14 February 2018

THE BRUNNER INVESTMENT TRUST PLC

Final Results for the year ended 30 November 2017.

The following comprises extracts from the Company's Annual Financial Report for the year ended 30 November 2017. The full annual financial report is being made available to be viewed on or downloaded from the company's website at www.brunner.co.uk. Copies will be posted to shareholders shortly.

MANAGEMENT REPORT

<u>Chairman's Statement</u>

Performance

I am delighted to report a strong growth in the company's Net Asset Value (NAV) per ordinary share of 19.5% on a net dividends reinvested basis with debt at fair value[1], our key performance measure, ahead of the composite benchmark index which was 70% FTSE World Ex UK and 30% FTSE All-Share Index from 22 March 2017 and 50% FTSE All-Share Index and 50% FTSE World Ex UK Index until 21 March 2017. The total return on the benchmark index was 15.1% over the period and our fund's pleasing outperformance of 4.4%[2] points was generated primarily by strong stock selection.

[1] 18.2% with debt at par
[2] with debt at fair value, and 3.1% outperformance with debt at par

Earnings per share

Strong underlying dividend growth from the investment portfolio contributed to an increased level of income and earnings. In addition, the first half of the financial year saw a much lower level of sterling when compared to the first half of the previous year, resulting in higher overseas dividends when translated back into sterling. As a result, earnings per share for the year rose by 12.2%, from 16.4p to 18.4p.

Debentures

The company had two long-term debentures which were taken out many years ago when interest rates were much higher.

The first debenture matured in January 2018 and as already notified to shareholders the board redeemed this with the company's cash reserves (there are more details of this on pages 54 and 55 of the annual financial report).

The second debenture does not mature until 2023. During the past year, the board has looked closely at various options to repay or refinance this loan. There would be an upfront cost in doing so, but the company would benefit over the long term from a much reduced interest cost and improved earnings profile. The board believes that these benefits outweigh the costs and therefore intends to progress this matter further over the coming months. This is not a simple exercise, but the board are keen to achieve this if the considerable practical obstacles can be overcome.

Dividends

It is proposed that a fourth and final dividend of 6.00p per share will be paid on 29 March 2018 to shareholders on the Register of Members at close of business on 23 February 2018, bringing the total payment for 2017 to 16.5p, an increase of 4.4% on last year. This dividend payment is well covered by earnings per share of 18.4p, allowing a further increase in the company's revenue reserves to 25.4p per share, after the payment of third quarterly and proposed final dividends.

If the dividend is approved, it will mark the 46th year of successive dividend increases, a clear illustration of how the investment trust model can deliver steady above inflation income returns even during volatile market environments.

Not paying the high cost of the debenture that matured in January 2018 for the forthcoming year will benefit earnings per share. Interest savings are £2.04 million per annum and the board intends to reflect this and the strong growth in dividends in the underlying portfolio in dividend payments going forward.

Discount

Last year I noted the large discount at which the shares had traded. It is pleasing to report an improved situation, with the average discount over the year having narrowed from 15.5% last year to 13.1% this year. Further progress has been achieved since the year end.

As always it is difficult to analyse exactly what causes discounts to change but the board and managers are pursuing a clear long-term strategy for our fund in a number of areas and we believe this has generated new shareholder interest.

- The change in manager and benchmark has improved Brunner's overall appeal to a wider audience of investors
- The balanced stock picking approach has demonstrated that it can deliver strong returns in a range of market environments
- There has been a consistent growth in dividends supported by strong revenue reserves
- There is an active programme to raise investor awareness
- There has been a small use of buybacks when the discount has looked out of line; 164,931 shares were bought back during the year at an average price of 597.4p

Brunner in the media

Brunner has a marketing programme to raise awareness of its investment profile and to improve demand. 2017 has seen Brunner enjoying a year of strong media coverage. This coupled with advertising has produced a successful marketing strategy which benefits the company's shareholders. This year the company has also focused on enhancing Brunner's online presence, and the ease with which information can be accessed by shareholders online. An important element of this programme has been the refreshing of the company's website. The board carefully oversees the expenses associated with running the marketing plan ensuring that they are kept to a sensible level.

