, as usual, there are both positive and negative factors affecting markets. The key for us remains the level of valuation and here it seems that the recent rally has brought markets to a level which discounts most of the favourable factors. Thus markets could be vulnerable if, for example, growth disappoints. Over the last eighteen months we have deliberately chosen to offset our long-term gearing with cash and short term gilts. This remains the current position. Nevertheless opportunities to utilise our longer term gearing may still appear if markets adjust to lower earnings growth or economic prospects improve beyond our current expectations.

J F H Trott
Chairman

17th July 2003

Statement of Total Return

	For the six months ended 31st May 2003		
	Revenue £'000s	Capital £'000s	Total £'000s
	(Note 2)		
Net losses on investments	–	(4,101)	(4,101)
Income from investments	3,853	–	3,853
Other income	–	–	–
Investment management fee	(178)	(414)	(592)
Expenses of administration	(179)	–	(179)
Return before finance costs and taxation	3,496	(4,515)	(1,019)
Finance costs of borrowings	(666)	(1,551)	(2,217)
Return on ordinary activities before taxation	2,830	(6,066)	(3,236)
Taxation			
Overseas taxation	(96)	–	(96)
UK taxation	(188)	188	–
	(284)	188	(96)
Return on ordinary activities after taxation	2,546	(5,878)	(3,332)
Dividends on Preference Stock	(11)	–	(11)
Return attributable to Ordinary Shareholders	2,535	(5,878)	(3,343)
Dividends on Ordinary Shares			
Interim	3.4p (1,928)	–	(1,928)
	3.4p (1,928)		
Transfers to (from) Reserves	607	(5,878)	(5,271)
Return per Ordinary Share (Note 1)	4.43p	(10.27)p	(5.84)p

Net Asset Statement

	as at 31st May 2003	
	£'000s	
Fixed asset investments		206,933
Net current assets		27,312
Total assets less current liabilities		234,245
Creditors: amounts falling due after more than one year		(51,862)
Total Net Assets		182,383
Called up share capital	– Ordinary	14,176
	– Preference	450
Capital redemption reserve		1,824
Capital reserves	– Realised	177,225
	– Unrealised	(18,562)
Revenue reserve		7,270
Shareholders' Funds		182,383
Net asset value per Ordinary Share		320.8p

The net asset value is based on 56,705,416 Ordinary Shares in issue.

The net asset value per share as at 31st May 2002 is based on 58,188,416 Ordinary Shares in issue and at 30th November 2002 is based on 57,432,416 shares in issue.

For the six months ended 31st May 2002			For the year ended 30th November 2002		
Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
(Note 2)			(Note 2)		
-	(10,669)	(10,669)	-	(53,686)	(53,686)
3,119	-	3,119	7,232	-	7,232
671	-	671	-	-	-
(230)	(536)	(766)	(424)	(988)	(1,412)
(128)	-	(128)	(193)	-	(193)
3,432	(11,205)	(7,773)	6,615	(54,674)	(48,059)
(681)	(1,589)	(2,270)	(1,330)	(3,102)	(4,432)
2,751	(12,794)	(10,043)	5,285	(57,776)	(52,491)
(54)	-	(54)	(113)	-	(113)
(335)	336	1	(381)	381	-
(389)	336	(53)	(494)	381	(113)
2,362	(12,458)	(10,096)	4,791	(57,395)	(52,604)
(11)	-	(11)	(23)	-	(23)
2,351	(12,458)	(10,107)	4,768	(57,395)	(52,627)
3.3p (1,897)	-	(1,897)	3.3p (1,879)	-	(1,879)
			4.2p (2,412)	-	(2,412)
3.3p (1,897)			7.5p (4,291)	-	(4,291)
454	(12,458)	(12,004)	477	(57,395)	(56,918)
4.01p	(21.24)p	(17.23)p	8.16p	(98.17)p	(90.01)p

as at 31st May 2002
£'000s

as at 30th November 2002

256,881	218,572
31,478	22,693
288,359	241,265
(51,922)	(51,890)
236,437	189,375
14,547	14,358
450	450
1,453	1,642
217,612	189,927
(4,264)	(23,665)
6,639	6,663
236,437	189,375
405.6p	329.0p

Cash Flow Statement

for the six months ended 31st May 2003 and comparative periods

	Six months to 31st May 2003 £'000s	Six months 31st May 2002 £'000s	Year to 30th November 2002 £'000s
Net cash inflow from operating activities	2,845	2,001	4,723
Servicing of finance			
Interest paid	(2,114)	(2,117)	(4,495)
Dividends paid on Preference Stock	(11)	(11)	(23)
Net cash outflow on servicing of finance	(2,125)	(2,128)	(4,518)
Taxation			
UK income tax repaid	-	2	4
Financial investment			
Purchase of fixed asset investments	(63,299)	(110,959)	(203,072)
Sale of fixed asset investments	71,383	111,771	202,035
Net cash inflow/outflow from financial investment	8,084	812	(1,037)
Equity dividends paid	(2,411)	(2,427)	(4,329)
Net cash inflow/(outflow) before financing	6,393	(1,740)	(5,157)
Financing			
Purchase of Ordinary Shares for cancellation (Decrease)/increase in short term loan	(1,721) (787)	(5,614) (220)	(7,763) 320
Net cash outflow from financing	(2,508)	(5,834)	(7,443)
Increase/(decrease) in cash	3,885	(7,574)	(12,600)

Notes

Note 1

The returns per Ordinary Share are based on revenue or capital return to Ordinary Shareholders, as appropriate, and on 57,206,559 Ordinary Shares being the weighted average number of shares in issue throughout the period (31st May 2002 – 58,656,553 Shares; 30th November 2002 – 58,466,041 Shares).

