

# The Brunner Investment Trust PLC

Half-Yearly Financial Report for the six months ended 31 May 2010



## Key Facts

### Investment Objective

To achieve a total return higher than that of the benchmark index of 50% FTSE All-Share and 50% 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

Revenue	For the six months ended 31 May		
	2010	2009	% change
Available for Ordinary Dividend	£2.38m	£3.68m	-35.3
Earnings per Ordinary Share	5.14p	7.86p	-34.6
Dividend per Ordinary Share	4.80p	4.80p	-
Assets	At	At	% change
	31 May 2010	30 November 2009	
Net Asset Value per Ordinary Share	451.6p	443.8p	+1.8
Ordinary Share Price	369.0p	368.0p	+0.3
Discount of Net Asset Value to Ordinary Share Price	(18.3)	(17.1)	n/a
Total Assets less Current Liabilities	£261m	£258m	+1.2
NAV Total Return#			3.4%
(50% FTSE All-Share and 50% FT/S&P World Index (ex UK) in sterling)* (Total Return)			5.4%
(50% FTSE All-Share and 50% FT/S&P World Index (ex UK) in sterling)* (Capital Return)			3.8%

#NAV total return reflects both the change in net asset value per Ordinary Share (+1.8%) and the net ordinary dividend paid in respect of the period.

\*Source: Datastream.

## Interim Management Report

### Net Asset Value

A summary of the results for the six months ended 31 May 2010 is set out below. The Net Asset Value attributable to each Ordinary Share at 31 May 2010 was 451.6p. This compares with 443.8p at 30 November 2009, an increase of 1.8% over the period. The capital return on the benchmark index (50% FTSE All-Share, 50% FTSE World Index (ex UK Sterling), was 3.8% over the period.

### Earnings

Earnings in the six months to 31 May 2010 were 5.14p per Ordinary Share (2009 – 7.86p). Earnings in the first half of last year were boosted by a refund from HMRC of VAT paid in respect of past management fees, together with associated interest, as well as a higher than normal level of underwriting commission.

### Interim Dividend

The Board has declared an interim dividend of 4.8p net (2009 – 4.8p) per Ordinary Share payable on 27 August 2010 to holders on the Register of Members at the close of business on 30 July 2010. The recent suspension of BP's dividend will impact on the Company's earnings for the financial year ending 30 November 2010. However, the Board anticipates that revenue reserves will be used to maintain the final dividend.

### Material events and transactions

In the six month period ended 31 May 2010 the following material events and transactions have taken place.

- At the Annual General Meeting of the Company held on 18 March 2010, all the resolutions put to shareholders were passed.
- During the period under review the Company purchased 485,500 Ordinary Shares for cancellation.

There were no related party transactions in the period.

### Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company over the next six months are broadly unchanged from those described in the Annual Financial Report for the year ended 30 November 2009. These are set out in the Business Review beginning on page 22 of that Report, together with commentary on the Board's approach to mitigating the risks and uncertainties, under the following headings: Investment Activity and Strategy; Portfolio and Market; Accounting, Legal and Regulatory; Corporate Governance and Shareholder Relations; Operational; and Financial.

As we noted last year: recent economic data have shown a degree of stabilisation in economic conditions. However, the world's financial system remains fragile and the scale of government debt required to stabilise the financial sector will generate additional uncertainty in markets.

### Change in the Portfolio Management Team

At the beginning of July Jeremy Thomas took over from Mark Lovett as the portfolio manager for the Company's UK equity portfolio, working alongside Lucy MacDonald, manager of the global portfolio. Jeremy is a director within RCM's UK equity team and joined RCM in September 2004 having previously worked for ISIS and Schroders. He has been deputy portfolio manager on Brunner since 2005 and is also manager of British Portfolio Trust plc.

The Board would like to thank Mark Lovett for his contribution to the Company in recent years and looks forward to working with Jeremy Thomas in the future.

## Responsibility Statement

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The interim management report includes a fair review of the information concerning related parties transactions as required by the Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the Board on 21 July 2010 and the above responsibility statement was signed on its behalf by the Chairman.