Environmental, Social and Governance matters – responsible investment

Brunner's investment manager is an active steward of the company's assets. ESG factors are integrated into investment analysis at Allianz Global Investors as a natural extension of the risk mitigation tools used by the portfolio managers. The manager is a 'holder' not 'trader' of the assets managed for us: the manager believes in the value of working with companies to help them build sustainable businesses, rather than reacting to day-to-day news flow. Brunner's investment manager actively engages with the companies in the portfolio on governance, environmental, social and business conduct issues and believes that this can help unlock alpha potential in companies, as well as protect companies from downside risks.

There is more information about the manager's engagement, stewardship and proxy voting activities and a link to further details on page 17 of the annual financial report.

Outlook

The economic backdrop is as positive as it has been for many years. The US economy continues to make steady progress with a mostly supportive if somewhat unpredictable political environment. Continental Europe is experiencing its strongest period of economic growth since the financial crisis, which bodes well for Brunner's significant investments in the region. Less robust is the UK economy, where political uncertainty and sluggish growth suggests it may be a while before the UK regains its poise. Although the company has a significant number of UK listed investments, the vast majority of these are international businesses, meaning that overall exposure to the domestic UK economy remains modest.

Looking forward, the main risks relate to financial markets themselves. Valuations are high, especially in the US, and there are signs that market breadth is deteriorating as investors bid up the prices of certain groups of growth stocks to ever higher prices. In this environment, the board takes comfort in the investment manager's balanced approach to stock picking. Brunner's investments consist of strongly financed companies with good growth prospects on sensible valuations. The portfolio is diversified across a wide range of sectors and geographies without being overly exposed to any one particular theme or sector. This approach has served the company well over the long term and we are confident will continue to do so in the future.

Annual General Meeting
The Annual General Meeting will be held at Trinity House, Trinity Square, Tower Hill, London, EC3N 4DH on 22 March 2018, and on behalf of the board, I look forward to meeting those shareholders who are able to attend.

Carolan Dobson
Chairman
14 February 2018

Risk Policy

The board operates a risk management policy to ensure that the level of risk taken in pursuit of the board's objectives and in implementing its strategy are understood. The principal risks identified by the board are set out in the table below, together with the actions taken to mitigate these risks. The process by which the directors monitor risk is described in the Audit Committee Report on page 62 of the annual financial report.

Risk Appetite
The directors' approach to risk is to identify where there are risks and to note mitigation actions taken and then to look at the probability of the event and consider the extent to which the resulting residual risk is acceptable, which is defined as the board's risk appetite. As a result of this exercise the risks are rated as 'red' or 'high' when the risk is of concern and sufficient mitigation measures are not possible or not yet in place; 'amber' or 'moderate' when the risk is of concern but sufficient measures are defined and have been or are being implemented; and 'green' or 'acceptable' when the risk is acceptable and no further measures are needed. The nature of the company's business means that a certain amount of risk must be taken for the objectives to be met and it is not surprising that portfolio risk types earn amber ratings.

Principal Risks
A more detailed version of the table below, in the form of a risk matrix, is reviewed and updated by the audit committee at least twice yearly. The principal risks are broadly unchanged from the previous year.

Principal Risks identified	Controls and mitigation	Risk Appetite*
Portfolio Risk • Significant market movements may adversely impact the investments held by the company increasing the risk of loss or challenges to the investment strategy. • Reduction of dividends across the market affecting the portfolio yield and the ability to pay in line with dividend policy. • Exposure to significant exchange rate volatility could affect the performance of the investment portfolio	• The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines that are monitored and reported on by AllianzGI. • The board monitors yields and can modify investment parameters and consider a change to dividend policy. • The board receives reports from the manager on the stress testing of the portfolio at least twice each year and contact is made with the chairman and board if necessary between board meetings. • Currency movements are monitored closely and are reported to the board.	Amber
Business Risk • 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.	• 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 at every meeting. The board monitors the implementation and results of the investment process with the investment managers, who attend all board meetings, and reviews data which shows risk factors and how they affect the portfolio. The manager employs the company's gearing tactically within a strategic range set by the board. The	Green

