Report and Accounts for the year ended 30th November 2000

Dresdner RCM Global Investors | Investment Trusts

The Brunner Investment Trust PLC

www.brunner.co.uk

its investment trusts
the easy way to invest in the stock market

Dresdner RCM Global Investors

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Form of Proxy	

The illustration on the cover of this report features a fountain (Brunnen in German) from the Arms of the Brunner family, which derives from Switzerland. The great, great, great grandfather of WR Worsley, a director of The Brunner Investment Trust, was born in Canton Zürich and migrated to Lancashire in 1832. His son, Sir John T. Brunner, Bart, was the co-founder of Brunner, Mond & Co, the largest of the four companies which came together to form ICI in 1926. The family's interest in ICI was used in the following year to establish The Brunner Investment Trust PLC.

A member of The Association of Investment Trust Companies

Key Facts

Investment Objective To achieve a total return higher than that of the benchmark index of 60% FTSE All-Share and 40% FT/S&P World Index (ex UK sterling adjusted) over the long term.

Strategy This 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 seeking a single investment in a diversified and professionally managed portfolio.

Highlights of the Year

Revenue	**2000**	**1999**	**% change**
Available for Ordinary Dividend	£4,856,601	£4,395,320	10.5%
Earnings per Ordinary Share	8.01p	6.91p	15.9%
Dividend per Ordinary Share	7.10p	6.90p	2.9%
Retail Price Index	172.1	166.7	3.2%

Assets	**2000**	**1999**	**% change**
Total Net Assets	£326,102,183	£342,148,193	–4.6%
Share price	497.0p	467.5p	+6.3%
Net Asset Value per Ordinary Share	540.2p	560.7p	–3.7%

Movement in Benchmark Investment Index over twelve months (60% FTSE All-Share: 40% FT/S&P World Index, ex UK sterling adjusted)* +0.41%

*Indices are price index returns rebalanced on a monthly basis.

The Benchmark was introduced in November 1998.

Financial Calendar

Results

Half-year announced July. Full-year announced late January/early February. Report and Accounts posted to Shareholders March. Annual General Meeting held March.

Ordinary Dividends

Interim paid mid September. Final paid late March/early April.

Preference Dividends

Payable half-yearly 30th June and 31st December.

Chairman's Statement

Following a decade during which the net asset value of the Trust rose from 157p per share on November 30th 1990 to 560p per share on November 30th 1999 it is slightly disappointing to report a fall, albeit small, of 3.7% in the year just ended, compared to an increase in the benchmark index of 0.41%. As I mentioned in my report last year recent growth in share prices had far exceeded the growth in profits with the result that markets were selling on very high multiples of earnings. The markets were thus vulnerable to any change in outlook or in sentiment, particularly in the technology sector where some share prices had become out of touch with reality. Having participated in the rise in the technology sector last year we cut back our weightings significantly in the first quarter of 2000 and again in the Autumn but with the benefit of hindsight could have cut back even more. However our action succeeded in limiting the fall against the benchmark to a small amount compared with the out performance the year before leaving a performance during the two year cycle of rise and fall in the technology sector considerably in advance of the benchmark (a rise of 37.3% in the Trust's asset value compared with 21.9% in the benchmark).

One result of our decision to cut back considerably on our low yielding shares and to reinvest in defensive stocks, as well as to hold more cash, has been that our income has increased to a higher level than we anticipated at the interim stage. The directors thus feel able to recommend a small increase in the final dividend from 3.80p per share last year to 4.00p this year making a total of 7.10p per share for the year, a rise of 2.9%. The directors recognise that this recommendation will only result in a small proportion of the increased revenue being paid out as dividend. However looking to the future they believe that once world markets have settled to an attractive level it would be in the long term interests of shareholders to reinvest our current cash liquidity in growth sectors of the world economy. Such action is likely to lead to a reduction in the Trust's current income.

I am pleased to be able to report that the discount to asset value at which the Trust's share price has stood during much of the year has been in single figures and below that of our peer group. I believe that this reflects the good performance over the last few years as well as the beneficial impact of the share buy back programme which, even though not much used recently, reduces volatility. I will be proposing that the buy back scheme be renewed.

Following a review of your fund managers' fee structure, the Directors have proposed and agreed with the Managers a simplified approach which they believe is more in line with industry best practice. Until now there has been a basic ad valorem management fee of 0.35%. However, charges provided for separately in the management agreement related to overseas transactions have risen significantly in recent years and represented an average of 0.13% of chargeable assets over the past three years. From 1st December 2000 these charges have ceased to be levied and have been replaced by a basic management fee of 0.45% per annum on the value of the assets as defined in Note 2 of the Notes to the Accounts.

What does the future hold? There is no doubt that the world is slowing down, led by the

Chairman's Statement

United States. Corporate earnings are under pressure, bad debts in the banking system seem to be rising and imbalances such as the massive US balance of trade deficit persist. Private savings are at low levels and if consumers decide to cut back on spending to restore savings to a normal level the world will go into recession. On the other hand interest rates have started to fall and monetary authorities are likely to reduce rates further if conditions deteriorate. The conclusions drawn by investment strategists vary so much that it is sometimes difficult to believe that they are using the same background statistics. With the outlook so uncertain it seems that those who focus on the outlook for global sectors and individual stocks will outperform those who start at the geographic or macro economic level. Dresdner RCM were one of the first UK managers to place emphasis on global sector and stock selection and thus have a style which should be well suited to market conditions as we go forward.

During the year Justin Seager, who managed the UK equity portfolio of the Trust, resigned to take up another appointment. We thank him for his contribution to the success of the Trust. In his place we welcome Paul Sheehan who worked closely with Justin Seager and who has the same investment style and philosophy. Pauline Edwards remains responsible for the overseas portfolio. Thus continuity of management will be maintained.

JFH TROTT
Chairman

1st March 2001

Historical Record

Years ended 30th November

Revenue and Capital

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross revenue (£000's)	6,719	6,678	6,784	7,087	7,222†	8,018	7,586	6,833‡	6,679	7,254
Earnings per share	5.98p*	5.99p*	6.10p	5.86p	6.25p†	6.98p	6.37p	6.40p	6.91p	8.01p
Dividend per share (net)	4.75p	5.00p	5.25p	5.50p	5.90p	6.30p**	6.50p	6.70p#	6.90p	7.10p
Tax credit per share	1.58p	1.67p	1.31p	1.375p	1.475p	1.575p**	1.625p	1.15p	0.77p	0.79p
Total dividend	6.33p	6.67p	6.56p	6.875p	7.375p	7.875p**	8.125p	7.85p	7.67p	7.89p
Total net assets (£000's)	112,286	130,174	164,762	163,170	189,153†	210,274	227,400	252,307	342,148	326,102
Assets attributable to Ordinary Capital (£000's)	111,836	129,724	164,312	162,720	188,703†	209,824	226,950	251,857	341,698	325,652
Net Asset Value per Ordinary Share	174.7p	202.7p	256.7p	254.2p	294.8p†	327.9p	354.6p	393.5p	560.7p	540.2p
Share price	151.0p	174.0	229.0p	235.0p	249.0p	284.5p	310.0p	310.0p	467.5p	497.0p
Discount (%)	14	14	11	8	15	13	13	21	17	8

Notes

#Includes a Foreign Income Dividend of 2.11p.

*Restated to reflect change in accounting policy for finance costs of long-term borrowings.

**The dividend payment in 1996 excludes a special non-recurring dividend of 1.80p net or 2.25p gross.

†Restated to reflect the change in accounting policy for (i) recognition of dividend and fixed interest income, and (ii) the allocation of management fees and taxation between capital and revenue, resulting from the adoption of the Statement of Recommended Practice for the financial statements of investment trust companies.

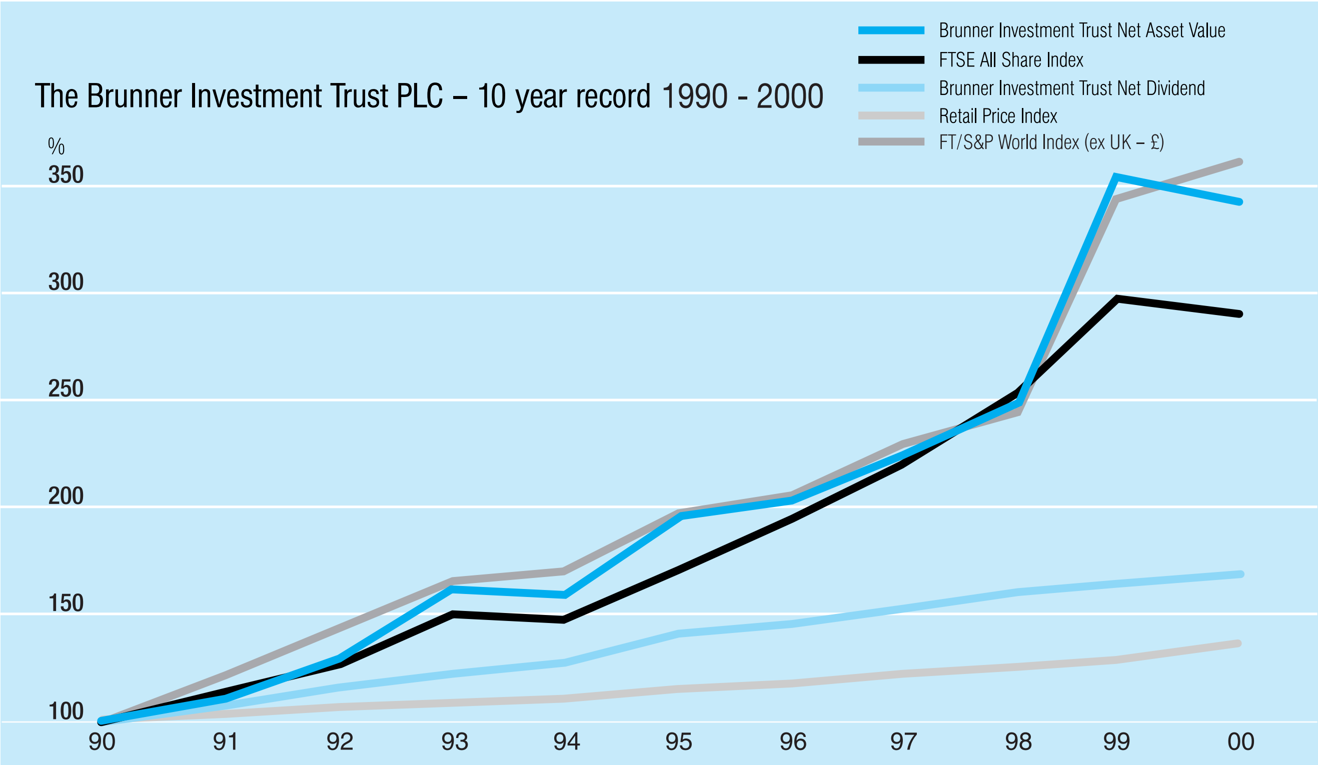
‡Restated to reflect income from UK dividends being recorded net of any tax credit in accordance with FRS16.

The share price, after adjustment for bonus issues, was 37.25p at 31st March 1982.

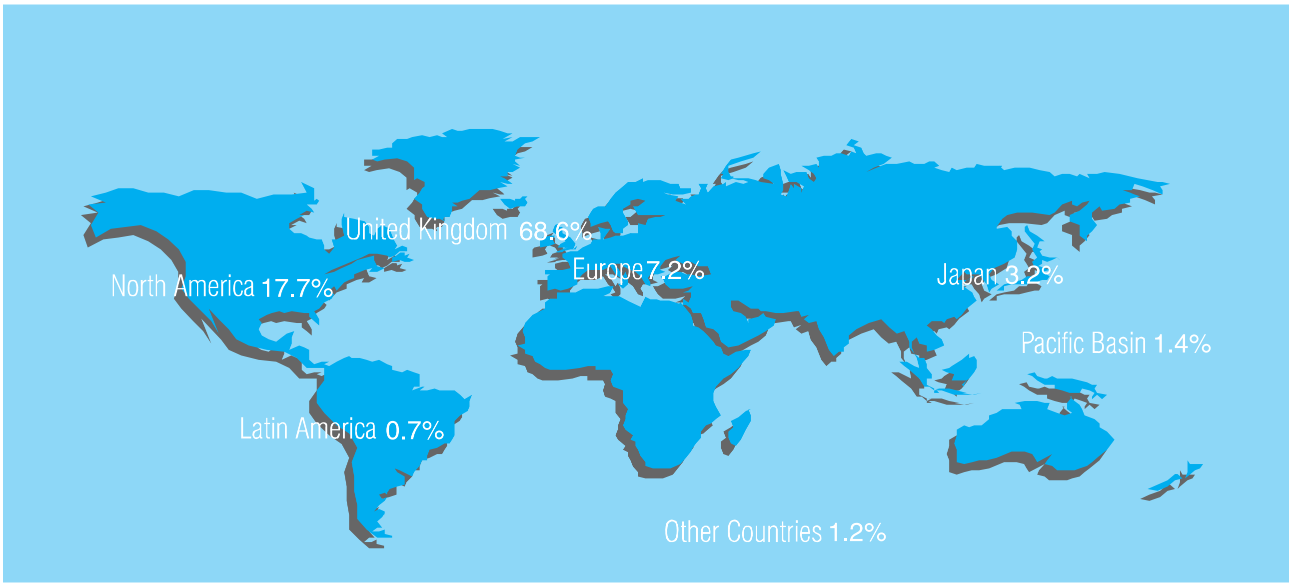
The share prices quoted in the London Stock Exchange Daily Official List for 30th November 2000 were 495.0p to 503.5p.