**Keith Percy** | Chairman

21 July 2010

## Investment Managers' Review

Following last year's strong rally, global stock markets have made uncertain and volatile progress as investors have questioned both the strength and sustainability of the economic recovery, as well as the ability of governments to tackle their own debt levels. Concerns about the banking sector have also resurfaced.

Within Europe, sovereign debt concerns remain despite the massive EUR 800bn EU/IMF bailout. In some ways the problems in Europe echo the banking crisis at the end of 2008. What was originally thought to have been a liquidity problem in Greece, arising from the inability to roll over short term government funding, is now widely believed to be a solvency crisis, in which some form of debt restructuring seems increasingly likely. This is of particular concern to European banks, many of which have holdings in Greek bonds, and also those issued by Spain and Portugal, where similar, although less acute, problems exist.

On the economic front data has been mixed, particularly out of the United States. A key driver of last year's market recovery from the 2009 lows was the improving trend in a range of economic data – including upward revisions to economic growth, rising consumer confidence, and recovering exports. Latterly, however, economic figures have fallen short of expectations. Employment was weaker than expected in May, as were housing starts which collapsed by 33%, although the latter was partly due to the removal of a first time buyer tax credit at the end of April. However, even existing home sales were down, and considerably below expectations. Recent consumer confidence data has also been worse than expected. These factors have undoubtedly led to questions about the sustainability of the US economic recovery. Deflation concerns have also returned, as evidenced by the move in long term US interest rates, which are now below 3%.

The overseas portfolio was helped in this period by the performance of Apple Inc, where new product development, and in particular the successful launch of the iPad tablet computer, helped maintain positive momentum behind the shares. Starbucks saw the benefits of its restructuring bear fruit and also made strong returns in this period. Against this, the oil disaster in the Gulf of Mexico had a very negative impact on two companies we held which were associated with the spill, Anadarko and Transocean, and these were among the weakest performers in the period.

Over the period we added Henkel to the portfolio. The company manufactures industrial, commercial, and consumer chemical products and is currently undergoing a restructuring programme, focusing on cost cutting and margin expansion, after new management took over in late 2008. We also added to Suncor, the Canadian oil-sands company which should benefit from increased focus on onshore production and bought Nalco, the water treatment company. The company has benefited from the cleanup operation in the Gulf, as it is the manufacturer of the dispersants used.

The most significant negative contributor to performance in the UK portfolio was Unite Group, a property developer which focuses on the student accommodation market. The company had a poor update at the end of the last quarter in which estimates of the company's net asset value were downgraded and there are now question marks over the rental growth prospects for student accommodation.

Within the UK portfolio holdings that performed well during the quarter include Melrose, Compass Group and Reed Elsevier. Melrose has benefited from the successful restructuring of the former FKI businesses following their purchase back in 2008. Compass Group, the global contract caterer, has continued to deliver margin improvement and the shares have been re-rated accordingly. Reed Elsevier, the global business-to-business media company has built on its strong market presence in the legal, medical and scientific markets and we expect trading to improve over the coming quarters. Another stock we favour currently is Hansen Transmissions, the global leader in the supply of gearboxes for wind turbines. Following a difficult period after its London listing in 2007, the company is now valued at a substantial discount to the replacement cost of its assets and we believe that the long term growth prospects for wind power remain firmly in place. Once Hansen sees a recovery in its orders, we expect sentiment to turn rapidly and the shares to recover back to their fair value.

## Outlook

Despite the concerns outlined above, equities continue to enjoy a favourable monetary policy environment. By using “extended period” to describe the likely duration of its zero interest rate policy the Federal Reserve has signalled that monetary policy will remain supportive for some time to come. The Bank of England has a similar view, with a substantial majority vote in favour of keeping interest rates on hold in recent meetings. The sovereign debt crisis in Europe appears to have awakened policy makers to the size of their fiscal deficits and the fact that they need to address them. Fiscal retrenchment carries risks both for the global economy and for equity markets. On the one hand, markets are concerned about the levels of government debt and want to see them reduced to more sustainable levels. However there is a significant risk that too aggressive an approach will snuff out any recovery. The process of reducing government spending will clearly impact on overall demand in the developed world, and this itself could tip their economies back into recession, thereby jeopardising the long run recovery which is necessary to pay back debt.

