informed
RCM

The Brunner Investment Trust PLC

Annual Financial Report for the year ended 30 November 2010

www.brunner.co.uk

Contents

The illustration on the cover of this report features a fountain (Brunnen in German) to represent 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.

The Brunner Investment Trust PLC (the 'Company' or 'Trust') is a member of The Association of Investment Companies.

Category: Global Growth

Investment Policy

Investment Objective

The Brunner Investment Trust PLC aims to provide growth in capital value and dividends over the long term through investing in a portfolio of UK and international securities.

Asset Allocation

The majority of the Trust's investments will be in equities.

Risk Diversification

The Trust will aim to achieve a spread of investments, with no single investment representing more than 15% of the underlying assets at the time of acquisition. The Trust will seek to diversify its portfolio into at least five industrial sectors, with no one sector comprising more than 35% of the portfolio.

Gearing

The Trust seeks to enhance returns over the long term through gearing. The Board monitors the level of gearing and makes decisions on appropriate action based on the advice of the manager and the future prospects of the Trust's portfolio. Historically, gearing has been in the form of long-term fixed rate debentures. Other than in exceptional market conditions, it is unlikely that, at the time of investment, gearing (calculated after deducting the value of holdings in government securities, held to offset some of the long term debentures issued) will exceed 20% of net assets. The Trust's authorised borrowing powers state that the Company's borrowings may not exceed its called up share capital and reserves.

Benchmark

The current benchmark, since 25 March 2008, is a composite of 50% FTSE All-Share and 50% FTSE World Index (ex UK £).

A statement explaining how the assets have been invested to spread risk in accordance with the investment policy is on page 23 under the heading "Investment Strategy and Market Volatility".

Financial Summary

Revenue	2010	2009	% change
Available for Ordinary Dividend	£4,760,704	£5,705,404	−16.6
Earnings per Ordinary Share	10.31p	12.22p	−15.6
Dividends per Ordinary Share	12.20p	12.00p	+1.7
Retail Price Index	226.8	216.6	+4.7
Assets	**2010**	**2009**	**% change**
Net Asset Value per Ordinary Share	476.0p	443.8p	+7.3
Share Price	390.5p	368.0p	+6.1
Total Net Assets	£217,746,633	£206,491,690	+5.5
Expenses Ratio†	0.6%	0.5%	n/a

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

Explanation of the movement in Net Asset Value per Ordinary Share

Until 24 March 2008 the benchmark index was 60% FTSE All-Share Index and 40% FTSE World Index (ex UK £). The benchmark changed to 50% FTSE All-Share Index and 50% FTSE World Index (ex UK £) from 25 March 2008. The benchmark increased by 9.2%* during the year to 30 November 2010.

The increase in the benchmark is composed as follows:

FTSE All-Share Index	8.0%
FTSE World Index (ex UK £)	10.2%

* The benchmark return differs from an average of the two constituent indices due to the impact of monthly rebalancing for the benchmark.

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, as set out below.

Performance relative to benchmark

Change in benchmark**	9.2%
Net portfolio return (excluding cash and gilts)	8.4%
Relative performance	**−0.8%**

Portfolio Performance

	Asset Allocation	Stock Selection	Sub Total	Weighted Average Return	Index*
UK	1.5%	−1.5%	**0.0%**	8.0%	8.0%
Overseas	0.5%	−2.1%	**−1.6%**	8.6%	10.2%

* The benchmark return differs from an average of the two constituent indices due to the impact of monthly rebalancing for the benchmark.

Reconciliation of benchmark performance to movement in NAV

Change in benchmark**		9.2%
Relative performance		−0.8%
Net portfolio return (excluding cash and gilts)		**8.4%**
Other factors		
Management fee	−0.4%	
Finance costs***	−1.5%	
Retained revenue	−0.4%	
Impact of repurchasing shares	0.3%	
Capital impact of gearing	0.7%	
Other	0.2%	
		−1.1%
Movement in NAV per share		**7.3%**

** 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.

*** Net of attributable tax credit.

Chairman's Statement

Equity markets last year continued to progress and have now recovered most of the ground lost since the start of the financial crisis in 2007. Our asset value rose 7.3% over the course of the financial year. The performance of the underlying equity portfolio was 0.8% behind the composite benchmark whilst the other factors set out in the reconciliation overleaf reduced the asset value by an additional 1.1%.