Geographical Disposition				**Percentage of Invested Funds**						
	1991	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
United Kingdom	63.9	58.0	54.5	53.8	55.0	53.7	64.2	63.1	59.9	68.6
Europe	13.2	14.3	14.6	9.0	10.3	11.5	7.8	16.5	10.0	7.2
Americas	13.2	15.0	12.0	14.0	14.0	13.1	13.0	13.9	17.0	18.4
Japan	1.2	0.4	1.4	2.1	2.5	4.4	4.9	2.6	8.2	3.2
Pacific Basin	8.5	12.3	14.4	15.5	14.0	14.2	7.6	2.5	3.3	1.4
Other Countries	—	—	3.1	5.6	4.2	3.1	2.5	1.4	1.6	1.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Performance Graph



Geographical Disposition at 30th November 2000



Investment Managers' Review

Summary

The period was marked by pronounced volatility in equity markets. By the year end most indices had retreated from their peaks to record only modest or in some cases even negative returns.

Technology was the key theme in the early part of the year. Greater visibility in the use and benefits of technology supported improving financials and higher valuations for many media and IT companies. Markets and sectors exposed to these factors performed well particularly the US.

The Trust's early and diversified exposures to a number of companies operating in these areas were of substantial benefit to its performance.

After strong performance as the year progressed valuations became stretched. Signs of a slowing global economy, allied to a tightening in US monetary policy were the catalysts for a correction in many telecom, media and technology (TMT) shares. Japan, Asia, Emerging and the US Nasdaq were the worst affected markets. In contrast, defensive sectors, previously shunned, were now bought as investors sought safe havens. A notable theme was the rapid transfer of these valuation trends and movements across global markets.

The Trust's strategy was to reduce exposures to TMT sectors as the year progressed and as valuations became full. Some assets were switched to more defensive sectors, though overall the Trust retains a bias towards global growth companies.

Looking forward, there are reasons to be optimistic about world equity markets. Valuations are more realistic after the heady levels reached in spring of last year. In response to economic weakness and some distress in credit markets, the US Federal Reserve has reduced interest rates. This should presage an easing of credit in other countries as the global economy slows. Investment to improve productivity is allowing many corporates to respond to changing trading conditions without igniting inflation or severely damaging profitability. Overall we believe markets will offer positive returns in the forthcoming year.

Investment Managers' Review

Thirty Largest Investments

	Valuation 30th November 2000 £'000s	% of Invested Funds	Principal Activities
Vodafone Group	17,556	4.91	Telecommunications
BP Amoco	16,227	4.53	International integrated oil and gas group
Astrazeneca	12,575	3.51	Manufacture of pharmaceuticals
HSBC Holdings	9,446	2.64	Banking and financial services
Glaxo Wellcome	9,412	2.63	Manufacture of pharmaceuticals
Shell Transport and Trading	9,139	2.55	International integrated oil and gas group
British Telecom	8,186	2.29	Telecommunications
Barclays	5,951	1.66	Banking and financial services
Cable & Wireless	5,845	1.63	Telecommunications
Royal Bank of Scotland	5,619	1.57	Banking and financial services
Reuters	5,532	1.55	Media
Lloyds TSB	5,386	1.50	Banking and financial services
British Energy	5,090	1.42	Utilities
British Sky Broadcasting	5,087	1.42	Media
Prudential	5,057	1.41	Insurance
Turbo Genset	5,053	1.41	Industrial manufacturing
SmithKline Beecham	4,873	1.36	Manufacture of pharmaceuticals
Whitbread	4,754	1.33	Beverage
CGNU	4,322	1.21	Insurance
*Dresdner RCM Emerging Markets Trust	4,035	1.13	Investment trust
Granada Compass	3,974	1.11	Caterer
Diageo	3,571	1.00	Beverage
Nokia	3,521	0.98	Telecommunications
Abbey National	3,451	0.96	Banking and financial services
Sainsbury (J)	3,286	0.92	Food and grocery
United Utilities	3,143	0.88	Utilities
Great Universal Stores	3,122	0.87	Retail trade
Man Group	2,960	0.83	Financial services
Royal & Sun Alliance	2,921	0.82	Insurance
Tesco	2,802	0.79	Food and grocery
	181,896	50.82	% of Total Invested Funds

* Includes warrants of £185,000.

Investment Managers' Review

UK review

Equities produced a negative return of 2.5% over the year. The market was affected by the global decline in growth stocks in the second half. It was also hurt by sterling's strength against the Euro, which undermined prospects and ratings in a number of export and manufacturing sectors.

The Trust's strategic investments in many growth and technology related sectors were richly rewarded in the first part of the year as investors re-rated many of these companies. A number of these holdings were sold or reduced on valuation concerns as the year progressed, including Autonomy (software), Telewest (telecoms), Capital Radio (media) and Logica (systems integration). The proceeds were re-invested in a number of lower rated sectors, though the strength of sterling restrained the Trust's appetites for cyclicals. Financials were increased, as beneficiaries of an expected decline in interest rates, inexpensive valuations and shareholder friendly consolidation. Long term trends such as growth in sales of investment and savings products were also expected to favour the sector.

The UK market is expected to provide better returns this year. A more modest valuation, and an expected decline in interest rates should underpin a positive outcome, though a general election could produce some short term uncertainty. The Trust retains its growth company bias. An environment of a slowing economy, but lower interest rates, should help companies with secular earnings growth rather than those dependant on cyclical factors or those in structurally declining industries.

Investment Managers' Review

United Kingdom Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
Vodafone Group	17,556,023	Telecommunications
BP Amoco	16,226,506	Integrated oil and gas
Astrazeneca	12,574,800	Manufacture of pharmaceuticals
HSBC Holdings	9,446,397	Banking and financial services
Glaxo Wellcome	9,412,071	Manufacture of pharmaceuticals
Shell Transport and Trading	9,139,089	Integrated oil and gas
British Telecom	8,186,470	Telecommunications
Barclays	5,951,185	Banking and financial services
Cable & Wireless	5,845,016	Telecommunications
Royal Bank of Scotland	5,618,750	Banking and financial services
Reuters	5,531,502	Media
Lloyds TSB	5,385,979	Banking and financial services
British Energy	5,090,000	Utilities
British Sky Broadcasting	5,087,280	Media
Prudential	5,056,560	Insurance
Turbo Genset	5,053,425	Engineering
SmithKline Beecham	4,873,350	Manufacture of pharmaceuticals
Whitbread	4,753,625	Beverages
CGNU	4,321,664	Insurance
Granada Compass	3,974,139	Leisure entertainment and hotels
Diageo	3,570,696	Beverages
Abbey National	3,450,915	Banking and financial services
Sainsbury (J)	3,286,023	Food and grocery products
United Utilities	3,143,286	Utilities
Great Universal Stores	3,122,064	General retail
Man Group	2,960,000	Financial services
Royal and Sun Alliance	2,920,992	Insurance
Tesco	2,801,700	Food and drug retail
Hanson	2,590,152	Construction and building
Innogy Holdings	2,466,587	Utilities
Centrica	2,455,200	Utilities
Marconi	2,278,000	Information technology hardware
Unilever	2,243,728	Food products and processing
Alliance Unichem	2,204,430	Health
Anglo American	2,193,000	Mining
BAe Systems	2,172,000	Aerospace and defence
Bank of Scotland	2,047,550	Banking and financial services
BTG	1,906,290	Support services
Kingfisher	1,831,209	General retailers
Amvescap	1,753,400	International fund management
Dimension Data Holdings	1,735,306	Software and computer services

United Kingdom Listed Equity Holdings (cont.)

at 30th November 2000

	Value (£)	Principal Activities
KS Biomedix Holdings	1,680,000	Pharmaceuticals
Land Securities	1,670,775	Real estate
Skyepharma	1,610,334	Manufacture of pharmaceuticals
Reed International	1,599,598	Media
Boc Group	1,510,715	Chemicals
Collins Stewart Holdings	1,479,343	Financial services
P & O	1,435,348	Transport
EMI	1,397,801	Media
Billiton	1,380,000	Mining
WPP	1,372,672	Media
Countrywide	1,337,500	Insurance
International Power	1,328,150	Utilities
Sigma Technology	1,307,625	Financial services
Green Property	1,276,352	Real estate
British Airways	1,266,080	Transport
Standard Chartered	1,195,252	Banking and financial services
Advanced Power Components	1,186,964	Electronic and electrical equipment
3i Group	1,176,880	Financial services
British Land	1,147,355	Real estate
P & O Princess Cruises	1,146,480	Transport
Airtours	1,081,310	Holiday tour operator
Shire Pharma	1,076,592	Pharmaceuticals
Intechnology	1,066,169	Software and computer services
Capita	1,057,800	Support services
Serco	1,018,125	Support services
Barratt Developments	1,004,352	Construction and building
Blue Circle	852,206	Construction and building
Smiths	830,419	Aerospace and defence
ARM Holdings	770,000	Information technology hardware
Parthus Technologies	667,879	Software and computer services
United News and Media	666,872	Media
Ramco Energy	597,375	Oil
BATM Advanced Communications	528,275	Information technology hardware
Matalan	508,030	General retail
Schroders	413,634	Financial services
Anglo Siberian Oil	395,000	Oil exploration and production
Halifax	365,532	Banking and financial services
Financial Objects	282,672	Software and computer services
Madisons Coffee	213,600	Beverages
Genetix	201,251	Pharmaceuticals
	£243,318,676	67.99% of Total Invested Funds

Investment Managers' Review

Continental Europe

Continental Europe performed strongly over the period under review, rallying 8.2% in Sterling terms. The Nordic region, however, gained 10.7% and the best performing European markets were Italy and Denmark, which were up by 23.7% and 20.0% in Sterling terms, driven to a large degree by their limited exposure to the technology arena. The worst equity market return was provided by Spain, which fell 11.7%, reflecting the overall diversity of the European markets' performances, a theme that was prevalent throughout the reporting period.

Early in 2000, forecasts of 3.0% economic growth for Continental Europe were supported by economic data, coupled with survey evidence from several countries. On the back of this, the European Central Bank (ECB) increased interest rates by 0.25% twice during the first quarter, taking them to 3.5%, as concerns intensified with regard to the rise in inflation to above the 2.0% target. Inflation remained above this level, however, for most of the year due to the weakening Euro and the robust oil price, which touched levels not seen since the Gulf War. Against this potentially inflationary background, the European Central Bank raised interest rates several more times taking the main lending rate to 4.75% by August, but these increases provided very little support for the Euro which continued its weakening trend. In fact, over the Trust's year, the Euro lost 13.5% against the US Dollar although only 3.0% against the British Pound as that also weakened against the US Dollar over the period. The Euro hit its all time low towards the end of October. However, the ECB then intervened several times during November which, when combined with the increased expectation of a US economic slowdown and possible recession, resulted in the Euro strengthening significantly versus the US Dollar towards the end of the month.

In terms of the equity market, the rally which started at the end of 1999, came to an abrupt halt in early March 2000. It had been the technology, media and telecom (TMT) sectors that drove the rally and it was these same sectors that led the markets downwards, the decline triggered by the fall in the NASDAQ Composite Index in the US. As a result, for much of 2000 it was markets like Switzerland, which have limited exposure to these high growth sectors that outperformed the other European equity markets on a relative basis.

The Continental European economies remained at differing stages of their economic cycle with economic data releases painting a different picture for each. Countries such as France and the peripheral European economies of Ireland and Portugal continued to be robust with stronger than expected producer prices and industrial production as well as healthy consumer expenditure and declining unemployment. These peripheral economies were partly responsible for the raising of interest rates by the ECB as they started to feel the bite of higher cost inflation with oil, in particular, being an issue. Germany, on the other hand, was less robust although it did experience an export driven recovery for much of 2000 as a result of the weak Euro. The German business confidence survey fell for the fifth consecutive month in November, however, and the third quarter grew at the slowest pace in a year making it seem increasingly likely that economic growth may have already peaked. Although Euro-zone growth expectations for 2001 are being revised down, Continental Europe is expected to be one of the healthiest regions going forward.

Continental Europe Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
Nokia	3,520,764	Telecommunications equipment (Finland)
Nestle	2,210,594	Food processors (Switzerland)
Allianz	1,484,168	Insurance (Germany)
Nordic Baltic Holding	1,437,486	Banks (Sweden)
Total Fina Elf	1,408,490	Oil and gas (France)
Swiss Reinsurance	1,330,234	Insurance (Switzerland)
Novartis	1,292,527	Pharmaceuticals (Switzerland)
Deutsche Bank	1,264,333	Banks (Germany)
Unicredito Italian	1,197,139	Banks (Italy)
Ericsson	1,178,531	Telecommunications equipment (Sweden)
Siemens	1,152,619	Electrical equipment (Germany)
Vivendi	991,547	Media (France)
Aixtron	984,008	Electronic components (Germany)
Aventis	930,987	Pharmaceuticals (France)
Danone	905,762	Food processors (France)
Philips Electronic	838,258	Electronic equipment (Netherlands)
Alcatel	779,272	Telecommunications equipment (France)
BNP Paribas	665,042	Banks (France)
StMicroelectronics	654,962	Semiconductors (France)
Interbrew	450,064	Beverages (Belgium)
LVMH Moet Hennessy	339,826	Household goods (France)
Christian Dior	314,682	Household goods (France)
Versatel Telecom	175,717	Telecom services (Netherlands)
Syngenta	35,812	Chemicals (Switzerland)
	25,542,824	7.14% of Total Invested Funds

Pacific Basin Listed ex Japan

Performance amongst the Pacific Basin markets was diverse over the period under review, with the FTSE World Asia Pacific ex Japan declining 7.6% in Sterling terms. The best performing equity markets were Malaysia and Hong Kong, which gained 11.6% and 1.7%, respectively and the worst performers were Korea and Indonesia, which plummeted 45.3% and 36.7%, respectively, all in Sterling terms.