Nonetheless emerging markets are still growing strongly, and monetary policy remains supportive for the consumer. Therefore, we remain reasonably confident that western Governments will be able to solve their budgetary issues without causing a double-dip recession, but there are clearly risks and it will no doubt be an uneven path to recovery. The most likely outcome is a period of positive but sub-trend economic growth in the large western economies as the consumer and governments gradually pay back debt.

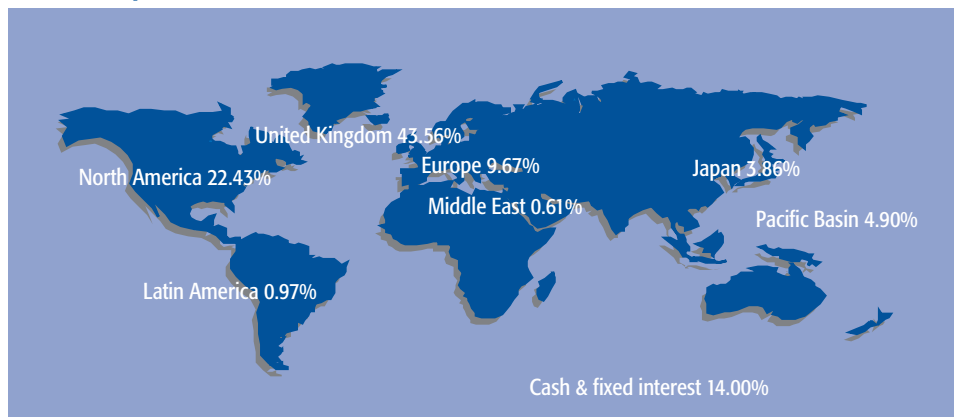
Valuations across equity markets are generally attractive by historic standards, and analysts’ earnings estimates also point to reasonable growth in the future. However, the macroeconomic legacies of the past (overborrowed consumers, government deficits, and global imbalances) are still firmly with us.

Against this backdrop, we continue to believe that growth businesses with strong franchises offer the most attractive long term prospect for investors. These companies tend to have leading market positions in their sectors and strong barriers to entry. They should be better able to maintain their profit margins during periods of both deflation and inflation – a powerful attribute given the current macro risks. Yet they continue to trade on relatively low valuations, with price to earnings multiples often in-line with or below that of the wider market. It is companies with these attributes which we will continue to try and identify.

**Lucy MacDonald and Jeremy Thomas** | RCM (UK) Limited

## Portfolio Analysis

as at 31 May 2010



## Listed Equity Holdings as at 31 May 2010

Security Name	Market Value £'000s	Total Assets %*	Principal Activity
Treasury Stock 4.75% 07/06/2010	10,194	3.91	Gilt
HSBC Holdings (UK)	8,088	3.10	Banks
Treasury Stock 2.5% I/L 16/04/2020	7,886	3.03	Gilt
GlaxoSmithKline	7,660	2.94	Pharmaceuticals & Biotechnology
Treasury Stock 4% 07/03/2022	7,619	2.92	Gilt
Royal Dutch Shell 'B' Shares	6,919	2.65	Oil & Gas Producers
Vodafone Group	5,915	2.27	Mobile Telecommunications
BP	5,893	2.26	Oil & Gas Producers
BG Group	5,467	2.10	Oil & Gas Producers
Rio Tinto	4,281	1.64	Mining
Unilever	4,175	1.60	Food Producers
Compass	4,101	1.57	Travel & Leisure
BHP Billiton (USD)	3,950	1.52	Mining
Cobham	3,549	1.36	Aerospace & Defence
Apple	3,417	1.31	Technology Hardware & Equipment
AstraZeneca	3,358	1.29	Pharmaceuticals & Biotechnology
Centrica	3,155	1.21	Gas, Water & Multiutilities
Melrose	3,099	1.19	Industrial Engineering
Nestle	2,980	1.14	Food Producers
International Personal Finance	2,912	1.12	General Financial
Barclays	2,901	1.11	Banks