Earnings fell by 15.6% which reflects the suspension of BP's dividend following the Macondo disaster in the Gulf of Mexico and the non-recurrence of a one-off repayment of VAT last year, as well as a reduction in dividends from some of our holdings in the financial sector.

It is proposed that a final dividend of 7.4p per share will be paid to shareholders on 25 March 2011 on the Register of Members at close of business on 25 February 2011, bringing the total payment for 2010 to 12.2p, an increase of 1.7% on last year. This will cause a reduction in reserves but in proposing this dividend the Directors have considered the strength of the Company's revenue reserves, the resumption of BP's dividend, and the improving outlook for dividends generally. The Directors will keep this approach and the dividend level relative to underlying earnings under review.

In the course of the year the Board conducted a strategic review of the Company's investment objective and policy. The financial crisis over the last three years has tested many of the assumptions which form part of received investment wisdom, including the efficiency of markets, the long-term rewards achievable from equity investment and the benefits of diversification. Notwithstanding the recent difficulties faced by equity investors the Board concluded that the Company's Investment Objective and Asset Allocation remain valid especially given the current relatively attractive valuations and improving investment prospects. The Board believes that a globally diversified portfolio of selected equities should produce attractive returns in the future, and that changing course to introduce new asset classes at this stage is unlikely to be productive. The Board also reviewed the geographic split of the Company's benchmark and decided that the current split remains appropriate for meeting the company's long term objectives.

A particular feature of equity markets in recent years has been the correlation of individual shares within industry sectors, which has been unusually high. In other words there has been very little discrimination by the market between operationally strong and weak companies in the same sector so that all the sector constituents have moved up and down together. This environment has made it difficult for managers like ours who focus on stock selection – picking the best companies – to add significant value against the index. Having reviewed the longer-term history of intra-market correlations, the Board concluded that recent market experience had been unusual and that markets would again revert to a greater dispersion of returns within sectors, making the environment for stock picking, and more concentrated portfolios, more favourable. There are signs that the market is moving in this direction. This should suit the investment style of our managers and our managers have reduced the number of holdings to 100 since the year end to provide a sharper focus to the portfolio. Whilst the Board remains confident that the current investment style is suitable for achieving the Company's Investment Objective and retains confidence in the ability of the managers to outperform over the long term, it is disappointed by performance in recent years and is looking for performance to improve this year. The Board takes account of the impact of the Company's long term debt when reviewing the Manager's performance.

Our buy back policy of repurchasing shares for cancellation was maintained and during the course of the year 784,500 shares were purchased for cancellation, and a further 328,000 shares have been repurchased since the year end. The rationale for continuing with this policy remains to reduce discount volatility and to generate modest enhancements to NAV per share.

During the year The Stewardship Code was signed up to by our Manager, RCM (UK), and we report on this on page 30 of this Annual Report.

Last year provided a powerful illustration of the strong links between dislocations in the financial system, the overall level of government spending and debt and confidence in the sovereign bond markets. Greece, Ireland and more latterly Portugal have been the focus of investor concerns and will probably remain a worry for the markets during the course of 2011.

The momentum of economic growth overall remains positive however for much of the developed world, including the important markets of the US and Germany. Developing market economies are growing strongly, and have recovered from the financial crisis faster than most commentators expected. Company balance sheets are also generally robust and provide scope for investment to return. Whether there is sufficient momentum in the economic recovery in the developed world, once government support in the form of quantitative easing is removed, remains the key consideration. On balance the Board believes growth is sustainable and that the political will exists to ensure that a resolution of the debt crisis in the European periphery is achieved in an orderly way. Here in the UK we expect there to be some recovery from the weather affected relapse in economic growth at the end of 2010, but the substantial forthcoming cuts in Government spending are bound to have an inhibiting effect.

During the year we welcomed Peter Maynard to the Board. Peter's biography is on page 18 and he stands for election at the Annual General Meeting.

This year the Annual General Meeting will be held at The City of London Club, Old Broad Street, London EC2N 1DS on Thursday, 17 March, and we look forward to meeting those Shareholders who are able to attend.

