

For immediate release

12 February 2013

THE BRUNNER INVESTMENT TRUST PLC

Final Results for the year ended 30 November 2012

The following comprises extracts from the Company's Annual Financial Report for the year ended 30 November 2012. 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](http://www.brunner.co.uk). Copies will be posted to shareholders shortly.

## **MANAGEMENT REPORT**

### **Chairman's Statement**

I am pleased to report that over the course of the financial year our net asset value rose by 12.1% compared with a benchmark return of 8.6%.

### **Earnings**

The company's earnings have risen from 12.28p to 13.34p this year, an increase of 8.6%.

### **Dividends**

It is proposed that a final dividend of 8.3p per share will be paid on 22 March 2013 to shareholders on the Register of Members at close of business on 22 February 2013, bringing the total payment for 2012 to 13.3p, an increase of 3.9% on last year. As I mentioned at the half-year stage, we have begun the process of bringing the interim and final dividend payments closer together over time and the half-year dividend was increased by 4.2%. Revenue reserves remain very strong, amounting to 23.2p per share after the payment of the proposed final dividend.

### **Performance**

Last year I commented on the directors' hope that the uplift in performance reported last year would continue in 2012. It is therefore pleasing that both the overseas and UK elements of the portfolio have performed ahead of the benchmark. As you can see from the analysis on page 4 of the annual financial report, the overall portfolio return in the year was 12.6%, against a benchmark return of 8.6%.

### **Buy Back of Shares**

Our buy back policy of repurchasing shares for cancellation was maintained and during the course of the year 415,669 shares were purchased for cancellation, and a further 36,000 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**

In anticipation of the changes to the way individuals can invest in funds brought about by the Retail Distribution Review ('RDR') the board has increased marketing activities to generate interest in the company's shares. The changes we have made since last year include the launch of our dedicated website [www.brunner.co.uk](http://www.brunner.co.uk) and increased online and press advertising resulting in greater coverage in the investment press.

### **Operating Expenses**

During the year the Association of Investment Companies ('AIC') changed the recommended way of reporting the costs of running an investment company from the Total Expenses Ratio to Ongoing Charges. We report against both measures on page 3 of the annual financial report and give details and an explanation on page 26.

### **AIFMD**

Another development to affect our industry is the Alternative Investment Fund Managers Directive. This will introduce additional regulatory oversight for investment trusts and other types of funds and comes into effect later this year. It is not yet clear what impact these changes will have on ongoing charges.

### **The Board**

Since the year end we have appointed a new director to the board, Peter Harrison. His biography is on page 24 of the annual financial report. We are pleased to welcome Peter who strengthens further the significant and relevant investment experience of the board. Peter's appointment brings the total number of directors to six.

We continue to conduct an annual appraisal of the board and its effectiveness and this process is described on page 33. This year, for the first time, we have asked an external agency to facilitate the evaluation to pose fresh questions. Our corporate governance statement on the board is included in the report from pages 31 to 37.

At our annual strategy day we met with our advisers and considered our performance in relation to our sector, peer group and benchmark; we also looked at our investment objective and analysed our shareholder base and its requirements; we examined our balance sheet and structure; and considered our marketing plans and positioning for RDR.

### **Outlook**

Both market volatility and stock correlations have declined meaningfully. As a result, company fundamentals are now the main drivers of share price performance, rather than macroeconomic developments. This creates a more supportive environment for picking stocks and, while macro risk has not gone away, the frequency and amplitude of market dislocations appear to have diminished.

Our investment managers cover the outlook in detail on page 12 of the Annual Financial Report. Suffice it to say that, whilst world economies face an extended period of low growth, there are some optimistic signs, particularly in China and the US. At the same time, the corporate sector continues to show much resilience and strength. Your board is therefore confident that our managers will continue to find good long term opportunities for the portfolio.

### **Annual General Meeting**

The annual general meeting will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on Tuesday 19 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.