**Listed Equity Holdings** as at 31 May 2010

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %*</b>	<b>Principal Activity</b>
Xstrata	2,877	1.10	Mining
Reckitt Benckiser	2,730	1.04	Household Goods
Wells Fargo & Co	2,567	0.98	Banks
Intermediate Capital	2,495	0.96	General Financial
Reed Elsevier (GBP)	2,421	0.93	Media
Walt Disney Co	2,414	0.92	Media
Diageo	2,283	0.88	Beverages
Allergan	2,250	0.86	Pharmaceuticals & Biotechnology
Hewlett Packard	2,249	0.86	Technology Hardware & Equipment
BHP Billiton (AUD)	2,223	0.85	Mining
International Power	2,199	0.84	Electricity
Starbucks	2,177	0.83	Travel & Leisure
Abbott Laboratories	2,160	0.83	Pharmaceuticals & Biotechnology
Tyco	2,110	0.81	General Industrials
Thermo Fisher Scientific	2,035	0.78	Health Care Equipment & Services
Danaher	2,022	0.78	Electronic & Electrical Equipment
Eutelsat	2,018	0.77	Media
Itochu	2,013	0.77	Support Services
Informa	1,982	0.76	Media
Canon	1,973	0.76	Technology Hardware & Equipment
Philip Morris	1,936	0.74	Tobacco
Estee Lauder	1,926	0.74	Personal Goods
Sony	1,923	0.74	Leisure Goods
Australia & New Zealand Banking Group	1,872	0.72	Banks
Suncor Energy	1,866	0.72	Oil & Gas Producers
Colgate-Palmolive	1,862	0.71	Personal Goods
BAE Systems	1,854	0.71	Aerospace & Defence
Fresenius	1,831	0.70	Health Care Equipment & Services
US Bancorp	1,819	0.70	Banks
Oracle	1,797	0.69	Software & Computer Services
3i Group	1,767	0.68	General Financial
Henkel AG & Co	1,761	0.68	Household Goods
Vinci	1,738	0.67	Construction & Materials
Cnooc	1,726	0.66	Oil & Gas Producers
Amazon	1,713	0.66	General Retailers
Philips Electronics	1,713	0.66	Leisure Goods
East Japan Railway	1,709	0.65	Travel & Leisure
JPMorgan	1,696	0.65	Banks



**Listed Equity Holdings** as at 31 May 2010

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %*</b>	<b>Principal Activity</b>
Experian	1,682	0.65	Support Services
Eaton	1,675	0.64	General Industrials
State Street	1,657	0.64	Financial Services
LVMH Moët Hennessy	1,644	0.63	Personal Goods
Honeywell	1,620	0.62	Aerospace & Defence
Telecity Group	1,620	0.62	Software & Computer Services
Teva Pharmaceutical Industries	1,603	0.62	Pharmaceuticals & Biotechnology
Marathon Oil	1,580	0.61	Oil & Gas Producers
Fubon Financial	1,507	0.58	Financial Services
Microchip Technology	1,480	0.57	Technology Hardware & Equipment
ABB	1,442	0.55	Electronic & Electrical Equipment
Potash	1,441	0.55	Chemicals
China Mobile	1,427	0.55	Mobile Telecommunications
TNT	1,425	0.55	Industrial Transportation
Samsung Electronics	1,423	0.55	Electronic & Electrical Equipment
International Game Technology	1,413	0.54	Travel & Leisure
China Life Insurance	1,403	0.54	Life Insurance
BNP Paribas	1,400	0.54	Banks
WPP	1,357	0.52	Media
Intel	1,347	0.52	Technology Hardware & Equipment
Anadarko Petroleum	1,327	0.51	Oil & Gas Producers
Celgene	1,322	0.51	Pharmaceuticals & Biotechnology
Nidec	1,319	0.51	Electronic & Electrical Equipment
America Movil	1,313	0.50	Mobile Telecommunications
Crown Castle International	1,259	0.48	Technology Hardware & Equipment
Total	1,245	0.48	Oil & Gas Producers
Itau Unibanco	1,216	0.47	Banks
Meggitt	1,198	0.46	Aerospace & Defence
Prudential	1,195	0.46	Life Insurance
Taiwan Semiconductor (ADS)	1,170	0.45	Electronic & Electrical Equipment
Mitsui Fudosan	1,133	0.43	Real Estate
Cisco Systems	1,097	0.42	Technology Hardware & Equipment
Umicore	1,087	0.42	Chemicals
Medco Health Solutions	1,083	0.42	Health Care Equipment & Services
Dana Petroleum	1,072	0.41	Oil & Gas Producers
Suntrust Banks	1,072	0.41	Banks
Bayer AG	1,061	0.41	Chemicals
Nalco	1,060	0.41	Chemicals