Keith Percy | Chairman

15 February 2011

Historical Record at year end, 30 November

Revenue and Capital

As at years ended 30 November

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross revenue (£000s)	7,495	7,232	7,327	7,163	7,365	8,023	8,926	9,538	7,531	6,674
Earnings per share	8.00p	8.16p	8.65p	8.43p	9.21p	10.73p	12.88p	14.32p	12.22p	10.31p
Dividend per share (net)	7.30p	7.50p	7.80p	8.10p	8.80p	9.70p	10.70p	11.70p	12.00p	12.20p
Tax credit per share	0.81p	0.83p	0.87p	0.90p	0.98p	1.08p	1.19p	1.30p	1.33p	1.36p
Total dividend per share	8.11p	8.33p	8.67p	9.00p	9.78p	10.78p	11.89p	13.00p	13.33p	13.56p
Total net assets (£000s)	254,055	189,375	189,656	191,267	225,699*	241,106	271,819	168,045	206,492	217,747
Net Asset Value per Ordinary Share	424.3p	329.0p	343.1p	364.1p	451.7p*	495.7p	573.2p	357.8p	443.8p	476.0p
Net Asset Value per Ordinary Share (Debt at market value)~	–	–	–	336.2p	418.1p*	466.1p	550.4p	333.5p	419.4p	444.6p
Share price	376.5p	262.5p	262.5p	288.5p	364.0p	408.0p	464.0p	288.4p	368.0p	390.5p
Discount (%)	11	20	23	21	19*	18	19	19	17	18
Discount (Debt at market value)	–	–	–	14	13*	12	16	14	12	12

Notes

~ Calculated from 2004 and announced since then in accordance with AIC guidelines. See Note 18 on page 55.

* Figures are restated in accordance with Financial Reporting Standards 21 'Events after the Balance Sheet Date', 25 'Financial Instruments: Disclosure and Presentation' and 26 'Financial Instruments: Recognition and Measurement'. Years prior to 2005 have not been restated.

The share prices quoted in the London Stock Exchange Daily Official List for 30 November 2010 were 390.0p to 390.5p.