<b>Description</b>	<b>Mitigation</b>
<b>Investment Strategy</b> 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. 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.
<b>Market Volatility</b> 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.	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.
<b>Financial and Liquidity Risk</b>	The financial risks to the company and the controls in place to manage these risks are disclosed in detail in note 17 beginning on page 61 of the annual financial report.

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 the value of shareholders' investments and the company's 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 31 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 BRUNNER INVESTMENT TRUST PLC  
Final Results for the year ended 30 November 2012

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 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

Keith Percy  
Chairman

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Allianz Global Investors

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**PORTFOLIO ANALYSIS as at 30 November 2012\***

	%
United Kingdom	50.2
Europe	10.6
Americas	27.3
Japan	2.7
Pacific Basin	9.2
<b>Total</b>	<b>100.0</b>

\*Excludes Cash and Treasury Stock

**THIRTY LARGEST EQUITY INVESTMENTS as at 30 November 2012**

	<b>Valuation 30 November 2012 £</b>	<b>% of Invested Funds</b>	<b>Sector</b>
HSBC Holdings	8,853,433	3.33	Banks
Royal Dutch Shell 'B' Shares	8,520,207	3.20	Oil & Gas Producers
BP	8,193,361	3.08	Oil & Gas Producers
GlaxoSmithKline	8,027,311	3.02	Pharmaceuticals & Biotechnology
Vodafone Group	6,443,602	2.42	Mobile Telecommunications
Diageo	5,565,949	2.09	Beverages
BHP Billiton	5,360,107	2.02	Mining
Reed Elsevier	5,062,395	1.90	Media
Rio Tinto	4,780,509	1.80	Mining
Unilever	3,684,568	1.39	Food Producers
Abbott Laboratories	3,524,272	1.33	Pharmaceuticals & Biotechnology
Centrica	3,520,999	1.32	Gas, Water & Multiutilities
Apple	3,442,755	1.29	Technology Hardware & Equipment
Reckitt Benckiser	3,301,732	1.24	Household Goods
Pfizer	3,270,302	1.23	Pharmaceuticals & Biotechnology
Tesco	3,252,746	1.22	Food & Drug Retailers
Resolution	3,042,416	1.14	Life Insurance
Philip Morris	3,005,602	1.13	Tobacco
Nestle	2,972,736	1.12	Food Producers
Crown Castle International	2,854,490	1.07	Mobile Telecommunications
Visa	2,752,206	1.04	Financial Services
Flowserve	2,732,505	1.03	Industrial Engineering
Boot (Henry)	2,711,038	1.02	Construction & Materials
Microsoft	2,657,457	1.00	Software & Computer Services
Samsung Electronics (GDR)	2,585,271	0.97	Technology Hardware & Equipment
UBM	2,531,517	0.95	Media
US Bancorp	2,523,072	0.95	Banks
China Mobile	2,517,347	0.95	Mobile Telecommunications
Allergan	2,516,122	0.95	Pharmaceuticals & Biotechnology
Fresenius	2,480,148	0.93	Healthcare Equipment & Services
	<b>122,686,175</b>	<b>46.13</b>	<b>% of Total Invested Funds</b>

## INCOME STATEMENT

for the year ended 30 November 2012

	Revenue £	2012 Capital £	Total Return £ (Note C)
Net gains on investments at fair value	-	28,148,864	28,148,864
Net gains on foreign currencies	-	3,222	3,222
Income	8,164,531	-	8,164,531
Investment management fee	(363,578)	(848,349)	(1,211,927)
Administration expenses	(397,751)	(9,014)	(406,765)
<b>Net return before finance costs and taxation</b>	<b>7,403,202</b>	<b>27,294,723</b>	<b>34,697,925</b>
Finance costs: interest payable and similar charges	(1,351,267)	(3,099,625)	(4,450,892)
<b>Net return on ordinary activities before taxation</b>	<b>6,051,935</b>	<b>24,195,098</b>	<b>30,247,033</b>
Taxation	(270,497)	-	(270,497)
<b>Net return on ordinary activities attributable to ordinary shareholders</b>	<b>5,781,438</b>	<b>24,195,098</b>	<b>29,976,536</b>
<b>Return per ordinary share</b> (basic and diluted) (Note B)	<b>13.34p</b>	<b>55.81p</b>	<b>69.15p</b>