## Listed Equity Holdings as at 31 May 2010

Security Name	Market Value £'000s	Total Assets %*	Principal Activity
Muenchener Rueckve	1,054	0.40	Insurance
Arcelormittal	1,029	0.39	Industrial Metals & Mining
Smiths Group	1,008	0.39	General Industrials
Vienna Insurance	1,007	0.39	Insurance
Misys	986	0.38	Software & Computer Services
Aviva	948	0.36	Life Insurance
Spectris	929	0.36	Electronic & Electrical Equipment
Hansen Transmission	909	0.35	Alternative Energy
Whitbread	810	0.31	Travel & Leisure
Unite Group	798	0.31	Real Estate
TUI Travel	796	0.31	Travel & Leisure
Lukoil Oil	767	0.29	Oil & Gas Producers
Keller	765	0.29	Construction & Engineering
Resolution	636	0.24	General Financial
Logica	385	0.15	Software & Computer Services
Ashmore	383	0.15	General Financial
	<b>£249,811</b>	<b>95.85</b>	

## Unlisted Equity Holdings as at 31 May 2010

Security Name	Market Value £'000s	Total Assets %*	Principal Activity
First Debenture Finance	24	0.01	Financial Services
Fintrust Debenture	4	0.00	Financial Services
August Equity Partners	2	0.00	Venture Capital Partnership
	<b>£30</b>	<b>0.01</b>	

\* Total assets are stated net of current liabilities

## Income Statement

	For the six months ended 31 May 2010		
	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)
Net gains on investments at fair value	–	6,278	6,278
Net gains on foreign currency	–	9	9
Income from investments	3,503	–	3,503
Other income	9	–	9
Investment management fee	(181)	(422)	(603)
Investment management fee VAT refund	–	–	–
Administrative expenses	(129)	(11)	(140)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>3,202</b>	<b>5,854</b>	<b>9,056</b>
Finance costs: interest payable and similar charges	(685)	(1,572)	(2,257)
<b>Net return on ordinary activities before taxation</b>	<b>2,517</b>	<b>4,282</b>	<b>6,799</b>
<b>Taxation</b>			
Overseas taxation	(138)	–	(138)
UK taxation	–	–	–
	(138)	–	(138)
<b>Net return attributable to Ordinary Shareholders</b>	<b>2,379</b>	<b>4,282</b>	<b>6,661</b>
<b>Net return per Ordinary Share (Note 1)</b>	<b>5.14p</b>	<b>9.24p</b>	<b>14.38p</b>

(basic and diluted)

## Balance Sheet

	As at 31 May 2010 £'000s
Investments held at fair value through profit or loss	249,841
Net current assets	10,784
<b>Total Assets less Current Liabilities</b>	<b>260,625</b>
Creditors: amount falling due after more than one year	(52,671)
<b>Total Net Assets</b>	<b>207,954</b>
Called up Share Capital	11,512
Capital Redemption Reserve	4,488
Capital Reserve	178,658
Revenue Reserve	13,296
<b>Equity Shareholders' Funds</b>	<b>207,954</b>
<b>Net Asset Value per Ordinary Share</b>	<b>451.6p</b>

The Net Asset Value is based on 46,047,805 Ordinary Shares in issue.