Geographical Disposition

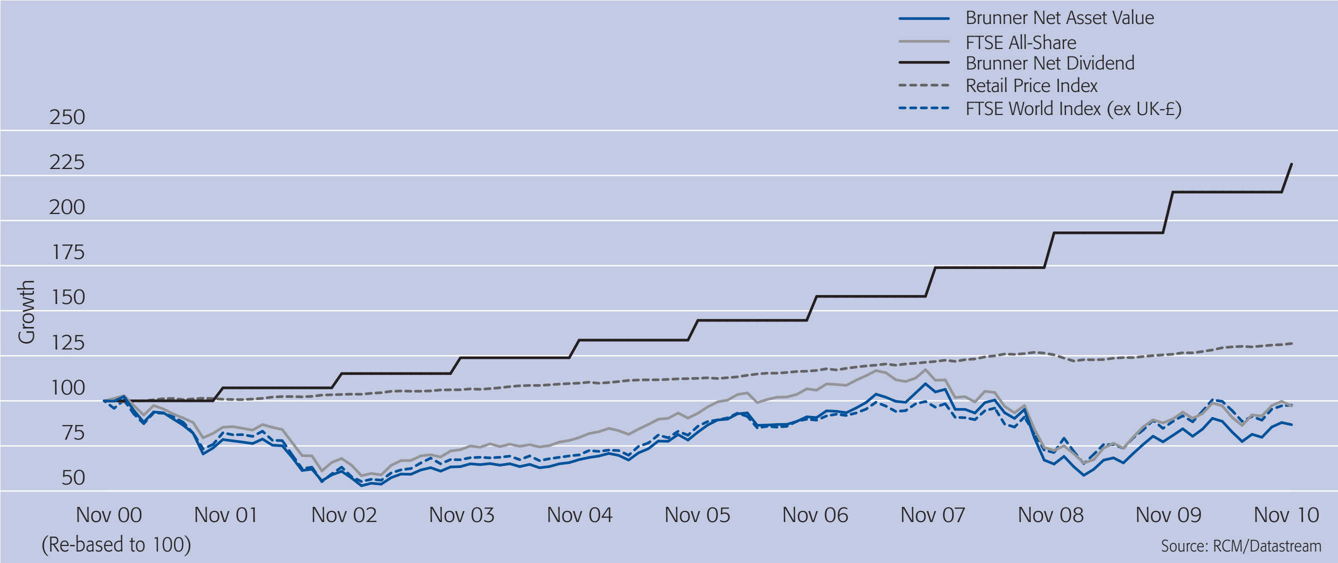
As at years ended 30 November

	Percentage of Invested Funds										
	2000	2001	2002*	2003*	2004*	2005*	2006*	2007*	2008*	2009*	2010
United Kingdom	68.6	63.7	58.1	56.7	57.3	59.3	59.5	60.4	48.1	51.4	49.8
Europe	7.2	9.2	9.3	11.0	12.4	13.6	12.6	10.8	11.4	11.4	11.9
Americas	18.4	19.6	21.7	23.0	20.2	17.2	18.6	22.0	29.1	26.4	26.5
Japan	3.2	3.4	3.6	4.1	5.8	5.2	4.2	3.0	5.2	4.0	4.2
Pacific Basin	1.4	2.7	5.1	4.9	4.3	4.7	4.7	3.8	5.1	6.1	6.9
Other Countries	1.2	1.4	2.2	0.3	0.0	0.0	0.4	0.0	1.1	0.7	0.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

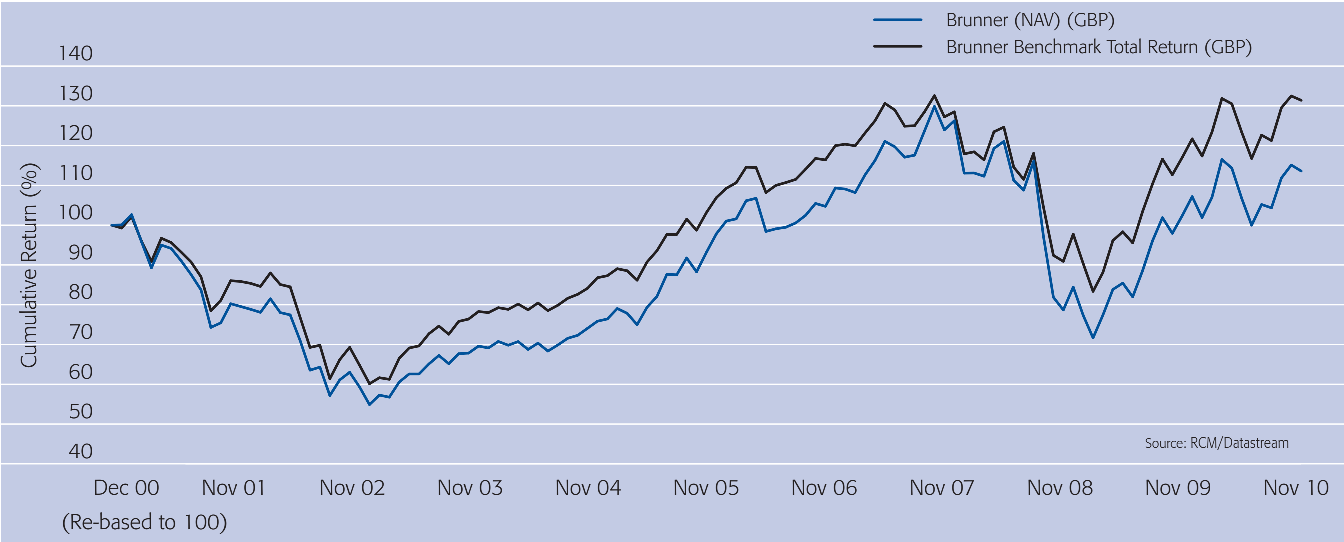
* Excludes Cash and Treasury Stock.

