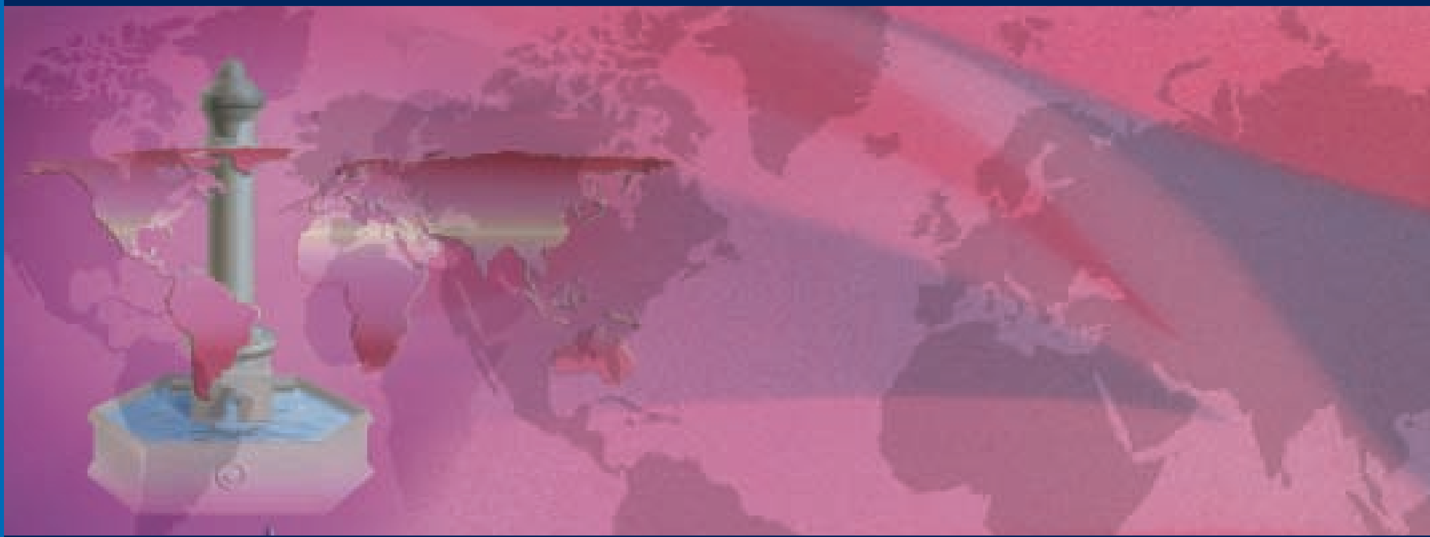
Allianz Dresdner
Asset Management



THE BRUNNER INVESTMENT TRUST PLC

Report and Accounts for the year ended 30th November 2002

Report

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.

Category: Global Growth

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	2002	2001	% change
Available for Ordinary Dividend	£4,769,167	£4,803,801	–0.7%
Earnings per Ordinary Share	8.16p	8.00p	+2.0%
Dividends per Ordinary Share	7.50p	7.30p	+2.7%
Retail Price Index	178.2	173.6	+2.6%

Assets	2002	2001	% change
Total Net Assets	£189,374,826	£254,055,052	–25.5%
Share price	262.5p	376.5p	–30.3%
Net Asset Value per Ordinary Share	329.0p	424.3p	–22.5%
Expenses Ratio*	0.7%	0.7%	–

Explanation of the movement in Net Asset Value per Ordinary Share

Over the year to 30th November 2002 the benchmark index (60% FTSE All-Share Index, –20.3% and 40% FTSE World Index, ex UK in sterling –23.1%) decreased by 21.1%. As demonstrated in the table below, Brunner's portfolio of investments at –22.5% under-performed this benchmark by 1.4%.

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**		–21.1%
Under-performance of equity portfolio against benchmark		
Due to stock selection	–1.5%	
Due to sector selection	–0.3%	
		–1.8%
Net impact of gilt purchase		1.3%
		–21.6%

Other factors

Retained revenue	0.2%	
Management fee and finance costs charged to capital	–1.5%	
Impact of repurchasing Ordinary Shares	0.4%	
		–0.9%
		–22.5%

*The expenses ratio is calculated by dividing operating expenses by total assets less current liabilities.

**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

When, at the beginning of 2002, surveys of investment analysts were taken on the likely movements of World Markets during the year, few if any forecast a third year of falling markets. Interest rates were low, and in many countries were likely to fall further, inflation was low, economic activity, though not buoyant, was likely to continue to rise and a Government committed to a prosperous private sector had recently been elected in the United States. It is true that we had recently suffered the terrible attack on the World Trade Centre but the prospect of a new regime in Afghanistan gave some cause for hope that the terrorist acts would be contained.

All this should have provided a favourable background to stock markets but as we said in our report last year there was one key ingredient missing viz a reasonable valuation basis for shares. The extent of the bubble in prices in the late 1990s was put starkly into context as even after two years of falling markets a sensible base had not been reached.

The third year of falling markets is thus less of a surprise than it might have been and our decision at the beginning of the year to effectively eliminate the gearing by holding £52 million in cash and short gilts has turned out to be justified.

The performance of the Trust can be seen in the statistics on page 2. You will see that the net asset value per share fell by 22.5% during the year, slightly more than the benchmark. The cumulative position since the benchmark was chosen in November 1998 is also illustrated and shows a small out performance albeit a negative overall return owing to poor markets during the four year period.

Earnings per share during the year, helped by the yield on our cash and short-dated gilts, grew by 2% and the Board is recommending a rise in the final dividend to 4.20p per share making a total of 7.50p for the year, a rise of 2.7%, slightly ahead of the inflation rate.

A disappointing feature of the last year has been the widening of the discount between the share price and the underlying asset value per share. This occurred despite active use of the buy-back facility. This widening has been experienced by the investment trust industry as a whole and has been seen in the past during times of falling markets. I hope that we will see some narrowing of the discount this year. You will see that we are introducing a resolution at the AGM asking shareholders to renew the buy-back facility.

Where do we go from here? After three years of falling markets will we now see a fourth? History would be against this happening, but then history was also against three consecutive falling years. Valuations are now reasonable in markets outside the United States but in that market, which tends to set the tone for World markets, valuations are still high. Earnings forecasts which, if met, would bring valuations to reasonable levels are almost certainly too high as well. How do we factor in the possibility or war in Iraq? It has been said that a war in Iraq, if quickly and successfully completed, would clear the air, reduce the price of oil and allow markets to move ahead. However there is no guarantee that a war would not lead to wider problems particularly if it lasted for some time.

Recently markets have been weak as investors await resolution of some of these uncertainties. We have retained our cash and gilt edged securities for longer than we had originally anticipated. In the short term market movements are likely to be dominated by news from Iraq. Looking longer term, however, investors are likely to look for better prospects for corporate profits before committing their cash resources. The Managers will be focusing on stock selection to achieve superior returns. The Board together with the Managers will keep the cash position under constant review to try and identify when reinvestment is appropriate. At that time the reintroduction of controlled gearing should enhance the prospects for the Trust and help us to outperform the benchmark.

John Trott
Chairman
26th February 2003

Historical Record

Years ended 30th November

Revenue and Capital

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Gross revenue (£000s)	6,784	7,087	7,222†	8,018	7,586	6,833‡	6,679	7,254	7,495	7,232
Earnings per share	6.10p	5.86p	6.25p†	6.98p	6.37p	6.40p	6.91p	8.01p	8.00p	8.16p
Dividend per share (net)	5.25p	5.50p	5.90p	6.30p*	6.50p	6.70p#	6.90p	7.10p	7.30p	7.50p
Tax credit per share	1.31p	1.375p	1.475p	1.575p*	1.625p	1.15p	0.77p	0.79p	0.81p	0.83p
Total dividend	6.56p	6.875p	7.375p	7.875p*	8.125p	7.85p	7.67p	7.89p	8.11p	8.33p
Total net assets (£000s)	164,762	163,170	189,153†	210,274	227,400	252,307	342,148	326,102	254,055	189,375
Assets attributable to										
Ordinary Capital (£000s)	164,312	162,720	188,703†	209,824	226,950	251,857	341,698	325,652	253,605	188,925
Net Asset Value per Ordinary Share	256.7p	254.2p	294.8p†	327.9p	354.6p	393.5p	560.7p	540.2p	424.3p	329.0p
Share price	229.0p	235.0p	249.0p	284.5p	310.0p	310.0p	467.5p	497.0p	376.5p	262.5p
Discount (%)	11	8	15	13	13	21	17	8	11	20

Notes

Includes a Foreign Income Dividend of 2.11p.

* 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.

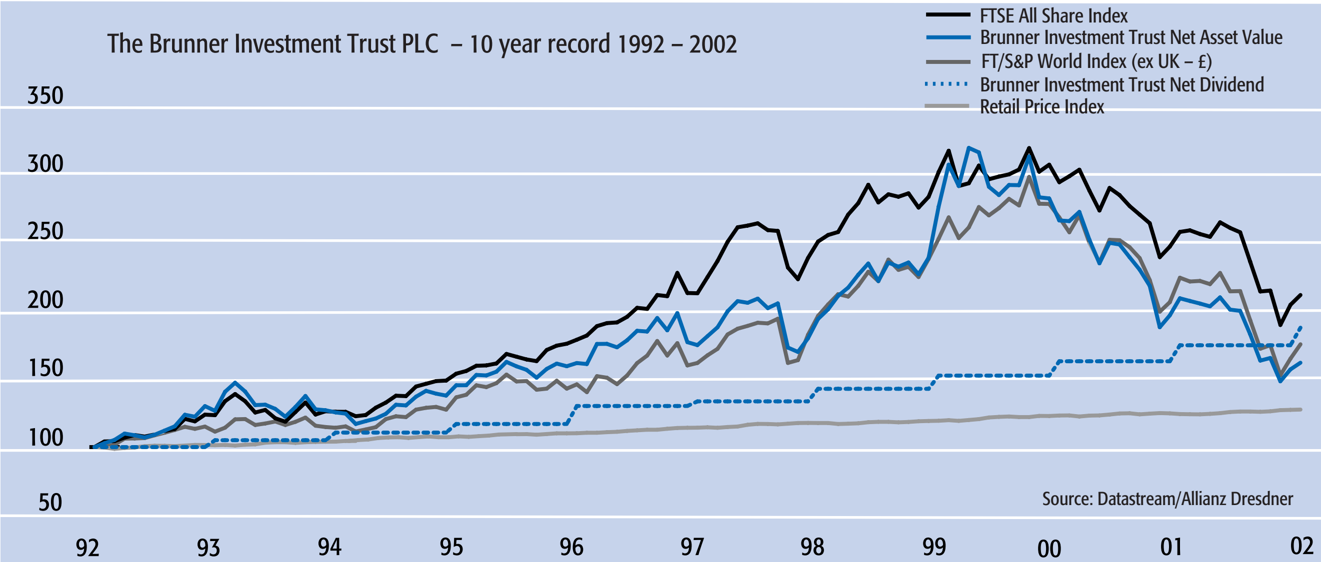
The share prices quoted in the London Stock Exchange Daily Official List for 29th November 2002 were 254.5p to 270.5p.