For the six months ended 31 May 2009			For the year ended 30 November 2009		
Revenue £'000s	Capital £'000s	Total Return £'000s	Revenue £'000s	Capital £'000s	Total Return £'000s
		(Note 2)			(Note 2)
–	10,013	10,013	–	42,764	42,764
–	4	4	–	4	4
3,844	–	3,844	6,964	–	6,964
490	–	490	568	–	568
(139)	(325)	(464)	(305)	(711)	(1,016)
886	923	1,809	695	475	1,170
(126)	(7)	(133)	(369)	(14)	(383)
<b>4,955</b>	<b>10,608</b>	<b>15,563</b>	<b>7,553</b>	<b>42,518</b>	<b>50,071</b>
(686)	(1,574)	(2,260)	(1,391)	(3,188)	(4,579)
<b>4,269</b>	<b>9,034</b>	<b>13,303</b>	<b>6,162</b>	<b>39,330</b>	<b>45,492</b>
(179)	–	(179)	(270)	–	(270)
(415)	415	–	(187)	187	–
(594)	415	(179)	(457)	187	(270)
<b>3,675</b>	<b>9,449</b>	<b>13,124</b>	<b>5,705</b>	<b>39,517</b>	<b>45,222</b>
<b>7.86p</b>	<b>20.22p</b>	<b>28.08p</b>	<b>12.22p</b>	<b>84.65p</b>	<b>96.87p</b>

As at 31 May 2009 £'000s	As at 30 November 2009 £'000s
216,818	252,023
13,152	6,302
<b>229,970</b>	<b>258,325</b>
(52,784)	(51,833)
<b>177,186</b>	<b>206,492</b>
11,674	11,633
4,326	4,367
146,722	176,235
14,464	14,257
<b>177,186</b>	<b>206,492</b>
<b>379.5p</b>	<b>443.8p</b>

The Net Asset Value is based on 46,695,015 Ordinary Shares in issue.

The Net Asset Value is based on 46,533,305 Ordinary Shares in issue.

## Reconciliation of Movements in Shareholders' Funds

	Called up Share Capital £'000s	Capital Redemption Reserve £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Total £'000s
<b>Six months ended 31 May 2010</b>					
Net Assets at 30 November 2009	11,633	4,367	176,235	14,257	206,492
Revenue Return	–	–	–	2,379	2,379
Shares repurchased during the period	(121)	121	(1,859)	–	(1,859)
Dividends on Ordinary Shares	–	–	–	(3,340)	(3,340)
Capital Return	–	–	4,282	–	4,282
<b>Net Assets at 31 May 2010</b>	<b>11,512</b>	<b>4,488</b>	<b>178,658</b>	<b>13,296</b>	<b>207,954</b>
<b>Six months ended 31 May 2009</b>					
Net Assets at 30 November 2008	11,741	4,259	138,031	14,014	168,045
Revenue Return	–	–	–	3,675	3,675
Shares repurchased during the period	(67)	67	(758)	–	(758)
Dividends on Ordinary Shares	–	–	–	(3,225)	(3,225)
Capital Return	–	–	9,449	–	9,449
<b>Net Assets at 31 May 2009</b>	<b>11,674</b>	<b>4,326</b>	<b>146,722</b>	<b>14,464</b>	<b>177,186</b>
<b>Year ended 30 November 2009</b>					
Net Assets at 30 November 2008	11,741	4,259	138,031	14,014	168,045
Revenue Return	–	–	–	5,705	5,705
Shares repurchased during the year	(108)	108	(1,313)	–	(1,313)
Dividends on Ordinary Shares	–	–	–	(5,462)	(5,462)
Capital Return	–	–	39,517	–	39,517
<b>Net Assets at 30 November 2009</b>	<b>11,633</b>	<b>4,367</b>	<b>176,235</b>	<b>14,257</b>	<b>206,492</b>