Performance Graphs

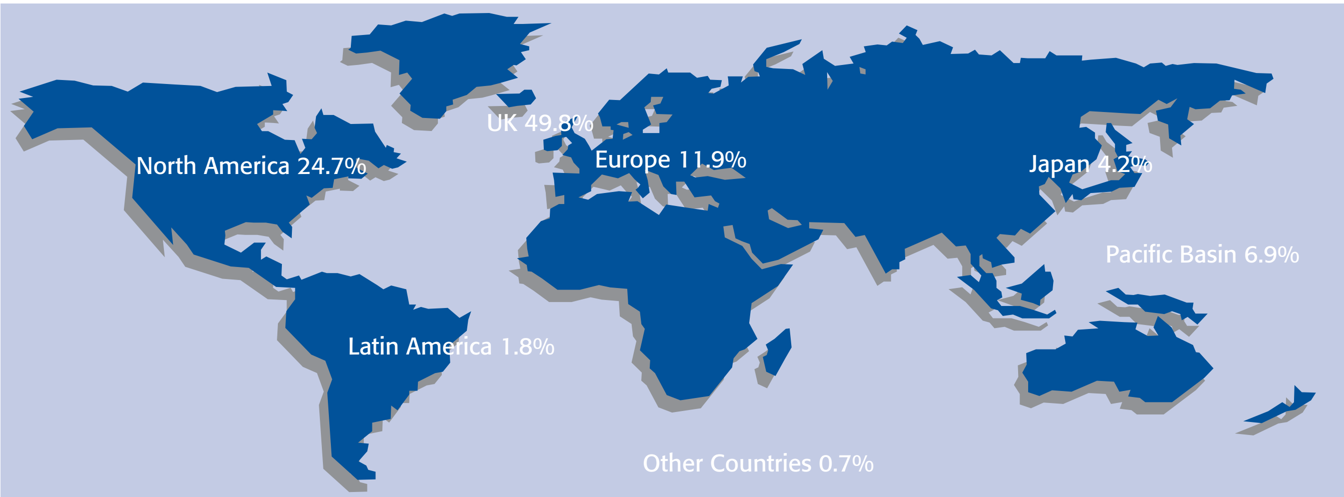
10 year record 2000-2010



Performance against benchmark since adoption of a composite benchmark in November 1999



Geographical Disposition at 30 November 2010



Thirty Largest Investments

at 30 November 2010

	Valuation (£)	% of Invested Funds	Sector
Treasury Stock 4.25% 07/03/2011	10,094,750	3.91	Gilt
GlaxoSmithKline	8,206,367	3.18	Pharmaceuticals & Biotechnology
Treasury Stock 2.5% I/L 16/04/2020	8,110,721	3.14	Gilt
Treasury Stock 4% 07/03/2022	7,811,813	3.03	Gilt
Vodafone Group	6,880,587	2.67	Mobile Telecommunications
Royal Dutch 'B' Shares	6,871,948	2.66	Oil & Gas Producers
HSBC Holdings	6,687,973	2.59	Banks
BP	6,687,602	2.59	Oil & Gas Producers
BG Group	5,459,213	2.11	Oil & Gas Producers
Rio Tinto	5,026,801	1.95	Mining
Diageo	4,686,499	1.82	Beverages
Unilever	4,083,510	1.58	Food Producers
Barclays	3,458,558	1.34	Banks
Nestlé	3,355,306	1.30	Food Producers
Centrica	3,190,769	1.24	Gas, Water & Multiutilities
Cobham	3,092,270	1.20	Aerospace & Defence
Apple	3,056,280	1.19	Technology Hardware & Equipment
Reckitt Benckiser	2,860,828	1.11	Household Goods
Melrose	2,845,814	1.10	Industrial Engineering
Reed Elsevier	2,700,581	1.05	Media
BHP Billiton	2,647,279	1.03	Mining
Tesco	2,580,861	1.00	Food & Drug Retailing
Resolution	2,487,039	0.96	General Financial
Walt Disney Co.	2,461,538	0.95	Media
BAE Systems	2,423,781	0.94	Aerospace & Defence
Fresenius	2,348,373	0.91	Health Care Equipment & Services
Philip Morris	2,328,841	0.90	Tobacco
Allergan	2,311,142	0.90	Pharmaceuticals & Biotechnology
BHP Billiton	2,310,930	0.90	Mining
Intermediate Capital	2,281,297	0.88	General Financial
	129,349,271	**50.13**	**% of Total Invested Funds**

Investment Managers' Review
United Kingdom Portfolio

Market Review

Having emerged from recession in the second half of 2009, UK economic activity strengthened further during the four quarters to September 2010. Following a 6½% decline during the recession, the level of real GDP increased by around 2½% in this period. This improvement in the economic backdrop created rising expectations for corporate profits, which combined with attractive equity market valuations, low interest rates on cash and liquidity from quantitative easing produced a continued recovery in equity markets. Although there were a number of challenges during this period including the sovereign debt crisis in Europe and fears of a growth slowdown in the US, ultimately governments did enough to maintain confidence in financial markets.