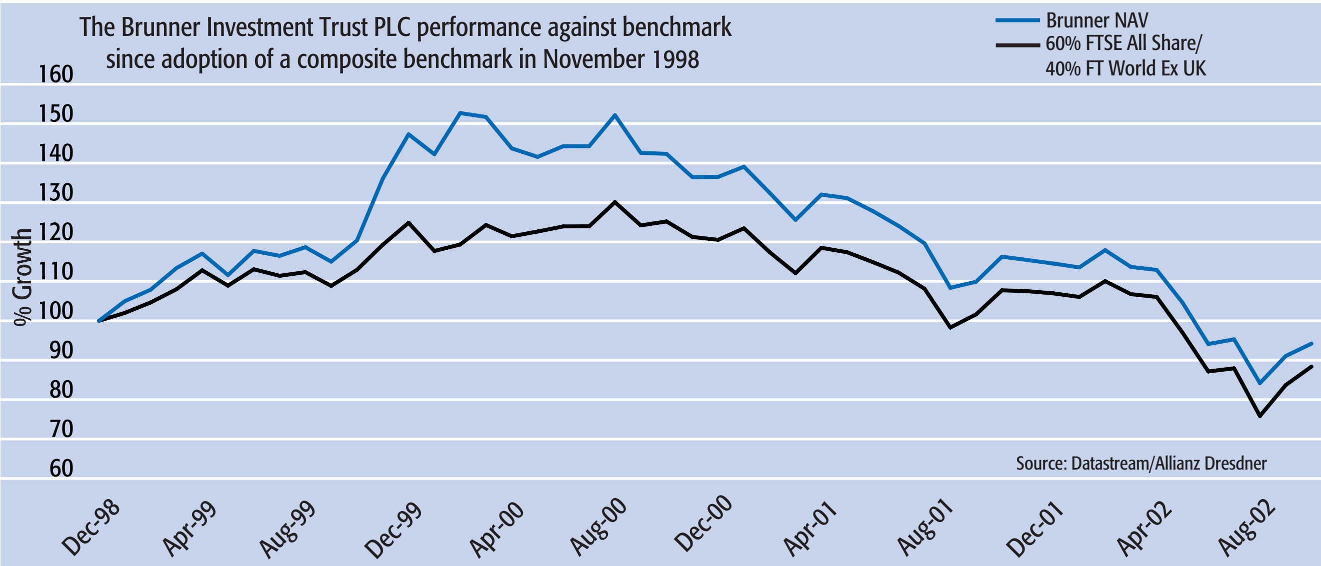
Geographical Disposition

	Percentage of Invested Funds									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002*
United Kingdom	54.5	53.8	55.0	53.7	64.2	63.1	59.9	68.6	63.7	58.1
Europe	14.6	9.0	10.3	11.5	7.8	16.5	10.0	7.2	9.2	9.3
Americas	12.0	14.0	14.0	13.1	13.0	13.9	17.0	18.4	19.6	21.7
Japan	1.4	2.1	2.5	4.4	4.9	2.6	8.2	3.2	3.4	3.6
Pacific Basin	14.4	15.5	14.0	14.2	7.6	2.5	3.3	1.4	2.7	5.1
Other Countries	3.1	5.6	4.2	3.1	2.5	1.4	1.6	1.2	1.4	2.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

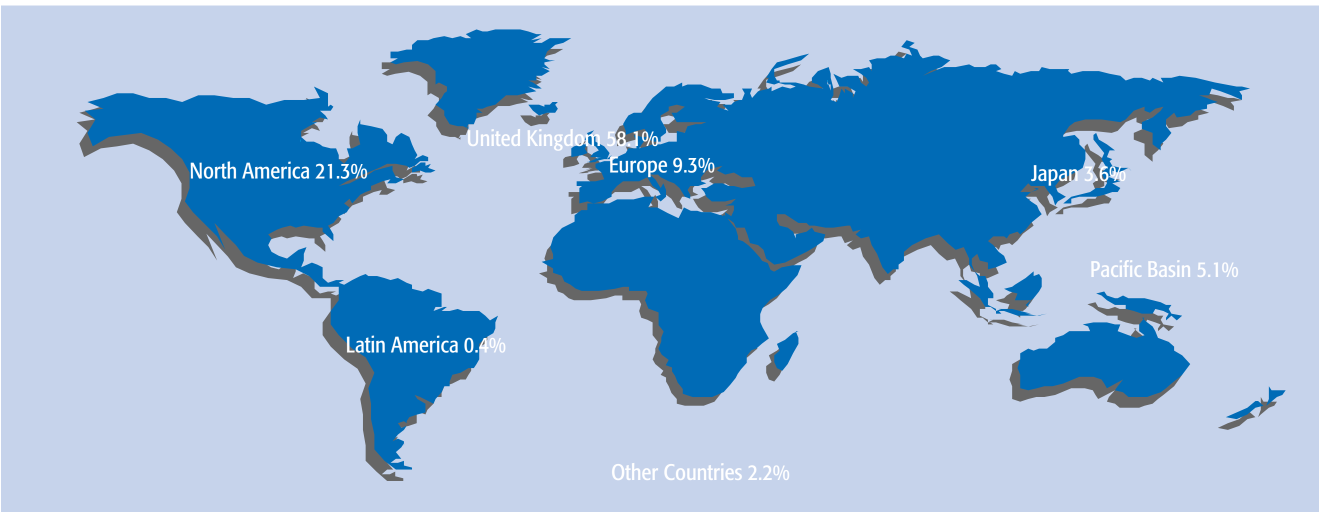
* Excludes Treasury Stock to the value of £25,355,000.

Performance Graphs





Geographical Disposition at 30th November 2002



Thirty Largest Investments

	Valuation 30th November 2002 £	% of Invested Funds	Principal Activities
Treasury 5% 2004	25,355,000	11.60	Gilt
BP	8,874,401	4.06	Integrated oil and gas
HSBC Holdings	8,490,880	3.88	Banking and financial services
Vodafone Group	7,542,704	3.45	Telecommunications
GlaxoSmithkline	6,892,601	3.15	Manufacture of pharmaceuticals
Royal Bank of Scotland	4,946,324	2.26	Banking and financial services
Shell Transport & Trading	4,211,354	1.93	Integrated oil and gas
AstraZeneca	3,923,726	1.80	Manufacture of pharmaceuticals
Lloyds TSB	3,056,846	1.40	Banking and financial services
Barclays	2,861,285	1.31	Banking and financial services
Rank	2,665,746	1.22	Leisure entertainment and hotels
United Utilities	2,412,280	1.10	Water
HBOS	2,357,987	1.08	Banking and financial services
BT	2,206,905	1.01	Telecommunications
Unilever	2,154,575	0.99	Food production
Severn Trent	2,041,848	0.93	Water
Microsoft	1,893,271	0.87	Software and computer services
British Sky Broadcasting	1,886,819	0.86	Media and photography
Compass	1,863,062	0.85	Leisure entertainment and hotels
Prudential	1,794,311	0.82	Life Assurance
Allied Domecq	1,746,013	0.80	Beverages
Barratt Developmemt	1,737,450	0.79	Construction and building
Reckitt Benckiser	1,731,350	0.79	Personal and household products
Legal & General	1,717,454	0.79	Life Assurance
Pfizer	1,687,276	0.77	Pharmaceuticals
Tesco	1,634,150	0.75	Food and drug retail
Electronic Arts	1,630,722	0.75	Software and computer services
General Electric	1,551,780	0.71	Diversified industrial
BPB	1,513,104	0.69	Construction and building
Exxon Mobil	1,509,740	0.69	Integrated oil and gas
	£113,890,964	52.10	% of Total Invested Funds

Investment Managers' Review

Overview

We have now experienced a third year of negative equity returns and a cautious investment stance has certainly been appropriate.

Economies began to lose momentum during the year as corporate and consumer confidence began to fall around the world. Central Banks have remained active in the fight to keep growth alive but, with interest rates already low, they are running out of conventional weapons with which to fight the consequences of excess debt and spending. Tensions in the Middle East are exacerbating investors' concerns and are dampening optimism for current spending - at the time of writing the likely outcome remains uncertain.

We expect to see low growth globally in 2003 and are alert for significant policy changes from Governments and Central Banks to the need to reflate their economies which may, in particular, affect the value of currencies, notably the US Dollar where the funding requirements are growing ever more onerous on the rest of the world.

Against this background, we currently intend to keep our conservative approach to gearing the portfolio and focus on high quality companies with strong and stable cash and earnings positions we will continue to purchase our own shares at significant discounts to NAV, when opportunities arise.

United Kingdom

Another difficult year for equity markets ended with the FTSE World Index (£) total return –21.3%, one of the worst returns on record. UK equities fared a little better with a total return of -18.0% for the year as a whole reflecting a more robust domestic economy and exposure to certain more defensive sectors. Markets rallied in the fourth quarter, partly on hopes of a degree of economic recovery in 2003. Recognition of valuation attractions of equities, particularly relative to other asset classes, is a critical component of a return to positive markets.

Whilst most economic forecasters focused their attention on the USA, the UK economy performed relatively well assisted by high levels of consumer spending and more expansive fiscal policies. The relationship between consumption and the housing market remains an important issue for investors. Historically high levels of mortgage equity withdrawal, as experienced in 2002, have supported consumer activity. Fears of a sharp slowdown in house price growth could lead to concerns over the sustainability of broader economic growth. However, in terms of fiscal policy, the Labour Government has committed itself to significant investment in key service areas including education and health; this investment has been a powerful factor in ensuring that the unemployment rate has remained low despite a net decline in corporate employment levels.

In terms of the stock market, the Company's financial year saw significant levels of volatility. Throughout the year we took a cautious attitude towards equity markets in the UK, in view of the structural constraints limiting the potential for a strong economic recovery. The position of the Company was defensive with our focus continuing to be on quality names with strong underlying business franchises and experienced management able to operate effectively in a subdued economic environment.

