Report and Accounts for the year ended 30th November 2001

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

Contents

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% FTSE 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	**2001**	**2000**	**% change**
Available for Ordinary Dividend	£4,803,801	£4,856,601	–1.1%
Earnings per Ordinary Share	8.00p	8.01p	–0.1%
Dividend per Ordinary Share	7.30p	7.10p	+2.8%
Retail Price Index	173.6	172.1	+0.9%

Assets	**2001**	**2000**	**% change**
Total Net Assets	£254,055,052	£326,102,183	–22.1%
Share price	376.5p	497.0p	–24.2%
Net Asset Value per Ordinary Share	424.3p	540.2p	–21.5%

Explanation of the movement in Net Asset Value per Ordinary share

Over the year to 30th November 2001 the benchmark index (60% FTSE All-Share Index, –14.63% and 40% FTSE World Index, ex UK in sterling –17.0%) decreased by 15.8%. As demonstrated in the table below, Brunner's portfolio of investments under-performed this benchmark by 2%.

Other factors accounting for the remainder of the difference between the opening and closing net asset value per share include the proportions of management fee and finance costs charged to capital and the retained revenue and positive impact of repurchasing ordinary shares.

Portfolio performance		
Performance of portfolio benchmark*		–15.8%
Under-performance of portfolio against benchmark		
Due to stock selection	–1.6%	
Due to sector selection	–0.4%	
		–2.0%
Effect of net gearing on net asset value		–2.7%
		–20.5%
Other factors		
Retained revenue	0.1%	
Management fee and finance costs charged to capital	–1.2%	
Impact of repurchasing Ordinary Shares	0.1%	
		–1.0%
		–21.5%

*The movement in the benchmark index over the year is calculated on a capital basis. The constituent indices are based on capital index returns re-balanced on a monthly basis.

Chairman's Statement

The year just ended saw a second year of negative returns in World Stock Markets. The combination of a slowdown in world economic activity, as the United States moved into recession, and high valuation levels meant that there was no cushion to buttress markets when the attack on the World Trade Centre took place in September. Although by the Trust's year-end a significant recovery had taken place from the lowest levels, markets had their worst year since the middle 1970's. Statistics detailing the Trust's performance during the year are shown on page 2. This year we have included a table breaking down the performance figures into their component parts. You will see that the gearing in the Trust's Balance Sheet, which has added significantly to total return over the last ten years had a negative effect this year as it is bound to do in a period of falling markets.

The Board believes that a modest rise in total dividend is justified and has declared a second interim dividend of 4.10p per share making a total of 7.30p per share, a rise of just under 3% compared with the 7.10p paid last year. Although the dividend entails the distribution of a lower-than-normal percentage of earnings the Board felt that it would restrict future policy unduly to base the level of dividend on last year's earnings which contained such a high proportion of income from cash deposits. The latter will be invested in lower yielding securities when conditions improve. The dividend has been declared as a second interim so that it can be paid in the current fiscal year as usual.

I am pleased that the discount to net asset value on which the share price stood throughout the year remained lower than our peer group at around 10%. The knowledge that the buy back facility was available to the managers contributed to this stability although the actual use of the facility was limited. We are recommending a continuation of the buy back facility for a further twelve months.

At this time of the year it is customary for companies in the broking industry to publish their outlooks for the coming twelve months. Invariably the natural optimism of the industry results in many more forecasts of rising markets than of falling as the year progresses. This year has been no exception and I have yet to read a gloomy forecast. Much emphasis has been put on the fact that markets are well below their highest point but we should ask the question not whether markets are too low now but whether the level reached in 1999 was far too high. I believe that the twenty-five years prior to 1999 were an exceptional period for world markets helped by a recovery from the oversold levels reached in the middle 1970's as well as by falling interest rates. Valuation levels have seen a steady rise with stock markets rising considerably more than corporate profits. This process clearly cannot continue forever. The reason to mention this market background is not to preach gloom and despondency but to point out that a steady upward movement in markets is not pre-ordained - such a movement has to be justified by the likelihood of improving earnings or increased valuation levels.

Chairman's Statement

Having said this I do not want to sound too pessimistic for the future. In the short term your directors remain cautious and indeed have used the recent recovery in markets over the year-end to effectively eliminate the Trust's gearing. As mentioned last year corporate profits remain under pressure worldwide with over-capacity being present in many industries. Most equity markets remain fully valued. Of course even in current conditions there are individual opportunities which it is the job of management to identify. There will also be a time, and it may not be very far away, when a commitment of our gearing to the market again becomes sensible. Short term we remain cautious but vigilant and with £50 million in liquid assets we are well placed to commit funds when it is appropriate.

JFH TROTT
Chairman

7th March 2002

Historical Record

Years ended 30th November

Revenue and Capital

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Gross revenue (£000's)	6,678	6,784	7,087	7,222†	8,018	7,586	6,833‡	6,679	7,254	7,495
Earnings per share	5.99p*	6.10p	5.86p	6.25p†	6.98p	6.37p	6.40p	6.91p	8.01p	8.00p
Dividend per share (net)	5.00p	5.25p	5.50p	5.90p	6.30p**	6.50p	6.70p#	6.90p	7.10p	7.30p
Tax credit per share	1.67p	1.31p	1.375p	1.475p	1.575p**	1.625p	1.15p	0.77p	0.79p	0.81p
Total dividend	6.67p	6.56p	6.875p	7.375p	7.875p**	8.125p	7.85p	7.67p	7.89p	8.11p
Total net assets (£000's)	130,174	164,762	163,170	189,153†	210,274	227,400	252,307	342,148	326,102	254,055
Assets attributable to Ordinary Capital (£000's)	129,724	164,312	162,720	188,703†	209,824	226,950	251,857	341,698	325,652	253,605
Net Asset Value per Ordinary Share	202.7p	256.7p	254.2p	294.8p†	327.9p	354.6p	393.5p	560.7p	540.2p	424.3p
Share price	174.0	229.0p	235.0p	249.0p	284.5p	310.0p	310.0p	467.5p	497.0p	376.5p
Discount (%)	14	11	8	15	13	13	21	17	8	11

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.

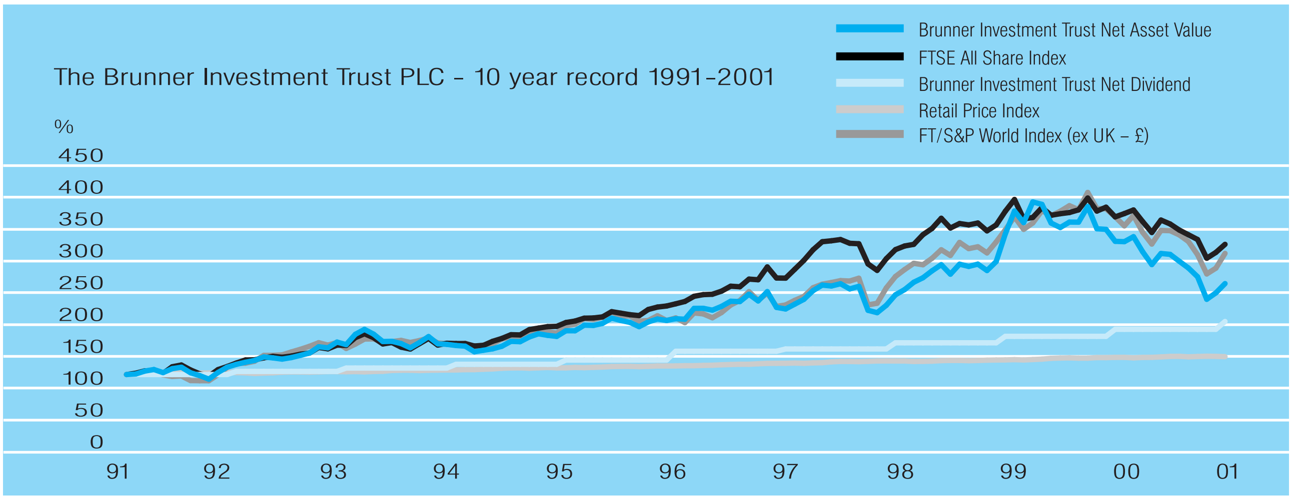
The share price, after adjustment for bonus issues, was 37.25p at 31st March 1982.

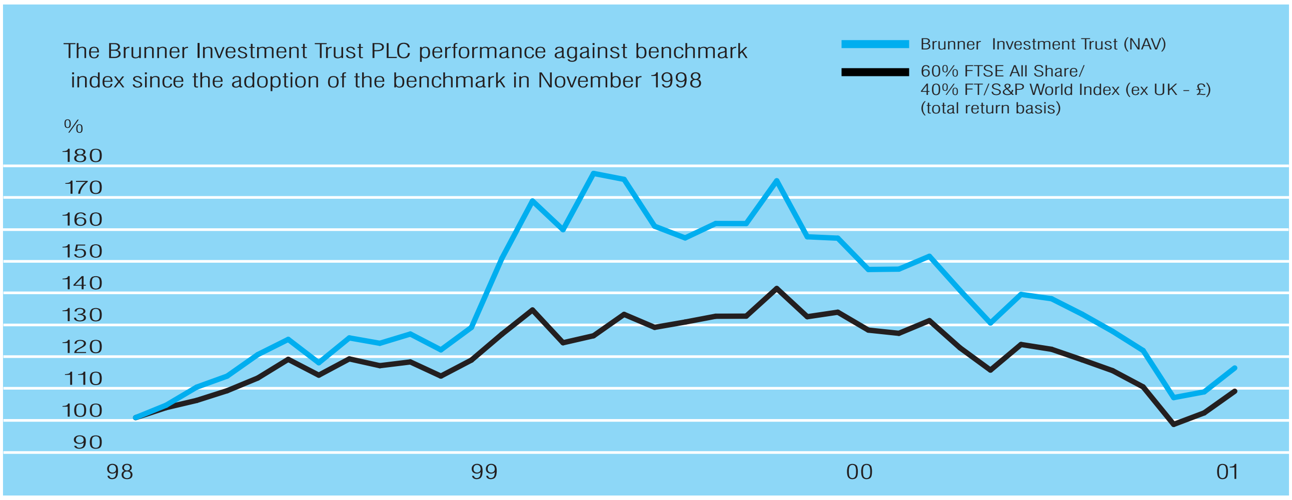
The share prices quoted in the London Stock Exchange Daily Official List for 30th November 2001 were 368.5p to 384.5p.