Interest rate pressures were detrimental at the beginning of 2000 as the Federal Reserve of the US raised interest rates and the fragility of the region's banking systems became more apparent. Interest rates in Hong Kong and the Philippines rose during the second quarter of 2000 on the back of the monetary tightening seen in the US.

Investment Managers' Review

2000 was a good year for China, which was reflected in the performance of its equity market as the US House passed a bill in May guaranteeing it normal trade relations. China's re-rating is believed to be sustainable in the medium term, as the economy appears to be in a cyclical upturn with the key drivers being exports and industrial investment. In addition, entry into the World Trade Organisation (WTO) was assured by the US Senate's vote, which is likely to bring benefits for major Chinese cities.

The region's recovery broadened out during the third quarter of 2000 with domestic demand having replaced net exports as the main driver of growth. However, financial sectors remained less than robust with much of the dynamism being generated by loose macroeconomic policies. Persistent oil prices caused Asian economic growth rates to be revised down, exacerbated by the sharp slowdown in Japan and slower export growth to the rest of the world. However, despite the higher energy prices, deflation continued, driven mainly by the reluctance of consumers to spend, the freeze on wages and the currency peg against the US Dollar.

In the middle of October 2000, the Taiwanese government introduced a comprehensive package, which was similar to a plan introduced in 1999, to help liquidity in the banking sector. The package was a combination of tax breaks for financial institutions, more lenient non-performing loan accounting and increased access by foreign asset management companies. Towards the end of the reporting period, Taiwanese third quarter balance of payments data was negative, driven by portfolio investment outflows, President Estrada of the Philippines was impeached, and Korean third quarter economic growth surpassed expectations due to stronger exports and healthy investment growth. However, there have been warnings that shrinking consumption, persistently high oil prices and an over-dependence on US chip demand will lead to uncertain times in 2001. Singapore's economic growth was robust but poor trade performance served as a reminder of the economy's vulnerability in the event of a sharp reduction in external demand. Finally, in Australia, data confirmed that the economy had not slowed as much as feared, but core inflationary pressures continued to emerge with rising producer prices building on higher oil prices and a weaker Australian Dollar.

Overall, however, going forward, it is difficult to see how the region can outperform against a background of slowing global economic growth and a weak Japanese economy, which would normally absorb much of its exports.

Pacific Basin Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
†Dresdner RCM India Fund	2,078,090	Investment company
Singapore Press	787,645	Publishing and printing
Cheung Kong (Holdings)	697,418	Real estate
#New Zealand Investment Trust	672,350	Investment Trust
China Mobile	577,825	Telecom services
#Govett Asian Smaller Companies Trust	104,623	Investment Trust
#China Investment and Development Fund	86,230	Investment company
	5,004,181	1.40% of Total Invested Funds

† Listed on the Dublin Stock Exchange.

Listed on the London Stock Exchange.

Emerging Markets Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
#*Dresdner RCM Emerging Markets Trust	4,035,313	Investment Trust
#Foreign & Colonial Emerging Markets Trust	307,500	Investment Trust
	4,342,813	1.21% of Total Invested Funds

Listed on the London Stock Exchange.

* Includes Warrants total value £185,000.

Investment Managers' Review

Japan

Japan had a volatile year but, overall, performed poorly over the reporting period with the FTSE Japan index falling 9.7% in Sterling terms. Early in 2000, economic data releases showed that exports and production were increasing which, when combined with very low interest rates and restructuring were expected to assist the economy and provide support to the equity market. However, the extent of true economic recovery soon came under question as it became increasingly evident that the restructuring process was going to take much longer than initially hoped. This view was reinforced with banking sector alliances breaking down and the collapse of the Sogo department store.

To further worsen the situation, despite debate that ending the Zero Interest Rate Policy would hurt the Japanese economy and strengthen the Japanese Yen (which would be detrimental for exporters), the Bank of Japan raised interest rates for the first time in a decade by 0.25%. But subsequent economic data was weak and by the end of the quarter it became apparent that not only was the consumer still lacking confidence, but the corporate sector was also weakening. The capital spending survey disappointed and corporate bankruptcies rose sharply, confirming the majority's view that the interest rate rise and tightening policy had killed off the recovery seen in 1999 and early 2000.

Bankruptcy related concerns, the unwinding of cross-holdings and political uncertainty continued to exert downward pressure on the equity market for the duration of the year. Another insurance company, Kyoei Life, filed for bankruptcy with total debts of US$42 billion, making it the biggest corporate bankruptcy since World War 2. More bankruptcies took the total to 12 listed companies over the year and broke the record of 1965. Economic data releases continued to reflect a weak economy and sentiment over the region worsened. Finally, the Japanese government downgraded its assessment of the Japanese economy for the first time since September 1998, saying that growth of household demand was lagging. It also downgraded its assessment of the nation's exports and prices as overall growth was also seen to be slowing. Prime Minister Mori continued to be unpopular but the no-confidence motion against his government was defeated towards the end of the Trust's reporting period, which was taken as a positive in the short term as the financial year 2000 supplementary budget should now go through. November saw the trade balance come out lower than expected as export growth was very weak and general household spending saw its fourth consecutive quarter of year on year declines, reaffirming the view that the domestic economy is looking increasingly fragile.

The Japanese equity market, as with most other markets, was polarised at the beginning of 2000. The technology and internet sectors outperformed the so-called "old economy" sectors during the first half of the first quarter of 2000 but fell significantly during the second half, reflecting investors' greater caution on high valuations and the decline in the US of the NASDAQ Composite Index. The combination during the year of weak economic data, political uncertainty and equity market declines, with the Nikkei Index touching a twenty-month low in November, led to the currency weakening against the US Dollar, although it strengthened against Sterling. In fact, for the twelve months to the end of November 2000, the Japanese Yen fell by 7.5% against the US Dollar but rose by 3.8% against Sterling.

Japan Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
NTT Docomo	1,315,615	Telecom services
Sanyo	961,764	Electronic equipment
Matsushita	810,423	Electronic equipment
Aiful	747,315	Consumer finance
Matsushita	743,556	Electrical equipment
Trend Micro	687,197	Internet software
Toyota	638,926	Automobilies
Nomura	638,034	Investment bank
Takeda	611,606	Pharmaceuticals
Nec	610,778	Computer hardware
Nippon Tel and Tel	608,167	Telecom services
Tokyo Electric Power	600,653	Electricity
Fujisawa	596,641	Pharmaceuticals
Sony	574,976	Household appliances and housewares
Nikko Securities	567,697	Investment bank
Japan Telecom	419,030	Telecom services
Yahoo Japan	346,432	Internet
	11,478,810	3.21% of Total Invested Funds

USA

North America was the best performing region over the Trust's reporting period with the FTSE North America Index rising 8.3% in Sterling terms. During late 1999 and for most of the first quarter of 2000, the NASDAQ Composite Index outperformed the S&P 500 Index and the Dow Jones Index strongly but, for the year as a whole, it declined 12.5%.

The extra liquidity that the Federal Reserve provided to ease the transition into the new millennium appeared mostly to find its way into the stock market and, more specifically, into technology stocks providing the initial NASDAQ rally. Although monetary policy in the US was tightened by 0.25% twice during the first quarter of 2000, the Federal Reserve continued to worry about the imbalances in the economy and, with economic growth exceeding expectations, further interest rate increases appeared possible. The ensuing concerns as to how much more the Federal Reserve would have to tighten monetary policy to achieve a slowdown in the economy and control potential inflationary pressures without resulting in a hard landing and a recession, led to technology sector falls in April and May. However, some of those losses were recovered in June as some economic data reflected the beginnings of what could be a possible slowdown in the economy's growth rate and, in fact, the Federal Open Market Committee left interest rates unchanged at 6.5% at the end of June. The reasoning from the Federal Reserve was that data was suggesting that economic growth was moderating towards a more sustainable pace and that, whilst underlying inflation had risen slightly, gains in productivity were continuing to contain price pressures.

Investment Managers' Review

The technology sector's relief, however, was short lived as investors worried about expensive company valuations, Intel had profit downgrades and personal computer demand fell which, once again, pulled the NASDAQ Index down. The NASDAQ Index performed poorly for the remainder of the year, especially in November, as earnings warnings and pre-announcements dominated the headlines as, one after another, highly valued technology stocks became the casualty of slowing global demand. The US equity markets underperformed many of the other global equity markets during November as political uncertainty dominated the news as, whilst the Republicans secured both Houses of Congress, the Presidential election was delayed by recounts. Consumer confidence declined with the election, higher home heating prices and stock market declines taking their toll. The trade deficit widened to a new record high as imports rose and exports fell and sentiment generally deteriorated as the US slowdown and a decline in global economic growth became a reality rather than concern. Throughout the year, however, the US Dollar remained a relatively strong currency with the British Pound depreciating by 12.1% against it.

North America Listed Equity Holdings
at 30th November 2000

	Value (£)	Principal Activities
General Electric	2,686,953	Diversified industrial
Pfizer	2,480,598	Pharmaceuticals
Ace	2,266,613	Insurance
Emc	2,172,069	Computer hardware
Microsoft	2,145,087	Software and computer services
Amgen	2,037,652	Pharmaceuticals
Cisco	1,895,728	Telecom equipment
Safeway	1,828,770	Food and drug retailers
Bank of New York	1,821,935	Banks
Amdocs	1,750,472	Software and computer services
Roper	1,747,672	Diversified industrial
Exxon	1,489,313	Oil integrated
Pharmacia	1,363,367	Pharmaceuticals
General Dynamics	1,294,699	Defence
Voicestream Wireless	1,285,488	Wireless telecom services
Intel	1,256,535	Semiconductors
Citigroup	1,244,293	Banks
Coca-Cola	1,230,861	Soft drinks
Amer Intl	1,230,811	Insurance
Enron	1,225,896	Gas distribution
XL Capital	1,209,630	Insurance
SBC Communications	1,171,552	Fixed line telecom services
Genentech	1,161,369	Pharmaceuticals
Tyco International	1,127,376	Diversified industrial
Sun Microsystems	1,084,921	Computer hardware
Qwest Communications	1,083,022	Fixed line telecom services
Anheuser-Busch	1,056,714	Beverages

North America Listed Equity Holdings (cont.)
at 30th November 2000

	Value (£)	Principal Activities
Clear Channel Communications	1,038,071	Broadcasting contractors
AXA	948,873	Life assurance
Comverse Technology	948,796	Telecom equipment
Starbucks	908,955	Beverages
Merck	892,182	Pharmaceuticals
Corning	864,699	Telecom equipment
Transocean Sedco Forex	862,139	Oil services
Wells Fargo and Co	737,713	Banks
Check Point Software	704,603	Software
Time Warner	699,774	Home entertainment
Hewlett Packard	663,688	Computer hardware
Comcast	640,422	Cable and satellite
Waters	639,366	Pharmaceuticals
Avon	633,289	Personal products
Wal-Mart	632,637	Discount, superstores and warehouses
Schlumberger	626,735	Oil services
Washington Mutual	624,963	Mortgage finance
IMS Health	617,538	Consumer services
Quaker Oats	615,674	Food processor
Applera Corp Applied Biosystem	606,748	Other healthcare
Freddie Mac	599,448	Mortgage finance
Fannie Mae	586,816	Mortgage finance
Veritas	585,834	Software
Aes	554,392	Electricity
Nextel Communications	549,001	Wireless telecom services
I2 Technologies	463,045	Software
Human Genome Sciences	455,770	Pharmaceuticals
Siebel Systems	429,626	Software
Tycom	421,800	Telecom services
SDL	403,860	Semiconductors
Redback Networks	393,799	Telecom equipment
Millennium Pharmaceuticals	301,266	Pharmaceuticals
Medimmune	295,881	Pharmaceuticals
Applera Corp Celera Genomics	171,774	Other healthcare
	63,468,573	17.73% of Total Invested Funds

Investment Managers' Review

Latin and Central America

Late 1999 and early 2000 saw some good returns from Latin America with good corporate earnings and economic data culminating in the upgrade of Mexico to investment grade by the Moody's credit rating company. The good returns were generally seen in the telecom and media sectors in line with the rest of the world's euphoria with these high growth sectors.

However, the ensuing negative moves in the NASDAQ Index caused investors to cut their risk exposure, which negatively affected all emerging markets including Latin America. Towards the end of the second quarter when US data releases suggested that the economy was starting to show signs of some slowing down, Latin America enjoyed a short bounce but then declined again. The best performing market over the year was Venezuela, which rallied by 29.7% and the worst performing market was Colombia, which fell by 31.9%, both in Sterling terms as measured by the S&P/IFCI Indices.

Uncertainty about the outcome of the Mexican presidential elections made investors more cautious even though corporate fundamentals continued to look strong. The elections in July though were viewed as being clean and fair but this, coupled with strong economic data led to increased investor confidence in Mexico. In addition, Mexico is a major oil exporter, along with Venezuela, which has been a positive for those economies for most of 2000 as oil prices strengthened and remained high.

Brazil enjoyed good fundamental data, which culminated in a surprise 1.0% interest rate cut in June. Economic growth continued to be strong and hopes of an investment upgrade helped the equity market perform during the third quarter. The smaller stock markets were disappointing during that period though with Argentinean growth dissipating and, although the export sector in Chile helped growth, the domestic economy continued to disappoint. Finally, Peru once again suffered political concerns as President Fujimori called for new elections, which could potentially result in a power vacuum.

Overall, 2000 was a difficult year for emerging market equities due to growth expectations being downgraded and the de-rating of technology stocks globally hurt the region. The hardware, telecom and software sectors now constitute almost three times as much of the emerging markets indices when compared with December 1996.

Latin and Central America's performance in 2001 will be governed largely by events in the US, such as how much and how quickly interest rates fall, how quickly the economy slows down and the oil price.

Latin American and emerging markets' fortunes generally depend heavily on global growth. Further volatility in the US stock markets will impact the emerging markets' asset class with external factors continuing to be the main impetus behind their performance in the short term, particularly global growth forecasts and the outlook for the technology sector.