There has been little change to our expectations of what the next few quarters hold. Growth remains sluggish in all the major economies and we are concerned about the possibility of a "double dip" recession, or at least another period of very low economic growth, especially in the USA. At the time of writing, tension in the Middle East is higher then ever, and the troubles in the oil market that this has created have been exacerbated by the wider disturbances in Venezuela, which has further tightened the availability of crude oil supplies. High energy costs are eating into profitability and will be most unwelcome in Europe where Germany in particular is suffering a rapid decline in profits growth.

The New Year has started with a high degree of concern due to the issues highlighted. The threat of war and highly uncertain economic environment saw commodities and precious metals return to favour. Crude oil has risen to over $30, whilst the broader CRB commodity index has also appreciated further. Gold spiked over 7% in December alone, to cap a year in which the price rose by 24% to $343 per oz, a level not seen for many years. The UK equity market does not look expensive relative to earnings, cashflow or other asset classes although greater clarity on economic and geo-political issues will be required for investors' returns to grow.

Investments Managers' Review

United Kingdom Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
BP	8,874,401	Integrated oil and gas
HSBC Holdings	8,490,880	Banking and financial services
Vodafone Group	7,542,704	Telecommunications
GlaxoSmithkline	6,892,601	Manufacture of pharmaceuticals
Royal Bank of Scotland	4,946,324	Banking and financial services
Shell Transport & Trading	4,211,354	Integrated oil and gas
AstraZeneca	3,923,726	Manufacture of pharmaceuticals
Lloyds TSB	3,056,846	Banking and financial services
Barclays	2,861,285	Banking and financial services
Rank	2,665,746	Leisure entertainment and hotels
United Utilities	2,412,280	Water
HBOS	2,357,987	Banking and financial services
BT	2,206,905	Telecommunications
Unilever	2,154,575	Food production
Severn Trent	2,041,848	Water
British Sky Broadcasting	1,886,819	Media and photography
Compass	1,863,062	Leisure entertainment and hotels
Prudential	1,794,311	Life Assurance
Allied Domecq	1,746,013	Beverages
Barratt Development	1,737,450	Construction and building
Reckitt Benckiser	1,731,350	Personal and household products
Legal & General	1,717,454	Life Assurance
Tesco	1,634,150	Food and drug retail
BPB	1,513,104	Construction and building
Exel	1,501,496	Transport
Wimpey (George)	1,480,800	Construction and building
3I Group	1,471,233	Financial Services
Next	1,459,702	General retailers
Reed Elsevier	1,430,021	Media and photography
Centrica	1,409,600	Gas distribution
BAA	1,397,120	Transport
Kingfisher	1,376,912	General retailers
Hanson	1,316,833	Construction and building

Investment Managers' Review

United Kingdom Listed Equity Holdings (continued)
at 30th November 2002

Johnson Matthey	1,285,098	Chemicals
Boc	1,219,438	Chemicals
BG Group	1,206,772	Integrated oil and gas
Bradford & Bingley	1,203,776	Banking and financial services
Intertek Testing Services	1,077,440	Support services
Anglo American	1,045,275	Mining
Cobham	1,042,948	Aerospace and defence
Abbey National	999,669	Banking and financial services
Capita Group	971,648	Support services
GUS	968,039	General retailers
PHS	932,490	Support services
Millennium & Copthorne	889,394	Leisure entertainment and hotels
Galen Holdings	823,900	Pharmaceuticals
Wood Group (John)	773,291	Integrated oil and gas
Man Group	720,972	Finanical services
Scottish & Newcastle	674,150	Leisure entertainment and hotels
Safeway	623,916	Food and drug retail
Sage Group	479,655	Software and computer services
BHP Billiton	461,093	Mining
Woolworths	452,959	General retailers
Serco Group	444,131	Financial services
FKI	371,606	Engineering and machinery
Schroders (New)	277,542	Financial services
BTG	152,215	Support services
Turbo Genset	79,600	Software and computer services
First Debenture Finance	23,893	Financial services
Fintrust Debenture	4,338	Financial services
	£112,312,140	51.38% of Total Invested Funds
Other Holdings		
Treasury 5% 07/06/2004	25,355,000	11.60% of Total Invested Funds

Investment Managers' Review

United Kingdom Unlisted Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Kleinwort Benson Equity Partnership No 1 LS	1,061,150	Venture partnership
Kleinwort Benson Equity Partnership	30	Venture partnership
	£1,061,180	0.48% of Total Invested Funds

Global Equity Markets

2002 witnessed the third consecutive year of negative returns for global equity markets.The FTSE World Index returned –21.3% during 2002 with the S&P (–23.5%), FTSE Europe (–19.3%), FTSE All Share (UK) (–18.0%) and Japan's TOPIX (–14.2% (all in £ terms)) all recording significant falls. As in 2001, defensive stocks outperformed over the year with the technology-dominated NASDAQ falling 29.8% in the period The last quarter was slightly better in the FTSE World returning 5.5% during Q4 2002 so there was a stronger end to a weak 2002.

During 2003, restructuring and reducing debt will continue to be the main themes. We expect a resumption of positive returns during the year as companies take action to improve their profitability and benefit from reflationary monetary and fiscal policies globally.

USA

The US and global economic background remained mixed in 2002 despite interest rates being cut further by the US Federal Reserve to 1.25%. Uncertainty and volatility in equity markets were increased by macroeconomic confusion and a succession of corporate governance scandals as well as Middle Eastern tensions which dented investor confidence. These tensions combined with an oil workers strike in Venezuela to increase the oil price as supply expectations fell. Brent crude rose from a low of US$23 a barrel in mid November to end Q4 at US$30 a barrel, acting as a brake on global growth but potentially benefiting oil related companies in the portfolio.

Volatility was a key feature of equity markets in 2002 with markets weak for the first three quarters and then stronger in October and November. Technology, media and telecoms (TMT) stocks were very weak until the last quarter but benefited early in the fourth quarter from a strong rebound, with the NASDAQ returning 11.3% over Q4. The rebound in TMT stocks was led by upward earning forecasts from Dell and better than expected Q3 results from IBM, Yahoo and Hewlett Packard in the US and Nokia in Finland. Elsewhere however, there were continued signs that the corporate environment remained fragile, underlined when United Airlines filed for Chapter 11 protection. So the last quarter rally was viewed with caution.

Uncertainty about employment prospects and the possibility of war with Iraq seem finally to be encouraging the US consumer to retrench, resulting in a disappointing Christmas season. None of the main beneficiaries of monetary policy – consumer spending, housebuilding and business investment – seems likely to be stronger in 2003, especially against a background of geopolitical uncertainty and balance sheet constraints. Nonetheless, the appointment of a new US Treasury Secretary promises a more accommodative policy stance in the run up to the 2004 Presidential elections. Additionally, Fed Governor Bernanke's recent speech emphasised the Federal Reserve's commitment to combating deflation. In the longer term such reflationary policies are negative for bonds and the dollar, but should prevent the US following Japan into deflation and economic stagnation. Moreover, the low level of inventories, improving free cashflow and profits, and the balance sheet restructuring that has taken place, all provide some encouragement for 2003.

Investment Managers' Review

North America Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Microsoft	1,893,271	Software and computer services
Pfizer	1,687,276	Pharmaceuticals
Electronics Arts	1,630,722	Software and computer services
General Electric	1,551,780	Diversified industrial
Exxon	1,509,740	Oil and gas
Merck & Co	1,377,763	Health and personal care
Wells Fargo	1,362,841	Banks
Johnson & Johnson	1,215,815	Pharmaceuticals
Procter & Gamble	1,085,090	Health and personal care
Eastman Chemical	1,023,871	Chemicals
Viacom Inc Class 'B' Non-Voting	999,594	Retail
Bank of America	994,429	Banks
Wal-Mart Stores	967,864	Discount, superstores and warehouses
International Business Machinery	951,851	Information technology hardware
Willis Group	947,370	Insurance
Northrop Grumman	934,415	Aerospace and defence
Anthem	926,945	Health
Lockheed Martin	923,353	Aerospace
Estée Lauder Cos Class 'A'	902,584	Health and personal care
Cisco Systems	874,105	Computer hardware
American International	844,999	Insurance
Verizon Communications	826,098	Telecommunications
Citigroup	812,187	Banks
3M	809,445	Diversified industrial
Dell Computers	808,458	Computer hardware
Travellers Property Casualty A	795,009	Insurance
Monsanto Co	785,171	Food and grocery products
Fannie Mae	779,869	Mortgage finance
United Parcel Service	755,819	Transport services
Suncor Energy	749,317	Oil and gas (Canada)
Colgate-Palmolive	736,359	Health and personal care
Encana Corp	712,344	Oil and gas (Canada)
Anheuser-Busch	709,271	Beverages

Investment Managers' Review

North America Listed Equity Holdings (continued)
at 30th November 2002

Barrick Gold	703,183	Precious metals and minerals (Canada)
Schlumberger	651,090	Energy
Medtronic	610,239	Health and personal care
Hewlett Packard	606,718	Computer hardware
United Technologies	586,674	Aerospace and defence
Occidental Petroleum	573,200	Oil and gas
Intel	559,975	Compute hardware
Wellpoint Health Network	486,126	Insurance
Amgen	470,080	Health and personal care
Mattel	450,266	Household durables
Bellsouth	420,584	Telecommunications
AOL Time Warner	415,562	Media
Stryker	382,951	Health and personal care
Pepsico	381,581	Beverages
Starbucks	361,535	Beverages
Amerisourcebergen Class A	305,735	Health and personal care
	£41,850,524	
Unquoted		
Symmetry Medical Class 'A'	41,959	Unquoted
	£41,892,483	19.17% of Total Invested Funds

EUROPE

The FTSE Europe Index followed the same pattern as the US with weak equity markets until Q4 when the index bounced by 8.7%. As in the US, Software, IT and Telecoms were the main beneficiaries of the final quarter's upturn in sentiment. Corporate newsflow remained mixed over the period. Because of this, the portfolio did not buy high risk names, such as Alcatel, which were the best performers in this rally. Even though such companies had a strong quarter, we believe they remain unattractive in the medium to longer term. Higher quality companies such as Nokia remain our preferred investments over the long term. This approach proved successful for most of the year but not in the fourth quarter rally.

In Europe, the affect of the European Central Bank interest rate cut has been somewhat offset by the strength of the euro, suggesting more rate cuts are likely. Meanwhile the outlook for trade and investment is not encouraging and fiscal policy remains restrictive thanks to the Stability Pact. Germany in particular seems to be condemned to stagnation by the current policy mix. Against such a background, expectations for a significant profits recovery in 2003 seem over-optimistic.