Geographical Disposition — **Percentage of Invested Funds**

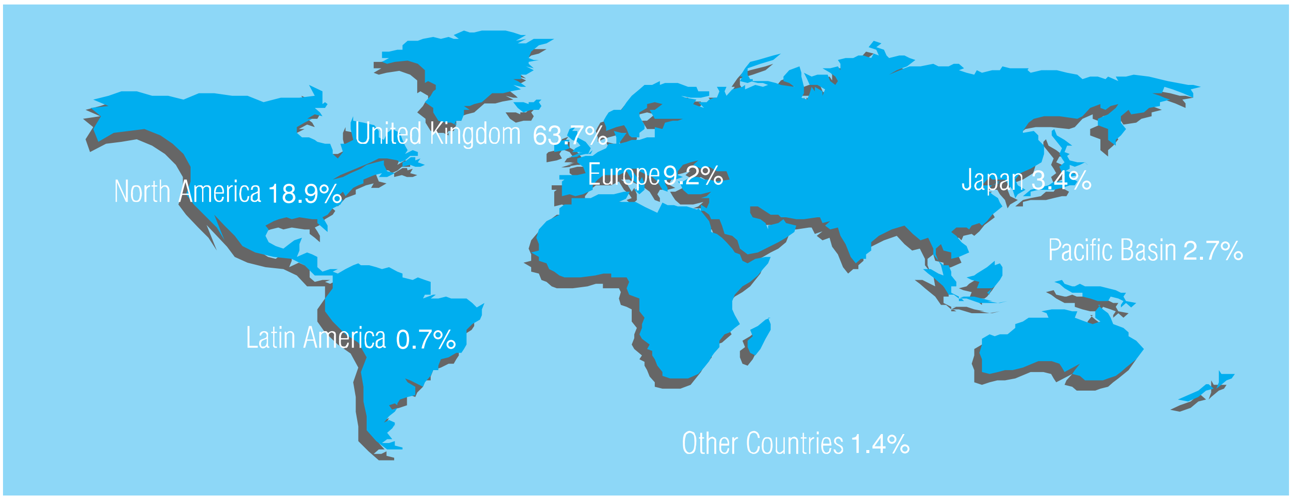
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
United Kingdom	58.0	54.5	53.8	55.0	53.7	64.2	63.1	59.9	68.6	63.7
Europe	14.3	14.6	9.0	10.3	11.5	7.8	16.5	10.0	7.2	9.2
Americas	15.0	12.0	14.0	14.0	13.1	13.0	13.9	17.0	18.4	19.6
Japan	0.4	1.4	2.1	2.5	4.4	4.9	2.6	8.2	3.2	3.4
Pacific Basin	12.3	14.4	15.5	14.0	14.2	7.6	2.5	3.3	1.4	2.7
Other Countries	—	3.1	5.6	4.2	3.1	2.5	1.4	1.6	1.2	1.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Performance Graphs





Geographical Disposition at 30th November 2001



Thirty Largest Investments

	Valuation 30th November 2001 £'000s	% of Invested Funds	Principal Activities
GlaxoSmithKline	15,921	5.81	Manufacture of pharmaceuticals
BP	15,145	5.53	International integrated oil and gas group
Vodafone Group	11,056	4.04	Telecommunications
HSBC Holdings	8,623	3.15	Banking and financial services
Shell Transport and Trading	6,203	2.26	International integrated oil and gas group
Royal Bank Scotland	5,821	2.13	Banking and financial services
Astrazeneca	5,414	1.98	Manufacture of pharmaceuticals
HBOS	4,917	1.80	Banking and financial services
Abbey National	4,113	1.50	Banking and financial services
*Dresdner RCM Emerging Markets Trust	3,698	1.35	Investment trust
Tesco	3,648	1.33	Food and grocery
Prudential	3,556	1.30	Insurance
Colt Telecom	3,387	1.24	Telecommunications
Barclays	3,144	1.15	Banking and financial services
BG Group	3,114	1.14	Utilities
Canary Wharf	3,108	1.14	Real estate
Compass	2,967	1.08	Leisure entertainment and hotels
BPB	2,889	1.05	Construction and building
BHP Billiton	2,885	1.05	Mining
Lloyds TSB	2,761	1.01	Banking and financial services
Tyco International	2,734	1.00	Diversified industrial
Innogy Holdings	2,657	0.97	Utilities
Anglo American	2,510	0.92	Mining
Hilton	2,394	0.87	Betting and hotels
Reckitt Benckiser	2,349	0.86	Household products
British Energy	2,315	0.85	Utilities
Amvescap	2,228	0.81	Fund management
Pfizer	2,207	0.81	Pharmaceuticals
Centrica	2,179	0.80	Utilities
Rank	2,165	0.79	Leisure entertainment and hotels
	136,108	49.72	% of Total Invested Funds

* Includes warrants totalling £90,000.

Investment Managers' Review

United Kingdom

UK Equities produced a negative return of 14.6% for the year, outperforming most world indices. The UK market in common with all other major equity markets was affected mostly by the rapidly cooling global economic conditions, emanating from the US and Japan, as the extraordinary economic success of the 1990s came to a close. This adversely affected the most global sectors of the UK market: telecommunications, technology, oils and pharmaceuticals.

The trust's strategic style of growth investing has been against it all year as investors have sought the cover of yield and asset protection as the new economy sectors of the markets have come increasingly under valuation and strategic scrutiny. Despite aggressive interest rate reductions by most Central Banks, pricing pressures have been significant with corporate capital expenditure falling rapidly, offset only by strong consumer expenditure. The trust has concentrated its holdings on stocks with resilient business models and strong cash generation and which are not prone to fanciful stock market exuberance. Oils and financials have served the trust well as well as has a modest preference for Mid 250 against large cap stocks in the UK. The so-called growth sectors of the market, telecoms, electronics, software and IT hardware were all the worst performers in the market over the last 12 months.

After the traumatic shock of the terrorist attacks on the USA, the trust continued to adopt a cautious approach based fundamentally on the belief that the economic recovery would take longer and be more muted than was expected. Optimism in the last quarter of 2001 is now being replaced with a greater sense of realism as earnings expectations are lowered but also as corporate disaster after disaster now unfolds mostly in the telecoms and new economy sectors. Whilst we are confident that the UK economy will be one of the most resilient and inflation will remain subdued, it may well prove to be difficult for corporate earnings to make any significant progress in 2002 but conditions should be better based going into 2003.

United Kingdom Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
GlaxoSmithkline	15,921,294	Manufacture of pharmaceuticals
BP	15,145,084	Integrated oil and gas
Vodafone Group	11,055,794	Telecommunications
HSBC Holdings	8,622,828	Banking and financial services
Shell Transport and Trading	6,202,562	Integrated oil and gas
Royal Bank of Scotland	5,820,587	Banking and financial services
AstraZeneca	5,414,145	Manufacture of pharmaceuticals
HBOS	4,917,000	Banking and financial services
Abbey National	4,113,087	Banking and financial services
Tesco	3,648,144	Food and drug retail
Prudential	3,556,454	Insurance
Colt Telecom	3,386,831	Telecommunications
Barclays	3,144,310	Banking and financial services
BG Group	3,114,144	Integrated oil and gas
Canary Wharf	3,107,630	Real estate
Compass	2,967,318	Leisure entertainment and hotels
BPB	2,889,375	Construction and building
BHP Billiton	2,885,394	Mining
Lloyds TSB	2,761,195	Banking and financial services
Innogy Holdings	2,656,580	Utilities
Anglo American	2,510,400	Mining
Hilton	2,394,000	Leisure entertainment and hotels
Reckitt Benckiser	2,349,035	Personal and household products
British Energy	2,314,920	Utilities
Amvescap	2,227,420	International fund management
Centrica	2,178,990	Utilities
Rank	2,164,737	Leisure entertainment and hotels
Kingfisher	2,047,272	General retailers
BAE Systems	1,914,000	Aerospace and defence
Man Group	1,779,948	Financial services
Allied Domecq	1,740,281	Beverages
United Utilities	1,723,729	Utilities
Schroders	1,604,832	Financial services
United Business Media	1,599,262	Media and photography
Barratt Developments	1,591,590	Construction and building
Cable & Wireless	1,532,479	Telecommunications
Reed International	1,493,296	Media
Carlton Communications	1,403,784	Media and photography
Bradford & Bingley	1,164,437	Banking and financial services
Galen Holdings	1,155,000	Pharmaceuticals
Capita	1,153,740	Support services

Investment Managers' Review

United Kingdom Listed Equity Holdings (cont.)

