

For immediate release

16 February 2012

THE BRUNNER INVESTMENT TRUST PLC

Final Results for the year ended 30 November 2011

The following comprises extracts from the Company's Annual Financial Report for the year ended 30 November 2011. The full Annual Financial Report is available to be viewed on or downloaded from the company's website at [www.brunner.co.uk](http://www.brunner.co.uk). Copies will be posted to shareholders shortly.

## **MANAGEMENT REPORT**

### **Chairman's Statement**

Equity markets had a volatile year as they were buffeted by concerns about global growth prospects and the ongoing Euro crisis. Our net asset value fell by 1.6% over the course of the financial year compared with a fall in the benchmark of 2.0%. Our underlying equity portfolio outperformed by 0.8%.

### **Earnings**

The Company's earnings have recovered this year, rising from 10.3p to 12.3p, an increase of over 19%. This reflects increasing dividend payments by a healthy global corporate sector and a partial restoration of BP's dividend.

### **Dividends**

It is proposed that a final dividend of 8.0p per share will be paid on 23 March 2012 to shareholders on the Register of Members at close of business on 24 February 2012, bringing the total payment for 2011 to 12.8p, an increase of 4.9% on last year. This will cause a slight reduction in revenue reserves, but they remain very strong amounting to 22.9p per share after the payment of the final dividend.

### **Performance**

Last year I commented on the directors' disappointment with the performance of the Company's portfolio and our hope of improvement in 2011. It is pleasing therefore to see that, against a highly volatile market background, our overseas portfolio has sufficiently outperformed its benchmark index to raise the year's performance to a level slightly ahead of the overall benchmark. The Board is looking for this improvement to continue in the current year.

### **Buy Back of Shares**

Our buy back policy of repurchasing shares for cancellation was maintained and during the course of the year 2,090,218 shares were purchased for cancellation, and a further 63,669 shares have been repurchased since the year end. The rationale for continuing with this policy remains to reduce discount volatility and to generate modest enhancements to NAV per share.

### **The Retail Distribution Review**

The Board is actively considering how the Company is positioned to take advantage of the opportunities for investment companies in the Retail Distribution Review ('RDR'). Historically, the payment of commissions to independent financial advisers has favoured open-ended funds. A key recommendation of the RDR is to abolish commissions on investment products.

In anticipation of these changes we have increased our marketing activities to generate interest in the Company before the shares become available through the investment platforms in 2013. The advantages we have over open-ended funds – not least our competitive expense ratio – should become clearer to the wider investment market.

### **The Board**

We continue to conduct an annual appraisal of the Board and its effectiveness and this process is described on page 31 of the Annual Financial Report. Our corporate governance report section on the

Board is on pages 30 and 31 of the Annual Financial Report. The governance of the Company is a matter of great importance to the Board and we review as wide a range of matters at each board meeting as we can to challenge the way we do things. Included in the agenda for our latest annual strategy day were discussions with our advisers considering our performance against our sector, peer group and benchmark; we also analysed our shareholder base and its requirements; we examined our balance sheet and structure and considered our marketing plans and positioning for RDR; finally, we spent time in private session identifying areas for improvement and further development and setting out how we will work together with our managers to implement changes.

### Outlook

The overall levels of government spending and debt as well as confidence in the sovereign bond markets across Europe have remained a worry for markets during the course of 2011 and will continue to be so in 2012. Politicians will need to make difficult decisions on the future of the Euro and the US budget deficit if the volatility in asset prices is to abate. The evidence of 2011 is not encouraging in this regard.

Policy makers now have less scope to respond to economic weakness than in the aftermath of the global financial crisis two years ago as interest rates are already low and fiscal deficits are at, or even above, their limits.

Despite the difficult economic background, however, the global corporate sector is surprisingly healthy, which is supportive of dividends, share buy backs and M&A activity. Many companies have cut costs aggressively since the recession and have rebuilt their balance sheets as profits have recovered. Labour costs have been under tight control and profit margins are high. Multinational companies have been able to exploit growth opportunities in developing countries. Finally, valuations for many stocks have compressed, which should support equity returns over the long term.

### Annual General Meeting

This year the Annual General Meeting will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on Friday, 16 March, and we look forward to meeting those Shareholders who are able to attend.