Investment Managers' Review

Continental Europe Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Bayer Motoren Werk	1,234,425	Automobiles (Germany)
Novartis	1,064,121	Pharmaceuticals (Switzerland)
UBS	820,965	Banks (Switzerland)
Nokia	795,104	Telecommunications equipment (Finland)
Essilor	780,742	Health and personal care (France)
Unicredito Italian	757,319	Banks (Italy)
Telecom Italia	731,746	Telecommunications equipment (Italy)
Givaudan	708,366	Chemicals (Switzerland)
Koninklijke	676,962	Retail trade (Netherlands)
Nestle	675,847	Food processors (Switzerland)
Abn-Amro	658,563	Banks (Netherlands)
E. ON	654,677	Oil and gas (Germany)
Altadis	638,423	Beverages (Spain)
Svenska Cellulosa	622,798	Forestry and paper products (Sweden)
AXA	593,451	Banks (France)
Deutsche Boerse	586,690	Financial services (Germany)
ENI	550,885	Oil and gas (Italy)
Pernod-Ricard	522,478	Beverages (France)
BNP Paribas	508,548	Banks (France)
Aegon	485,443	Insurance (Netherlands)
Telefonica	467,616	Telecommunications (Spain)
Schneider Electric	447,917	Electronic and electrical equipment (France)
Swiss-Reinsurance	405,750	Reinsurance (Switzerland)
Porsche Non Voting	403,913	Automobiles (Germany)
TPG	399,840	Business services and computer software (Netherlands)
Roche	398,590	Pharmaceuticals (Switzerland)
Royal Dutch Petrol	397,526	Oil and gas (Netherlands)
Total Fina Elf	382,038	Oil and gas (France)
Opap (Org of Football)	351,437	Leisure and Entertainment (Greece)
Interbrew	336,114	Beverages (Belgium)
	£18,058,294	8.26% of Total Invested Funds.

Investment Managers' Review

JAPAN

Japan continues to struggle with its debt problems and a weak economy but its stock market fared less badly during 2002 than other major indices. The TOPIX declined by 17.6% during 2002 compared with –29.6% for the S&P 500 index. However, Japan, reflecting ongoing concerns that government policies and reforms will largely be ineffectual, was the worst performing market during Q4 (–8.2%), compared with a rise of +5.5% for the FTSE World as investors find more attractive recovery prospects in the US in particular.

Japan has now experienced deflation in seven of the last eight years. Talk of more reflationary policies continues and the focus will now be on the end of the financial year in March and the appointment of a new head of the Bank of Japan. Whilst the deflationary impact of dealing with the banking sector's non-performing loans has been recognised, there is no clear policy on how to offset this, although the purchase of financial assets by the BoJ is a possibility.

Despite the weak domestic economy, Japan has some world class companies, such as Toyota and Sony, which are succeeding in tough global markets. Looking at Japan in this way, for the best companies, presents attractive investment opportunities.

Japan Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Nintendo	954,712	Computer hardware
Canon	832,908	Electronic and electrical equipment
Toyota Motor	755,030	Automobiles
Keyence	656,013	Electronic and electrical equipment
Rohm	449,554	Electrical and electrical equipment
Pioneer Electronics	440,636	Electronic and electrical equipment
Shin-Etsu Chemical	434,551	Chemicals
NTT Docomo	422,801	Telecom services
Toppan Printing	416,842	Media
Kyocera	367,669	Electronic and electrical equipment
Minebea	346,482	Electronic and electrical equipment
Sony	312,747	Computer hardware
Nomura	286,088	Banks
Sumitomo Mitsui	198,953	Banks
	£6,874,986	3.15% of Total Invested Funds.

Investment Managers' Review

ASIA

Asia is more interesting than other regions for the global investor as Chinese economic growth gives certain stocks strong growth potential. The portfolio has exposure to this theme through holdings in Hong Kong and Japan. For example, capital expenditure in China leads to increased demand for the products of Japanese machine tool products. And Chinese trade quotas allow Japanese companies to make significantly higher profits in China because their cars sell at higher prices in China owing to the limited volumes that can be imported. In addition to imports, Japanese car companies are also building cars in China which has a growing demand for cars as the population gets richer.

Recent events in North Korea have further unsettled the South Korean economy but certain Korean companies are performing very well globally. Companies such as Samsung are leading global players in mobile phones and other electronics. There is also growth in the Korean economy, based on strong consumption and credit. Korea, like the whole of Asia, is benefiting from Chinese demand for products but also facing tough competition from Chinese producers for commodity products.

The Asian markets are, of course, very sensitive to the performance of technology stocks so the period under review was a challenging one given the volatility in the sector. The advantage of Asia is not only that the region has China as an economic engine but that that Asian companies are in some cases global leaders in their areas and trade at more attractive valuations than their US competitors. This combination of strong growth prospects, quality companies and attractive valuations makes Asia an attractive region for investment.

Pacific Basin Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Samsung Electronic	910,484	Electronics and electrical equipment (Korea)
#New Zealand Investment Trust	853,150	Investment trust
BHP Billiton	831,074	Mining (Australia)
News Corporation	816,790	Media (Australia)
HSBC	815,471	Banks (Hong Kong)
KT Corp	813,538	Utilities (Korea)
Sun Hung Kai	802,801	Financial services (Hong Kong)
CNOOC	730,335	Energy (Hong Kong)
Zhejiang Express	602,644	Diversified industrial (Hong Kong)
Hutchison Whampoa	406,994	Diversified industrial (Hong Kong)
Amcor	374,166	Business services & computer software (Australia)
China Mobile	365,463	Telecommunications (China)
Telstra	357,027	Utilities (Australia)
Fosters	355,666	Beverages (Australia)
Woodside Petroleum	340,608	Energy (Australia)
Taiwan Semiconduct	337,360	Electronics and electrical equipment (Taiwan)
Kookmin Bank	91,822	Banks (Korea)
China Inv & Dev Fund Red Ptg Pref	9,666	Investment company
	£9,815,059	4.49% of Total Invested Funds

Investment Managers' Review

Latin and Central American Listed Equity Holdings
at 30th November 2002

	Value (£)	Principal Activities
Telefonos De Mexico	755,757	Telecommunicatons
	755,757	0.35% of Total Invested Funds

Emerging Markets Listed Equity Holdings
at 30th November 2002

		Value (£)	Principal Activities
Yukos	US Dollar	602,828	Oil (Russia)
#Dresdner RCM India Fund	US Dollar	1,411,468	Investment company
Teva Pharma	ILS – Israel	433,221	Pharmaceuticals
		2,447,517	1.12% of Total Invested Funds

#Listed on the Dublin Stock Exchange

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, with the exception of the fixed interest investments bought in the 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.

In view of falling markets, the Company also holds £52 million of cash and short gilts, which were purchased at the beginning of the year, effectively offsetting the impact of gearing.

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 Company'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 2002

Invested Funds - £218,572,416 (2001 – £273,744,480)
Percentage of valuation

	United Kingdom	North America	Other Countries	2002 Total	60% All Share 40% World Index 2002 Benchmark Sector Weighting*	2001 Total
	%	%	%	£	%	%
Resources						
Mining	0.78	0.36	0.43	1.57	2.26	2.56
Oil & Gas	7.80	1.83	1.89	11.52	9.92	11.27
	8.58	2.19	2.32	13.09	12.18	13.83
Basic Industries						
Chemicals	1.30	0.53	0.59	2.42	1.49	1.16
Construction & Building Materials	3.13	–	–	3.13	1.55	3.00
Steel & Other Metals	–	–	–	–	0.33	0.19
Forestry & Paper	–	–	–	–	0.32	–
	4.43	0.53	0.59	5.55	3.69	4.35
General Industrials						
Aerospace & Defence	0.54	1.27	–	1.81	1.22	1.09
Diversified Industries	–	1.22	0.94	2.16	1.56	1.70
Electronic & Electrical Equipment	–	–	2.48	2.48	1.46	1.39
Engineering & Machinery	0.23	–	–	0.23	0.86	1.10
	0.77	2.49	3.42	6.68	5.10	5.28
Cyclical Consumer Goods						
Automobiles	–	–	1.24	1.24	1.16	1.01
Household Goods & Textiles	–	0.23	–	0.23	0.38	–
	–	0.23	1.24	1.47	1.54	1.01
Non-Cyclical Consumer Goods						
Beverages	0.90	0.75	0.96	2.61	2.60	1.39
Food Products & Processing	1.12	0.41	0.35	1.88	2.53	0.96
Health	–	1.19	–	1.19	1.51	0.46
Packaging	–	–	0.32	0.32	–	–
Personal & Household Products	0.90	2.33	0.40	3.63	1.19	1.09
Pharmaceuticals	6.02	1.50	0.98	8.50	9.93	12.56
Tobacco	–	–	–	–	1.31	–
	8.94	6.18	3.01	18.13	19.07	16.46
Cyclical Services						
General Retailers	2.20	1.02	0.35	3.57	3.78	2.56
Leisure Entertainment & Hotels	3.15	–	0.18	3.33	2.12	4.26
Media & Photography	1.72	0.22	0.64	2.58	3.62	3.28
Support Services	1.85	–	–	1.85	2.02	1.78
Transport	1.50	0.39	–	1.89	1.66	1.53
	10.42	1.63	1.17	13.22	13.20	13.41
Non-Cyclical Services						
Food & Drug	1.17	–	–	1.17	1.76	2.42
Telecom Services	5.05	0.65	1.83	7.53	7.79	8.33
	6.22	0.65	1.83	8.70	9.55	10.75
Utilities						
Electricity	–	0.34	–	0.34	2.39	2.24
Gas Distribution	0.73	–	–	0.73	0.55	0.80
Water	2.31	–	–	2.31	0.45	1.14
	3.04	0.34	–	3.38	3.39	4.18

