

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	-8.3	2.7	-5.4	31.8	-4.0
NAV	-6.6	4.2	-3.5	38.7	-3.8
Benchmark	-6.6	1.5	-6.6	37.0	3.2

Discrete Performance (%)

From	30.03.07	31.03.08	31.03.09	31.03.10	31.03.11
To	31.03.08	31.03.09	31.03.10	31.03.11	30.03.12
Share Price	-1.4	-27.9	43.8	4.3	6.6
NAV	-1.0	-31.4	49.9	5.1	5.0
Benchmark	-5.5	-24.3	49.6	8.5	0.9

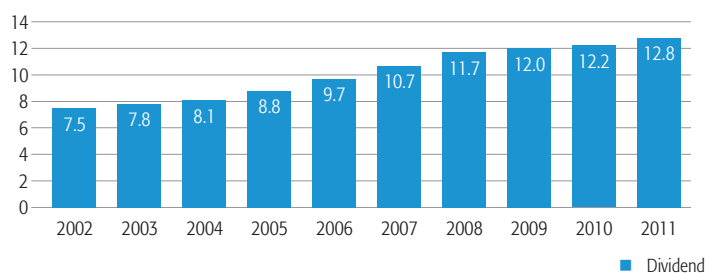
Source: Lipper, share price calculation percentage growth, mid to mid, total return to 31.05.12.

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	23.03.12	24.02.12	8.0p

Fund Managers' Review

Lucy MacDonald Jeremy Thomas



Market Review

Equity markets fell on renewed worries about Greece's ability to meet the terms of its international bail-out and stay in the euro zone. The FTSE All Share Index declined 6.8% and the FTSE All World ex UK Index fell 3.6%. The catalyst for concern was inconclusive Greek elections in which political parties hostile to EU-imposed austerity enjoyed strong gains. Investors remain wary that a new government, after new elections in June, may renege on its debt commitments and leave the euro zone, leading to heightened uncertainty about the prospects for Spain and Italy and, indeed, the ultimate survival of the euro zone itself.

Portfolio Review

The Trust's NAV fell 5.66% versus the benchmark which fell 5.12%. The broker Tullett Prebon was the largest detractor from performance as the company experienced a slowdown in revenues in March and April primarily due to a decline in volatility across asset classes. More recently, eurozone-related uncertainty has resulted in increased volatility across asset classes which should result in higher trading volumes for Tullett. Technology company F5 Networks also detracted: The company announced results modestly ahead of forecasts but its exposure to cloud computing makes it susceptible to macroeconomic growth concerns. F5's data network products continue to do well, particularly among telecommunications services providers.

On the positive side, the UK retailer Mothercare rose strongly as the recent results presentation gave more details on the company's restructuring strategy. The main focus areas are rationalising the UK store footprint, improving price perception and service levels, and pushing the online business. International remains a key target growth area. The shares represent compelling value if management is successful in implementing the turnaround strategy.

Health care holdings GlaxoSmithKline, Abbot Labs and UnitedHealth Group also contributed to results. These are relatively defensive stocks that typically outperform when investors shun risk assets. In addition, although a competing rheumatoid arthritis drug to Abbott's Humira was approved in the US, the approval process is likely to lead to final label warnings and dose restrictions, implying that the competitive threat to Humira will be less than anticipated.

Outlook

As we highlighted last month, there remain plenty of risks to be concerned about, most notably the on-going European crisis, which is far from solved and the need for the US to tackle its own fiscal deficit. The situation in Europe remains particularly tenuous although our base case scenario is that the policy response by both governments and the ECB will eventually be sufficient to preserve the euro zone in some form.



Capital Structure

Total Assets:	£259.0m
Gearing (net):	7.4%
Shares in Issue:	43,277,918 (Ordinary 25p)
Share Price ¹ :	383.5p
Net Asset Value ² :	473.0p (428.2p – debt at market value)
Premium/-Discount to NAV ³ :	-18.9% (-10.4% – debt at market value)
NAV Frequency	Daily
Dividend Yield ² :	3.3%

1. Source: Lipper as at 31.05.12, market close mid price.

2. Source: Datastream as at 31.05.12. 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 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 31.05.12 unless otherwise stated.

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Portfolio Analysis

Top Ten Holdings	(%)	(%)	
GlaxoSmithKline	3.6	HSBC	2.3
Royal Dutch Shell "B" Shares	3.2	Apple	1.6
Vodafone	2.7	Unilever	1.5
BP	2.7	Reed Elsevier	1.5
Diageo	2.4	Rio Tinto	1.4
Total Number of Holdings		112	

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

Sector Breakdown	(%)
Industrials	15.1
Financials	14.1
Cash	13.7
Health Care	11.5
Consumer Goods	9.9
Oil & Gas	9.6
Technology	7.1
Consumer Services	6.6
Basic Materials	5.6
Telecommunications	5.0
Utilities	1.8

Geographic Breakdown	(%)
UK	42.2
North America	23.2
Cash	13.7
Europe ex UK	8.5
Pacific ex Japan	7.9
Japan	2.9
Latin America	1.6

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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