### Principal Risks and Uncertainties

The principal risks identified by the Board are set out in the table below, together with the actions taken to mitigate these risks. A more detailed version of this table, in the form of a Risk Matrix, is reviewed and updated by the Board twice yearly. The principal risks and uncertainties faced by the Company relate to the nature of its objectives and strategy as an investment company and the markets in which it operates.

| Description  | Mitigation  |
|--|---|
| <p><b>Investment Strategy</b><br/>                     An inappropriate investment strategy, e.g., asset allocation or the level of gearing, may lead to underperformance against the Company's benchmark index and peer group companies, resulting in the Company's shares trading on a wider discount.</p> | <p>The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the Board receives reports. RCM (UK) Limited ("RCM") provides the directors with management information including performance data and reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all board meetings, and reviews data which show risk factors and how they affect the portfolio. The investment managers employ the Company's gearing tactically within a strategic range set by the Board. The Board meets annually specifically to discuss strategy, including investment strategy.</p> |

|   |  |
|---|--|
| <p><b>Market Volatility</b><br/>Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements.</p> | <p>The Board considers asset allocation, stock selection and levels of gearing at every board meeting and has set investment restrictions and guidelines that are monitored and reported on by RCM. The Board also monitors currency movement and determines hedging policy as appropriate. At the year end the Company had no hedging in place.</p> |
| <p><b>Financial and Liquidity Risk</b></p>  | <p>The financial risks to the Company and the controls in place to manage these risks are disclosed in detail in Note 18 beginning on page 66 of the Annual Financial Report.</p>  |

In addition to the specific principal risks identified in the table above, the Company faces risks to the provision of services from third parties and more general risks relating to compliance with accounting, legal and regulatory requirements, and with corporate governance and shareholder relations issues which could have an impact on reputation and market rating. These risks are formally reviewed by the Board twice each year. Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement within the Directors' Report beginning on page 29 of the Annual Financial Report.

The Board's reviews of the risks faced by the Company also include an assessment of the residual risks after mitigating action has been taken.

### **Directors' Responsibility Statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors at the date of the approval of this Report each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

THE BRUNNER INVESTMENT TRUST PLC  
Final Results for the year ended 30 November 2011

- the Annual Financial Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board of Directors

Keith Percy  
Chairman

For further information contact:

Kirsten Salt  
Company Secretary  
RCM (UK) Limited

Telephone: 020 7065 1513

**PORTFOLIO ANALYSIS as at 30 November 2011\***

|                | %            |
|----------------|--------------|
| United Kingdom | 51.4         |
| Europe         | 10.7         |
| Americas       | 25.4         |
| Japan          | 3.6          |
| Pacific Basin  | 8.9          |
| <b>Total</b>   | <b>100.0</b> |