Portfolio Review

Over the twelve months the UK portfolio performed in line with the benchmark. On the positive side, performance benefited from some of the longstanding investments in the portfolio, most notably **Melrose Group** which for the second year was the strongest contributor to returns, adding approximately 1% to relative performance, reflecting continued strong management execution of their business plan combined with a recovery in the cyclical division of their business. **International Personal Finance**, the emerging markets consumer finance lender, also performed well over the year. Trading has improved and the company has also clarified the refinancing of its debt, an issue which the market was concerned about. **Compass Group**, the global contract caterer, was also a strong contributor. The investment case is based on the potential for management to improve the business structurally by growing profit margins, and it is clear that this is now being achieved. Although there is still some scope for further business improvement and revenue growth, sentiment has become increasingly positive on the shares and valuation is now less attractive. We have therefore reduced the holding.

Two large negative contributors were the new holdings, **Hansen Transmissions** and **Xchanging**, both of which proved disappointing investments over the period. Both stocks were bought after a period of weak performance which we felt was likely to reverse. However, in the event Hansen continued to suffer from the much weaker than expected demand for wind turbines (it manufactures the gearboxes for the turbines), and Xchanging lowered its profit guidance, and announced a further profit warning and management restructuring after the year end. We continue to believe Hansen is at a cyclical low in operating performance, valuation and market sentiment and see significant upside in coming periods. Xchanging's difficulties are more fundamental and recovery from here will be more drawn out.

The strong performance of the mining sector, particularly in the final few months of the period also affected relative returns. It is worth explaining our view on the underweighting of this sector which accounts for around 7% of the UK portfolio through investments in **Rio Tinto** and **BHP Billiton**, the largest globally diversified mining companies with high exposure to top tier assets, notably in iron ore. Mining now makes up 13% of the UK market with the UK seemingly becoming the preferred market for listings. The key drivers of the sector are global macro factors such as emerging market growth, commodity prices, exchange rates, risk appetite, and liquidity. We believe that China is the key to understanding the voracious appetite for the sector which is now trading back at the highs of 2008, albeit with equally high volatility. Although China, now the world's second largest economy, will continue to grow there is a material risk that rising inflation, rampant property pricing, lax monetary policy and an arguably undervalued exchange rate will force the authorities to slow economic growth. Such a move, if sustained, would significantly reduce the intensity of use of commodities and alter the balance of supply and demand. As a result we do not think it is appropriate to commit a larger part of the portfolio to the sector at this time.

Market Outlook

The continued strengthening of the global economy and support for markets from low interest rates and central bank liquidity have driven equity markets back to their 2008 highs and there is scope for equities to rise further in this environment in the short term. However, we are increasingly positioning the portfolio to be able to cope with the long-term challenges. Public debt levels in developed markets remain far too high which will constrain economic growth. It remains uncertain how the US and UK economies will fare once the support provided by quantitative easing is removed. At some point the US will also need to confront its budget deficit and bring interest rates back to normal levels and this will be a significant hurdle for all world equity markets when it happens.

Our focus continues to be on owning high quality companies, with an emphasis on those with high returns on capital, sustainable competitive positions, and below average exposure to the economic cycle.