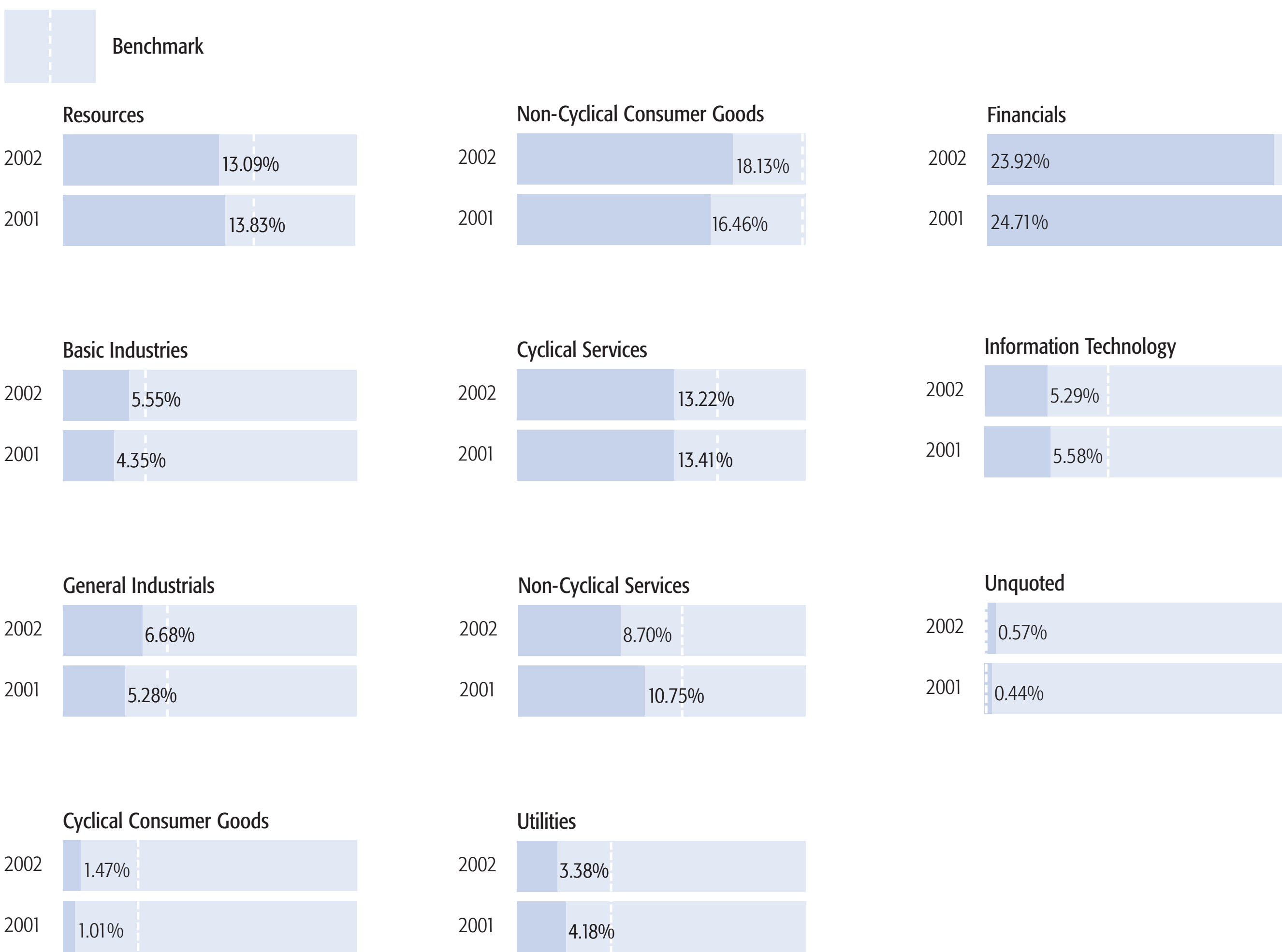
Distribution of Invested Funds

at 30th November 2002

Invested Funds - £218,572,416 (2001 – £273,744,480)
Percentage of valuation

	United Kingdom	North America	Other Countries	2002 Total	60% All Share 40% World Index 2002 Benchmark Sector Weighting*	2001 Total
	%	%	%	£	%	%
Financials						
Banks	12.37	1.64	2.45	**16.46**	**16.97**	**14.28**
Insurance	–	1.59	0.25	**1.84**	**2.10**	**2.18**
Life Assurance	1.82	–	–	**1.82**	**2.32**	**1.84**
Investment Companies	0.76	–	1.18	**1.94**	**1.41**	**2.58**
Real Estate	–	–	–	–	**1.23**	**1.14**
Speciality & Other Finance	0.53	0.40	0.93	**1.86**	**2.63**	**2.69**
	15.48	**3.63**	**4.81**	**23.92**	**26.66**	**24.71**
Information Technology						
Information Technology Hardware	–	1.97	0.66	**2.63**	**3.14**	**2.86**
Software & Computer Services	0.25	1.82	0.59	**2.66**	**2.48**	**2.72**
	0.25	**3.79**	**1.25**	**5.29**	**5.62**	**5.58**
Unquoted	**0.55**	**0.02**	**–**	**0.57**	**0.00**	**0.44**
Total	**58.68**	**21.68**	**19.64**	**100.00**	**100.00**	**100.00**

The above groupings are based on the FT-Actuaries Share Indices.
The portfolio sector for 2002 weighting is shown below against the benchmark sector weighting* (benchmark: 40% FT/S&P World Index, 60% FTSE All Share).



Statement of Total Return

for the year ended 30th November 2002

	Note	2002 £ Revenue	2002 £ Capital	2002 £ Total	2001 £ Revenue	2001 £ Capital	2001 £ Total
Net losses on investments	8	–	(53,686,225)	(53,686,225)	–	(66,432,913)	(66,432,913)
Income	1	7,231,778	–	7,231,778	7,494,846	–	7,494,846
Investment management fee	2	(423,501)	(988,168)	(1,411,669)	(526,179)	(1,227,751)	(1,753,930)
Expenses of administration	3	(193,078)	–	(193,078)	(451,958)	–	(451,958)
Net return before finance costs and taxation		6,615,199	(54,674,393)	(48,059,194)	6,516,709	(67,660,664)	(61,143,955)
Finance costs of borrowings	4	(1,329,612)	(3,102,229)	(4,431,841)	(1,249,846)	(2,906,268)	(4,156,114)
Return on ordinary activities before taxation		5,285,587	(57,776,622)	(52,491,035)	5,266,863	(70,566,932)	(65,300,069)
Taxation	5	(493,920)	381,446	(112,474)	(440,562)	365,834	(74,728)
Return on ordinary activities after taxation for the financial year		4,791,667	(57,395,176)	(52,603,509)	4,826,301	(70,201,098)	(65,374,797)
Dividends on Preference Stock	11	(22,500)	–	(22,500)	(22,500)	–	(22,500)
Return attributable to Ordinary Shareholders		4,769,167	(57,395,176)	(52,626,009)	4,803,801	(70,201,098)	(65,397,297)
Dividends on Ordinary Shares	6	(4,291,248)	–	(4,291,248)	(4,363,049)	–	(4,363,049)
Transfer to (from) reserves		477,919	(57,395,176)	(56,917,257)	440,752	(70,201,098)	(69,760,346)
Return per Ordinary Share	7	8.16p	(98.17)p	(90.01)p	8.00p	(116.90)p	(108.90)p

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 23 to 34 form part of these Accounts.

Balance Sheet

as at 30th November 2002

	Note	2002 £	2002 £	2001 £
Fixed Assets				
Investments	8, 9		218,572,416	273,744,480
Current Assets				
Debtors	10	2,589,573		724,514
Cash at bank	10	26,928,212		39,527,636
		29,517,785		40,252,150
Creditors: Amounts falling due within one year	10	(6,825,252)		(7,988,132)
Net Current Assets			22,692,533	32,264,018
Total Assets less Current Liabilities			241,264,949	306,008,498
Creditors: Amounts falling due after more than one year	10		(51,890,123)	(51,953,446)
Total Net Assets			189,374,826	254,055,052
Capital and Reserves				
Called up Share Capital: Ordinary	11		14,358,104	14,940,854
Preference	11		450,000	450,000
Capital Redemption Reserve	12		1,641,896	1,059,146
Capital Reserves: Realised	14	189,927,374		237,221,385
Unrealised	14	(23,665,130)		(5,800,996)
			166,262,244	231,420,389
Revenue Reserve	13		6,662,582	6,184,663
Shareholders' Funds	16		189,374,826	254,055,052
Analysis of Shareholders' Funds				
Equity interests			188,924,826	253,605,052
Non-equity interests	11		450,000	450,000
			189,374,826	254,055,052

Approved by the Board of Directors on 26th February 2003.and signed on its behalf by:

JFH Trott

WR Worsley

The Notes on pages 23 to 34 form part of these Accounts.

Cash Flow Statement

for the year ended 30th November 2002

	Note	2002 £	2002 £	2001 £
Net cash inflow from operating activities	18		4,723,163	5,495,234
Servicing of finance				
Interest paid		(4,495,164)		(4,218,484)
Dividends paid on Preference Stock		(22,500)		(22,500)
Net cash outflow on servicing of finance			(4,517,664)	(4,240,984)
Taxation				
UK income tax repaid (paid)			3,983	(250,714)
Financial investment				
Purchase of fixed asset investments		(203,072,342)		(227,857,611)
Sale of fixed asset investments		202,035,483		249,283,879
Net cash (outflow) inflow from financial investment			(1,036,859)	21,426,268
Equity dividends paid			(4,329,387)	(4,324,086)
Net cash (outflow) inflow before financing			(5,156,764)	18,105,718
Financing				
Repurchase of Ordinary Shares for cancellation		(7,762,969)		(2,286,785)
Increase (decrease) in short term loan		320,309		(417,729)
Net cash outflow from financing			(7,442,660)	(2,704,514)
(Decrease) increase in cash	19		(12,599,424)	15,401,204

The Notes on pages 23 to 34 form part of these accounts.

Statement of Accounting Policies

for the year ended 30th November 2002

1. 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.

2. 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.

   Returns on fixed interest investments are recognised on an accruals basis.

   Deposit interest receivable and stock lending fees are accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

3. 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.

4. 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.

5. 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.

6. 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 marginal method and the Company's effective rate of tax for the accounting period.

   Full provision is made for deferred taxation except to the extent that deferred tax assets are likely to be considered irrecoverable.

7. 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 2002

1. Income

	2002 £	2002 £	2001 £
Income from Investments			
Franked income:			
Dividends from UK equity securities		3,832,695	5,221,510
Unfranked income:			
Dividends from overseas equity securities	982,344		1,080,596
Interest from UK fixed income securities	1,116,071		–
Other	–		983
		2,098,415	1,081,579
		5,931,110	6,303,089
Other income:			
Deposit interest	1,224,750		1,116,895
Underwriting commission	48,458		–
Stock lending fees	18,568		74,862
Other income	8,892		–
		1,300,668	1,191,757
Total income		7,231,778	7,494,846

	2002 £	2001 £
Income from Investments		
Listed	5,931,110	6,302,106
Unlisted	–	983
	5,931,110	6,303,089

2. Investment Management Fee

	2002 £ Revenue	2002 £ Capital	2002 £ Total	2001 £ Revenue	2001 £ Capital	2001 £ Total
Investment management fee	423,501	988,168	1,411,669	526,179	1,227,751	1,753,930

The management contract with Allianz Dresdner Asset Management (UK) Ltd ("Allianz") 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 other funds managed by Allianz. The amounts stated include irrecoverable VAT of £210,249 (2001 – £261,224).