\*Excludes Cash and Treasury Stock

**THIRTY LARGEST INVESTMENTS as at 30 November 2011**

|                                    | Valuation<br>30 November<br>2011<br>£ | % of<br>Invested<br>Funds | Sector                           |
|------------------------------------|---------------------------------------|---------------------------|----------------------------------|
| Treasury Stock 5% 07/03/2012       | 10,117,750                            | 4.04                      | Gilt                             |
| Treasury Stock 2.5% I/L 16/04/2020 | 9,098,591                             | 3.63                      | Gilt                             |
| GlaxoSmithKline                    | 8,996,583                             | 3.59                      | Pharmaceuticals & Biotechnology  |
| Treasury Stock 4% 07/03/2022       | 8,607,563                             | 3.44                      | Gilt                             |
| Royal Dutch Shell 'B' Shares       | 8,229,770                             | 3.28                      | Oil & Gas Producers              |
| BP                                 | 8,045,258                             | 3.21                      | Oil & Gas Producers              |
| Vodafone Group                     | 6,879,575                             | 2.75                      | Mobile Telecommunications        |
| Diageo                             | 5,579,556                             | 2.23                      | Beverages                        |
| HSBC Holdings                      | 5,100,830                             | 2.04                      | Banks                            |
| Unilever                           | 4,908,485                             | 1.96                      | Food Producers                   |
| Reed Elsevier                      | 4,159,522                             | 1.66                      | Media                            |
| Rio Tinto                          | 4,007,935                             | 1.60                      | Mining                           |
| Tesco                              | 3,791,527                             | 1.51                      | Food & Drug Retailers            |
| Centrica                           | 3,586,649                             | 1.43                      | Gas, Water & Multiutilities      |
| Apple                              | 3,369,306                             | 1.34                      | Technology Hardware & Equipment  |
| Philip Morris                      | 3,091,664                             | 1.23                      | Tobacco                          |
| Celegene                           | 3,047,677                             | 1.22                      | Pharmaceuticals & Biotechnology  |
| Abbott Laboratories                | 3,011,601                             | 1.20                      | Pharmaceuticals & Biotechnology  |
| Allergan                           | 2,891,714                             | 1.15                      | Pharmaceuticals & Biotechnology  |
| Anglo American                     | 2,889,005                             | 1.15                      | Mining                           |
| Cobham                             | 2,839,807                             | 1.13                      | Aerospace & Defence              |
| Reckitt Benckiser                  | 2,703,482                             | 1.08                      | Household Goods                  |
| Bunzl                              | 2,695,742                             | 1.08                      | Support Services                 |
| Nestle                             | 2,595,187                             | 1.04                      | Food Producers                   |
| Fresenius                          | 2,567,753                             | 1.02                      | Health Care Equipment & Services |
| Starbucks                          | 2,468,778                             | 0.99                      | Travel & Leisure                 |
| BAE Systems                        | 2,446,394                             | 0.98                      | Aerospace & Defence              |
| Canon                              | 2,430,565                             | 0.97                      | Technology Hardware & Equipment  |
| Henkel                             | 2,413,742                             | 0.96                      | Household Goods                  |
| Itochu                             | 2,317,271                             | 0.92                      | Support Services                 |
|                                    | 134,889,282                           | 53.83                     | <b>% of Total Invested Funds</b> |

## INCOME STATEMENT

for the year ended 30 November 2011

|  | Revenue<br>£     | 2011<br>Capital<br>£ | Total Return<br>£<br>(Note C) |
|--|------------------|----------------------|-------------------------------|
| Net losses on investments at fair value  | -                | (581,150)            | (581,150)                     |
| Net losses on foreign currencies   | -                | (6,122)              | (6,122)                       |
| Income   | 7,821,886        | -                    | 7,821,886                     |
| Investment management fee  | (365,095)        | (851,889)            | (1,216,984)                   |
| Administration expenses  | (366,487)        | (25,575)             | (392,062)                     |
| <b>Net return before finance costs and taxation</b>                            | <b>7,090,304</b> | <b>(1,464,736)</b>   | <b>5,625,568</b>              |
| Finance costs: interest payable and similar charges                            | (1,355,941)      | (3,111,337)          | (4,467,278)                   |
| <b>Net return on ordinary activities before taxation</b>                       | <b>5,734,363</b> | <b>(4,576,073)</b>   | <b>1,158,290</b>              |
| Taxation   | (238,844)        | -                    | (238,844)                     |
| <b>Net return on ordinary activities attributable to Ordinary Shareholders</b> | <b>5,495,519</b> | <b>(4,576,073)</b>   | <b>919,446</b>                |
| <b>Return per Ordinary Share</b><br>(basic and diluted) (Note B)               | <b>12.28p</b>    | <b>(10.23p)</b>      | <b>2.05p</b>                  |

## BALANCE SHEET

as at 30 November 2011

|  |                    |
|--|--------------------|
|  | 2011<br>£          |
| Investments held at fair value through profit or loss    | 250,582,706        |
| <b>Net Current Assets</b>                                | <b>4,286,833</b>   |
| <b>Total Assets less Current Liabilities</b>             | <b>254,869,539</b> |
| Creditors – Amounts falling due after more than one year | (50,289,213)       |
| <b>Total Net Assets</b>                                  | <b>204,580,326</b> |
| <b>Capital and Reserves</b>                              |                    |
| Called up Share Capital                                  | 10,914,647         |
| Capital Redemption Reserve                               | 5,085,353          |
| Capital Reserve  | 175,084,502        |
| Revenue Reserve  | 13,495,824         |
| <b>Equity Shareholders' Funds</b>                        | <b>204,580,326</b> |
| <b>Net Asset Value per Ordinary Share</b>                | <b>468.6p</b>      |

The Net Asset Value is based on 43,658,587 Ordinary Shares in issue.