at 30th November 2001

	Value (£)	Principal Activities
PHS Holdings	1,139,710	Support services
Wimpey(George)	1,138,365	Construction and building
Millennium & Copthorne	1,134,029	Leisure entertainment and hotels
Next	1,120,704	General retailers
P & O	1,118,380	Transport
Hanson	1,117,372	Construction and building
BTG	1,105,720	Support services
Cobham	1,077,143	Aerospace and defence
BOC Group	1,049,564	Chemicals
Johnson Matthey	1,011,636	Chemicals
Celltech	979,365	Pharmaceuticals
Lonmin	964,440	Mining
Severn Trent	963,861	Utilities
Easyjet	948,266	Transport
Turbo Genset	920,312	Engineering
Logica	890,905	Software and computer services
Safeway	877,203	Food and drug retail
Serco	858,375	Support services
3i Group	820,620	Financial services
Shire Pharma	809,140	Pharmaceuticals
Aegis	762,362	Media and photography
FKI	743,211	Engineering and machinery
Sage Group	730,575	Software and computer services
Intechnology	544,566	Software and computer services
JJB Sports	536,293	General retailers
Cordiant Communications	444,125	Media and photography
	£173,179,150	63.26% of Total Invested Funds

Continental Europe

Continental Europe performed poorly over the period under review, falling 20.7% in Sterling terms with the Nordic region losing 29.9%. Finland and Sweden declined 39.1% and 28.5%, respectively, on the back of stocks such as Nokia and Ericsson, which participated in the technology declines that occurred around the globe. Amongst the best performing Continental European equity markets on a relative basis was Spain, which only declined by 3.9%, mainly due to the fact that it is relatively less exposed to the technology arena with many of the dominant positions in its index occupied by the banks and utility companies.

The Euro continued its downward trend during the first quarter of 2001 on disappointment that even though Euro-11 inflation was under control, the European Central Bank (ECB) held interest rates steady at 4.75%. During the second quarter, 2001 growth forecasts for both Germany and France were lowered as it became apparent that growth in the first quarter was negatively affected by weak export numbers, slowing investment growth and declining inventories. At this stage, the ECB surprised the markets by cutting interest rates by 0.25% to 4.50% but, despite signs of slowing growth, its primary concern remained inflation. Even with the weak Euro, manufacturing orders and exports weakened in France and Germany, consumer spending and business confidence faltered and investment spending stalled. Even France, which had shown resilience to the slowdown, displayed signs that credit growth had peaked, the jobless rate rose and consumer and business confidence fell to their lowest levels in over two years. Over the remainder of the Trust's year, the ECB accelerated monetary easing as inflation began to trend downwards during the summer months and, with the US economy contracting despite the Federal Reserve's best efforts, the Euro enjoyed a strong rally against the US Dollar in the third quarter. The reporting period closed with Euroland's main lending rate at 3.25% and with the Euro 2.6% weaker.

Although Euro-zone growth is not expected to be very strong in 2002, company valuations appear relatively more attractive than in the US as the ECB has more scope at this stage than the Federal Reserve to ease monetary policy further through lowering interest rates if an economic stimulus is required. The downside, however, is that restructuring is less easy than in the US, which makes it more difficult for companies to downsize their workforces and reduce costs in an effort to increase their profitability.

Investment Managers' Review

Continental Europe Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
ENI	1,583,811	Oil and gas (Italy)
Total Fina Elf	1,409,164	Oil and gas (France)
Munchener Ruckvers	1,366,755	Reinsurance (Germany)
Nokia	1,145,034	Telecommunications equipment (Finland)
Swiss Reinsurance	1,017,385	Reinsurance (Switzerland)
Unicredito Italian	1,010,605	Banks (Italy)
Lafarge	991,235	Building products (France)
Bco Santander	961,929	Banks (Spain)
Aventis	929,026	Pharmaceuticals (France)
Vivendi	920,788	Multimedia (France)
Danone	884,064	Food processors (France)
Nestle	868,001	Food processors (Switzerland)
Ryanair	864,490	Transport (Ireland)
Bayer Motoren Werk	768,946	Automobiles (Germany)
Credit Suisse	688,943	Banks (Switzerland)
Telecom Italia	658,060	Telecommunications (Italy)
Portugal Telecom	630,119	Telecommunications (Portugal)
L'Oreal	623,611	Cosmetics and toiletries (France)
Sodexho Alliance	608,847	Food and catering (France)
BNP Paribas	599,156	Banks (France)
Schering	594,048	Pharmaceuticals (Germany)
UBS	581,844	Banks (Switzerland)
Syngenta	574,615	Chemicals (Switzerland)
Accor	532,127	Leisure entertainment and hotels (France)
Novo Nordisk	506,301	Pharmaceuticals (Denmark)
Ahold	503,939	Food and retail (Netherlands)
Vinci	497,014	Construction and building (France)
Interbrew	457,949	Beverages (Belgium)
Pernod-Ricard	456,797	Beverages (France)
Schneider Electric	453,614	Electronic and electrical equipment (France)
Wolters Kluwer	444,899	Publishing (Netherlands)
Swisscom	438,748	Telecommunications (Switzerland)
Vivendi Environment	427,742	Utilities (France)
Parthus Technologies	174,040	Electronic components (Ireland)
	25,173,646	9.20% of Total Invested Funds

Pacific Basin ex Japan

Performance amongst the Pacific Basin markets was diverse but the FTSE World Asian Pacific ex Japan Index declined by 8.1% in sterling terms, outperforming the FTSE World Index which fell by 17.0%. The best performing equity markets were those of Korea and Thailand, which gained 20.0% and 8.1%, respectively, and the worst performers were Singapore and the Philippines, which plummeted 32.7% and 23.7%, respectively, all in Sterling terms.

Many of the Pacific region's central banks followed the Federal Reserve and reduced interest rates in an attempt to counteract some of the negative impact that the economic slowdowns in the US and Japan would have on their domestic economies. For the region as a whole, US new orders of electronic and electrical equipment, a key six-month leading indicator of Asian exports, posted the worst performance in over two years in early 2001.

Singapore, which was one of the worst performing equity markets, experienced negative export growth for the first time since March 1999, manufacturing growth slowed significantly and the government announced a S$11.3bn rescue package in October, which was their largest stimulus package yet. Australia's economy and equity market both performed relatively well and, against a background of monetary easing, consumer confidence, retail sales and consumer spending remained strong. Hong Kong suffered price deflation and exports fell for the first time since June 1999 with the weakest demand coming from the US and Japan. Unemployment rose steadily and, although interest rates were reduced, consumer sentiment was negatively affected. China, however, remained resilient against the global slowdown. The Korean current account slipped into deficit for the first time in almost two years as exports declined and the central bank cut interest rates on lower than expected second quarter economic growth. In Taiwan, although interest rates were also cut, the economy experienced deflation for the first time in February 2001, exports had their largest fall in twenty years in June, the economy shrank for the first time in twenty-six years and unemployment hit record highs.

Although signs of a possible bottoming in the electronics industry have helped Asian markets recently, it is necessary to see some form of economic recovery in the US, Japan and Europe to provide any sustainable upturn in many of the Asian economies.

Investment Managers' Review

Pacific Basin Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
*Dresdner RCM India Fund	1,533,605	Investment company
Korea Telecom	1,122,325	Telecommunications
#New Zealand Investment Trust	847,500	Investment trust
Commonwealth Bank Of Australia	720,097	Banking
Taiwan Semiconductors	680,273	Electronic and electrical equipment
BHP Billiton	648,240	Mining
Samsung Electronics	640,179	Electronic and electrical equipment
Fosters Group	545,277	Leisure entertainment and hotels
Flextronics	529,310	Electronic and electrical equipment
#Govett Asian Smaller Companies Trust	95,686	Investment trust
#China Investment and Development Fund	78,760	Investment company
	7,441,252	2.72% of Total Invested Funds

* Listed on the Dublin Stock Exchange.

Listed on the London Stock Exchange.

Japan

Japan was one of the worst performing equity markets around the world, with the FTSE World Japan Index falling 30.8% in Sterling terms. The year was dominated by politics with Prime Minister and the Bank of Japan staying in the spotlight. Standard & Poors, the credit agency, placed many Japanese banks on credit watch and downgraded its sovereign debt for the first time in twenty-five years to AA+ from AAA. The Bank of Japan finally capitulated as economic data releases continued to deteriorate with a move back to the zero interest rate policy it had abandoned in August 2000.

The third bank rescue plan in as many years was announced and both the Bank of Japan and the government revised down growth expectations with second quarter economic growth recording its biggest drop since the last recession and inflation data extending a three-year slide. Deflation accelerated in April and price competition intensified as producers dumped inventories onto the market. The Nikkei 225 touched a 17-year low in September and the Tankan survey of business confidence fell for major manufacturers. Towards the end of the reporting period, the Bank of Japan downgraded its assessment of the economy for the fifth time citing a continued decline in output and exports, deteriorating job and income conditions, and an increasingly bleak economic outlook following the September 11 terrorist attacks in New York. The latest economic data releases showed business confidence figures at a three year low, unemployment at a record high, industrial production at a thirteen year low and further credit downgrades on government debt.

Japan remains deflationary and policy makers there remain inactive despite growing concern about the banking system. With consumption and investment continuing to decline the outlook is less than rosy. This, however, has been reflected through the weakening of the currency, which has helped the performance of export stocks.