Latin and Central American Listed Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
Fomento Economico Mexicano	998,422	Beverages
Wal-Mart De Mexico	920,770	General retailers
Petroleo Brasileiros	567,279	Oil and gas
	2,486,471	0.69% of Total Invested Funds

United Kingdom Unlisted Equity Holdings

at 30th November 2000

	Value (£)	Principal Activities
Kleinwort Benson Equity Partnership	2,250,326	Venture partnership
KB Ventures Limited Partnership	3,137	Venture partnership
Kleinwort Benson Equity Partnership	30	Venture partnership
	2,253,493	0.63% of Total Invested Funds

Investment Managers' Review

Financial Reporting Standard 13 (FRS 13) – Derivatives and Other Financial Instruments: Disclosures

FRS 13 requires entities to disclose narrative and numerical information about the financial instruments that they use.

The purpose of these disclosures is to ensure that enough information is provided to investors to enable them to make their own decisions about the risk profile of the entity in which they have invested, and to assess for themselves the impact of the use of financial instruments on the performance of the entity.

Therefore, within this year's report are both narrative disclosures discussing risk (below) and numerical disclosures in Note 20 to the accounts. These disclosures are in line with the requirements of FRS 13.

As an investment trust, the Company invests in securities for the long term. Accordingly it is, and has been throughout the year under review, the Company's policy that no short term trading in investments or other financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are market price, liquidity risk, interest rate rise and foreign currency risk. The overall risk profile of the Trust has not changed in the year to 30th November 2000.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding market positions in the face of price movements. The Board meets regularly to consider the asset allocation of the portfolio in order to review the risk associated with particular countries or industry sectors. Dedicated fund managers have the responsibility for monitoring the existing portfolio selection in accordance with the Company's investment objectives and seek to ensure that individual stocks meet an acceptable risk reward profile.

Liquidity risk

The Company's assets comprise mainly realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Interest rate risk

The Company is financed through a mixture of retained earnings and long term borrowings, which are drawn down at competitive rates of interest.

Foreign currency risk

The income and capital value of the Company's investments can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than sterling. The exposure to currency movements is a structural feature of the Trust's portfolio and when appropriate the fund managers will hedge currency risk. At the year end 35% of the Company's net assets were denominated in foreign currencies.

Credit Risk

As from November 1999, the Trust has commenced stock lending in order to generate additional income. The risk of default is negated by holding collateral, in the form of letters of credit, G7 bonds and G7 equities, amounting to 105% of the mid value of the stock on loan. The level of collateral required is recalculated on a daily basis.

Distribution of Invested Funds

at 30th November 2000

Invested Funds – £357,895,841 (1999 – £378,067,808)
Percentage of valuation

	United Kingdom	North America	Other Countries	2000 Total	2000 Benchmark Sector Weighting*	1999 Total
Resources						
Mining	1.00	–	–	**1.00**	**1.43**	**2.44**
Oil & Gas	7.36	1.17	0.55	**9.08**	**9.18**	**8.69**
	8.36	**1.17**	**0.55**	**10.08**	**10.61**	**11.13**
Basic Industries						
Chemicals	0.42	–	0.01	**0.43**	**1.16**	**1.20**
Construction & Building Materials	1.24	–	0.19	**1.43**	**1.29**	**1.14**
Forestry & Paper Products	–	–	–	**–**	**0.20**	**0.60**
Steel & Other Metals	–	–	–	**–**	**0.26**	**0.67**
	1.66	**–**	**0.20**	**1.86**	**2.91**	**3.61**
General Industrials						
Aerospace & Defence	0.84	0.36	–	**1.20**	**1.08**	**1.29**
Diversified Industries	–	1.06	0.28	**1.34**	**0.77**	**0.75**
Electronic & Electrical Equipment	0.33	0.57	1.59	**2.49**	**2.30**	**1.64**
Engineering & Machinery	1.41	0.49	0.27	**2.17**	**0.88**	**0.49**
	2.58	**2.48**	**2.14**	**7.20**	**5.03**	**4.17**
Cyclical Consumer Goods						
Automobiles	–	–	0.18	**0.18**	**1.16**	**–**
Household Goods & Textiles	–	–	0.40	**0.40**	**0.44**	**0.59**
	–	**–**	**0.58**	**0.58**	**1.60**	**0.59**
Non-Cyclical Consumer Goods						
Beverages	1.06	0.89	0.40	**2.35**	**2.00**	**0.58**
Food Products & Processing	0.63	0.17	0.87	**1.67**	**2.02**	**0.33**
Health	0.62	1.98	0.34	**2.94**	**1.11**	**0.53**
Packaging	–	–	–	**–**	**0.09**	**–**
Personal & Household Products	–	–	–	**–**	**0.82**	**0.42**
Pharmaceuticals	8.78	0.54	0.62	**9.94**	**10.72**	**9.34**
Tobacco	–	–	–	**–**	**0.86**	**0.36**
	11.09	**3.58**	**2.23**	**16.90**	**17.62**	**11.56**
Cyclical Services						
Distributors	–	–	–	**–**	**0.35**	**–**
General Retailers	1.53	0.18	0.26	**1.97**	**2.80**	**3.30**
Leisure Entertainment & Hotels	1.41	–	–	**1.41**	**1.08**	**3.00**
Media & Photography	4.37	0.66	–	**5.03**	**4.32**	**1.89**
Restaurants Pubs & Breweries	1.33	–	–	**1.33**	**1.13**	**0.90**
Support Services	1.11	0.20	–	**1.31**	**1.31**	**0.25**
Transport	1.08	–	–	**1.08**	**1.68**	**0.54**
	10.83	**1.04**	**0.26**	**12.13**	**12.67**	**9.88**
Non-Cyclical Services						
Food & Drug Retailers	1.70	0.51	–	**2.21**	**1.89**	**0.71**
Telecom Services	8.83	1.20	0.33	**10.36**	**11.41**	**17.13**
	10.53	**1.71**	**0.33**	**12.57**	**13.30**	**17.84**
Utilities						
Electricity	2.48	0.15	0.17	**2.80**	**2.26**	**0.62**
Gas Distribution	0.69	–	–	**0.69**	**0.87**	**1.66**
Water	0.88	–	–	**0.88**	**0.41**	**–**
	4.05	**0.15**	**0.17**	**4.37**	**3.54**	**2.28**

Distribution of Invested Funds

at 30th November 2000

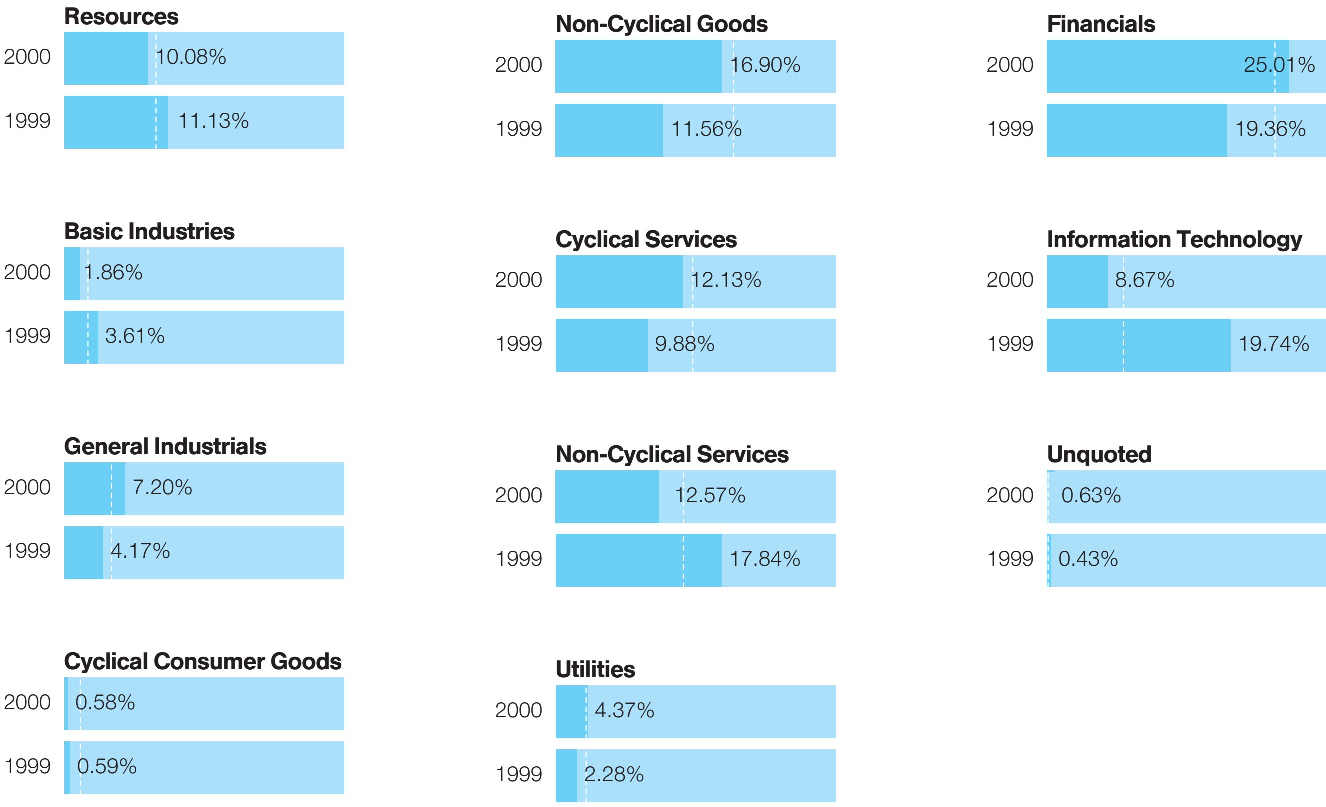
Invested Funds – £357,895,841 (1999 – £378,067,808)
Percentage of valuation

	United Kingdom	North America	Other Countries	2000 Total	2000 Benchmark Sector Weighting*	1999 Total
Financials						
Banks	9.35	1.24	1.30	**11.89**	**13.08**	**11.55**
Insurance	1.19	1.31	0.79	**3.29**	**2.20**	**0.94**
Life Assurance	2.62	0.27	–	**2.89**	**2.76**	**1.65**
Investment Companies	0.33	–	–	**0.33**	**1.79**	**1.12**
Real Estate	1.14	–	0.19	**1.33**	**1.15**	**0.95**
Speciality & Other Finance	2.21	0.51	2.56	**5.28**	**2.36**	**3.15**
	16.84	**3.33**	**4.84**	**25.01**	**23.34**	**19.36**
Information Technology						
Information Technology Hardware	1.00	2.09	2.25	**5.34**	**6.17**	**13.40**
Software & Computer Services	1.05	2.18	0.10	**3.33**	**3.21**	**6.34**
	2.05	**4.27**	**2.35**	**8.67**	**9.38**	**19.74**
Unquoted	**0.63**	**–**	**–**	**0.63**	**–**	**0.43**
Total	**68.62**	**17.73**	**13.65**	**100.00**	**100.00**	**100.00**

The above groupings are based on the FT-Actuaries Share Indices.

The portfolio sector for 2000 weighting is shown below against the benchmark sector weighting* (benchmark: 60% FTSE All-Share and 40% FT/S&P World Index, excluding UK).

The benchmark sector weighting for 2000 is shown against both 2000 and 1999 below



Statement of Total Return

for the year ended 30th November 2000

	Note	2000 £ Revenue	2000 £ Capital	2000 £ Total	1999 £ Revenue	1999 £ Capital	1999 £ Total
Net (losses) gains on investments	8	—	(9,465,055)	(9,465,055)	—	106,157,374	106,157,374
Income	1	7,253,863	—	7,253,863	6,679,065	—	6,679,065
Investment management fee	2	(504,939)	(1,178,191)	(1,683,130)	(433,107)	(1,010,583)	(1,443,690)
Expenses of administration	3	(252,358)	—	(252,358)	(125,595)	—	(125,595)
Net return before finance costs and taxation		6,496,566	(10,643,246)	(4,146,680)	6,120,363	105,146,791	111,267,154
Finance costs of borrowings	4	(1,263,243)	(2,913,969)	(4,177,212)	(1,309,299)	(3,026,663)	(4,335,962)
Return on ordinary activities before taxation		5,233,323	(13,557,215)	(8,323,892)	4,811,064	102,120,128	106,931,192
Taxation	5	(354,222)	235,122	(119,100)	(393,244)	299,419	(93,825)
Return on ordinary activities after taxation for the financial year		4,879,101	(13,322,093)	(8,442,992)	4,417,820	102,419,547	106,837,367
Dividends on Preference Stock	11	(22,500)	—	(22,500)	(22,500)	—	(22,500)
Return attributable to Ordinary Shareholders		4,856,601	(13,322,093)	(8,465,492)	4,395,320	102,419,547	106,814,867
Dividends on Ordinary Shares	6	(4,291,797)	—	(4,291,797)	(4,292,358)	—	(4,292,358)
Transfer to (from) reserves		564,804	(13,322,093)	(12,757,289)	102,962	102,419,547	102,522,509
Return per Ordinary Share	7	8.01p	(21.98p)	(13.97p)	6.91p	160.96p	167.87p

The revenue column of this statement is the profit and loss account of the Company.

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

The Notes on pages 28 to 40 form part of these Accounts.