Notes to the Accounts

for the year ended 30th November 2002

3. Expenses of Administration

	2002 £	2001 £
Directors' fees	59,000	59,000
Auditors' remuneration	12,922	13,697
Other administrative expenses (see (iv) below)	242,442	480,133
Recoverable VAT	(121,286)	(100,872)
	193,078	451,958

(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 (2001 – £nil).

(iii) Directors fees are paid at the rate of £11,000 (2001 – £11,000) per annum with an additional sum of £4,000 (2001 – £4,000) per annum paid to the Chairman. Directors' emoluments amounted to £68,500 (2001 – £68,500) which comprises the fees of £59,000 (2001 – £59,000) and an amount of £9,500 (2001 – £9,500) in respect of Mr SRT White, an Alternate Director, which are the emoluments he received from the Managers which relate to the management of the Company. Company law requires those emoluments to be disclosed even though the Company does not pay them.

(iv) Included within other administrative expenses are Savings Scheme costs of £100,198 (2001 – £226,852) and other promotional activity costs of £18,642 (2001 – £117,413).

4. Finance Costs of Borrowings

	2002 £ Revenue	2002 £ Capital	2002 £ Total	2001 £ Revenue	2001 £ Capital	2001 £ Total
On Stepped Rate Interest Loan repayable after more than five years	585,263	1,365,614	1,950,877	501,640	1,170,494	1,672,134
On Fixed Rate Interest Loan repayable after more than five years	744,264	1,736,615	2,480,879	743,904	1,735,774	2,479,678
On sterling overdraft	85	–	85	4,302	–	4,302
	1,329,612	3,102,229	4,431,841	1,249,846	2,906,268	4,156,114

Notes to the Accounts

for the year ended 30th November 2002

5. Taxation

	2002 £ Revenue	2002 £ Capital	2002 £ Total	2001 £ Revenue	2001 £ Capital	2001 £ Total
Corporation tax at 30%	381,446	(381,446)	–	365,834	(365,834)	–
Overseas tax	112,474	–	112,474	74,728	–	74,728
Current tax charge	493,920	(381,446)	112,474	451,958	(365,834)	74,728
Reconciliation of current tax charge:						
Return on ordinary acvitivies before taxation	5,285,587	(57,776,622)	(52,491,035)	5,266,863	(70,566,932)	(65,300,069)
Tax on return on ordinary activities at 30%	1,585,676	(17,332,987)	(15,747,311)	1,579,885	(21,170,080)	(19,590,021)
Reconciling factors:						
Non taxable income	(1,150,589)	–	(1,150,589)	(1,566,453)	–	(1,566,453)
Non taxable capital losses	–	16,105,867	16,105,867	–	19,929,874	19,929,874
Disallowable expenses	63,106	68,459	131,565	104,936	10,080	115,016
Expenses charged to capital	–	1,158,681	1,158,681	–	1,230,126	1,230,126
Excess of taxable income over allowable expenses	(465,709)	–	(465,709)	(92,650)	–	(92,650)
Overseas tax suffered	112,474	–	112,474	74,728	–	74,728
UK tax relief on overseas tax expense	(32,504)	–	(32,504)	(25,892)	–	(25,892)
Equalisation adjustment	381,466	(381,466)	–	365,834	(365,834)	–
Current tax charge	493,920	(381,446)	112,474	440,562	(365,834)	74,728

The Company's taxable income is exceeded by its tax allowable expenses, which include both revenue and capital elements of the management fee and finance costs. The Company has surplus expenses carried forward of £24.1m (2001: £21.8m). Given the Company's current investment strategy, it is unlikely to generate sufficient UK taxable profits to relieve these expenses.

As at 30th November 2002 there is an unrecognised deferred tax asset, measured at the standard rate of corporation tax of 30%, of £7.2m (2001 – £6.5), This deferred tax asset relates to the current and prior year unutilised expenses. It is considered uncertain that there will be a tax liability in the future against which the deferred asset can be offset. Therefore, the asset has not been recognised.

6. Dividends on Ordinary Shares

	2002 £	2001 £
Dividends on Ordinary Shares		
First interim 3.30p paid 30th August 2002 (2001 – 3.20p)	1,879,087	1,912,749
Final proposed 4.20p payable 28th March 2003 (2001 Second Interim in lieu of final – 4.10p)	2,412,161	2,450,300
	4,291,248	4,363,049

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

	2002 £ Revenue	2002 £ Capital	2002 £ Total	2001 £ Revenue	2001 £ Capital	2001 £ Total
Return after taxation	4,791,667	(57,395,176)	(52,603,509)	4,826,301	(70,201,098)	(65,374,797)
Attributable to Preference Stockholders	(22,500)	–	(22,500)	(22,500)	–	(22,500)
Attributable to Ordinary Shareholders	4,769,167	(57,395,176)	(52,626,009)	4,803,801	(70,201,098)	(65,397,297)
Return per Ordinary Share	8.16p	(98.17p)	(90.01p)	8.00p	(116.90p)	(108.90p)

The return per Ordinary Share is based on a weighted average number of shares of 58,466,041 (2001 – 60,052,238) Ordinary Shares in issue.

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

Notes to the Accounts

for the year ended 30th November 2002

8. Fixed Asset Investments

	2002 £	2001 £
Listed at market valuation on recognised Stock Exchanges –		
United Kingdom	137,667,140	177,898,596
Abroad	79,802,137	94,641,082
	217,469,277	272,539,678
Unlisted at Directors' valuation –		
United Kingdom	1,061,180	1,204,802
Abroad	41,959	–
Total fixed asset investments	218,572,416	273,744,480
Market value of investments brought forward	273,744,480	357,895,841
Unrealised losses (gains) brought forward	5,800,996	(30,905,506)
Cost of investments held brought forward	279,545,476	326,990,335
Additions at cost	201,862,468	217,990,629
Disposals at cost	(239,170,398)	(265,435,488)
Costs of investments held at 30th November	242,237,546	279,545,476
Unrealised losses at 30th November	(23,665,130)	(5,800,996)
Market value of investments held at 30th November	218,572,416	273,744,480
Losses on investments		
Net realised losses based on historical costs	(35,832,646)	(29,735,844)
Less: Amounts recognised as unrealised in previous years	28,270,042	12,495,220
Net realised losses based on carrying value at previous balance sheet date	(7,562,604)	(17,240,624)
Net unrealised losses arising in the year	(46,134,176)	(49,201,722)
Net losses on investments before special divdiends	(53,696,780)	(66,442,346)
Special dividends credited to capital	10,555	9,433
Total net losses on investments	(53,686,225)	(66,432,913)

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

	2002	2001
Aggregate value of securities on loan at year-end	6.0m	68.6m
Maximum aggregate value of securities on loan during the year	69.3m	101.7m
Fee income from stock lending during the year	18,568	74,862

In respect of securities on loan at the year-end, the Company held £6.3m as collateral (2001 – £72.5m), the value of which exceeds the value of the loan securities by £0.3m (2001 – £3.9m).

In respect of the maximum aggregate value of securities on loan during the year the Company held £72.8m as collateral (2001 – £106.9m), the value of which exceeded the value of securities on loan by £3.5m (2001 – £5.2m).

Notes to the Accounts

for the year ended 30th November 2002

9. Investments in Other Companies

The Company held more than 10% of the share capital of the following companies at 30th November 2002 –

Company	Class of Shares Held	%
First Debenture Finance PLC ('FDF')	'A' Shares	39.2
First Debenture Finance PLC	'B' Shares	34.2
First Debenture Finance PLC	'C' Shares	47.7
First Debenture Finance PLC	'D' Shares	32.2
Fintrust Debenture PLC ('Fintrust')	Ordinary Shares	50.0

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

In the opinion of the Directors, the Company is not in a position to exert significant influence over these companies. FDF and Fintrust are lenders of the Company's Stepped Date Interest Loan and Fixed Rate Interest Loan, as detailed in notes 10(i) and (ii) respectively. The finance costs of these borrowings and outstanding balances at the year end are shown in notes 4 and 10 respectively. There were no other transactions between the Company, FDF and Fintrust.

10. Current Assets and Creditors

	2002 £	2001 £
Debtors –		
Sales for future settlement	1,462,742	160,473
Other debtors	1,126,831	562,504
Taxation recoverable	–	1,537
	2,589,573	724,514
Cash at bank –		
Current account	211	59,073
Deposit account	26,928,001	39,468,563
	26,928,212	39,527,636
Creditors: Amounts falling due within one year –		
Purchases for future settlement	2,297,356	3,507,230
Other creditors (see (iii) below)	1,197,273	1,432,449
Short term loan (see (iv) below)	907,212	586,903
Dividend on Preference Stock	11,250	11,250
Proposed dividend on Ordinary Shares	2,412,161	2,450,300
	6,825,252	7,988,132
Creditors: Amounts falling due after more one year –		
Stepped Rate Interest Loan (payable after more than five years – see (i) below)	18,776,683	18,718,535
Fixed Rate Interest Loan (payable after more than five years – see (ii) below)	33,113,440	33,234,911
	51,890,123	51,953,446

(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')

Notes to the Accounts

for the year ended 30th November 2002

10. Current Assets and Creditors (continued)

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 borrowings 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 2002 the unamortised premium included within the Fixed Rate Interest Loan balance of greater than one year amounted to £5,177,481 (2001 – £5,299,925).

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 (2001 – £669,080) and £78,711 (2001 – £78,711) payable to FDF and to Fintrust respectively.

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

11. Share Capital

		2002 £	2001 £
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
57,432,416	Ordinary Shares of 25p (2001 – 59,763,416)	14,358,104	14,940,854
		14,808,104	15,390,854

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 wtih Section 80 of the Companies Act 1985, up to a maximum of 2,200,000 Ordinary Shares of 25p each. This authority expires on 19th March 2003 and accordingly a renewed authority will be sought out at the Annual General Meeting on 9th April 2003.

During the year 2,331,000 Ordinary Shares were purchased by the Company and cancelled. The aggregate purchase price of these shares, amounting to £7,762,969 was charged to the Realised Capital Reserve (see Note 14). A further 80,000 Ordinary Shares have been repurchased for cancellation since the year end at a cost of £187,542.

Notes to the Accounts

for the year ended 30th November 2002

12. Capital Redemption Reserve

	£
Balance at 1st December 2001	1,059,146
Movement in year	582,750
Balance at 30th November 2002	1,641,896

The balance on this account was increased by the transfer of £582,750 in respect of 2,331,000 Ordinary Shares purchased by the Company and cancelled.