Investment Managers' Review

Japan Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
Toyota	1,196,666	Automobiles
Kyocera	924,230	Electronic and electrical equipment
NTT Docomo	816,117	Telecom services
Rohm	610,200	Electronic and electrical equipment
Tokyo Electric Power	581,289	Electricity
Shin-Etsu Chemical	557,368	Chemicals
UFJ Holdings	551,706	Banking
Orix	539,939	Financial services
West Japan Railway	535,155	Transport
Ricoh	503,488	Electronic and electrical equipment
Aiful	473,444	Consumer finance
Ito-Yokado	472,447	General retailers
Sumitomo Electric	426,586	Electronic and electrical equipment
Tokio Marine & Fire	410,935	Insurance
Nec	399,327	Computer hardware
Itochu Techno-Science	399,259	Software and computer services
	9,398,156	3.43% of Total Invested Funds

USA

North America was also weak over the Trust's reporting period with the FTSE World North America Index declining 15.1% in Sterling terms. The NASDAQ Composite Index was volatile and underperformed the S&P 500 Index and the Dow Jones Index strongly, losing 26.1%, as technology stocks largely remained out of favour with investors.

The NASDAQ Composite Index began 2001 with a 14.7% rally in January following the Federal Reserve's unusual decision to cut interest rates by 0.5% to 5.5% between meetings as the negative newsflow spilled over from 2000. However, although the Federal Reserve then reduced interest rates by another 0.5% to 5.0% towards the end of January the NASDAQ Index posted its third largest monthly fall in February since its creation thirty years ago as economic and corporate data releases continued to depress the market. The Federal Reserve cautioned that the US economy remained at risk of weakening further due to falling corporate profits, slower business spending and sluggish global growth and this was indeed the case for the remainder of the year.

September brought with it the tragic World Trade Center events, which unsurprisingly had a significantly detrimental impact on equity markets. The FTSE World Index lost 18.9% over the third quarter and bonds outperformed significantly over the period as concerns of further terrorist attacks intensified and investors became very cautious. Equity markets then rebounded strongly from the depressed levels of September 21st as central banks around the world responded to the crisis in a co-ordinated manner by easing monetary policy. This led to improved performances in October and November with the NASDAQ Composite Index strongly outperforming the broader indices as high beta technology companies rallied from their lows.

Over the last twelve months, the Federal Reserve reduced interest rates to 2.0%, their lowest level since 1961, as economic data releases generally continued to be weak and below expectations. Consumer confidence fell to its lowest level in seven years, durable goods orders slumped and the weakness of the US economy was confirmed by data releases, which showed the first decline in national output in over a decade. In addition, the NAPM manufacturing index slumped to its lowest level since February 1991, the October US non-farm payroll had its biggest monthly drop since May 1980 and industrial production had its largest monthly fall since November 1990. The second estimate of third quarter GDP reflected a downward revision and the National Bureau of Economic Research declared the US economy to be in its first recession in a decade, marking the end of its longest expansion on record.

In the US interest rates are at a 40-year low and, given the level of inflation, they could go lower. Companies are responding by cutting costs and shedding labour but so far consumer confidence has proved remarkably resilient in the face of rising unemployment. For those still employed the combination of lower taxes, lower interest rates and lower oil prices could be quite positive, but it would be unsurprising if the US consumer were to show signs of weakening.

Investment Managers' Review

North America Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
Tyco International	2,734,062	Diversified industrial
Pfizer	2,207,258	Pharmaceuticals
Microsoft	1,949,128	Software and computer services
General Electric	1,911,097	Diversified industrial
Amer Intl	1,654,529	Insurance
Aflac	1,465,202	Life assurance
Amer Home Prod	1,464,300	Pharmaceuticals
Intel	1,403,425	Semiconductors
Citigroup	1,368,035	Diversified financial services
Roper	1,354,905	Diversified industrial
Anthem	1,267,311	Health
Safeway	1,170,527	Food retailer
Transocean Sedco Forex	1,097,987	Oil services
Pharmacia	1,085,715	Pharmaceuticals
Intl Business Machines	1,048,693	Information technology hardware
IMS Health	979,143	Medical information systems
Wal-Mart	977,246	Discount, superstores and warehouses
Johnson & Johnson	923,863	Pharmaceuticals
SBC Communications	873,610	Communication services
Exxon	867,243	Oil integrated
Home Depot	864,333	General retailers
Kraft Foods	861,877	Food and beverages
Apple Computer	855,623	Information technology hardware
AOL Time Warner	846,625	Multimedia
Qualcomm	831,527	Telecommunication equipment
Cablevision	826,572	Cable TV
Principal Financial Group	812,206	Insurance
Delphi Automotive	794,955	Automobiles and parts
United Parcel Service	747,756	Transport services
Verisign	742,972	Internet security
Fannie Mae	736,388	Mortgage finance
JP Morgan Chase	735,401	Banks
Everest Re Group	708,131	Reinsurance
Comcast	693,268	Cable TV
Schlumberger	673,235	Oil services
AT&T Wireless Services	670,283	Cellular telecom
Bellsouth	669,518	Telecommunication services
Starbucks	654,014	Beverages
Carnival	651,829	Cruise lines
Southtrust	648,863	Banks
Medimmune	642,517	Biotechnology
Amgen	639,717	Biotechnology

North America Listed Equity Holdings (cont.)
at 30th November 2001

	Value (£)	Principal Activities
Millennium Pharmaceuticals	635,710	Biotechnology
5Th Third Bancorp	631,775	Banks
Electronic Arts	611,815	Entertainment software
Motorola	595,563	Wireless equipment
Reliant Energy	573,424	Electricity
Gemstar TV Guide	546,296	Multimedia
Inco Com	527,362	Mining
Coca-Cola	494,211	Soft drinks
Stryker	473,465	Medical products
Walgreen	455,444	Food and drug retail
McDonalds	450,398	Restaurants
Amdocs	438,274	Software and computer services
Nextel Communications	413,302	Cellular telecom
TMP Worldwide	406,594	Services
NRG Energy	286,291	Independent power producer
	51,650,813	18.87% of Total Invested Funds

Investment Managers' Review

Latin and Central America

Emerging markets were very volatile as a whole, with the S&P/IFC Investable Composite Index losing 6.6% over the period but, within that, the S&P/IFC Investable Latin America Index fell 11.6% in Sterling terms. Most of the year was affected by fears of a global slowdown and falls in the telecom, media and technology sectors. This, together with the more specific issues of Turkey and Argentina, meant that emerging markets were out of favour with investors. This was compounded by the terrorist events in the United States on September 11th, which led to investors becoming still more risk averse. However, as equity markets generally picked up in October and November, the Latin American markets participated in the rally.

The worst performing equity market was Argentina with the S&P/IFCI Argentina Index plummeting 51.0% on concerns about a currency devaluation and the possibility of it defaulting on its debt. The market hurt most by Argentinean devaluation concerns was Brazil where the currency weakened by over 20% between March and September. The S&P/IFCI Brazil Index dropped 22.9% overall. Mexico relatively outperformed with the index up 1.0% and with the stronger than expected currency helping returns. Performance also benefited from Mexico's perceived status as a safe haven within the region in turbulent times. However, there were concerns with regard to a large potential slowdown as a result of the recession in the US, as the US is the largest single importer of its goods.

Latin and Central American Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
Wal-Mart De Mexico	1,017,397	General retailers
Telebras Telec	512,888	Telecommunications
Petrol Brasileiros	468,876	Oil and gas
	1,999,161	0.73% of Total Invested Funds

United Kingdom Unlisted Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
Kleinwort Benson Equity Partnership	1,204,802	Venture partnership
	1,204,802	0.44% of Total Invested Funds

Emerging Markets Listed Equity Holdings

at 30th November 2001

	Value (£)	Principal Activities
#*Dresdner RCM Emerging Markets Trust	3,697,500	Investment trust
	3,697,500	1.35% of Total Invested Funds

Listed on the London Stock Exchange.

* Includes warrants totalling £90,000.

Risk Review

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

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

The purpose of these disclosures is to provide enough information 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 (investments, cash/overdraft and borrowings) on the performance of the entity. Short term debtors and creditors are not considered to be financial instruments. They have been included at the bottom of the numerical disclosure in Note 20(a) merely to enable users of the accounts to reconcile the summary provided to total net assets per the balance sheet.

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 risk, liquidity risk, interest rate risk and foreign currency risk.

The overall risk profile of the Company and the policies adopted to manage risk have not changed from the prior year.

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 minimise 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 can be achieved through the use of overdraft facilities, where necessary.

Interest rate risk

The Company invests predominantly in equities, the values of which are not directly affected by changes in prevailing market interest rates.

The Company finances its operations through a mixture of share capital, retained earnings and long term borrowings.

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.