Balance Sheet

at 30th November 2000

	Note	2000 £	2000 £	1999 £
Fixed Assets				
Investments	8, 9		357,895,841	378,067,808
Current Assets				
Debtors	10	14,526,801		10,530,539
Cash at bank	10	24,126,432		14,371,462
		38,653,233		24,902,001
Creditors: Amounts falling due within one year	10	(18,431,074)		(8,745,007)
Net Current Assets			20,222,159	16,156,994
Total Assets less Current Liabilities			378,118,000	394,224,802
Creditors: Amounts falling due after more than one year	10		(52,015,817)	(52,076,609)
Total Net Assets			326,102,183	342,148,193
Capital and Reserves				
Called up Share Capital: Ordinary	11		15,070,854	15,236,125
Preference	11		450,000	450,000
Capital Redemption Reserve	12		929,146	763,875
Capital Reserves: Realised	14	273,002,766		219,767,733
Unrealised	14	30,905,506		100,762,164
			303,908,272	320,529,897
Revenue Reserve	13		5,743,911	5,168,296
Shareholders' Funds	16		326,102,183	342,148,193
Analysis of Shareholders' Funds				
Equity interests			325,652,183	341,698,193
Non-equity interests	11		450,000	450,000
			326,102,183	342,148,193

Approved by the Board of Directors on 1st March 2001
and signed on its behalf by:
JFH Trott
WR Worsley

The Notes on pages 28 to 40 form part of these Accounts

Cash Flow Statement

for the year ended 30th November 2000

	Note	2000 £	2000 £	1999 £
Net cash inflow from operating activities	18		5,072,292	5,220,957
Servicing of finance				
Interest paid		(4,405,275)		(4,228,975)
Dividends paid on Preference Stock		(22,500)		(19,125)
Net cash outflow on servicing of finance			(4,427,775)	(4,248,100)
Taxation				
ACT repaid (paid)		1,175		(10,388)
Taxation credits repaid		—		87,261
UK income tax repaid		103,106		28,385
Net tax repaid			104,281	105,258
Financial investment				
Purchase of fixed asset investments		(379,158,755)		(390,035,400)
Sale of fixed asset investments		394,676,719		398,670,137
Net cash inflow from financial investment			15,517,964	8,634,737
Equity dividends paid			(4,185,540)	(4,344,467)
Net cash inflow before financing			12,081,222	5,368,385
Financing				
Purchase of Ordinary Shares for cancellation		(3,265,262)		(12,610,453)
Expenses associated with share repurchases		(34,270)		(70,996)
Increase (Decrease) in short term loan		973,280		(437,800)
Net cash outflow from financing			(2,326,252)	(13,119,249)
Increase (Decrease) in cash	19		9,754,970	(7,750,864)

The Notes on pages 28 to 40 form part of these Accounts.

Statement of Accounting Policies

for the year ended 30th November 2000

(i) The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued by the Association of Investment Trust Companies.

(ii) Revenue – Dividends are accounted for on an ex-dividend basis and are grossed up at the appropriate rate of tax. UK dividends are accounted for net of any tax credit. Income from convertible securities having an element of equity is recognised on an accruals basis. Fixed returns on non-equity shares are recognised on an accruals basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

Deposit interest receivable is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

(iii) Investment management fee – The investment management fee is calculated on the basis set out in Note 2 and is charged to capital and revenue in the ratio 70:30 to reflect the Company's investment policy and prospective capital and income growth.

(iv) Investments listed in the United Kingdom have been valued at middle market prices. Those listed abroad have been valued at closing or middle market prices as available. Unlisted investments are valued by the Directors based upon the latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information in accordance with the principles set out by the British Venture Capital Association. An unrealised Capital Reserve has been established to reflect differences between value and book cost.

Net gains or losses arising on realisations of investments are taken directly to the realised Capital Reserve.

(v) In accordance with Financial Reporting Standard 4 "Capital Instruments", long term borrowings are stated at the amount of net proceeds immediately after issue plus the appropriate accrued finance costs at the balance sheet date. The finance costs of such borrowings, being the difference between the net proceeds of a borrowing and the total payments that may be required in respect of that borrowing, are allocated to periods over the term of the debt at a constant rate on the carrying amount. Finance costs on long term borrowings are charged to the realised Capital Reserve and Revenue Account in the ratio 70:30 to reflect the Company's investment policy and prospective capital and income growth.

(vi) Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue in the same proportion as the expenses are allocated, using the Company's effective rate of tax for the accounting period.

(vii) Deferred taxation is provided for on all timing differences which are expected to crystallise in the foreseeable future, calculated at the rate at which it is estimated that the tax liability or asset will accrue.

(viii) Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses on foreign currencies held, whether realised or unrealised, are taken direct to Capital Reserves.

Notes to the Accounts

for the year ended 30th November 2000

1. Income

	2000	2000	1999
	£	£	£
Income from Investments			
Franked income:			
Dividends from UK investments		5,670,258	4,813,883
Unfranked income:			
Interest from overseas fixed income securities	—		24,189
Dividends from overseas equity securities	928,540		1,191,031
Foreign income dividends from UK equity securities	—		44,194
Interest from UK fixed income securities	17,051		—
Other	—		1,128
		945,591	1,260,542
		6,615,849	6,074,425
Other income:			
Deposit interest	516,205		588,776
Underwriting commission	31,333		15,864
Stock lending fees	90,476		—
		638,014	604,640
Total income		7,253,863	6,679,065
Income from Investments			
Listed		6,515,531	6,073,297
Unlisted		318	1,128
		6,615,849	6,074,425

2. Investment Management Fee

	2000	2000	2000	1999	1999	1999
	£	£	£	£	£	£
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Investment management fee	504,939	1,178,191	1,683,130	433,107	1,010,583	1,443,690

The management contract with Dresdner RCM Global Investors (UK) Ltd ("Dresdner RCM") is terminable at 12 months' notice. For the year to 30th November 2000, the contract provided for a management fee based on 0.35% per annum of the value of the assets after deduction of current liabilities, short-term loans under one year and funds managed by Dresdner RCM. Overseas transaction costs were charged separately. From 1st December 2000 the percentage chargeable increased to 0.45% and overseas transactions charges will no longer be levied. The amounts stated include irrecoverable VAT of £250,678 (1999 – £215,018).

Notes to the Accounts

for the year ended 30th November 2000

3. Expenses of Administration

	2000 £	1999 £
Directors' fees	44,929	35,071
Auditors' remuneration for audit services	10,471	10,575
Other administrative expenses (see (iv) below)	301,898	128,597
VAT recovered	(104,940)	(48,648)
	252,358	125,595

(i) The above expenses include value added tax where applicable.

(ii) There were no fees payable to the Auditors in respect of non-audit services (1999 – £4,113).

(iii) Directors' emoluments amounted to £53,929 (1999 – £43,571) which comprises the fees of £44,929 (1999 – £35,071) and an amount of £9,000 (1999 – £8,500) in respect of Mr SRT White, an Alternate Director, which are the emoluments he received from the Managers which relate to the management of the Company. Company law requires those emoluments to be disclosed even though the Company does not pay them.

(iv) Included within other administrative expenses are Savings Plan costs of £121,982 (1999 – £37,214) contributions to the AITC **its** campaign of £77,525 (1999 – £nil) and bank charges of £1,833 (1999 – £27,431).

4. Finance Costs of Borrowings

	2000 £ Revenue	2000 £ Capital	2000 £ Total	1999 £ Revenue	1999 £ Capital	1999 £ Total
On Stepped Rate Interest Loan repayable after more than five years	504,063	1,176,148	1,680,211	548,804	1,280,543	1,829,347
On Fixed Rate Interest Loan repayable after more than five years	744,780	1,737,821	2,482,601	748,337	1,746,120	2,494,457
On sterling overdraft	14,400	—	14,400	12,158	—	12,158
	1,263,243	2,913,969	4,177,212	1,309,299	3,026,663	4,335,962

5. Taxation

	2000 £ Revenue	2000 £ Capital	2000 £ Total	1999 £ Revenue	1999 £ Capital	1999 £ Total
UK taxation at 30.0% (1999 – 30.3%)	235,122	(235,122)	—	262,697	(299,419)	(36,722)
Overseas taxation	119,100	—	119,100	121,334	—	121,334
Provision for irrecoverable ACT	—	—	—	9,213	—	9,213
	354,222	(235,122)	119,100	393,244	(299,419)	93,825

6. Dividends on Ordinary Shares

	2000 £	1999 £
Dividends on Ordinary Shares of 25p		
Interim 3.10p paid 8th September 2000 (1999 – 3.10p)	1,880,460	1,976,467
Final proposed payable 3rd April 2001 – Ordinary dividend 4.00p (1999 – 3.80p)	2,411,337	2,315,891
	4,291,797	4,292,358

The 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 number of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled since the year end.

7. Return per Ordinary Share

	2000 £ Revenue	2000 £ Capital	2000 £ Total	1999 £ Revenue	1999 £ Capital	1999 £ Total
Return after taxation	4,879,101	(13,322,093)	(8,442,992)	4,417,820	102,419,547	106,837,367
Attributable to Preference Stockholders	(22,500)	—	(22,500)	(22,500)	—	(22,500)
Attributable to Ordinary Shareholders	4,856,601	(13,322,093)	(8,465,492)	4,395,320	102,419,547	106,814,867
Return per Ordinary Share	8.01p	(21.98p)	(13.97p)	6.91p	160.96p	167.87p

The return per Ordinary Share is based on a weighted average number of shares of 60,611,585 (1999 – 63,631,492) Ordinary Shares of 25p in issue.

Notes to the Accounts

for the year ended 30th November 2000

8. Fixed Asset Investments

	2000 £	1999 £
Listed at market valuation on recognised Stock Exchanges		
United Kingdom	248,524,692	226,422,445
Abroad	107,117,656	150,012,807
	355,642,348	376,435,252
Unlisted at Directors' valuation		
United Kingdom	2,253,493	1,087,750
Abroad	—	544,806
	2,253,493	1,632,556
Total fixed asset investments	357,895,841	378,067,808
Market value of investments brought forward	378,067,808	292,574,590
Unrealised gains brought forward	(100,762,164)	(41,618,302)
Cost of investments held brought forward	277,305,644	250,956,288
Additions at cost	387,754,873	384,418,952
Disposals at cost	(338,070,182)	(358,069,596)
Cost of investments held at 30th November	326,990,335	277,305,644
Unrealised gains at 30th November	30,905,506	100,762,164
Market value of investments held at 30th November	357,895,841	378,067,808
Gains on investments		
Net realised gains based on historical costs	60,391,603	46,996,842
Less: Amounts recognised as unrealised in previous years	(63,639,221)	(22,722,848)
Net realised (losses) gains based on carrying value at previous balance sheet date	(3,247,618)	24,273,994
Net unrealised (losses) gains arising in the year	(6,217,437)	81,866,710
Net (losses) gains on investments before special dividends	(9,465,055)	106,140,704
Special dividends taken to capital	—	16,670
Total net (losses) gains on investments	(9,465,055)	106,157,374
Stock Lending		
Aggregate value of securities on loan at year-end	74.3m	—
Maximum aggregate value of securities on loan during the year	121.9m	—
Fee income from stock lending during the year	90,476	—

In respect of securities on loan at the year-end, the Company held £80.9m (1999—nil) letters of credit and G7 bonds as collateral, the value of which exceeds the value of the loan securities by £6.6m.

In respect of the maximum aggregate value of securities on loan during the year the Company held £127.9m (1999—nil) as collateral, the value of which exceeded the value of the securities on loan, by £6.0m.

9. Investments in Other Companies

The Company held more than 10% of the share capital of the following companies at 30th November 2000:

Company	**Class of Shares Held**	**%**
First Debenture Finance PLC	'B' Shares	24.2
Fintrust Debenture PLC	Ordinary Shares	32.9
Dresdner RCM Emerging Markets Trust PLC	Ordinary Shares	15.4
Dresdner RCM Emerging Markets Trust PLC	Warrants	18.4

These companies are incorporated in Great Britain and registered in England and Wales.

10. Current Assets and Creditors

	2000	**1999**
	£	**£**
Debtors—		
Sales for future settlement	13,744,708	9,959,642
Other debtors	782,093	569,701
Taxation recoverable	—	1,196
	14,526,801	10,530,539
Cash at bank—		
Sterling bank balances—		
Current account	3,051,432	87,256
Deposit account	21,075,000	14,284,206
	24,126,432	14,371,462
Creditors: Amounts falling due within one year—		
Purchases for future settlement	13,374,212	4,778,094
Other creditors (see (iii) below)	1,373,083	1,438,483
Short term loan (see (iv) below)	1,004,632	31,352
Taxation payable	256,560	169,937
Dividend on Preference Stock	11,250	11,250
Proposed dividends on Ordinary Shares	2,411,337	2,315,891
	18,431,074	8,745,007
Creditors: Amounts falling due after more than one year—		
Stepped Rate Interest Loan (payable after more than five years—see (i) below)	18,666,281	18,619,324
Fixed Rate Interest Loan (payable after more than five years—see (ii) below)	33,349,536	33,457,285
	52,015,817	52,076,609

Notes to the Accounts

for the year ended 30th November 2000

10. Current Assets and Creditors (continued)

(i) The Stepped Rate Interest Loan comprises adjustable Stepped Rate Interest Loan Notes of £2,997,442 and Stepped Rate Interest Bonds of £11,909,766 issued at 97.4% and repayable in 2018 inclusive of a premium of £3,315,831 but exclusive of any redemption expenses. Interest, payable on the Bonds in July and January, was at an initial rate of 8.35% per annum increasing annually by 5.0% compound until January 1998. Thereafter it became payable at 13.6% per annum until maturity on 2nd January 2018. Interest on the Loan Notes is variable in accordance with the terms of the agreement with the lender, First Debenture Finance PLC ('FDF').

The Company has guaranteed the repayment of £18,191,669 being its proportionate share (22.74%) of the required amount to enable FDF to meet all of its liabilities to repay principal and interest on its £80 million of 11.125% Severally Guaranteed Debenture Stock 2018. There is a floating charge on all the Company's present and future assets to secure this obligation. The Company has also agreed to meet its proportionate share of any expenses incurred by FDF, including any tax liability which may accrue to FDF as a result of the redemption or earlier transfer of the Stepped Rate Loan Notes and Bonds held by FDF.