**for the year ended 30 November 2010**

|  | <b>Revenue</b><br>£ | <b>2010<br/>Capital</b><br>£ | <b>Total Return</b><br>£<br><b>(Note C)</b> |
|--|---------------------|------------------------------|---|
| Net gains on investments at fair value   | -                   | 18,273,558                   | 18,273,558                                  |
| Net gains on foreign currencies  | -                   | 8,737                        | 8,737                                       |
| Income   | 6,674,038           | -                            | 6,674,038                                   |
| Investment management fee  | (356,942)           | (832,865)                    | (1,189,807)                                 |
| Investment management fee VAT refund   | -                   | -                            | -   |
| Administration expenses  | (337,020)           | (18,714)                     | (355,734)                                   |
| <b>Net return before finance costs and taxation</b>                            | <b>5,980,076</b>    | <b>17,430,716</b>            | <b>23,410,792</b>                           |
| Finance costs: interest payable and similar charges                            | (975,317)           | (2,347,665)                  | (3,322,982)                                 |
| <b>Net return on ordinary activities before taxation</b>                       | <b>5,004,759</b>    | <b>15,083,051</b>            | <b>20,087,810</b>                           |
| Taxation   | (244,055)           | -                            | (244,055)                                   |
| <b>Net return on ordinary activities attributable to Ordinary Shareholders</b> | <b>4,760,704</b>    | <b>15,083,051</b>            | <b>19,843,755</b>                           |
| <b>Return per Ordinary Share</b><br>(basic and diluted) (Note B)               | <b>10.31p</b>       | <b>32.67p</b>                | <b>42.98p</b>                               |

**BALANCE SHEET**

**as at 30 November 2010**

|  |                    |
|--|--------------------|
|  | <b>2010</b><br>£   |
| Investments held at fair value through profit or loss    | 258,009,976        |
| Net Current Assets                                       | 10,230,498         |
| <b>Total Assets less Current Liabilities</b>             | <b>268,240,474</b> |
| Creditors : Amounts falling due after more than one year | (50,493,841)       |
| <b>Total Net Assets</b>                                  | <b>217,746,633</b> |
| Called up Share Capital                                  | 11,437,201         |
| Capital Redemption Reserve                               | 4,562,799          |
| Capital Reserve  | 188,279,687        |
| Revenue Reserve  | 13,466,946         |
| <b>Equity Shareholders' Funds</b>                        | <b>217,746,633</b> |
| <b>Net Asset Value per Ordinary Share</b>                | <b>476.0p</b>      |

The Net Asset Value is based on 45,748,805 Ordinary Shares in issue.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 30 November 2011

|                                       | Called up<br>Share Capital<br>£ | Capital<br>Redemption<br>Reserve<br>£ | Capital<br>Reserve<br>£ | Revenue<br>Reserve<br>£ | Total<br>£         |
|---------------------------------------|---------------------------------|---------------------------------------|-------------------------|-------------------------|--------------------|
| Net Assets at 1 December 2009         | 11,633,326                      | 4,366,674                             | 176,235,232             | 14,256,458              | 206,491,690        |
| Revenue Return                        | -                               | -                                     | -                       | 4,760,704               | 4,760,704          |
| Shares repurchased during the year    | (196,125)                       | 196,125                               | (3,038,596)             | -                       | (3,038,596)        |
| Dividends on Ordinary Shares          | -                               | -                                     | -                       | (5,550,216)             | (5,550,216)        |
| Capital Return                        | -                               | -                                     | 15,083,051              | -                       | 15,083,051         |
| <b>Net Assets at 30 November 2010</b> | <b>11,437,201</b>               | <b>4,562,799</b>                      | <b>188,279,687</b>      | <b>13,466,946</b>       | <b>217,746,633</b> |
| Net Assets at 1 December 2010         | 11,437,201                      | 4,562,799                             | 188,279,687             | 13,466,946              | 217,746,633        |
| Revenue Return                        | -                               | -                                     | -                       | 5,495,519               | 5,495,519          |
| Shares repurchased during the year    | (522,554)                       | 522,554                               | (8,619,112)             | -                       | (8,619,112)        |
| Dividends on Ordinary Shares          | -                               | -                                     | -                       | (5,466,641)             | (5,466,641)        |
| Capital Return                        | -                               | -                                     | (4,576,073)             | -                       | (4,576,073)        |
| <b>Net Assets at 30 November 2011</b> | <b>10,914,647</b>               | <b>5,085,353</b>                      | <b>175,084,502</b>      | <b>13,495,824</b>       | <b>204,580,326</b> |