Credit Risk

In 1999, the Company 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 2001

Invested Funds – £273,744,480 (2000 – £357,895,841)
Percentage of valuation

	United Kingdom	North America	Other Countries	2001 Total	2001 Benchmark Sector Weighting*	2000 Total
Resources						
Mining	2.32	—	0.24	**2.56**	**1.91**	**1.00**
Oil & Gas	8.94	1.07	1.26	**11.27**	**9.88**	**9.08**
	11.26	**1.07**	**1.50**	**13.83**	**11.79**	**10.08**
Basic Industries						
Chemicals	0.75	—	0.41	**1.16**	**1.22**	**0.43**
Construction & Building Materials	2.46	—	0.54	**3.00**	**1.36**	**1.43**
Forestry & Paper Products	—	—	—	**—**	**0.24**	**—**
Steel & Other Metals	—	0.19	—	**0.19**	**0.31**	**—**
	3.21	**0.19**	**0.95**	**4.35**	**3.13**	**1.86**
General Industrials						
Aerospace & Defence	1.09	—	—	**1.09**	**1.19**	**1.20**
Diversified Industries	—	1.70	—	**1.70**	**1.67**	**1.34**
Electronic & Electrical Equipment	—	0.20	1.19	**1.39**	**1.28**	**2.49**
Engineering & Machinery	0.61	0.49	—	**1.10**	**0.72**	**2.17**
	1.70	**2.39**	**1.19**	**5.28**	**4.86**	**7.20**
Cyclical Consumer Goods						
Automobiles	—	0.29	0.72	**1.01**	**0.94**	**0.18**
Household Goods & Textiles	—	—	—	**—**	**0.39**	**0.40**
	—	**0.29**	**0.72**	**1.01**	**1.33**	**0.58**
Non-Cyclical Consumer Goods						
Beverages	0.64	0.42	0.33	**1.39**	**2.30**	**2.35**
Food Products & Processing	—	0.32	0.64	**0.96**	**2.11**	**1.67**
Health	—	0.46	—	**0.46**	**1.37**	**2.94**
Packaging	—	—	—	**—**	**0.04**	**—**
Personal & Household Products	0.86	—	0.23	**1.09**	**0.88**	**—**
Pharmaceuticals	8.87	2.95	0.74	**12.56**	**11.22**	**9.94**
Tobacco	—	—	—	**—**	**1.01**	**—**
	10.37	**4.15**	**1.94**	**16.46**	**18.93**	**16.90**
Cyclical Services						
Distributors	—	—	—	**—**	**0.10**	**—**
General Retailers	1.35	0.67	0.54	**2.56**	**3.50**	**1.97**
Leisure Entertainment & Hotels	3.16	0.71	0.39	**4.26**	**2.49**	**2.74**
Media & Photography	2.08	0.70	0.50	**3.28**	**3.66**	**5.03**
Support Services	1.56	—	0.22	**1.78**	**1.72**	**1.31**
Transport	0.75	0.27	0.51	**1.53**	**1.46**	**1.08**
	8.90	**2.35**	**2.16**	**13.41**	**12.93**	**12.13**
Non-Cyclical Services						
Food & Drug Retailers	1.65	0.59	0.18	**2.42**	**1.79**	**2.21**
Telecom Services	5.84	0.96	1.53	**8.33**	**9.66**	**10.36**
	7.49	**1.55**	**1.71**	**10.75**	**11.45**	**12.57**
Utilities						
Electricity	1.82	0.21	0.21	**2.24**	**2.33**	**2.80**
Gas Distribution	0.80	—	—	**0.80**	**0.82**	**0.69**
Water	0.98	—	0.16	**1.14**	**0.44**	**0.88**
	3.60	**0.21**	**0.37**	**4.18**	**3.59**	**4.37**

Distribution of Invested Funds

at 30th November 2001

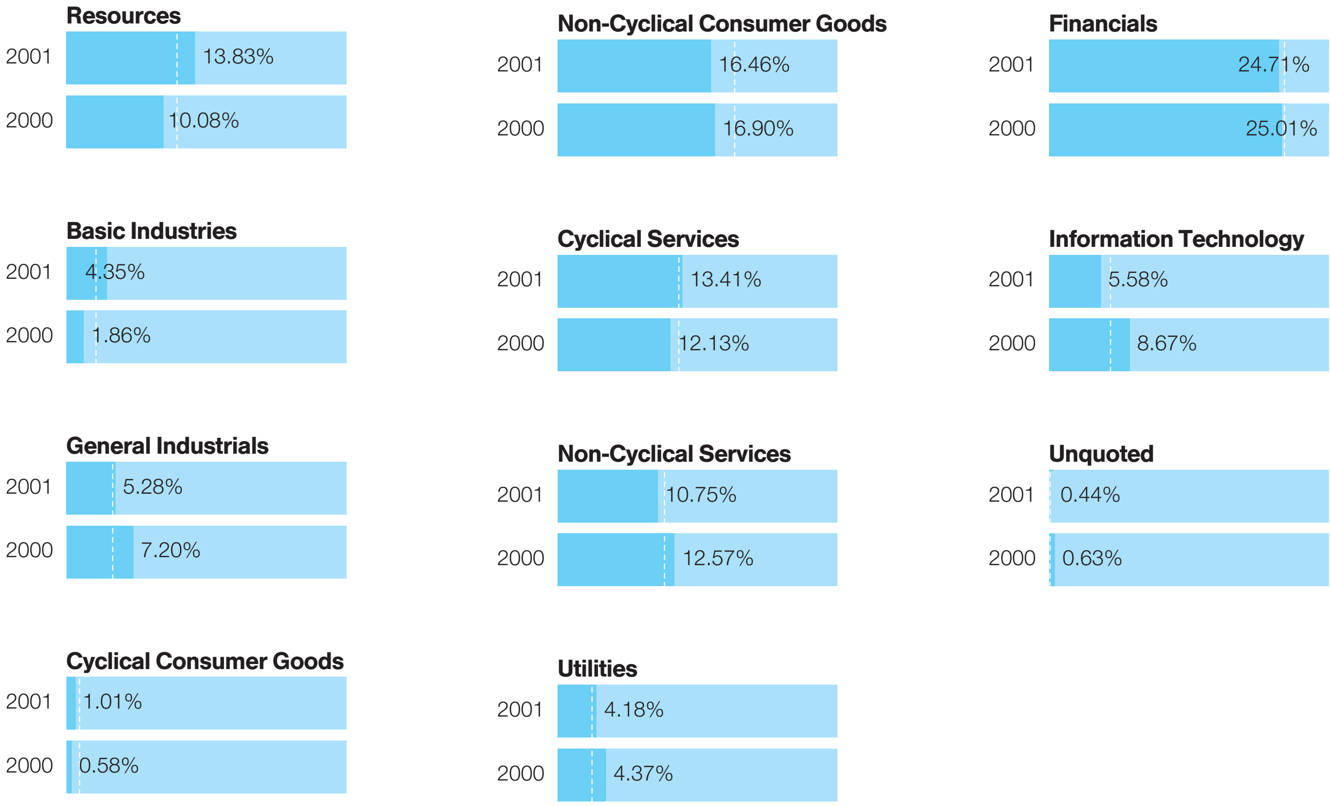
Invested Funds – £273,744,480 (2000 – £357,895,841)
Percentage of valuation

	United Kingdom	North America	Other Countries	2001 Total	2001 Benchmark Sector Weighting*	2000 Total
Financials						
Banks	11.15	1.25	1.88	**14.28**	**15.60**	**11.89**
Insurance	—	1.16	1.02	**2.18**	**2.04**	**3.29**
Life Assurance	1.30	0.54	—	**1.84**	**2.63**	**2.89**
Investment Companies	0.30	—	2.28	**2.58**	**1.58**	**0.33**
Real Estate	1.14	—	—	**1.14**	**1.10**	**1.33**
Speciality & Other Finance	2.05	0.27	0.37	**2.69**	**2.42**	**5.28**
	15.94	**3.22**	**5.55**	**24.71**	**25.37**	**25.01**
Information Technology						
Information Technology Hardware	—	1.73	1.13	**2.86**	**4.20**	**5.34**
Software & Computer Services	0.79	1.72	0.21	**2.72**	**2.42**	**3.33**
	0.79	**3.45**	**1.34**	**5.58**	**6.62**	**8.67**
Unquoted	**0.44**	**–**	**–**	**0.44**	**–**	**0.63**
Total	**63.70**	**18.87**	**17.43**	**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: 40% FT/S&P World Index, 60% FTSE All Share).

The benchmark sector weighting for 2001 is shown against both 2001 and 2000 below



Statement of Total Return

for the year ended 30th November 2001

	Note	2001 £ Revenue	2001 £ Capital	2001 £ Total	2000 £ Revenue	2000 £ Capital	2000 £ Total
Net losses on investments	8	—	(66,432,913)	(66,432,913)	—	(9,465,055)	(9,465,055)
Income	1	7,494,846	—	7,494,846	7,253,863	—	7,253,863
Investment management fee	2	(526,179)	(1,227,751)	(1,753,930)	(504,939)	(1,178,191)	(1,683,130)
Expenses of administration	3	(451,958)	—	(451,958)	(252,358)	—	(252,358)
Net return before finance costs and taxation		6,516,709	(67,660,664)	(61,143,955)	6,496,566	(10,643,246)	(4,146,680)
Finance costs of borrowings	4	(1,249,846)	(2,906,268)	(4,156,114)	(1,263,243)	(2,913,969)	(4,177,212)
Return on ordinary activities before taxation		5,266,863	(70,566,932)	(65,300,069)	5,233,323	(13,557,215)	(8,323,892)
Taxation	5	(440,562)	365,834	(74,728)	(354,222)	235,122	(119,100)
Return on ordinary activities after taxation for the financial year		4,826,301	(70,201,098)	(65,374,797)	4,879,101	(13,322,093)	(8,442,992)
Dividends on Preference Stock	11	(22,500)	—	(22,500)	(22,500)	—	(22,500)
Return attributable to Ordinary shareholders		4,803,801	(70,201,098)	(65,397,297)	4,856,601	(13,322,093)	(8,465,492)
Dividends on Ordinary Shares	6	(4,363,049)	—	(4,363,049)	(4,291,797)	—	(4,291,797)
Transfer to (from) reserves		440,752	(70,201,098)	(69,760,346)	564,804	(13,322,093)	(12,757,289)
Return per Ordinary Share	7	8.00p	(116.90p)	(108.90p)	8.01p	(21.98p)	(13.97p)

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 27 to 39 form part of these Accounts.