13. Revenue Reserve

	£
Balance at 1st December 2001	6,184,663
Profit for the year	477,919
Balance at 30th November 2002	6,662,582

14. Capital Reserves

	Realised £	Unrealised £	Total £
Balance at 1st December 2001	237,221,385	(5,800,996)	231,420,389
Net loss on realisation of investments	(7,562,604)	–	(7,562,604)
Decrease in unrealised appreciation	–	(46,134,176)	(46,134,176)
Transfer on disposal of investments	(28,270,042)	28,270,042	–
Repurchase of Ordinary Shares for cancellation	(7,762,969)	–	(7,762,969)
Investment management fee	(988,168)	–	(988,168)
Finance costs of borrowings	(3,102,229)	–	(3,102,229)
Special dividends credited to capital	10,555	–	10,555
Attributable taxation in respect of managment fee and finance costs	381,446	–	381,446
Balance at 30th November 2002	189,927,374	(23,665,130)	166,262,244

Notes to the Accounts

for the year ended 30th November 2002

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 2002	2001
Ordinary Shares of 25p	329.0p	424.3p
5% Cumulative Preference Stock Units £1	£1	£1

	Net Asset Value per Share attributable 2002	2001
Ordinary Shares of 25p	£188,924,826	£253,605,052
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 2001	253,605,052	450,000	254,055,052
Total recognised losses for the year	(52,626,009)	22,500	(52,603,509)
Dividends appropriated in the year	(4,291,248)	(22,500)	(4,313,748)
Repurchase of Ordinary Shares for cancellation	(7,762,969)	–	(7,762,969)
Total net assets attributable at 30th November 2002	188,924,826	450,000	189,374,826

The Net Asset Value per Ordinary Share is based on 57,432,416 (2001– 59,763,416) Ordinary Shares in issue at the year end.

16. Reconciliation of Movements in Shareholders' Funds

	2002 £	2001 £
Distributable reserves		
Revenue profit available for distribution	4,791,667	4,826,301
Dividends	(4,313,748)	(4,385,549)
Transfer to distributable reserves	477,919	440,752
Other reserves		
Recognised net capital losses transferred to non-distributable reserves	(57,395,176)	(70,201,098)
Repurchase of Ordinary Shares for cancellation	(7,762,969)	(2,286,785)
	(65,158,145)	(72,487,883)
Net decrease in Shareholders' Funds	(64,680,226)	(72,047,131)
Opening Shareholders' Funds	254,055,052	326,102,183
Closing Shareholders' Funds	189,374,826	254,055,052

Notes to the Accounts

for the year ended 30th November 2002

17. Contingent Liabilities, Financial Commitments and Guarantees

At 30th November 2002 there were no outstanding contingent liabilities (2001 – nil) in respect of underwriting commitments and calls on partly paid investments. The Company has committeed to an investment of £3 million in Kleinwort Benson Equity Partners of which £473,785 (2001 – £515,471) 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 28 'Current Assets and Creditors'.

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

	2002 £	2001 £
Net revenue before finance costs and taxation	6,615,199	6,516,709
Less: Management fee charged to capital	(988,168)	(1,227,751)
Add: Special dividends credited to capital	10,555	9,433
Less: Overseas tax suffered at source	(112,474)	(74,728)
Less: UK income tax suffered at source	(2,446)	(7,384)
	5,522,666	5,216,279
(Increase) decrease in debtors	(564,327)	219,589
(Decrease) increase in creditors	(235,176)	59,366
Net cash inflow from operating activities	4,723,163	5,495,234

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 2001	39,527,636	(586,903)	(51,953,446)	(13,012,713)
Movement in year	(12,599,424)	(320,309)	63,323	(12,856,410)
At 30th November 2002	26,928,212	(907,212)	(51,890,123)	(25,869,123)

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

	2002 £	2001 £
Net cash (outflow) inflow	(12,599,424)	15,401,204
(Increase) decrease in short term loan	(320,309)	417,729
Decrease in long term loans	63,323	62,371
Movement in net funds	(12,856,410)	15,881,304
Net debt brought forward	(13,012,713)	(28,894,017)
Net debt carried forward	(25,869,123)	(13,012,713)

Notes to the Accounts

for the year ended 30th November 2002

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

The note below should be read in conjunction with the Risk Review of the Company on page 17.

(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	2002 Fixed rate interest paid £	2002 Floating rate interest paid £	2002 Nil interest paid £	2002 Total £	2001 Fixed rate interest paid £	2001 Floating rate interest paid £	2001 Nil interest paid £	2001 Total £
Financial Assets									
Values directly affected by movements in interest rates									
Treasury Stock	Sterling	25,355,000	–	–	25,355,000	–	–	–	–
Values not directly affected by movements in interest rates:									
Equities	Sterling	–	–	112,312,140	112,312,140	–	–	180,469,765	180,469,765
Equities	Various	–	–	80,905,276	80,905,276	–	–	93,274,715	93,274,715
Cash	Sterling	–	26,928,212	–	26,928,212	–	39,527,636	–	39,527,636
		25,355,000	26,928,212	193,217,416	245,500,628	–	39,527,636	273,744,480	313,272,116
Total Financial Assets		25,355,000	26,928,212	193,217,416	245,500,628	–	39,527,636	273,744,480	313,272,116
Financial Liabilities									
Values directly affected by movements in interest rates:									
Fintrust loan	Sterling	(33,113,440)	–	–	(33,113,440)	(33,234,911)	–	–	(33,234,911)
First Debenture Finance loan	Sterling	(18,776,683)	–	–	(18,776,683)	(18,718,535)	–	–	(18,718,535)
		(51,890,123)	–	–	(51,890,123)	(51,953,446)	–	–	(51,953,446)
Values not directly affected by movements interest rates:									
Short term loan	Sterling	–	–	(907,212)	(907,212)	–	–	(586,903)	(586,903)
Total Financial Liabilities		(51,890,123)	–	(907,212)	(52,797,335)	(51,953,446)	–	(586,903)	(52,540,349)
Net Financial Assets		(26,535,123)	26,928,212	192,310,204	192,703,293	(51,953,446)	39,527,636	273,157,577	260,731,767
Non financial instruments (consisting of short-term debtors and creditors)					(3,328,467)				(6,676,715)
Net Assets per balance sheet					189,374,826				254,055,052

The Treasury Stock attracts interest at 5% per annum and is redeemable on 7 June 2004. 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 inceptions
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 PLC – Original loan	20/11/2023	15,000,000	9.25125%	9.30%
Fintrust Debenture 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 2001.

*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% (2001 – 10.76%) and the weighted average period to maturity is 18.9 years (2001 – 19.9 years).

Notes to the Accounts

for the year ended 30th November 2002

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.

	2002 Investments £	2002 Current Assets £	2002 Creditors £	2002 Net Currency Exposure £	2001 Investments £	2001 Current Assets £	2001 Creditors £	2001 Net Currency Exposure £
Sterling	139,581,470	29,400,588	(58,715,375)	110,266,683	180,469,765	40,147,625	(59,450,617)	161,166,773
US Dollar	44,619,268	57,625	–	44,676,893	56,810,434	45,837	(490,961)	56,365,310
Euro	13,361,857	25,323	–	13,387,180	19,459,278	26,275	–	19,485,553
Japanese Yen	6,874,986	9,548	–	6,884,534	9,398,156	15,515	–	9,413,671
Swiss Franc	4,073,639	10,844	–	4,084,483	4,169,534	8,961	–	4,178,495
Hong Kong Dollar	3,358,245	–	–	3,358,245	–	–	–	–
Australian Dollar	3,075,331	10,054	–	3,085,385	1,913,615	7,937	–	1,921,552
Korean Won	1,815,844	–	–	1,815,844	–	–	–	–
Mexican Peso	755,757	–	–	755,757	1,017,397	–	–	1,017,397
Swedish Krone	622,798	–	–	622,798	–	–	–	–
Israeli Shekel	433,221		–	433,221	–	–	–	–
Danish Krona	–	3,803	–	3,803	506,301	–	–	506,301
	218,572,416	29,517,785	(58,715,375)	189,374,826	273,744,480	40,252,150	(59,941,578)	254,055,052

(c) Fair Value 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.

	2002 £ million Book value	2002 £ million Fair value	2001 £ million Book value	2001 £ million Fair value
Fintrust loan	33.1	37.0	33.2	36.2
First Debenture Finance loan	18.8	26.6	18.7	26.0

(d) Liquidity Profile

The maturity profile of the Company's liabilities at 30th November 2002, 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 2002 the Company had no hedging contracts in place (2001 – nil).

Independent 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 2002 on pages 20 to 34 which have been prepared under the accounting policies set out on page 23.

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.

This report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely upon this report unless such a person is a person entitled to rely upon this report by virtue of the Companies Act 1985 or has been expressly authorised to do so by our written consent. Save as above, we do not accept responsibility for this report to any person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2002 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
Northside House
69 Tweedy Road
Bromley
Kent BR1 3WA

26th February 2003

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 independent 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 2002. 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 39, 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 the Company complies with applicable rules and regulations.

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

The Chairman of the Company is a non-executive Director. A senior independent non-executive Director has not been identified as the Board considers that this is not appropriate for a Board of this size which wholly consists of non-executive Directors. The Board believes that length of service does not diminish the contribution from an investment trust director and that a Director's experience and extensive knowledge of the Company is of positive benefit to the Board.

The Board has contractually delegated to the investment manager the management of the investment portfolio, 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 Nominations Committee makes recommendations on the appointment of new Directors. Due to the size of the Board, all Directors serve on the Committee and consider 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. The Board continues to check that good systems of internal control and risk management are embedded in the operations and culture of the Company and its key suppliers.

- Appointment of Allianz Dresdner Asset Management (UK) Limited ("Allianz") as the "Managers" and "Custodian" to provide investment management, custodial, accounting and company secretarial services to the Company. The Managers therefore maintain the internal controls associated with the day to day operation of the Company. These responsibilities

Corporate Governance

are included in the Management Agreement between the Company and the Managers whose system of internal 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. Allianz 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 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. The Directors' Remuneration Report Regulations 2002 apply to certain listed companies in the United Kingdom with financial years ending on or after 31st December 2002. There is no requirement for the Company to include a Remuneration Report in the accounts for the year ended 30th November 2002. Full details of the directors' fees are given in Note 3 to the Accounts on page 25. Performance Statistics for the Company against its benchmark are given on pages 2, 4 and 5.

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

The Report of the Independent Auditors can be found on page 35.

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 of Murray International Trust. He 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.

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 Capital Trust 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 Henderson Geared Income & Growth Trust Plc. He was formerly Chief Executive of Johnson Matthey PLC and non-executive director of Logica CMG PLC.