## Cash Flow Statement

	Six months ended 31 May 2010 £'000s	Six months ended 31 May 2009 £'000s	Year ended 30 November 2009 £'000s
<b>Net cash inflow from operating activities</b>	2,599	3,707	7,527
<b>Return on investments and servicing of finance</b>			
Interest paid	(2,324)	(2,321)	(4,664)
Dividend paid on Preference Stock	(11)	(11)	(23)
<b>Net cash outflow from servicing of finance</b>	<b>(2,335)</b>	<b>(2,332)</b>	<b>(4,687)</b>
<b>Capital expenditure and financial investment</b>			
Purchases of fixed asset investments	(47,224)	(60,865)	(115,875)
Sales of fixed asset investments	55,707	62,216	114,130
<b>Net cash inflow (outflow) from capital expenditure and financial investment</b>	<b>8,483</b>	<b>1,351</b>	<b>(1,745)</b>
<b>Equity dividends paid</b>	<b>(3,340)</b>	<b>(3,225)</b>	<b>(5,464)</b>
<b>Net cash inflow (outflow) before financing</b>	<b>5,407</b>	<b>(499)</b>	<b>(4,369)</b>
<b>Financing</b>			
Purchase of Ordinary shares for cancellation	(1,859)	(760)	(1,315)
<b>Increase (Decrease) in cash</b>	<b>3,548</b>	<b>(1,259)</b>	<b>(5,684)</b>
<b>Reconciliation of Return on Ordinary Activities before Finance costs and Taxation to Net Cash Flow from Operating Activities</b>			
Total return before finance costs and taxation	9,056	15,563	50,071
Less: Net gains on investments at fair value	(6,278)	(9,833)	(42,764)
Add: Special dividends credited to capital	–	–	21
Add: Effective yield amortisation	236	–	500
Less: Net gains on foreign currency	(9)	(4)	(4)
Less: Overseas tax suffered	(138)	(179)	(270)
	<b>2,867</b>	<b>5,547</b>	<b>7,554</b>
Increase in debtors	(227)	(1,543)	(37)
Decrease in creditors	(41)	(297)	10
<b>Net cash inflow from operating activities</b>	<b>2,599</b>	<b>3,707</b>	<b>7,527</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net cash inflow (outflow)	3,548	(1,259)	(5,684)
Net gains on foreign currency	9	4	4
(Increase) decrease in long term loans	(838)	(842)	109
<b>Movement in net funds (debt)</b>	<b>2,719</b>	<b>(2,097)</b>	<b>(5,571)</b>
Net debt brought forward	(45,744)	(40,173)	(40,173)
<b>Net debt carried forward</b>	<b>(43,025)</b>	<b>(42,270)</b>	<b>(45,744)</b>

## Notes

### Note 1

The Returns per Ordinary Share have been calculated using a weighted average number of shares in issue of 46,320,954 (31 May 2009 – 46,741,007; 30 November 2009 – 46,681,926 shares).

### Note 2

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 period.

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 on purchases which amounted to £122,000 (31 May 2009 – £80,000; 30 November 2009 – £165,000) and transaction costs on sales which amounted to £64,000 (31 May 2009 – £46,000; 30 November 2009 – £100,000).

### Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. Listed investments are valued at bid market prices.

### Note 4

In accordance with FRS21 'Events after the Balance Sheet Date', the final dividend payable on Ordinary Shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

Dividends paid on Ordinary Shares in respect of earnings for each period are as follows:

	<b>Six months ended 31 May 2010 £'000s</b>	<b>Six months ended 31 May 2009 £'000s</b>	<b>Year ended 30 November 2009 £'000s</b>
Final dividend 7.20p paid 25 March 2010 (2009 – 6.90p)	3,340	3,225	3,225
Interim dividend 4.80p paid 28 August 2009	–	–	2,238
	<b>3,340</b>	<b>3,225</b>	<b>5,463</b>

Dividends payable at the period end are not recognised as a liability under FRS 21 'Events after the Balance Sheet Date'. Details of these dividends are set out below.