Balance Sheet

at 30th November 2001

	Note	2001 £	2001 £	2000 £
Fixed Assets				
Investments	8, 9		273,744,480	357,895,841
Current Assets				
Debtors	10	724,514		14,526,801
Cash at bank	10	39,527,636		24,126,432
		40,252,150		38,653,233
Creditors: Amounts falling due within one year	10	(7,988,132)		(18,431,074)
Net Current Assets			32,264,018	20,222,159
Total Assets less Current Liabilities			306,008,498	378,118,000
Creditors: Amounts falling due after more than one year	10		(51,953,446)	(52,015,817)
Total Net Assets			254,055,052	326,102,183
Capital and Reserves				
Called up Share Capital: Ordinary	11		14,940,854	15,070,854
Preference	11		450,000	450,000
Capital Redemption Reserve	12		1,059,146	929,146
Capital Reserves: Realised	14	237,221,385		273,002,766
Unrealised	14	(5,800,996)		30,905,506
			231,420,389	303,908,272
Revenue Reserve	13		6,184,663	5,743,911
Shareholders' Funds	16		254,055,052	326,102,183
Analysis of Shareholders' Funds				
Equity interests			253,605,052	325,652,183
Non-equity interests	11		450,000	450,000
			254,055,052	326,102,183

Approved by the Board of Directors on 7th March 2002
and signed on its behalf by:
JFH Trott
WR Worsley

The Notes on pages 27 to 39 form part of these Accounts

Cash Flow Statement

for the year ended 30th November 2001

	Note	2001 £	2001 £	2000 £
Net cash inflow from operating activities	18		5,495,234	5,072,292
Servicing of finance				
Interest paid		(4,218,484)		(4,405,275)
Dividends paid on Preference Stock		(22,500)		(22,500)
Net cash outflow on servicing of finance			(4,240,984)	(4,427,775)
Taxation				
ACT repaid		—		1,175
UK income tax (paid) repaid		(250,714)		103,106
Net tax (paid) repaid			(250,714)	104,281
Financial investment				
Purchase of fixed asset investments		(227,857,611)		(379,158,755)
Sale of fixed asset investments		249,283,879		394,676,719
Net cash inflow from financial investment			21,426,268	15,517,964
Equity dividends paid			(4,324,086)	(4,185,540)
Net cash inflow before financing			18,105,718	12,081,222
Financing				
Purchase of Ordinary Shares for cancellation		(2,286,785)		(3,299,532)
(Decrease) Increase in short term loan		(417,729)		973,280
Net cash outflow from financing			(2,704,514)	(2,326,252)
Increase in cash	19		15,401,204	9,754,970

The Notes on pages 27 to 39 form part of these Accounts.

Statement of Accounting Policies

for the year ended 30th November 2001

(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 on equity shares are accounted for on an ex-dividend basis, UK dividends are shown net of tax credits and foreign dividends are grossed up at the appropriate rate of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the equivalent 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 capital and revenue 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, 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 2001

1. Income

	2001 £	2001 £	2000 £
Income from Investments			
Franked income:			
Dividends from UK investments		5,221,510	5,670,258
Unfranked income:			
Dividends from overseas equity securities	1,080,596		928,540
Interest from UK fixed income securities	—		17,051
Other	983		—
		1,081,579	945,591
		6,303,089	6,615,849
Other income:			
Deposit interest	1,116,895		516,205
Underwriting commission	—		31,333
Stock lending fees	74,862		90,476
		1,191,757	638,014
Total income		7,494,846	7,253,863
Income from Investments			
Listed		6,302,106	6,515,531
Unlisted		983	318
		6,303,089	6,615,849

2. Investment Management Fee

	2001 £ Revenue	2001 £ Capital	2001 £ Total	2000 £ Revenue	2000 £ Capital	2000 £ Total
Investment management fee	526,179	1,227,751	1,753,930	504,939	1,178,191	1,683,130

The management contract with Dresdner RCM Global Investors (UK) Ltd ("Dresdner RCM") is terminable at 12 months' notice. The contract provides for a management fee based on 0.45% 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. The amounts stated include irrecoverable VAT of £261,224 (2000 – £250,678).

3. Expenses of Administration

	2001 £	2000 £
Directors' fees	59,000	44,929
Auditors' remuneration	13,697	10,471
Other administrative expenses (see (iv) below)	480,133	301,898
Recoverable VAT	(100,872)	(104,940)
	451,958	252,358

(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 (2000 – £nil).

(iii) Directors' emoluments amounted to £68,500 (2000 – £53,929) which comprises the fees of £59,000 (2000 – £44,929) and an amount of £9,500 (2000 – £9,000) 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 Scheme costs of £226,852 (2000 – £121,982) and other promotional activity costs of £117,413 (2000 – £77,525).

4. Finance Costs of Borrowings

	2001 £ Revenue	2001 £ Capital	2001 £ Total	2000 £ Revenue	2000 £ Capital	2000 £ Total
On Stepped Rate Interest Loan repayable after more than five years	501,640	1,170,494	1,672,134	504,063	1,176,148	1,680,211
On Fixed Rate Interest Loan repayable after more than five years	743,904	1,735,774	2,479,678	744,780	1,737,821	2,482,601
On sterling overdraft	4,302	—	4,302	14,400	—	14,400
	1,249,846	2,906,268	4,156,114	1,263,243	2,913,969	4,177,212

Notes to the Accounts

for the year ended 30th November 2001

5. Taxation

	2001 £ Revenue	2001 £ Capital	2001 £ Total	2000 £ Revenue	2000 £ Capital	2000 £ Total
UK taxation at 30% (2000 – 30.0%)	365,834	(365,834)	—	235,122	(235,122)	—
Overseas taxation	135,469	—	135,469	119,100	—	119,100
Avoir fiscal adjustment	(60,741)	—	(60,741)	—	—	—
	440,562	(365,834)	74,728	354,222	(235,122)	119,100

6. Dividends on Ordinary Shares

	2001 £	2000 £
Dividends on Ordinary Shares of 25p—		
First interim 3.2p paid 31st August 2001 (2000 – 3.10p)	1,912,749	1,880,460
Second interim 4.10p proposed in lieu of a final dividend payable 4th April 2002 (2000 – 4.00p)	2,450,300	2,411,337
	4,363,049	4,291,797

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

	2001 £ Revenue	2001 £ Capital	2001 £ Total	2000 £ Revenue	2000 £ Capital	2000 £ Total
Return after taxation	4,826,301	(70,201,098)	(65,374,797)	4,879,101	(13,322,093)	(8,442,992)
Attributable to Preference Stockholders	(22,500)	—	(22,500)	(22,500)	—	(22,500)
Attributable to Ordinary Shareholders	4,803,801	(70,201,098)	(65,397,297)	4,856,601	(13,322,093)	(8,465,492)
Return per Ordinary Share	8.00p	(116.90p)	(108.90p)	8.01p	(21.98p)	(13.97p)

The return per Ordinary Share is based on a weighted average number of shares of 60,052,238 (2000 – 60,611,585) Ordinary Shares of 25p in issue.

The basic and diluted returns per Ordinary Share are the same.

8. Fixed Asset Investments

	2001 £	2000 £
Listed at market valuation on recognised Stock Exchanges—		
United Kingdom	177,898,596	248,524,692
Abroad	94,641,082	107,117,656
	272,539,678	355,642,348
Unlisted at Directors' valuation—		
United Kingdom	1,204,802	2,253,493
Total fixed asset investments	273,744,480	357,895,841
Market value of investments brought forward	357,895,841	378,067,808
Unrealised gains brought forward	(30,905,506)	(100,762,164)
Cost of investments held brought forward	326,990,335	277,305,644
Additions at cost	217,990,629	387,754,873
Disposals at cost	(265,435,488)	(338,070,182)
Cost of investments held at 30th November	279,545,476	326,990,335
Unrealised (losses) gains at 30th November	(5,800,996)	30,905,506
Market value of investments held at 30th November	273,744,480	357,895,841
Losses on investments		
Net realised (losses) gains based on historical costs	(29,735,844)	60,391,603
Less: Amounts recognised as unrealised in previous years	12,495,220	(63,639,221)
Net realised losses based on carrying value at previous balance sheet date	(17,240,624)	(3,247,618)
Net unrealised losses arising in the year	(49,201,722)	(6,217,437)
Net losses on investments before special dividends	(66,442,346)	(9,465,055)
Special dividends credited to capital	9,433	—
Total net losses on investments	(66,432,913)	(9,465,055)

The Board considers that none of the Company's unlisted investments was individually (or in aggregate) material to the financial statements. In addition, no material disposals of unlisted investments took place during the year.

Stock Lending		
Aggregate value of securities on loan at year-end	68.6m	74.3m
Maximum aggregate value of securities on loan during the year	101.7m	121.9m
Fee income from stock lending during the year	74,862	90,476

In respect of securities on loan at the year-end, the Company held £72.5m as collateral (2000 – £80.9m), the value of which exceeds the value of the loan securities by £3.9m (2000 – £6.6m).

In respect of the maximum aggregate value of securities on loan during the year the Company held £106.9m as collateral (2000 – £127.9m), the value of which exceeded the value of the securities on loan, by £5.2m (2000 – £6.0m).

Notes to the Accounts

for the year ended 30th November 2001

9. Investments in Other Companies

The Company held more than 10% of the share capital of the following companies at 30th November 2001–

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	19.8

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

10. Current Assets and Creditors

	2001 £	2000 £
Debtors—		
Sales for future settlement	160,473	13,744,708
Other debtors	562,504	782,093
Taxation recoverable	1,537	—
	724,514	14,526,801
Cash at bank—		
Current account	59,073	3,051,432
Deposit account	39,468,563	21,075,000
	39,527,636	24,126,432
Creditors: Amounts falling due within one year—		
Purchases for future settlement	3,507,230	13,374,212
Other creditors (see (iii) below)	1,432,449	1,373,083
Short term loan (see (iv) below)	586,903	1,004,632
Taxation payable	—	256,560
Dividend on Preference Stock	11,250	11,250
Proposed dividend on Ordinary Shares	2,450,300	2,411,337
	7,988,132	18,431,074
Creditors: Amounts falling due after more than one year—		
Stepped Rate Interest Loan (payable after more than five years—see (i) below)	18,718,535	18,666,281
Fixed Rate Interest Loan (payable after more than five years—see (ii) below)	33,234,911	33,349,536
	51,953,446	52,015,817

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 2001 the unamortised premium included within the Fixed Rate Interest Loan balance of greater than one year amounted to £5,299,925 (2000 – £5,415,438).