(ii) The Fixed Rate Interest Loan of £28,000,000 is due to Fintrust Debenture PLC ('Fintrust'). This loan is repayable in 2023 and carries interest at the rate of 9.25125% per annum on the principal amount payable in arrears by equal half yearly instalments in May and November in each year. As security for this loan, the Company has granted a floating charge over all its undertakings, property and assets in favour of the lender. The charge ranks pari passu with the floating charge created by the Company to secure its obligations to the 11.125% Severally Guaranteed Debenture Stock 2018 of First Debenture Finance PLC.

Following the liquidation of Kleinwort Overseas Investment Trust plc ('KOIT') in March 1998, the Company assumed £13,000,000 of its obligations to Fintrust. Both the interest cost and repayment terms of this additional borrowing are identical to the Company's existing loan. In order that the finance costs on this additional borrowing be comparable to existing market rates at that time, the Company also received a premium payment from KOIT of £5,727,111. This premium is being amortised over the remaining life of the loan in accordance with FRS 4, as set out in the accounting policies. At 30th November 2000 the unamortised premium included within the Fixed Rate Interest Loan balance of greater than one year amounted to £5,415,438 (1999–£5,524,230).

The original loan from Fintrust is stated at net proceeds (being the principal amount of £15,000,000 less issue costs of £70,526) plus accrued finance costs.

(iii) Included within other creditors are £669,080 (1999—£836,351) and £78,711 (1999—£78,711) payable to FDF and to Fintrust respectively.

(iv) The short term loan from FDF is interest free and repayable on demand.

11. Share Capital

		2000 £	1999 £
Authorised			
450,000	5% Cumulative Preference Stock Units of £1	450,000	450,000
66,200,000	Ordinary Shares of 25p	16,550,000	16,550,000
		17,000,000	17,000,000
Allotted and fully paid			
450,000	5% Cumulative Preference Stock Units of £1	450,000	450,000
60,283,416	Ordinary Shares of 25p	15,070,854	15,236,125
		15,520,854	15,686,125

11. Share Capital (continued)

The Cumulative Preference Stock Units have been classified as non-equity interests in shareholders' funds under the provisions of Financial Reporting Standard 4 'Capital Instruments'. The rights of the Stock to receive payments are not calculated by reference to the Company's profits and, in the event of a return of capital, are limited to a specific amount, being £450,000. In addition the Stock only has rights to vote in certain circumstances. Following the abolition of advance corporation tax in April 1999, the rate of the Company's Preference Coupon reverted to 5% from 3.5% plus tax credit.

Dividends on the Preference Stock are payable half yearly on 30th June and 31st December.

The Directors are authorised by an ordinary resolution passed on 19th March 1998 to allot relevant securities, in accordance with Section 80 of the Companies Act 1985, up to a maximum of 2,200,000 Ordinary Shares of 25p each. This authority, if not previously revoked or varied, expires five years from the date of the resolution.

During the year 661,084 Ordinary Shares were purchased by the Company and cancelled. The aggregate purchase price of these shares, amounting to £3,265,262 was charged to the Realised Capital Reserve (see Note 14).

12. Capital Redemption Reserve

	£
Balance at 1st December 1999	763,875
Movement in year	165,271
Balance at 30th November 2000	929,146

The balance on this account was increased by the transfer of £165,271 in respect of 661,084 Ordinary Shares of 25p purchased by the Company and cancelled.

13. Revenue Reserve

	£
Balance at 1st December 1999	5,168,296
Profit for the year	564,804
Over accrual of final dividend for the previous year	10,811
Balance at 30th November 2000	5,743,911

14. Capital Reserves

	Realised	Unrealised	Total
	£	£	£
Balance at 1st December 1999	219,767,733	100,762,164	320,529,897
Net loss on realisation of investments	(3,247,618)	—	(3,247,618)
Decrease in unrealised appreciation	—	(6,217,437)	(6,217,437)
Transfer on disposal of investments	63,639,221	(63,639,221)	—
Purchase of ordinary shares for cancellation	(3,265,262)	—	(3,265,262)
Expenses associated with share repurchases	(34,270)	—	(34,270)
Investment management fee	(1,178,191)	—	(1,178,191)
Finance costs of borrowings	(2,913,969)	—	(2,913,969)
Attributable taxation in respect of management fee and finance costs	235,122	—	235,122
Balance at 30th November 2000	273,002,766	30,905,506	303,908,272

Notes to the Accounts

for the year ended 30th November 2000

15. Net Asset Value per Share

The Net Asset Value per share (which equals the net asset values attributable to each class of share at the year end calculated in accordance with the Articles of Association) were as follows:

	Net Asset Value per Share attributable 2000	1999
Ordinary Shares of 25p	540.2p	560.7p
5% Cumulative Preference Stock Units £1	£1	£1

	Net Asset Value attributable 2000	1999
Ordinary Shares of 25p	£325,652,183	£341,698,193
5% Cumulative Preference Stock Units £1	£450,000	£450,000

The movements during the year of the assets attributable to each class of share were as follows:

	Ordinary Shares £	Cumulative Preference Stock £	Total £
Total net assets attributable at 1st December 1999	341,698,193	450,000	342,148,193
Total recognised losses for the year	(8,465,492)	22,500	(8,442,992)
Dividends appropriated in the year	(4,291,797)	(22,500)	(4,314,297)
Over accrual of final dividend for the previous year	10,811	—	10,811
Purchase of ordinary shares for cancellation	(3,265,262)	—	(3,265,262)
Expenses associated with share repurchases	(34,270)	—	(34,270)
Total net assets attributable at 30th November 2000	325,652,183	450,000	326,102,183

The Net Asset Value per Ordinary Share is based on 60,283,416 (1999 – 60,944,500) Ordinary Shares of 25p in issue at the year end.

16. Reconciliation of Movements in Shareholders' Funds

	2000 £	1999 £
Distributable reserves		
Revenue profit available for distribution	4,879,101	4,417,820
Dividends	(4,314,297)	(4,314,858)
Transfer to distributable reserves	564,804	102,962
Other reserves		
Recognised net capital (losses) profits transferred to non-distributable reserves	(13,322,093)	102,419,547
Over accrual of final dividend for the previous year	10,811	—
Purchase of ordinary shares for cancellation	(3,265,262)	(12,610,453)
Expenses associated with share repurchases	(34,270)	(70,996)
	(16,610,814)	89,738,098
Net (decrease) increase in Shareholders' Funds	(16,046,010)	89,841,060
Opening Shareholders' Funds	342,148,193	252,307,133
Closing Shareholders' Funds	326,102,183	342,148,193

17. Contingent Liabilities and Guarantees

At 30th November 2000 there were no outstanding contingent liabilities (1999 – nil) in respect of underwriting commitments and calls on partly paid investments. The Company has committed to an investment of £3 million in Kleinwort Benson Equity Partners of which £547,529 (1999 – £1,601,202) remained outstanding at the year end.

Details of the guarantee provided by the Company as part of the terms of the Stepped Rate Loan are provided in Note 10(i) on page 34 'Current Assets and Creditors'.

18. Reconciliation of Operating Revenue before Taxation to Net Cash Inflow from Operating Activities

	2000 £	1999 £
Net revenue before finance costs and taxation	6,496,566	6,120,363
Less: Management fee charged to capital	(1,178,191)	(1,010,583)
Add: Special dividends credited to capital	—	16,670
Less: Overseas tax suffered	(119,100)	(121,334)
Less: UK income tax suffered	(16,462)	(43,193)
	5,182,813	4,961,923
(Increase) decrease in debtors	(212,392)	140,036
Increase in creditors	101,871	118,998
Net cash inflow from operating activities	5,072,292	5,220,957

Notes to the Accounts

for the year ended 30th November 2000

19. Reconciliation of Net Cash Flow to Movement in Net Debt

	2000 £	1999 £
Increase (decrease) in cash	9,754,970	(7,750,864)
(Increase) decrease in short term loan	(973,280)	437,800
Decrease (increase) in long term loans	228,063	(106,987)
Movement in net debt in the period	9,009,753	(7,420,051)
Net debt brought forward	(38,651,561)	(31,231,510)
Net debt carried forward	(29,641,808)	(38,651,561)
Represented by:		
Cash at bank and short term deposits	24,126,432	14,371,462
Short term loan	(1,004,632)	(31,352)
Stepped and fixed rate loans:		
—amounts falling due after more than one year	(52,015,817)	(52,076,609)
—amounts falling due within one year	(747,791)	(915,062)
	(29,641,808)	(38,651,561)

20. Financial Reporting Standard 13 – Derivatives and Other Financial Instruments: Disclosures

(a) Interest Rate Risk Profile

The tables below summarise in sterling terms the assets and liabilities whose values are affected by changes in interest rates, together with the weighted average rates and periods for fixed interest bearing instruments.

	Currency	2000 Fixed rate interest paid £	2000 Floating rate interest paid £	2000 Nil interest paid £	2000 Total £	1999 Fixed rate interest paid £	1999 Floating rate interest paid £	1999 Nil interest paid £	1999 Total £
Financial Assets									
Value unaffected by changes in interest rates:									
Equities	Sterling	—	—	250,691,955	250,691,955	—	—	232,120,527	232,120,527
Equities	Various	—	—	107,203,886	107,203,886	—	—	145,947,281	145,947,281
Cash Balance	Sterling	—	24,126,432	—	24,126,432	—	14,371,462	—	14,371,462
Total Financial Assets		—	24,126,432	357,895,841	382,022,273	—	14,371,462	378,067,808	392,439,270
Financial Liabilities									
Value affected by changes in interest rates:									
Fintrust loan	Sterling	(33,349,536)	—	—	(33,349,536)	(33,457,285)	—	—	(33,457,285)
First Debenture Finance loan	Sterling	(18,666,281)	—	—	(18,666,281)	(18,619,324)	—	—	(18,619,324)
		(52,015,817)	—	—	(52,015,817)	(52,076,609)	—	—	(52,076,609)
Value unaffected by changes in interest rates:									
Short term loan	Sterling	—	—	(1,004,632)	(1,004,632)	—	—	(31,352)	(31,352)
Total Financial Liabilities		(52,015,817)	—	(1,004,632)	(53,020,449)	(52,076,609)	—	(31,352)	(52,107,961)
Net Financial Assets		(52,015,817)	24,126,432	356,891,209	329,001,824	(52,076,609)	14,371,462	378,036,456	340,331,309
Non-financial instruments (consisting of short-term debtors and creditors)					(2,899,641)				1,816,884
Net Assets per balance sheet					326,102,183				342,148,193

The fixed rate interest bearing liabilities bear the following coupon and effective rates:

	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
First Debenture Finance PLC–Bonds	2/1/2018	11,909,766	13.60%	11.27%
First Debenture Finance PLC–Notes	2/1/2018	2,977,442	13.60%	11.27%
Fintrust Debenture Finance PLC–Original loan	20/11/2023	15,000,000	9.25125%	9.30%
Fintrust Debenture Finance PLC–New loan	20/11/2003	13,000,000	9.25125%	6.00%

The details in respect of the above loans have remained unchanged since 1999.

*The effective rates are calculated in accordance with FRS 4 as detailed in the Accounting Policies and in Note 10–Current Assets and Creditors.

The weighted average coupon rate is 8.98% (1999–8.98%) and the weighted average period to maturity is 20.9 (1999–22.2) years.

Notes to the Accounts

for the year ended 30th November 2000

20. Financial Reporting Standard 13 – Derivatives and Other Financial Instruments: Disclosures—continued

(b) Currency Risk Profile

A portion of the assets and liabilities of the Company are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

	2000 Investments £	2000 Current Assets £	2000 Creditors £	2000 Net Monetary Assets £	1999 Investments £	1999 Current Assets £	1999 Creditors £	1999 Net Monetary Assets £
Sterling	250,691,955	29,031,781	(69,091,803)	210,631,933	232,120,527	24,535,260	(60,793,625)	195,862,162
US Dollar	67,198,595	7,474,540	(1,355,088)	73,318,047	68,920,020	306,672	—	69,226,692
Euro	19,495,124	1,405,616	—	20,900,740	34,105,608	—	—	34,105,608
Japanese Yen	11,478,810	17,973	—	11,496,783	30,993,289	60,069	—	31,053,358
Swiss Franc	4,869,168	—	—	4,869,168	3,542,811	—	(27,991)	3,572,510
Hong-Kong Dollar	1,275,243	707,757	—	1,983,000	3,780,501	—	—	3,780,501
Swedish Krona	1,178,531	—	—	1,178,531	—	—	—	—
Mexican Peso	920,770	—	—	920,770	—	—	—	—
Singapore Dollar	787,645	—	—	787,645	—	—	—	—
Canadian Dollar	—	—	—	—	1,162,040	—	—	1,162,040
South African Rand	—	—	—	—	1,259,393	—	—	1,259,393
Australian Dollar	—	6,691	—	6,691	1,117,933	—	—	1,117,933
Brazilian Real	—	8,875	—	8,875	1,065,686	—	—	1,065,686
	357,895,841	38,653,233	(70,446,891)	326,102,183	378,067,808	24,902,001	(60,821,616)	342,148,193

(c) Fair values disclosure

With the exception of the Fintrust and FDF loans shown below, all other financial assets and financial liabilities of the Company are held at fair value.

	2000 £ million Book value	2000 £ million Fair value	1999 £ million Book value	1999 £ million Fair value
Fintrust loan	33.3	39.1	33.5	41.0
First Debenture Finance loan	18.7	28.1	18.6	28.8

(d) Liquidity profile

The maturity profile of the Company's liabilities at 30th November 2000, being the borrowings from Fintrust, First Debenture Finance, and the short term loan is detailed in Note 10, "Current Assets and Creditors".