	<b>Six months ended 31 May 2010 £'000s</b>	<b>Six months ended 31 May 2009 £'000s</b>	<b>Year ended 30 November 2009 £'000s</b>
Interim proposed dividend 4.80p payable 27 August 2010 (2009 – 4.80p)	2,210	2,241	–
Final dividend 7.20p	–	–	3,350
	<b>2,210</b>	<b>2,241</b>	<b>3,350</b>

#### **Note 4 (continued)**

The interim and final dividend above is based on the number of shares in issue at the period end. However, the dividend payable will be based upon the number of shares in issue on the record date and will reflect any purchases or cancellations of shares by the Company settled subsequent to the period end.

#### **Note 5**

The Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements, as the assets of the Company consist mainly of securities which are readily realisable and accordingly, that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

#### **Note 6**

The half yearly financial report has neither been audited nor reviewed by the Company's auditors. The financial information for the year ended 30 November 2009 has been extracted from the statutory financial statements of the Company for that year, which have been delivered to the Registrar of Companies. The Auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

In accordance with the UK's disclosure requirements for listed companies, the Company is required to make limited additional and updated disclosures, mainly relating to the first and third quarters of the financial year. These Interim Management Statements are released via the Regulatory News Service and posted on the Company's website [www.brunner.co.uk](http://www.brunner.co.uk) on or shortly before 19 April and 19 October each year.



## Investor Information

### Directors

Keith Percy (Chairman)  
Ian Barlow  
Vivian Bazalgette  
William Worsley

### Managers

RCM (UK) Limited  
155 Bishopsgate  
London EC2M 3AD  
Telephone: 020 7859 9000  
Represented by Lucy MacDonald and Jeremy Thomas  
(Fund Managers)

Allianz Global Investors is the marketing name of RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority.

### Secretary and Registered Office

Kirsten Salt BA (Hons) ACIS  
155 Bishopsgate  
London EC2M 3AD  
Telephone: 020 7065 1513  
Registered Number: 226323

### Registrars

Capita Registrars  
Northern House, Woodsome Park,  
Fenay Bridge, Huddersfield,  
West Yorkshire HD8 0GA  
Telephone: 0871 664 0300  
(calls cost 10p per minute plus network extras)  
Or, if telephoning from overseas,  
0044 20 8639 3399.  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

### Results

Half-year announced in July.  
Full Year announced late January/early February  
Annual Financial Report posted to shareholders in  
February.  
Annual General Meeting held in March.

### Ordinary Dividends 2010/2011

Interim dividend payable 27 August 2010 (ex dividend  
28 July 2010)  
Final dividend payable March 2011.

### AIC Membership

The Company is a member of the Association of Investment Companies.

Category: Global Growth

### Net Asset Value

The Net Asset Value of the Ordinary Shares is calculated and announced daily and the top ten holdings are announced monthly. They are published on the London Stock Exchange Regulatory News Service. They are also available from Allianz Global Investors, via Investor Services on 0800 317573 or on the Managers' website: [www.allianzglobalinvestors.co.uk](http://www.allianzglobalinvestors.co.uk)

### Shareholders' Enquiries

Capita Registrars are the Company's registrars and maintain the share register. In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc., shareholders should contact the registrars on 0871 664 0300 or +44 20 8639 3399 if calling from overseas. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the 0871 664 0300 number are charged at 10 pence per minute plus any of your service providers' network extras. Calls to the helpline number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Changes of name and 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. Telephone: 020 7859 9000.

### How to Invest

Alliance Trust Savings Limited ("ATS") is one of a number of providers offering a range of products and services, including Share Plans, ISAs and pension products. ATS also maintains services including online and telephone-based dealing facilities and online valuations. More information is available from Allianz Global Investors either via Investor Services on 0800 317 573 or on the Managers' website: [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts), or from Alliance Trust Savings Customer Services Department on 01382 321185 or by e-mail: [contact@alliancetrust.co.uk](mailto:contact@alliancetrust.co.uk)

A short list of other providers can be found on the RCM Investment Trusts website: [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts)

### Website

Further information about the Trust is available at [www.brunner.co.uk](http://www.brunner.co.uk), or on the Manager's website: [www.allianzglobalinvestors.co.uk](http://www.allianzglobalinvestors.co.uk)