WR Worsley FRICS (Audit Committee Chairman)*#
(Born September 1956) joined the Board in January 2000. He is a Chartered Surveyor and is Chairman of the Scarborough Building Society.

*Independent of the Managers
Member of the Audit Committee

The Managers:
Allianz Dresdner Asset Management
In January 2003 the Managers changed their name from Dresdner RCM Global Investors (UK) Limited to Allianz Dresdner Asset Management (UK) Limited.

Allianz Dresdner Asset Management Group is one of the largest fund managers in Europe. As at 30th September 2002, the Allianz Dresdner Asset Management Group had combined assets of £659 billion under management.

Allianz Dresdner Asset Management, through its predecessors, has a heritage of investment trust management expertise in the UK stretching back to the nineteenth century and had £1.07 billion assets under management in a range of investment trusts as at 31st December 2002.

Fund Managers
Mark Lovett
Nersen Pillay

Secretary and Registered Office
Kirsten Salt BA(Hons) ACIS
10 Fenchurch Street,
London EC3M 3LB
Telephone: 020 7475 5808
Email: kirsten.salt@allianzdresdneram.co.uk

Registrars and Transfer Office
Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 1623100 or, if telephoning from overseas, 0044 20 8639 2157
Email: ssd@capitaregistrars.com

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

Bankers
HSBC Bank plc
Kleinwort Benson Limited

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 Allianz Dresdner Investor Services or the Allianz website: www.allianzdresdneram.co.uk.

Share Prices

The share prices quoted in London Stock Exchange Daily Official List for 29th November 2002 were 254.5p – 270.5p.

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

Savings Scheme

The Allianz Dresdner Asset Management Investment Trust Savings Scheme 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 and PEP Transfer

Shareholders can invest in the shares of the Company through the Allianz Dresdner Asset Management Investment Trust Maxi ISA and PEP Transfer. Full details are available from the Allianz Dresdner Asset Management Investor Services on 020 7475 6151.

Website

Further information about The Brunner Investment Trust PLC is available on the Allianz Dresdner Asset Management website: www.allianzdresdneram.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 Registrars, The Registry, 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 usually paid September. Final usually paid late March.

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 has been granted by the Inland Revenue for the year ended 30th November 2001 and is expected to be granted for the accounting year now under review. 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 2,331,000 Ordinary Shares of 25p each (nominal value £582,750) 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 £7,762,969.

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.

Environmental Policy
The Board has instructed the Managers to take into account the impact of environmental policies on the investment prospects of the Company's underlying investments.

Invested Funds
Sales of investments during the year resulted in net losses based on historical costs of £35,832,646 (2001 – losses £29,735,844). Provisions contained in the Finance Act 1980 exempt approved Investment Trusts from corporation tax on their chargeable gains. Invested funds at 30th November 2002 had a value of £218,572,416 before deducting net liabilities of £29,197,590 (2001 – £273,744,480 and £19,689,428).

Net Asset Value
The Net Asset Value of the Ordinary Shares of 25p at the year end, was 329.0p as compared with a value of 424.3p at 30th November 2001.

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 18 and 19 and the historical record of the Company's revenue, capital and invested funds over the past 10 years is shown on page 4. A graph is included on page 5 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.

Business Review
A review of the Company's activities is given in the Chairman's Statement on page 3 and in the Investment Managers' Review on pages 7 to 16.

Directors' Report

Revenue

	£	£
Gross income for the year amounted to		7,231,778
from which had to be deducted:		
Expenses of administration	(616,579)	
Finance costs of borrowings	(1,329,612)	
		(1,946,191)
leaving an amount subject to taxation of		5,285,587
Taxation absorbed		(493,920)
and there remained a balance available of		4,791,667
from which has been deducted the divided on £450,000 Preference Stock of		(22,500)
leaving available for distribution to the Ordinary Shareholders		4,769,167
Dividends		
Provisions have been made for dividends on the Ordinary Shares of 25p as follows:		
First interim 3.3p per Ordinary Share paid 30th August 2002	(1,879,087)	
Final proposed 4.2p per Ordinary Share payable 28th March 2003	(2,412,161)	
		(4,291,248)
thus leaving to be transferred to Revenue Reserve		477,919

The Board declared a first interim dividend of 3.3p per Ordinary Share which was paid on 30th August 2002. The Board recommend a second interim dividend in lieu of a final dividend for the year ended 30th November 2002 of 4.2p, payable on 28th March 2003, making a total distribution for the year of 7.5p per Ordinary Share. The next interim dividend payment is expected to be made in September 2003.

Substantial Shareholdings

As at the date of this report the Company has been advised of the following holding in excess of 3% of the issued Ordinary Share capital: CE Wilkinson (as trustee 10.78); HLJ Brunner (beneficial 6.52% – as trustee 5.61%); TBH Brunner (beneficial 1.25% – as trustee 6.63%); AXA Group (including Compagnie UAP and Sun Life Investment Management Ltd) (14.04%); JHK Brunner (beneficial 3.19% – as trustee 7.22%); Prudential Corporation (4.68%); Elizabeth Lady Brunner (4.81%); Legal & General Invesment Management Ltd (3.01%).

Mr CE Wilkinson acts as a co-trustee with Mr TBH Brunner in respect of 1,842,637 Ordinary Shares (3.21%), 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 3,042,709 Ordinary Shares (5.30%) which form part of Mr HLJ Brunner's trustee holdings.

Directors' Report

Directors and Management

Mr JS Flemming and Mr RKA Wakeling retire, by rotation, in accordance with the Articles of Association and offer themselves for re-election. Biographical details of the Directors are on page 39. The present Directors and their interests in the share capital of the Company as at 30th November 2002 are set out below.

Ordinary Shares of 25p

	2002 Beneficial	2002 As Trustee	2001 Beneficial	2001 As Trustee
JFH Trott	109,224	13,290	108,235	13,290
JS Flemming	4,000	–	4,000	–
BCR Siddons	4,629	–	4,629	–
RKA Wakeling	9,023	–	4,023	–
WR Worsley	110,000	621,000	110,000	631,250

Mr SRT White, alternate director to Mr BCR Siddons, has no interest in the share capital of the Company (2001 – 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

In accordance with the Companies Act 1985 a resolution to re-appoint BDO Stoy Hayward will be proposed at the Annual General Meeting, together with a resolution authorising the Directors to determine their remuneration.

Allotment of new shares

A resolution authorising the directors to allot new share capital for cash was passed at the Annual General Meeting of the Company on 19th March 1998. This authority expires on 19th March 2003. Approval is therefore sought for the renewal of this authority and for the granting of an authority to allot shares other than on a pro rata basis to existing shareholders until the conclusion of the Annual General Meeting in 2003. Accordingly resolutions 7 and 8 as set out in the Notice of Meeting on page 45 will be proposed as an Ordinary Resolution and a Special Resolution respectively.

Whilst it is appreciated that allotments under these authorities will normally be to the Allianz Dresdner Investment Trusts Savings Scheme the resolutions allow for allotments of new shares at the discretion of the Directors and is not limited only to this scheme. The Directors confirm that no allotments of new shares will be made unless the lowest market offer price of the Ordinary Shares is at least at a premium to net asset value.

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 32.11% of the ordinary share capital of the Company. If the proposed buy back authority were to be used in full, the repurchase of Ordinary Shares would result in the Connected Parties holding 37.78% 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

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 and accordingly resolution 9 will be proposed at a Special Resolution at the AGM. 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 £189 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 8,597,127 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 2004 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.

Additional Information

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.

The Directors, whose names are set out on page 39 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.

By Order of the Board
Kirsten Salt
Secretary

26th February 2003

Notice of Meeting

Notice is hereby given that the Seventy-Fifth Annual General Meeting of **The Brunner Investment Trust PLC** will be held at **20 Fenchurch Street, London EC3P 3DB**, on Thursday, 27th March 2003 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 2002 with the Auditors' Report thereon.

2 To declare a final dividend of 4.2p per Ordinary Share

3 To re-elect Mr Flemming as a Director.

4 To re-elect Mr Wakeling as a Director.

5 To re-appoint:
BDO Stoy Hayward as Auditors

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

Special Business

To consider and, if thought fit, pass the following Resolutions of which Resolution 7 will be proposed as an Ordinary Resolution and Resolutions 8 and 9 will be proposed as Special Resolutions:

7 That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to allot relevant securities (within the meaning of Section 80(2) of that Act) provided that this power shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £2,211,896 and shall expire at the conclusion of the next Annual General Meeting of the Company held after the meeting at which this Resolution is passed or 27th May 2004 if earlier, save that the Directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8 That the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) pursuant to the authority conferred by Resolution 5 above as if Section 89 of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash of an aggregate maximum nominal amount of £715,471 and shall expire at the conclusion of the next Annual General Meeting of the Company held after the meeting at which this Resolution is passed or 27th May 2004, if earlier, save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

9 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 8,597,127;

(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 2004 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,	By Order of the Board
London EC3M 3LB	Kirsten Salt
26th February 2003	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.

Printed by Park Communications 22072

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.

A 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.

B 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. Your proxy will also vote or abstain on any other business that may be properly put before the Meeting.

C 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.

A 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 Thursday 27th March 2003 at 12.00 noon and at any adjournment.

B

	Ordinary Business	For	Against	Abstain
1	To receive the report and accounts	☐	☐	☐
2	To declare a final ordinary dividend of 4.2p per Ordinary Share	☐	☐	☐
3	To re-elect Mr JS Flemming as a Director	☐	☐	☐
4	To re-elect Mr RKA Wakeling as a Director	☐	☐	☐
5	To re-appoint BDO Stoy Hayward as Auditors	☐	☐	☐
6	To authorise the Directors to determine the remuneration of the Auditors	☐	☐	☐
	Special Business			
7	To authorise the Directors to allot shares	☐	☐	☐
8	To disapply pre-emption rights	☐	☐	☐
9	To authorise the Company to make market purchases of its own Ordinary Shares	☐	☐	☐

C

TITLE AND SURNAME ____________________

FORENAMES ____________________

ADDRESS ____________________

____

POSTCODE

SIGNATURE ____________________ DATE ____________________

Third Fold and Tuck in

BUSINESS REPLY SERVICE
Licence No. MB 122

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Capita Registrars
Proxies Department,
The Registry,
34 Beckenham Road,
BECKENHAM,
Kent
BR3 4BR

FIRST FOLD

Second Fold

ALLIANZ DRESDNER ASSET MANAGEMENT
Phone 020 7475 6151
Fax 020 7475 1095
www.allianzdresdneram.co.uk