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 (2000 – £669,080) and £78,711 (2000 – £78,711) payable to FDF and to Fintrust respectively.

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

11. Share Capital

		2001 £	2000 £
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
59,763,416	Ordinary Shares of 25p (2000 – 60,283,416)	14,940,854	15,070,854
		15,390,854	15,520,854

Notes to the Accounts

for the year ended 30th November 2001

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 520,000 Ordinary Shares were purchased by the Company and cancelled. The aggregate purchase price of these shares, amounting to £2,286,785 was charged to the Realised Capital Reserve (see Note 14). A further 575,000 Ordinary Shares have been repurchased for cancellation since the year end at a cost of £2,087,545.

12. Capital Redemption Reserve

	£
Balance at 1st December 2000	929,146
Movement in year	130,000
Balance at 30th November 2001	1,059,146

The balance on this account was increased by the transfer of £130,000 in respect of 520,000 Ordinary Shares of 25p purchased by the Company and cancelled.

13. Revenue Reserve

	£
Balance at 1st December 2000	5,743,911
Profit for the year	440,752
Balance at 30th November 2001	6,184,663

14. Capital Reserves

	Realised £	Unrealised £	Total £
Balance at 1st December 2000	273,002,766	30,905,506	303,908,272
Net loss on realisation of investments	(17,240,624)	—	(17,240,624)
Decrease in unrealised appreciation	—	(49,201,722)	(49,201,722)
Transfer on disposal of investments	(12,495,220)	12,495,220	—
Purchase of ordinary shares for cancellation	(2,286,785)	—	(2,286,785)
Investment management fee	(1,227,751)	—	(1,227,751)
Finance costs of borrowings	(2,906,268)	—	(2,906,268)
Special dividends credited to capital	9,433	—	9,433
Attributable taxation in respect of management fee and finance costs	365,834	—	365,834
Balance at 30th November 2001	237,221,385	(5,800,996)	231,420,389

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 2001	2000
Ordinary Shares of 25p	424.3p	540.2p
5% Cumulative Preference Stock Units £1	£1	£1

	Net Asset Value attributable 2001	2000
Ordinary Shares of 25p	£253,605,052	£325,652,183
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 2000	325,652,183	450,000	326,102,183
Total recognised losses for the year	(65,397,297)	22,500	(65,374,797)
Dividends appropriated in the year	(4,363,049)	(22,500)	(4,385,549)
Purchase of ordinary shares for cancellation	(2,286,785)	—	(2,286,785)
Total net assets attributable at 30th November 2001	253,605,052	450,000	254,055,052

The Net Asset Value per Ordinary Share is based on 59,763,416 (2000 – 60,283,416) Ordinary Shares of 25p in issue at the year end.

16. Reconciliation of Movements in Shareholders' Funds

	2001 £	2000 £
Distributable reserves		
Revenue profit available for distribution	4,826,301	4,879,101
Dividends	(4,385,549)	(4,314,297)
Transfer to distributable reserves	440,752	564,804
Other reserves		
Recognised net capital losses transferred to non-distributable reserves	(70,201,098)	(13,322,093)
Over accrual of final dividend for the previous year	—	10,811
Purchase of ordinary shares for cancellation	(2,286,785)	(3,299,532)
	(72,487,883)	(16,610,814)
Net decrease in Shareholders' Funds	(72,047,131)	(16,046,010)
Opening Shareholders' Funds	326,102,183	342,148,193
Closing Shareholders' Funds	254,055,052	326,102,183

Notes to the Accounts

for the year ended 30th November 2001

17. Contingent liabilities, Financial Commitments and Guarantees

At 30th November 2001 there were no outstanding contingent liabilities (2000 – 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 £515,471 (2000 – £547,529) 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 33 'Current Assets and Creditors'.

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

	2001	2000
	£	£
Net revenue before finance costs and taxation	6,516,709	6,496,566
Less: Management fee charged to capital	(1,227,751)	(1,178,191)
Add: Special dividends credited to capital	9,433	—
Less: Overseas tax suffered at source	(74,728)	(119,100)
Less: UK income tax suffered at source	(7,384)	(16,462)
	5,216,279	5,182,813
Decrease (increase) in debtors	219,589	(212,392)
Increase in creditors	59,366	101,871
Net cash inflow from operating activities	5,495,234	5,072,292

19. Reconciliation of net cash flow to movement in net debt

(i) Analysis of Net Debt

	Cash	Short term loan	Stepped and fixed rate loans	Net Debt
	£	£	£	£
At 1st December 2000	24,126,432	(1,004,632)	(52,015,817)	(28,894,017)
Movement in year	15,401,204	417,729	62,371	15,881,304
At 30th November 2001	39,527,636	(586,903)	(51,953,446)	(13,012,713)

(ii) Reconciliation of net cash flow to movement in net debt

	2001	2000
	£	£
Net cash inflow	15,401,204	9,754,970
Decrease (increase) in short term loan	417,729	(923,280)
Decrease in long term loans	62,371	60,792
Movement in net funds	15,881,304	8,842,482
Net debt brought forward	(28,894,017)	(37,736,499)
Net debt carried forward	(13,012,713)	(28,894,017)

Notes to the Accounts

for the year ended 30th November 2001

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

The narrative disclosures required by FRS 13 are given in the Risk Review on page 21.

(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	2001 Fixed rate interest paid £	2001 Floating rate interest paid £	2001 Nil interest paid £	2001 Total £	2000 Fixed rate interest paid £	2000 Floating rate interest paid £	2000 Nil interest paid £	2000 Total £
Financial Assets									
Value not directly affected by changes in interest rates:									
Equities	Sterling	—	—	180,469,765	180,469,765	—	—	250,691,955	250,691,955
Equities	Various	—	—	93,274,715	93,274,715	—	—	107,203,886	107,203,886
Cash	Sterling	—	39,527,636	—	39,527,636	—	24,126,432	—	24,126,432
Total Financial Assets		—	39,527,636	273,744,480	313,272,116	—	24,126,432	357,895,841	382,022,273
Financial Liabilities									
Value directly affected by changes in interest rates:									
Fintrust loan	Sterling	(33,234,911)	—	—	(33,234,911)	(33,349,536)	—	—	(33,349,536)
First Debenture Finance loan	Sterling	(18,718,535)	—	—	(18,718,535)	(18,666,281)	—	—	(18,666,281)
		(51,953,446)	—	—	(51,953,446)	(52,015,817)	—	—	(52,015,817)
Value not directly affected by changes in interest rates:									
Short term loan	Sterling	—	—	(586,903)	(586,903)	—	—	(1,004,632)	(1,004,632)
Total Financial Liabilities		(51,953,446)	—	(586,903)	(52,540,349)	(52,015,817)	—	(1,004,632)	(53,020,449)
Net Financial Assets		(51,953,446)	39,527,636	273,157,577	260,731,767	(52,015,817)	24,126,432	356,891,209	329,001,824
Short term debtors and creditors					(6,676,715)				(2,899,641)
Net Assets per balance sheet					254,055,052				326,102,183

Interest on floating rate financial assets is based on overnight money market rates.

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 2000.

*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 10.76% (2000–10.76%) and the weighted average period to maturity is 19.9 (2000–20.9) years.

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.

	2001 Investments £	2001 Current Assets £	2001 Creditors £	2001 Net Monetary Assets £	2000 Investments £	2000 Current Assets £	2000 Creditors £	2000 Net Monetary Assets £
Sterling	180,469,765	40,147,625	(59,450,617)	161,166,773	250,691,955	29,031,781	(69,091,803)	210,631,933
US Dollar	56,810,434	45,837	(490,961)	56,365,310	67,198,595	7,474,540	(1,355,088)	73,318,047
Euro	19,459,278	26,275	—	19,485,553	19,495,124	1,405,616	—	20,900,740
Japanese Yen	9,398,156	15,515	—	9,413,671	11,478,810	17,973	—	11,496,783
Swiss Franc	4,169,534	8,961	—	4,178,495	4,869,168	—	—	4,869,168
Australian Dollar	1,913,615	7,937	—	1,921,552	—	6,691	—	6,691
Mexican Peso	1,017,397	—	—	1,017,397	920,770	—	—	920,770
Danish Krona	506,301	—	—	506,301	—	—	—	—
Hong-Kong Dollar	—	—	—	—	1,275,243	707,757	—	1,983,000
Swedish Krona	—	—	—	—	1,178,531	—	—	1,178,531
Singapore Dollar	—	—	—	—	787,645	—	—	787,645
Brazilian Real	—	—	—	—	—	8,875	—	8,875
	273,744,480	40,252,150	(59,941,578)	254,055,052	357,895,841	38,653,233	(70,446,891)	326,102,183

(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.

	2001 £ million Book value	2001 £ million Fair value	2000 £ million Book value	2000 £ million Fair value
Fintrust loan	33.2	36.2	33.3	39.1
First Debenture Finance loan	18.7	26.0	18.7	28.1

(d) Liquidity profile

The maturity profile of the Company's liabilities at 30th November 2001, 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 2001 the Company had no hedging contracts in place (2000 – nil).