Note 2

The revenue column of this statement is the profit and loss account of the Company. All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period.

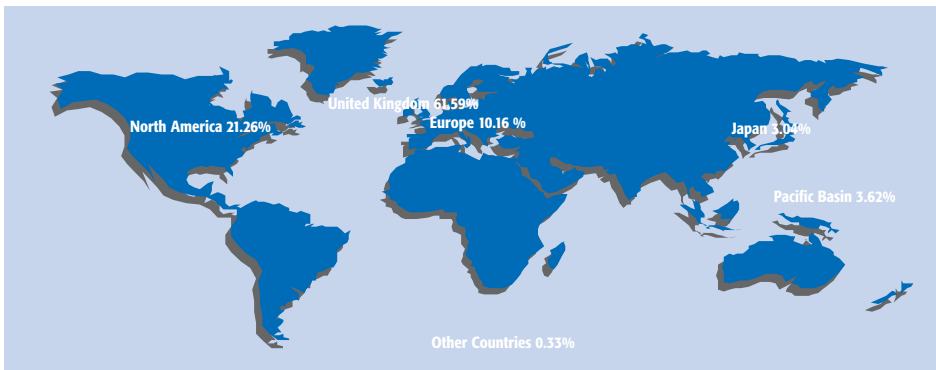
Note 3

This interim statement has been neither audited nor reviewed by the Company's auditors. The interim statement has been prepared using the same accounting policies as those adopted in the annual accounts for the year ended 30th November 2002.

The non-statutory accounts for the year to 30th November 2002 are an extract from the latest published accounts of the Company which have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

Portfolio Analysis

as at 31st May 2003



Twenty Largest Equity Holdings

As at 31st May 2003

Security Name	Market Value £'000s	% of Total Assets*	Principal Activities
BP	8,586	3.66	Integrated oil and gas
Vodafone Group	8,468	3.61	Telecommunications
GlaxoSmithkline	6,904	2.95	Pharmaceuticals
HSBC Holdings	6,357	2.71	Banking and financial services
Royal Bank of Scotland Group	4,757	2.03	Banking and financial services
AstraZeneca	3,967	1.69	Pharmaceuticals
Shell Transport & Trading	3,855	1.65	Integrated oil and gas
Barclays	3,126	1.33	Banking and financial services
Lloyds TSB Group	2,726	1.16	Banking and financial services
United Utilities	2,460	1.05	Utilities
Severn Trent	2,459	1.05	Utilities
HBOS	2,113	0.90	Banking and financial services
Unilever	2,047	0.87	Food processors
Barratt Developments	2,016	0.86	Construction and building maintenance
Compass Group	1,972	0.84	Leisure entertainment and hotels
British Sky Broadcasting	1,904	0.81	Media and entertainment
Wimpey (George)	1,746	0.75	Construction and building maintenance
Next	1,677	0.72	General retailers
Tesco	1,644	0.70	Food and drug retail
Nokia	1,621	0.69	Telecommunications
	70,405	30.03	

*Total assets include current liabilities.

Investor Information

Directors

J F H Trott (Chairman)
B C R Siddons
R K A Wakeling
W R Worsley

Managers

Allianz Dresdner Asset Management (UK) Ltd
(regulated by FSA)
Represented by Neil Dwane, Mark Lovett and
Nersen Pillay (Fund Managers)
Telephone 020 7859 9000

Secretary, Registered Office and Number

K J Salt BA (Hons) ACIS
155 Bishopsgate
London EC2M 3AD
Registered Number: 226323

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 162 3100 or, if telephoning
from overseas 0044 20 8639 2157.
Email: ssd@capitaregistrars.com

Results

Half-year announced in July.
Full-year announced in February.
Reports and Accounts posted to shareholders in
March.
Annual General Meeting held in March.

Dividends

Interim dividend payable 29th August 2003
(ex dividend 30th July 2003)
Final dividend March 2004.

Savings Scheme

Investors are able to buy shares in the Company at low cost through the Allianz Dresdner Investment Trust Savings Scheme. Investments can be in the form of a regular monthly payment or an individual lump sum. There is an arrangement for the reinvestment of dividends as well as facilities for selling and switching.

Full details of the Savings Scheme are available from Allianz Dresdner Investor Services on 0800 317 573 or on the Allianz Dresdner website:
www.allianzdresdneram.co.uk

Alternatively, please use the FREEPOST card enclosed to request any literature you may require.

Maxi ISA and PEP Transfer

Shareholders can invest in the shares of the Company through the Allianz Dresdner Investment Trust Maxi ISA and PEP Transfer. Full details are available from Allianz Dresdner Investor Services on 0800 317 573 or on the Allianz Dresdner website:
www.allianzdresdneram.co.uk

Alternatively, please use the FREEPOST card enclosed to request any literature you may require.

Shareholders' Enquiries

Capita Registrars maintain the share register. In the event of queries regarding shareholdings, lost certificates, registered details, etc., shareholders should contact the registrars on 0870 162 3100 or if calling from overseas 0044 20 8639 2157. Changes of name or address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, The Brunner Investment Trust plc, 155 Bishopsgate, London EC2M 3AD

AITC Membership

A member of the Association of Investment Trust Companies.

Category: Global Growth

ALLIANZ DRESDNER ASSET MANAGEMENT

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www.allianzdresdneram.co.uk