	board also meets annually specifically to discuss strategy, including investment strategy.	
Operational Risk • Risk of inadequate procedures for the identification, evaluation and management of risks at outsourced providers including Allianz Global Investors (AllianzGI), and AllianzGI's outsourced providers, Bank of New York Mellon (BNYM), State Street Bank and Trust Company (SSBTC) and Northern Trust (NT).	• AllianzGI carries out regular monitoring of outsourced administration functions, this includes compliance visits and risk reviews where necessary. Results of these reviews are received by the board. • Agreed Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) are in place and the board receives reports against these.	Green

Emerging Risks: The board also considers the impact from emerging risks that are not yet know or fully identifiable, such as economic, regulatory and political risks arising from the implementation of the UK's exit from the European Union or other geopolitical factors. The board maintains close relations with its advisers (auditors, lawyers and manager) and will make preparations for mitigation of these risks as and when they are known or can be anticipated.

Risk Appetite:
Green Risk is acceptable, no additional measures needed
Amber Risk is of concern, but sufficient measures are defined and being implemented
Red Risk is of concern, sufficient mitigation measures not possible or not yet in place

* The board identifies risks, considers controls and mitigation, and then evaluates whether its risk appetite is satisfied. This column shows whether the residual risks, measured against the board's risk appetite, are satisfactory. This check enables the board to conclude that its assessment of risk is in line with its risk appetite.

In addition to the principal risks above, the board has identified more general risks, for example relating to compliance with accounting, tax, legal and regulatory requirements and to the provision of services from third parties. As in all companies, the board is alert to the risks of financial crime and threat of cyber attacks and monitors reports provided by third party service providers on how these threats are being handled. After ensuring that there are appropriate measures in place, the board considers these risks are effectively mitigated.

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 financial statements 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.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

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 United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company;

- the Strategic 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; and

- the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 14 February 2018 and signed on its behalf by:

Carolan Dobson
Chairman

PORTFOLIO ANALYSIS as at 30 November 2017

Region	**% of Invested Funds**
United Kingdom	30.80
North America	36.21
Continental Europe	20.83
Pacific Basin	8.25
Japan	2.64
Latin America	1.27
Total	**100.00**

TOP 20 HOLDINGS as at 30 November 2017

Name	**Value (£)**	**% of Invested Funds**	**Sector**
Royal Dutch Shell ‘B’ Shares	11,643,770	3.04	Oil & Gas Producers
UnitedHealth	11,531,465	3.01	Health Care Equipment & Services
Microsoft	11,254,511	2.94	Software & Computer Services
AbbVie	10,643,048	2.78	Pharmaceuticals & Biotechnology
Estée Lauder ‘A’ Shares	8,871,811	2.32	Personal Goods
BP	8,552,349	2.23	Oil & Gas Producers
Muenchener Rueckversicherungs-Gesellschaft	8,131,142	2.12	Non-Life Insurance
Visa	7,518,668	1.96	Financial Services
HSBC	7,340,000	1.92	Banks
United Internet	7,156,669	1.87	Software & Computer Services
Accenture	7,015,159	1.83	Support Services
Iberdrola	6,758,688	1.77	Electricity
Roche Holdings	6,716,198	1.75	Pharmaceuticals & Biotechnology
Apple	6,706,062	1.75	Technology Hardware & Equipment
Covestro	6,555,913	1.71	Chemicals
Microchip Technology	6,499,332	1.70	Technology Hardware & Equipment
Taiwan Semiconductor (ADS)	6,347,555	1.66	Technology Hardware & Equipment
Unilever	6,246,000	1.63	Food Producers
Agilent Technologies	6,228,598	1.63	Electronic & Electrical Equipment
Amphenol	6,147,124	1.60	Electronic & Electrical Equipment
	157,864,062	**41.22**	**% of Total Invested Funds**