Auditors' Report

Independent Auditors' Report to the Shareholders of The Brunner Investment Trust plc

We have audited the financial statements of The Brunner Investment Trust plc for the year ended 30th November 2001 on pages 24 to 39 which have been prepared under the accounting policies set out on page 27.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, 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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only those sections set out in the table of contents including the Chairman's Statement, the Investment Managers' Review, the Distribution of Invested Funds, the Directors' Report and the Statement of Corporate Governance. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th November 2001 and of its revenues and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors

7th March 2002

Northside House
69 Tweedy Road
Bromley
Kent BR1 3WA

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 with the exception that the Board has not identified a senior non-executive Director for the reason given below.

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 2001. 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 Secretary who is 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.

Corporate Governance

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 which wholly consists of non-executive Directors.

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.

Internal Control

The Directors have overall responsibility for the Company's system of internal control. Whilst acknowledging their responsibility for the system of internal 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 control are as follows:

▶ The Board, assisted by the Managers undertook a full review of the Company's business risks and these are analysed and recorded in a risk matrix. The Board receives every six months from the Managers a formal report which details any known internal controls failures, including those that are not directly the responsibility of the Managers. Steps will be taken to continue to ensure that the system of internal control and risk management becomes embedded into the operations and culture of the Company and its key suppliers.

▶ 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 the Financial Services Authority ("FSA") and its compliance department regularly monitors compliance with FSA'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.

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 number of proxy votes cast in respect of each resolution will be available at the Annual General Meeting.

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 41 and a statement of going concern is on page 46.

The Report of the Auditors can be found on page 40.

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 CBE, 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 Polar Capital Technology Trust PLC and is also a non-executive director of Logica 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

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 the UK it manages eleven listed investment trusts, including The Brunner Investment Trust PLC, and had total assets under management of £1.65 billion as at 31st January 2002.

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 world.

Following the merger of Dresdner Bank AG and Allianz AG the ultimate parent company of Dresdner RCM Global Investors (UK) Ltd is Allianz AG.

Fund Managers
Neil Dwane
Pauline Edwards

Secretary and Registered Office
Kirsten Salt BA(Hons) ACIS
10 Fenchurch Street,
London EC3M 3LB
Telephone: 020 7475 5808

Registrars and Transfer Office
Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 1623100 or, if telephoning from overseas, 0044 20 8639 2157

Auditors
BDO Stoy Hayward
Northside House
69 Tweedy Road
Bromley
Kent BR1 3WA

Bankers
HSBC 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 2001 were 368.5p-384.5p.

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.

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.

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 2000 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.

Share Capital

A total of 520,000 ordinary shares of 25p each (nominal value £130,000) have been repurchased and cancelled as part of the share buy back programme that was approved last year. The consideration paid, including attributable expenses, amounted to £2,286,785.

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 losses based on historical costs of £29,735,844 (2000 – gains £60,391,603). Provisions contained in the Finance Act 1980 exempt approved Investment Trusts from corporation tax on their chargeable gains. Invested funds at 30th November 2001 had a value of £273,744,480 before deducting net liabilities of £19,689,428 (2000 – £357,895,841 and £31,793,658).

Net Asset Value

The Net Asset Value of the Ordinary Shares of 25p at the year end, was 424.3p as compared with a value of 540.2p at 30th November 2000.

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 pages 22 and 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 FTSE 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 20.

Revenue	**£**	**£**
Gross income for the year amounted to		7,494,846
from which had to be deducted:		
Expenses of administration	(978,137)	
Finance costs of borrowings	(1,249,846)	
		(2,227,983)
leaving an amount subject to taxation of		5,266,863
Taxation absorbed		(440,562)
and there remained a balance available of		4,826,301
from which has been deducted the dividend on £450,000 Preference Stock of		(22,500)
leaving available for distribution to the Ordinary shareholders		4,803,801

Dividends

Provision has been made for dividends on the Ordinary Shares of 25p as follows:		
First interim 3.2p per share paid 31st August 2001	(1,912,749)	
Second interim proposed in lieu of a final dividend payable 4th April 2002:		
Ordinary dividend—4.10p per Ordinary Share	(2,450,300)	
		(4,363,049)
thus leaving to be transferred to Revenue Reserve		440,752

The Board declared a first interim dividend of 3.2p per Ordinary Share which was paid on 31st August 2001. The Board recommend a second interim dividend in lieu of a final dividend for the year ended 30th November 2001 of 4.10p, payable on 4th April 2002, making a total distribution for the year of 7.30p per Ordinary Share. The next interim dividend payment is expected to be made in September 2002.

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 10.36); HLJ Brunner (beneficial 6.44% – as trustee 5.21%); TBH Brunner (beneficial 1.23% – as trustee 6.37%); AXA Group (including Compagnie UAP and Sun Life Investment Management Ltd) (14.04%); JHK Brunner (beneficial 3.06% – as trustee 6.94%); Prudential Corporation (4.68%); Elizabeth Lady Brunner (4.63%).

Mr CE Wilkinson acts as a co-trustee with Mr TBH Brunner in respect of Ordinary Shares (3.08%%), 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 (6.69%) which form part of Mr HLJ Brunner's beneficial and trustee holdings.

Directors' Report

Directors and Management

Mr JFH Trott and Mr WR Worsley 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	2001 Beneficial	2001 As Trustee	2000 Beneficial	2000 As Trustee
JFH Trott	108,235	13,290	108,183	13,290
JS Flemming	4,000	—	4,000	—
BCR Siddons	4,629	—	4,629	—
RKA Wakeling	4,023	—	4,023	—
WR Worsley	110,000	631,250	110,000	645,350

Mr SRT White, alternate director to Mr BCR Siddons, has no interest in the share capital of the Company (2000 – 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.

Auditors

During the course of the year, Arthur Andersen resigned as auditors and BDO Stoy Hayward were appointed to fill the casual vacancy. This change follows a reorganisation within Arthur Andersen in which the team engaged in our affairs has moved to BDO Stoy Hayward and will therefore ensure continuity of personnel and service. 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 BDO Stoy Hayward 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 £237 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 8,872,343 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 2003 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 and members of his immediate family, (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 30.90% 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 36.04% 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 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 6 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 and Markets Act 2000.

Summary of connected party holdings

Ordinary 25p Shares
As at 30th November 2001

Name	Shares held	%	% on max repurchase
TBH Brunner beneficial	737,551	1.23	1.44
trustee	3,809,037	6.37	7.43
HLJ Brunner beneficial	3,846,138	6.44	7.51
trustee	3,114,977	5.21	6.08
JHK Brunner beneficial	1,831,306	3.06	3.57
trustee	4,145,564	6.94	8.09
Elizabeth Lady Brunner	2,764,384	4.63	5.39
CE Brunner	224,376	0.38	0.44
CO Brunner	313,700	0.52	0.61
FL Brunner	51,000	0.09	0.10
IC Brunner	120,535	0.20	0.24
JG Brunner	190,966	0.32	0.37
LC Brunner	122,337	0.20	0.24
MJI Brunner	40,000	0.07	0.08
NFM Brunner	90,000	0.15	0.18
PDC Brunner	247,370	0.41	0.48
RE Talbot	133,560	0.22	0.26
HE Brunner	928,245	1.55	1.81
Trustees			
T Thornton Jones	1,342,994	2.25	2.62
CE Wilkinson	6,192,770	10.36	12.08
DL Barnes	959,807	1.61	1.87
Deduction of joint trustee interests	(12,733,769)	(21.31)	(24.85)
Total connected party interests	**18,472,848**	**30.90**	**36.04**

Directors' Report

Changes over the nine months ended 30th November 2001

	Increase/Decrease
TBH Brunner	(10,000)
TBH Brunner A/c BBDS	(2,964)
CE Wilkinson HB1D A/c + HLJ & MCR Brunner	22,125
HLJ Brunner A/c HLJB + TE Yates & MR Brunner	(22,125)
HE Brunner & DL Barnes RDT A/c	30,529
IC Brunner	(12,565)
NFM Brunner	(15,000)

Changes over the period from 1st December 2001 to 31st January 2002

	Increase/Decrease
TBH Brunner	(6,500)

By Order of the Board
Kirsten Salt
Secretary

7th March 2002

Notice of Meeting

Notice is hereby given that the Seventy-Fourth Annual General Meeting of **The Brunner Investment Trust PLC** will be held at **20 Fenchurch Street, London EC3P 3DB**, on Tuesday, 9th April 2002 at 12.00 noon to transact the following business. All resolutions shall be proposed as ordinary resolutions:

Ordinary Business

1 To receive and adopt the Report of the Directors and the Accounts for the year ended 30th November 2001 with the Auditors' Report thereon.

2 To re-elect Mr JFH Trott as a Director.

3 To re-elect Mr WR Worsley as a Director.

4 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 BDO Stoy Hayward be and they are hereby re-appointed as the Auditors of the Company.

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

Special Business

6 **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 8,961,500;

(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 2003 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
7th March 2002

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

TITLE AND SURNAME

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 Tuesday 9th April 2002 at 12.00 noon and at any adjournment thereof.

Ⓑ Ordinary Business

	For	Against
1 To receive the report and accounts	☐	☐
2 To re-elect Mr JF Trott as a Director	☐	☐
3 To re-elect Mr WR Worsley as a Director	☐	☐
4 To re-appoint BDO Stoy Hayward as Auditors	☐	☐
5 To authorise the Directors to determine the remuneration of the Auditors	☐	☐
Special Business		
6 To authorise the Company to make market purchases of its own Ordinary Shares	☐	☐

Ⓒ

TITLE AND SURNAME

FORENAMES

ADDRESS

POSTCODE

SIGNATURE DATE

Third Fold and Tuck in

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

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