## BALANCE SHEET

as at 30 November 2012

	<b>2012</b> £
Investments held at fair value through profit or loss	266,000,192
<b>Net current assets</b>	<b>11,266,193</b>
<b>Total assets less current liabilities</b>	<b>277,266,385</b>
Creditors – amounts falling due after more than one year	(50,072,311)
<b>Total net assets</b>	<b>227,194,074</b>
<b>Capital and reserves</b>	
Called up share capital	10,810,729
Capital redemption reserve	5,189,271
Capital reserve	197,557,672
Revenue reserve	13,636,402
<b>Equity shareholders' funds</b>	<b>227,194,074</b>
<b>Net asset value per ordinary share</b>	<b>525.4p</b>

The net asset value is based on 43,242,918 ordinary shares in issue.

## INCOME STATEMENT

for the year ended 30 November 2011

	Revenue £	2011 Capital £	Total Return £ (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> (basic and diluted) (Note B)	<b>12.28p</b>	<b>(10.23p)</b>	<b>2.05p</b>

## BALANCE SHEET

as at 30 November 2011

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.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

### For the year ended 30 November 2012

	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
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>
Net assets at 1 December 2011	10,914,647	5,085,353	175,084,502	13,495,824	204,580,326
Revenue return	-	-	-	5,781,438	5,781,438
Shares repurchased during the year	(103,918)	103,918	(1,721,928)	-	(1,721,928)
Dividends on ordinary shares	-	-	-	(5,651,489)	(5,651,489)
Unclaimed dividends over 12 years	-	-	-	10,629	10,629
Capital return	-	-	24,195,098	-	24,195,098
<b>Net assets at 30 November 2012</b>	<b>10,810,729</b>	<b>5,189,271</b>	<b>197,557,672</b>	<b>13,636,402</b>	<b>227,194,074</b>

## CASH FLOW STATEMENT

For the year ended 30 November 2012

	2012 £	2012 £	2011 £
<b>Net cash inflow from operating activities</b>		<b>6,758,798</b>	<b>6,235,718</b>
<b>Return on investments and servicing of finance</b>			
Interest paid	(4,644,862)		(4,649,838)
Dividends paid on preference stock	(22,500)		(22,500)
<b>Net cash outflow from servicing of financing</b>		<b>(4,667,362)</b>	<b>(4,672,338)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of fixed asset investments	(55,764,938)		(100,799,165)
Sale of fixed asset investments	65,584,820		110,366,862
<b>Net cash inflow from financial investments</b>		<b>9,819,882</b>	<b>9,567,697</b>
<b>Equity dividends paid</b>		<b>(5,651,489)</b>	<b>(5,466,641)</b>
Unclaimed dividends over 12 years		10,629	-
<b>Net cash inflow before financing</b>		<b>6,270,458</b>	<b>5,664,436</b>
<b>Financing</b>			
Repurchase of ordinary shares for cancellation		(1,722,318)	(8,622,487)
<b>Increase (decrease) in cash</b>		<b>4,548,140</b>	<b>(2,958,051)</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 43,351,553 (30 November 2011 – 44,745,974) ordinary shares in issue.

Note C

The total return 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 of £160,745 (2011 – £278,273) and transaction costs on sales of £58,970 (2011 – £116,024).

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.

Note E

**Dividends on Ordinary Shares**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Dividends paid on ordinary shares:		
Final – 8.00p paid 23 March 2012 (2011 - 7.40p)	3,487,593	3,361,141
Interim – 5.00p paid 31 August 2012 (2011 - 4.80p)	<u>2,163,896</u>	<u>2,105,500</u>
	5,651,489	5,466,641

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>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Final dividend – 8.30p payable 22 March 2013 (2012 – 8.00p)	3,589,162	3,492,687

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 2012 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 2011 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.