**CASH FLOW STATEMENT**

**For the year ended 30 November 2011**

|   | 2011<br>£     | 2011<br>£          | 2010<br>£          |
|---|---------------|--------------------|--------------------|
| <b>Net cash inflow from operating activities</b>      |               | <b>6,235,718</b>   | <b>5,561,217</b>   |
| <b>Return on investments and servicing of finance</b> |               |                    |                    |
| Interest paid   | (4,649,838)   |                    | (4,639,636)        |
| Dividends paid on Preference Stock                    | (22,500)      |                    | (22,500)           |
| <b>Net cash outflow from servicing of financing</b>   |               | <b>(4,672,338)</b> | <b>(4,662,136)</b> |
| <b>Capital expenditure and financial investment</b>   |               |                    |                    |
| Purchase of fixed asset investments                   | (100,799,165) |                    | (108,396,279)      |
| Sale of fixed asset investments                       | 110,366,862   |                    | 120,359,947        |
| <b>Net cash inflow from financial investments</b>     |               | <b>9,567,697</b>   | <b>11,963,668</b>  |
| <b>Equity dividends paid</b>                          |               | <b>(5,466,641)</b> | <b>(5,550,216)</b> |
| <b>Net cash inflow before financing</b>               |               | <b>5,664,436</b>   | <b>7,312,533</b>   |
| <b>Financing</b>                                      |               |                    |                    |
| Repurchase of Ordinary Shares for cancellation        |               | (8,622,487)        | (3,034,831)        |
| <b>(Decrease) increase in cash</b>                    |               | <b>(2,958,051)</b> | <b>4,277,702</b>   |

Notes

Note A

The financial statements have been prepared under the historical cost basis, except for the measurement at fair value of the investments, and in accordance with the United Kingdom law and United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued in January 2009 by the Association of Investment Companies.

Note B

The return per Ordinary Share is based on an average number of shares in issue of 44,745,974 (30 November 2010 – 46,165,287) Ordinary Shares in issue.

Note C

The total 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 year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the Income Statement.

Included in the cost of investments are transaction costs and stamp duty on purchases which amounted to £278,273 (2010 – £316,764) and transaction costs on sales which amounted to £116,024 (2010 – £133,901).

Note D

Valuation – As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of Directors.

Note E

**Dividends on Ordinary Shares**

|  | <b>2011</b>      | <b>2010</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Dividends paid on Ordinary Shares:                   |                  |                  |
| Final – 7.40p paid 25 March 2011 (2010 – 7.20p)      | 3,361,141        | 3,339,921        |
| Interim – 4.80p paid 2 September 2011 (2010 – 4.80p) | <u>2,105,500</u> | <u>2,210,295</u> |
|  | 5,466,641        | 5,550,216        |

The dividend payments above are after adjusting for dividends proposed but not paid due to shares repurchased by the Company.

Dividends proposed at the year end are subject to approval by shareholders at the Annual General Meeting and are not recognised as a liability under FRS 21 'Events After Balance Sheet Date' (see Annual Financial Report – Statement of Accounting Policies). Details of these dividends are set out below.

|  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Final dividend – 8.00p proposed payable 23 March 2012 (2011 – 7.40p) | 3,492,687   | 3,385,412   |

The proposed final dividend accrued is based on the number of shares in issue at the year end. However, the dividend payable will be based on the numbers of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled subsequent to the year end.

Note F

The financial information for the year ended 30 November 2011 has been extracted from the statutory accounts for that year. The auditor's report on those accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006. The Annual Financial Report has not yet been delivered to the Registrar of Companies.

The financial information for the year ended 30 November 2010 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

The full Annual Financial Report is available to be viewed on or downloaded from the Company's website at [www.brunner.co.uk](http://www.brunner.co.uk). Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of this announcement.