INCOME STATEMENT

for the year ended 30 November 2017

	Revenue £	**2017 Capital £**	**Total Return £ (Note C)**
Gains on investments at fair value through profit or loss	-	54,114,501	54,114,501
Losses on foreign currencies	-	(87,645)	(87,645)
Income	10,999,706	-	10,999,706
Investment management fee	(539,701)	(1,259,301)	(1,799,002)
Administration expenses	(684,371)	(5,579)	(689,950)
Profit before finance costs and taxation	**9,775,634**	**52,761,976**	**62,537,610**
Finance costs: interest payable and similar charges	(1,330,903)	(3,052,939)	(4,383,842)
Profit on ordinary activities before taxation	**8,444,731**	**49,709,037**	**58,153,768**
Taxation	(570,660)	-	(570,660)
Profit after taxation attributable to ordinary shareholders	**7,874,071**	**49,709,037**	**57,583,108**
Earnings per ordinary share (basic and diluted) (Note B)	18.44p	116.41p	134.85p

BALANCE SHEET

as at 30 November 2017

	2017 £
Fixed assets	
Investments held at fair value through profit or loss	382,956,118
Net current assets	**15,632,745**
Total assets less current liabilities	**398,588,863**
Creditors - amounts falling due after more than one year	(30,574,987)
Total net assets	**368,013,876**
Capital and reserves	
Called up share capital	10,673,181
Capital redemption reserve	5,326,819
Capital reserve	337,109,776
Revenue reserve	14,904,100
Equity shareholders' funds	**368,013,876**
Net asset value per ordinary share	862.0p

INCOME STATEMENT

for the year ended 30 November 2016

	Revenue £	2016 Capital £	Total Return £ (Note C)
Gains on investments at fair value through profit or loss	-	49,145,436	49,145,436
Gains on foreign currencies	-	224,450	224,450
Income	9,995,903	-	9,995,903
Investment management fee	(459,187)	(1,071,436)	(1,530,623)
Administration expenses	(637,646)	(4,959)	(642,605)
Profit before finance costs and taxation	**8,899,070**	**48,293,491**	**57,192,561**
Finance costs: interest payable and similar charges	(1,336,654)	(3,066,358)	(4,403,012)
Profit on ordinary activities before taxation	**7,562,416**	**45,227,133**	**52,789,549**
Taxation	(511,474)	-	(511,474)
Profit after taxation attributable to ordinary shareholders	**7,050,942**	**45,227,133**	**52,278,075**
Earnings per ordinary share (basic and diluted) (Note B)	16.40p	105.20p	121.60p

BALANCE SHEET

as at 30 November 2016

	2016 £
Fixed assets	
Investments held at fair value through profit or loss	339,322,416
Net current assets	**28,079,711**
Total assets less current liabilities	**367,402,127**
Creditors - amounts falling due after more than one year	(49,068,102)
Total net assets	**318,334,025**
Capital and reserves	
Called up share capital	10,714,414
Capital redemption reserve	5,285,586
Capital reserve	288,392,980
Revenue reserve	13,941,045
Equity shareholders' funds	**318,334,025**
Net asset value per ordinary share	742.8p

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2017

	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets at 1 December 2015	10,753,104	5,246,896	244,074,684	13,555,379	273,630,063
Revenue profit	-	-	-	7,050,942	7,050,942
Shares repurchased during the year	(38,690)	38,690	(908,837)	-	(908,837)
Dividends on ordinary shares	-	-	-	(6,665,276)	(6,665,276)
Capital profit	-	-	45,227,133	-	45,227,133
Net assets at 30 November 2016	**10,714,414**	**5,285,586**	**288,392,980**	**13,941,045**	**318,334,025**
Net assets at 1 December 2016	10,714,414	5,285,586	288,392,980	13,941,045	318,334,025
Revenue profit	-	-	-	7,874,071	7,874,071
Shares repurchased during the year	(41,233)	41,233	(992,241)	-	(992,241)
Dividends on ordinary shares	-	-	-	(6,924,964)	(6,924,964)
Unclaimed dividends	-	-	-	13,948	13,948
Capital profit	-	-	49,709,037	-	49,709,037
Net assets at 30 November 2017	**10,673,181**	**5,326,819**	**337,109,776**	**14,904,100**	**368,013,876**