(e) Hedging Instruments

At 30th November 2000 the Company had no hedging contracts in place (1999—nil).

Auditors' Report

To the Shareholders of The Brunner Investment Trust PLC

We have audited the accounts on pages 25 to 40 which have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out on page 28.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 42, preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our professions' ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on page 42 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30th November 2000 and of the Company's revenue and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn
Chartered Accountants
and Registered Auditors

1st March 2001

20 Old Bailey
London EC4M 7BH

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Corporate Governance

The Board has put in place a framework for corporate governance which it believes is appropriate for an investment trust company and which enables the Company to comply with the Combined Code on Corporate Governance ("the Combined Code") issued by the Financial Services Authority.

The Company has adopted the transitional approach for the internal control aspects of the Combined Code as set out in the letter from the London Stock Exchange dated 27th September 1999. The Board has noted that not all of the provisions of the Combined Code apply to investment trusts: most of the Company's day to day responsibilities are delegated to third parties and all the Directors are non-executive. The Board considers that the Company has complied with the applicable provisions contained within Section 1 of the Combined Code throughout the accounting period to 30th November 2000. This statement describes how the relevant principles of governance are applied to the Company.

The Board

The Board currently consists of five non-executive Directors, four of whom are independent of the Company's investment manager. Their biographies, on page 44, demonstrate a breadth of investment, industrial, commercial and professional experience.

In accordance with the Articles of Association new Directors stand for election at the first Annual General Meeting following their appointment and then at least one third of Directors retire by rotation at each Annual General Meeting. Every Director is required to seek re-election at least every three years.

The Board meets at least six times a year and convenes ad hoc meetings as and when required. Between meetings regular contact with the investment manager is maintained. Matters specifically reserved for decision by the full Board have been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretaries who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

When a new Director is appointed there is an induction process carried out by the investment manager. Directors are provided, on a regular basis, with key information on the Company's regulatory and statutory requirements and internal financial controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive Director. A senior independent non-executive Director has not been identified as the Board considers that this is not appropriate for a Board of this size.

The Board has contractually delegated to the investment manager the management of the investment portfolio, the custodial services (which include the safeguarding of the assets) and the day to day accounting and company secretarial requirements. This contract was entered into after full and proper consideration by the Board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers reports regularly from the investment manager and ad hoc reports and information are supplied to the Board as required.

The Board has not established a nominations committee to make recommendations on the appointment of new Directors. Due to the size of the Board, the Board as a whole considers nominations made in accordance with an agreed procedure.

The Audit Committee

The Audit Committee consists of the non-executive Directors and has defined terms of reference and duties. This committee also reviews the annual accounts and interim report and the terms of appointment of the auditors together with their remuneration as well as any non-audit services provided by the auditors. It meets representatives of the investment manager and receives reports on the internal financial controls maintained on behalf of the Company and reviews the effectiveness of these controls.

Directors' Remuneration

Under the London Stock Exchange's Listing Rule 21.20(i), where an investment trust company has no executive Directors the Code principles relating to Directors' remuneration do not apply.

Relations with Shareholders

The Board strongly believes that the Annual General Meeting should be an event which private shareholders are encouraged to attend. The Annual General meeting is attended by the Chairman of the Board, the Chairman of the Audit Committee and the investment managers.

The Notice of Meeting sets out the business of the meeting and special resolutions are explained more fully in the Directors' Report. Separate resolutions are proposed for each substantive issue.

Accountability and Audit

The Directors' statement of responsibility in respect of the accounts is on page 42 and a statement of going concern is on page 47.

The Report of the Auditors can be found on page 41.

Exercise of Voting Powers

The Company's investments are held in a nominee name. The Board has delegated discretion to the Managers to exercise voting powers on its behalf.

Directors, Managers & Advisers

Directors All non-executive

JFH Trott BA (Chairman)*#

(Born January 1938) joined the Board in December 1977 and was appointed Chairman in March 1998. He is Chairman of Standard Life Assurance Company and was formerly Executive Vice President of Bessemer Trust and Chairman of Kleinwort Benson International Investment Limited.

JS Flemming MA, FBA*#

(Born February 1941) joined the Board in June 1998. He is an economist and Warden of Wadham College, Oxford. Formerly an Official Fellow in economics at Nuffield College, Oxford he was Chief Economic Adviser to the Bank of England between 1980 and 1988 and an executive director of the Bank of England from 1988 to 1991. He is a director of Dresdner RCM Emerging Markets Trust PLC.

BCR Siddons FCA#

(Born May 1945) joined the Board in February 1991. He is Chairman of Liverpool Victoria Portfolio Managers Ltd and a director of Dresdner RCM Smaller Companies Investment Trust plc, Dresdner RCM Income Growth Investment Trust PLC and Kleinwort Development Fund plc. He was formerly a director of Kleinwort Benson Investment Management Ltd and Dresdner RCM Global Investors (UK) Ltd.

RKA Wakeling MA, BARRISTER, FCT*#

(Born November 1946) joined the Board in July 2000. He is Chairman of Henderson Technology Trust PLC and is also a non-executive director of Logica PLC, Oxford Instruments plc and Henderson Geared Income & Growth Trust Plc. He was formerly Chief Executive of Johnson Matthey PLC.

WR Worsley FRICS*#

(Born September 1956) joined the Board in January 2000. He is a Chartered Surveyor and is Vice-Chairman of the Scarborough Building Society, where he is chairman of the audit committee.

*Independent of the Managers

Member of the Audit Committee

Directors, Managers & Advisers

The Managers: Dresdner RCM Global Investors

Dresdner RCM Global Investors is the global asset management division of the Dresdner Bank Group, providing management and advisory services in respect of over £57.7 billion of assets.

Dresdner RCM Global Investors (UK) gives enhanced access to a full range of global, regional and country investment capabilities and asset allocation expertise, assisted by their Grassroots research network and is backed by the financial strength and stability of the Dresdner Bank Group – one of the world's largest financial institutions with a presence in 70 countries around the globe.

Fund Managers
PA Sheehan
P Edwards

Secretary and Registered Office
KJ Salt BA(Hons) ACIS
10 Fenchurch Street,
London EC3M 3LB
Telephone: 020 7475 2700

Registrars and Transfer Office
Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham, Kent BR3 4TU

Auditors
Binder Hamlyn
Chartered Accountants
20 Old Bailey, London EC4M 7BH

Bankers
Barclays Bank PLC
Kleinwort Benson Limited
Lloyds TSB Bank plc

Stockbroker
UBS Warburg

Registered Number
226323

Investor Information

Market and Portfolio Information

The Company's Ordinary Shares are listed on the London Stock Exchange. The market price range, gross yield and net asset value are shown daily in the Financial Times and The Daily Telegraph. The net asset value of the Ordinary Shares is calculated daily and published on the London Stock Exchange TOPIC Service. The geographical spread of investments and ten largest holdings are published monthly on the London Stock Exchange TOPIC Service. They are also available to any enquirer from the Investment Trust Helpline or the Dresdner RCM website: www.dresdnerrcm-its.co.uk.

Share Prices

The share prices quoted in London Stock Exchange Daily Official List for 30th November 2000 were 495.0p-503.5p.

The share price, after adjustment for bonus issues was 37.25p at 31st March 1982.

Savings Plan

The Dresdner RCM Global Investors Investment Trusts Savings Plan provides a convenient and economical way for shareholders to increase their existing holdings. Investments can be in the form of a regular payment or an individual lump sum and there is an arrangement for the reinvestment of dividends. There are also facilities for selling and switching.

Investment Trust Maxi ISA

Shareholders can invest in the shares of the Trust through the Dresdner RCM Investment Trust ISA. Full details are available from the Investment Trust Helpline on 020 7475 5832.

Website

Further information about the Trust is available on the Dresdner RCM website: www.dresdnerrcm-its.co.uk.

Payment of Dividends Direct to Bank Accounts

Cash dividends will be sent by cheque to first-named shareholders at their registered address together with a tax voucher. Dividends may be paid directly into Shareholders' bank accounts. Details of how this may be arranged can be obtained from the Registrars, Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Dividends mandated in this way are paid via BACS (Bankers' Automated Clearing Services). Tax vouchers will then be sent directly to shareholders at their registered address unless other instructions have been given.

Association of Investment Trust Companies (AITC)

The Company is a member of the AITC, which provides a range of literature including fact sheets and a monthly statistical service. Copies of these publications can be obtained from the AITC, Durrant House, 8-13 Chiswell Street, London EC1Y 4YY, or at www.aitc.co.uk.

Category: Global Growth.

Directors' Report

Status

The Company operates as an approved investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988, confirmation of which is expected to be granted by the Inland Revenue for the year ended 30th November 1999 and for the accounting year now under review. The Company is not a close company. The Company is an Investment Company within the meaning of Part VIII of the Companies Act 1985.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Financial Control

The Directors have overall responsibility for the Company's system of internal financial control. Whilst acknowledging their responsibility for the system of internal financial control, the Directors are aware that such a system can provide only reasonable but not absolute assurance against material misstatement or loss.

The key elements of the procedures that the Directors have established and which are designed to provide effective internal financial control are as follows:

▶ Appointment of Dresdner RCM Global Investors (UK) Limited ("Dresdner RCM") as the "Managers" and "Custodian" to provide investment management, custodial, accounting and company secretarial services to the Company. The Managers therefore maintain the internal financial controls associated with the day to day operation of the Company. These responsibilities are included in the Management Agreement between the Company and the Managers whose system of internal financial control includes organisation arrangements with clearly defined lines of responsibility and delegated authority as well as control procedures and systems which are regularly evaluated by management and monitored by its internal audit department. Dresdner RCM is regulated by IMRO and its compliance department regularly monitors compliance with IMRO's rules.

▶ Regular review and control by the Board of asset allocation and any risk implications. Regular and comprehensive review by the Board of management accounting information including revenue and expenditure projections, actual revenue against projections, and performance comparisons.

▶ Authorisation and exposure limits are set and maintained by the Board.

▶ An Audit Committee which reviews the terms of the agreement with the Managers and Custodians, assesses the Managers' and Custodians' systems of controls and approves the appointment of sub-custodians. The Audit Committee also receives reports from the Managers' and Custodian's internal auditors, compliance department and independent auditors.

The Directors confirm that the Audit Committee has reviewed the effectiveness of the system of internal financial control.

Directors' Report

Share Capital

A total of 661,084 ordinary shares of 25p each (nominal value £165,271) have been repurchased and cancelled as part of the share buy back programme that was approved last year. The consideration paid, excluding attributable expenses, amounted to £3,265,262.

Payment Policy

It is the Company's payment policy for the forthcoming financial year to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by these terms. The Company had no trade creditors at the year end.

Invested Funds

Sales of investments during the year resulted in net gains based on historical costs of £60,391,603 (1999 – £46,996,842). Provisions contained in the Finance Act 1980 exempt approved Investment Trusts from corporation tax on their chargeable gains. Invested funds at 30th November 2000 had a value of £357,895,841 before deducting net liabilities of £31,793,658 (1999 – £378,067,808 and £35,919,615).

Net Asset Value

The Net Asset Value of the Ordinary Shares of 25p at the year end, was 540.2p as compared with a value of 560.7p at 30th November 1999.

Donations and Subscriptions

No donations or subscriptions of a political or charitable nature were made during the year.

Historical Record

There is included in the Investment Managers' Review a schedule of the Company's thirty largest investments. The distribution of invested funds is shown on page 23 and the historical record of the Company's revenue, capital and invested funds over the past 10 years is shown on page 5. A graph is included on page 6 showing the performance over the past 10 years of the Net Asset Value of the Company's Ordinary Shares against the FTSE All-Share Index and the FT/S&P World Index (ex UK sterling adjusted) and also the growth in ordinary distributions made by the Company, together with the Retail Price Index over the same period.

Individual Savings Accounts/PEPs

Since 1st December 1994, the affairs of the Company have been conducted in such a way as to meet the 50% EC equity content requirement of a qualifying investment trust for Personal Equity Plans ("PEPs") and it is the intention to continue to meet this requirement. Further information is available from the Managers' Investment Trust Helpline on 020 7475 5832.

Business Review

A review of the Company's activities is given in the Chairman's Statement on pages 3 and 4 and in the Investment Managers' Review on pages 7 to 22.

Revenue

	£	£
Gross income for the year amounted to		7,253,863
from which had to be deducted:		
Expenses of administration	(757,297)	
Finance costs of borrowings	(1,263,243)	
		(2,020,540)
leaving an amount subject to taxation of		5,233,323
Taxation absorbed		(354,222)
and there remained a balance available of		4,879,101
from which has been deducted the dividend on £450,000 Preference Stock of		(22,500)
leaving available for distribution to the Ordinary Shareholders		4,856,601

Dividends

Provision has been made in the Accounts for dividends on the Ordinary Shares of 25p as follows:		
Interim 3.10p per share paid 8th September 2000	(1,880,460)	
Final proposed payable 3rd April 2001:		
Ordinary dividend—4.00p per Ordinary Share	(2,411,337)	
		(4,291,797)
thus leaving to be transferred to Revenue Reserve		564,804

The Board declared an interim dividend of 3.10p per Ordinary Share which was paid on 8th September 2000. The Board recommends a final dividend for the year ended 30th November 2000 of 4.00p, payable on 3rd April 2001, making a total distribution for the year of 7.10p per Ordinary Share. The next interim dividend payment is expected to be made in September 2001.

Substantial Shareholdings

As at the date of this report the Company has been advised of the following holdings in excess of 3% of the issued Ordinary Share capital: CE Wilkinson (as trustee 10.24%); HLJ Brunner (beneficial 6.34% – as trustee 5.20%); TBH Brunner (beneficial 1.25% – as trustee 6.32%); AXA Group (including Compagnie UAP and Sun Life Investment Management Ltd) (13.8%); JHK Brunner (beneficial 3.07% – as trustee 6.88%); Prudential Corporation (4.97%); Elizabeth Lady Brunner (4.59%).