CASH FLOW STATEMENT

For the year ended 30 November 2017

	2017 £	2016 £
Operating activities		
Profit before finance costs and taxation*	62,537,610	57,192,561
Less: Gains on investments at fair value through profit or loss	(54,114,501)	(49,145,436)
Add: Special dividends credited to capital	-	1,534,249
Less: Overseas tax suffered	(570,660)	(511,474)
Add: Losses (gains) on foreign currency	87,645	(224,450)
Purchase of fixed asset investments held at fair value through profit or loss	(54,668,866)	(62,313,384)
Sales of fixed asset investments held at fair value through profit or loss	61,973,144	61,460,784
Decrease (increase) in other receivables	109,602	(272,409)
Increase in other payables	153,997	112,909
Net cash inflow from operating activities	**15,507,971**	**7,833,350**
Financing activities		
Interest paid	(4,650,987)	(4,653,488)
Dividends paid on cumulative preference stock	(22,500)	(22,500)
Dividends paid on ordinary shares	(6,924,964)	(6,665,276)
Repurchase of ordinary shares for cancellation	(996,131)	(904,947)
Unclaimed dividends	13,948	-
Net cash outflow from financing activities	**(12,580,634)**	**(12,246,211)**
Increase (decrease) in cash and cash equivalents	**2,927,337**	**(4,412,861)**
Cash and cash equivalents at the start of the year	28,158,052	32,346,463
Effect of foreign exchange rates	(87,645)	224,450
Cash and cash equivalents at the end of the year	30,997,744	28,158,052
Comprising:		
Cash at bank	30,997,744	28,158,052

* Cash inflow from dividends was £10,253,557 (2016 - £8,981,499) and cash inflow from interest was £161,029 (2016 - £154,481).

NOTES

Note A

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value through profit or loss and in accordance with applicable United Kingdom law and UK Accounting Standards (UK GAAP), including Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and in line with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies (AIC SORP) in November 2014.

Note B

The return per ordinary share is based on a weighted average number of shares in issue of 42,701,435 (30 November 2016: 42,990,969) ordinary shares in issue.

Note C

The total column of this statement is the profit and loss account of the company.

The supplementary revenue return and capital return columns are both prepared under the guidance published by the Association of Investment Companies.

All revenue and capital items in the Income Statement derive from continuing operations. No operations were acquired or discontinued in the year.

The profit for the year disclosed in the Income Statement represents the company's total comprehensive income.

Included in the cost of investments are transaction costs and stamp duty on purchases of £93,831 (2016: £229,538) and transaction costs on sales of £44,641 (2016: £51,108).

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 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. 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.

Note E

Dividends on Ordinary Shares

	2017 **£**	**2016** **£**
Dividends paid on ordinary shares:		
Third interim dividend - 3.3p paid 14 December 2016 (2015 - 3.2p)	1,417,603	1,376,398
Final dividend - 5.9p paid 24 March 2017 (2016 - 5.7p)	2,518,871	2,451,708
First interim dividend - 3.5p paid 30 June 2017 (2016 - 3.3p)	1,494,245	1,418,585
Second interim dividend - 3.5p paid 20 September 2017 (2016 - 3.3p)	1,494,245	1,418,585
	6,924,964	6,665,276

Dividends payable at the year end are not recognised as a liability under FRS 102 Section 32 'Events After the End of the Reporting Period' (see Annual Financial Report - Statement of Accounting Policies). Details of these dividends are set out below.

	2017 **£**	**2016** **£**
Third interim dividend - 3.5p paid 14 December 2017 (2016 - 3.3p)	1,494,245	1,417,603
Final proposed dividend - 6.0p payable 29 March 2018 (2017 - 5.9p)	2,561,564	2,528,602
	4,055,809	3,946,205

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 changes in the share capital between the year end and the record date.

All dividends disclosed in the tables above have been paid or are payable from the revenue reserves.

Note F

The financial information for the year ended 30 November 2017 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 2016 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 will shortly be available to be viewed on or downloaded from the company's website at 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.