Mr CE Wilkinson acts as a co-trustee with Mr TBH Brunner in respect of Ordinary Shares (3.04%), which form part of Mr TBH Brunner's trustee holding. Mr CE Wilkinson also acts as co-trustee with Mr HLJ Brunner in respect of Ordinary Shares (4.98%) which form part of Mr HLJ Brunner's beneficial and trustee holdings.

Directors' Report

Directors and Management

Mr TBH Brunner retired from the Board at the AGM on 16th March 2000. Mr RKA Wakeling joined the Board on 27th July 2000 and in accordance with the Articles of Association he resigns and, being eligible, seeks election at the AGM. Mr JS Flemming and Mr BCR Siddons retire, by rotation, in accordance with the Articles of Association and offer themselves for re-election. Biographical details of the Directors are on page 44. The present Directors and their interests in the share capital of the Company as at 30th November are listed below:

Ordinary Shares of 25p	2000 Beneficial	2000 As Trustee	1999 Beneficial	1999 As Trustee
JFH Trott	108,183	13,290	108,112	13,290
JS Flemming	4,000	—	4,000	—
BCR Siddons	4,629	—	4,629	—
RKA Wakeling	4,023	—	—	—
WR Worsley	110,000	645,350	110,000	473,050

Mr SRT White, alternate director to Mr BCR Siddons, has no interest in the share capital of the Company (1999 – nil).

No changes to the above holdings had been reported up to the date of this report.

No contracts of significance in which Directors are deemed to have been interested have subsisted during the year under review.

Contracts of service are not entered into with the Directors, who hold office in accordance with the Articles of Association.

Mr SRT White is a director of Dresdner RCM Global Investors (UK) Ltd, the appointed Managers and Custodians.

Auditors

On 1st October 1994, Binder Hamlyn joined the Arthur Andersen Worldwide organisation. Subsequent to the year end, Binder Hamlyn resigned as the Company's auditors and Arthur Andersen were appointed to fill the casual vacancy. Special notice has been received in accordance with the Companies Act 1985, of the intention to propose a resolution at the Annual General Meeting re-appointing Arthur Andersen as the auditors of the Company. A resolution to authorise the Directors to determine the auditors' remuneration will also be proposed at the Annual General Meeting.

Continuation of share buy back programme

As referred to in the Chairman's statement, the Board is proposing the renewal of the Company's authority to purchase ordinary shares in the market for cancellation. The Board believes that such purchases in the market at appropriate times and prices may be a suitable method of enhancing shareholder value. The Company would make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders and within guidelines set from time to time by the Board.

Where purchases are made at prices below the prevailing net asset value of the ordinary shares, this will enhance net asset value for the remaining shareholders. It is therefore intended that purchases would only be made at prices below net asset value, with the purchases to be funded from the realised capital profits of the Company (which are currently in excess of £270 million). The rules of the UK Listing Authority limit the price which may be paid by the Company to 105% of the average middle-market quotation for an ordinary share on the 5 business days immediately preceding the date of the relevant purchase. The minimum price to be paid will be 25p per ordinary share (being the nominal value). Additionally, the Board believes that the Company's ability to purchase its own shares should create additional demand for the ordinary shares in the market and that this increase in liquidity should assist shareholders wishing to sell their ordinary shares. Overall this share buy-back proposal should help to reduce the discount to net asset value at which the Company's shares currently trade.

The Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be most favourable and therefore does not propose to set a timetable for making any such purchases.

Under the rules of the UK Listing Authority, the maximum number of shares which a listed company may purchase through the market pursuant to a general authority such as this is equivalent to 14.99% of its issued share capital. For this reason, the Company is limiting its authority to make such purchases to 9,036,400 Ordinary Shares, representing approximately 14.99% of the issued share capital at the date of this document. The authority will last until the Annual General Meeting of the Company to be held in 2002 or the expiry of 18 months from the date of the passing of this resolution, whichever is the earlier. The authority will be subject to renewal by shareholders at subsequent annual general meetings.

Takeover Code Requirements

Mr TBH Brunner, members of his immediate family, the Managers and certain others (the "Connected Parties") are treated as acting in concert for the purposes of Rule 9 and Rule 37 of the City Code on Takeovers and Mergers (the "Code"). The Connected Parties currently hold 32.21% of the ordinary share capital of the Company. Details of these holdings are set out in the appendix to this document together with certain other information concerning these holdings. If the proposed buy back authority were to be used in full, the repurchase of Ordinary Shares would result in the Connected Parties holding 37.89% of the reduced ordinary share capital of the Company.

Under Rule 9 and Rule 37 of the Code, following a repurchase of shares which would have the effect of increasing the aggregate shareholding of a shareholder or shareholders acting in concert to 30% or more (or if such concert party already held between 30% and 50%, further increasing such holding) of the voting rights of a company, the concert party members would, if a member of the concert party were a director, or acting in concert with any of the directors, normally be required to make a general offer to ordinary shareholders to acquire their shares.

The Board is of the view that following Mr TBH Brunner's resignation as a director at the annual general meeting held on 16th March 2000, none of the Connected Parties are acting in concert with any of the current Directors and that consequently under the Code there would be no obligation for a general offer to be made to shareholders if the proposed buyback authority were to be used and the shareholdings of the Connected Parties increased accordingly.

Directors' Report

Additional Information

Your Directors, who have been so advised by UBS Warburg, consider that the proposals are fair and reasonable so far as the shareholders are concerned. Accordingly, the Directors unanimously recommend shareholders to vote in favour of resolution 8 to be proposed at the Annual General Meeting in relation to the renewed authority for the repurchase of shares as they intend to do in respect of their respective holdings of ordinary shares.

UBS Warburg, a division of UBS AG, has given and not withdrawn its consent to the issue of this document with the inclusion of its name in the form and context set out.

The Directors, whose names are set out on page 44 of this document accept responsibility for the information contained in the sections headed "Purchase of Own Shares", "Takeover Code Requirements", "Summary of connected party holdings" and this section and, to the best of their knowledge and beliefs (having taken all reasonable care to ensure that such is the case), the information contained in these sections is in accordance with the facts and does not omit anything that is likely to affect the import of such information.

Copies of the written consent of UBS Warburg referred to above will be available for inspection during normal business hours up to the date of the AGM at the registered office of the Company and at the AGM for at least 15 minutes prior to and during the meeting.

If you are in any doubt as to the action you should take you are recommended to consult your independent financial adviser authorised under the Financial Services Act 1986 immediately.

Summary of connected party holdings

Name	Ordinary 25p Shares Shares held	% based on current issued capital	% assuming buy back were to be implemented in full
TBH Brunner beneficial	751,051	1.25	1.47
trustee	3,812,001	6.32	7.44
HLJ Brunner beneficial	3,824,013	6.34	7.46
trustee	3,137,102	5.20	6.12
JHK Brunner beneficial	1,851,306	3.07	3.61
trustee	4,145,564	6.88	8.09
Elizabeth Lady Brunner	2,764,384	4.59	5.39
CE Brunner	224,376	0.37	0.44
CO Brunner	324,200	0.54	0.63
FL Brunner	185,250	0.31	0.36
IC Brunner	133,100	0.22	0.26
JG Brunner	190,966	0.32	0.37
LC Brunner	126,235	0.21	0.25
MJI Brunner	40,000	0.07	0.08
NFM Brunner	105,000	0.17	0.20
PDC Brunner	247,370	0.41	0.48
RE Talbot	133,560	0.22	0.26
HE Mitchell	893,818	1.48	1.74
Trustees			
T Thornton Jones	1,342,994	2.23	2.62
CE Wilkinson	6,173,609	10.24	12.05
DL Barnes	910,925	1.51	1.78
Investment Manager			
Dresdner clients*	750,090	1.24	1.46
Deduction of joint trustee interests	(12,648,046)	(20.98)	(24.68)
Total connected party interests	**19,418,868**	32.21	**37.89**

*Certain clients of Dresdner hold some or all shares in a PEP and may continue to acquire additional ordinary shares through re-investment of dividends within the PEP.

Directors' Report

Changes over the nine months ended 30th November 2000

	Increase/Decrease
DL Barnes and HE Mitchell	–107,485
DL Barnes	–75,350
TBH Brunner	–9,500
HLJ Brunner and MRC Brunner	–15,966
IM Brunner	15,966
JHK Brunner	–150,000
DL Barnes and HLJ Brunner	17,680
FL Brunner	–3,100
IC Brunner	–34,700
NFM Brunner	–50,000
Dresdner clients	–68,990

Changes over the period from 1st December 2000 to 31st January 2001

	Increase/Decrease
TBH Brunner	–3,500
JHK Brunner	–20,000
CO Brunner	–10,500
LC Brunner	–3,898
NFM Brunner	–15,000
DL Barnes and HE Mitchell	18,898
Dresdner clients	–2,300
Dresdner clients	–3,000

By Order of the Board
Kirsten Salt
Secretary

1st March 2001

Notice of Meeting

Notice is hereby given that the Seventy-Third Annual General Meeting of **The Brunner Investment Trust PLC** will be held at **20 Fenchurch Street, London EC3P 3DB**, on Wednesday, 28th March 2001 at 12.45 pm to transact the following business of which resolutions 1 to 7 shall be proposed as ordinary resolutions and resolution 8 shall be proposed as a special resolution:

Ordinary Business

1 To receive and adopt the Report of the Directors and the Accounts for the year ended 30th November 2000 with the Auditors' Report thereon.

2 To declare a final ordinary dividend of 4.00p per Ordinary Share.

3 To re-elect Mr JS Flemming as a Director.

4 To re-elect Mr BCR Siddons as a Director.

5 To elect Mr RKA Wakeling as a Director.

6 To consider and, and if thought fit, pass the following resolution, special notice having been received of the intention to propose the following as an ordinary resolution:
That Arthur Andersen be and they are hereby re-appointed as the Auditors of the Company.

7 To authorise the Directors to determine the remuneration of the Auditors.

Special Business

8 **THAT** the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163 of the Act) of Ordinary Shares of 25p each in the capital of the Company ("Ordinary Shares"), provided that:

(i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 9,036,400;

(ii) the minimum price which may be paid for an Ordinary Share is 25p;

(iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased or such other amount as may be specified by the London Stock Exchange from time to time;

(iv) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company in 2002 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

10 Fenchurch Street,
London EC3M 3LB
1st March 2001

By Order of the Board
Kirsten Salt
Secretary

Notes: Members entitled to attend and vote at this Meeting may appoint one or more proxies to attend and, on a poll, vote in their stead. The proxy need not be a Member of the Company. Proxies must reach the office of the Registrars at least 48 hours before the Meeting. A form of proxy is provided with the Annual Report. Completion of the form of proxy will not prevent a Member from attending the Meeting and voting in person.

Contracts of service are not entered into with the Directors, who hold office in accordance with the Articles of Association.

Form of Proxy

THE BRUNNER INVESTMENT TRUST PLC
FORM OF PROXY
FOR ANNUAL GENERAL MEETING

Notes on how to complete the proxy form

If you are a registered Ordinary Shareholder and you are unable to attend the Meeting you may appoint a proxy to attend and, on a poll, to vote on your behalf.

Ⓐ Appointing a proxy

If you wish to appoint someone other than the Chairman as your proxy please cross out the words "the Chairman of the Meeting", initial the deletion, and insert the name and address of your proxy. A proxy need not be a member of the Company, but must attend the Meeting in order to represent you.

Ⓑ Telling your proxy how to vote

Tick the appropriate box indicating how your proxy should vote on the Resolutions. If you do not give instructions, your proxy will vote or abstain at his discretion.

Ⓒ How to sign the form

(i) Please print your name and address in the space provided and sign and date the form.

(ii) If someone else signs the form on your behalf, the authority entitling them to do so, or a certified copy of it, must accompany the form.

(iii) In the case of a corporation, this form must be executed either under its common seal or be signed on its behalf by an attorney or duly authorised officer of the corporation.

(iv) In the case of joint holders, the signature of the first-named on the Register of Members, in respect of the joint holding, shall be accepted to the exclusion of the other joint holders.

Returning the form

The form must reach the office of the Registrars of the Company no later than 48 hours before the time of the Meeting. If you are a registered Ordinary Shareholder and you subsequently decide to attend the Meeting you may do so.

Ⓐ I/We, the undersigned, being (a) member(s) of the above-named Company hereby appoint the Chairman of the Meeting or

SURNAME MR/MRS/MISS/TITLE

FORENAMES

ADDRESS

POSTCODE

as my/our proxy to attend and vote for me/us and on my/our behalf as directed below at the Annual General Meeting of the Company to be held on Wednesday 28th March 2001 at 12.45 pm and at any adjournment thereof.

Ⓑ Ordinary Business

	For	Against
1 To receive the report and accounts	☐	☐
2 To declare a final Ordinary Dividend of 4.0p per Ordinary Share	☐	☐
3 To re-elect Mr JS Flemming as a Director	☐	☐
4 To re-elect Mr BCR Siddons as a Director	☐	☐
5 To elect Mr RKA Wakeling as a Director	☐	☐
6 To re-appoint Arthur Andersen as Auditors	☐	☐
7 To authorise the Directors to determine the remuneration of the Auditors	☐	☐
Special Business		
8 To authorise the Company to make market purchases of its own Ordinary Shares	☐	☐

Ⓒ

SURNAME MR/MRS/MISS/TITLE

FORENAMES

ADDRESS

POSTCODE

SIGNATURE DATE

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Licence No. MB 122

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Capita IRG plc
Proxies Department,
Bourne House,
34 Beckenham Road,
BECKENHAM,
Kent
BR3 4BR

Second Fold