Investment Managers' Review

United Kingdom Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
GlaxoSmithKline	8,206,367	3.18	Pharmaceuticals & Biotechnology
Vodafone Group	6,880,587	2.67	Mobile Telecommunications
Royal Dutch Shell 'B' Shares	6,871,948	2.66	Oil & Gas Producers
HSBC Holdings	6,687,973	2.59	Banks
BP	6,687,602	2.59	Oil & Gas Producers
BG Group	5,459,213	2.11	Oil & Gas Producers
Rio Tinto	5,026,801	1.95	Mining
Diageo	4,686,499	1.82	Beverages
Unilever	4,083,510	1.58	Food Producers
Barclays	3,458,558	1.34	Banks
Centrica	3,190,769	1.24	Gas, Water & Multiutilities
Cobham	3,092,270	1.20	Aerospace & Defence
Reckitt Benckiser	2,860,828	1.11	Household Goods
Melrose	2,845,814	1.10	Industrial Engineering
Reed Elsevier	2,700,581	1.05	Media
BHP Billiton*	2,647,279	1.03	Mining
Tesco	2,580,861	1.00	Food & Drug Retailers
Resolution	2,487,039	0.96	General Financial
BAE Systems	2,423,781	0.94	Aerospace & Defence
Intermediate Capital Finance	2,281,297	0.88	General Financial
Compass	2,234,799	0.87	Travel & Leisure
Aegis Group	2,135,152	0.83	Media
Aviva	2,133,352	0.83	Life Insurance
3i Group	2,066,383	0.80	General Financial
Balfour Beatty	1,806,705	0.70	Construction & Materials
Inmarsat	1,599,251	0.62	Mobile Telecommunications
Hansen Transmission	1,525,072	0.59	Alternative Energy
Experian	1,447,793	0.56	Support Services
Hays	1,437,552	0.56	Support Services
Sage	1,433,395	0.56	Software & Computer Services
Xchanging	1,429,276	0.55	Support Services
Phoenix	1,363,805	0.53	Life Insurance
Travis Perkins	1,345,045	0.52	Support Services
Carnival	1,295,032	0.50	Travel & Leisure
Misys	1,278,960	0.50	Software & Computer Services
Logica	1,183,503	0.46	Software & Computer Services
Keller Group	1,157,358	0.45	Construction & Materials
Informa	1,112,184	0.43	Media
Whitbread	886,252	0.34	Travel & Leisure

*A separate holding of this stock is listed under Pacific Basin Listed Equity Holdings on page 15.

Investment Managers' Review

United Kingdom Listed Equity Holdings Continued

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Brown (N) Group	826,091	0.32	General Retailers
International Personal Finance	473,591	0.18	General Financial
Boot (Henry)	151,126	0.06	Construction & Materials
	115,481,254	44.76% of Total Invested Funds	

United Kingdom Unlisted Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Fintrust Debenture	4,338	–	Financial Services
First Debenture Finance	23,893	0.01	Financial Services
	28,231	0.01% of Total Invested Funds	

United Kingdom Fixed Interest Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Treasury Stock 4.25% 07/03/2011	10,094,750	3.91	Gilt
Treasury Stock 2.5% I/L 16/04/2020	8,110,721	3.14	Gilt
Treasury Stock 4% 07/03/2022	7,811,813	3.03	Gilt
	26,017,284	10.08% of Total Invested Funds	

Investment Managers' Review
Overseas Portfolio

Market Review

Global equity markets were again strong over the reporting period as a whole. However in the first half markets oscillated in a wide band, as investors switched from being highly risk averse to resuming purchases of economically sensitive assets as worries receded, in a market characterised by the so-called 'risk on/risk off' trade. The majority of concerns related to the escalation of sovereign risk in the Euro area, with Greece, Ireland, Portugal and Spain all under varying levels of stress. EU and IMF rescue packages were introduced at different times during the year, yet these often provided only temporary respite.

Equities rebounded strongly from July onwards, as better than expected macroeconomic data and the announcement of further quantitative easing in the US provided a powerful boost to investor sentiment. Third quarter earnings also continued to underpin longer-term forecasts, whilst heightened recovery expectations led markets higher.

Portfolio Review

The overseas portfolio produced a capital return of 8.6% over the period and underperformed the index by 1.6% which was disappointing. The high levels of market volatility and the unusually high correlation of individual shares within their own sectors made for a challenging background for stock picking. When combined with the negative impact of two of the Trust's holdings in the Oil & Gas sector, which were directly exposed to the Macondo disaster in the Gulf of Mexico, this year provided a difficult backdrop against which to add value compared to the market overall. Inevitably the oil disaster in the Gulf of Mexico had a very negative impact on the two companies we held that were associated with the spill, **Anadarko** and **Transocean**, and these were among the weakest performers in the period. As the news about the magnitude of the Macondo disaster became apparent we sold our position in Transocean. Although the cause of the explosion and where responsibility ultimately lay were at that time still very unclear, the moratorium on deep-sea drilling indicated that the company's future earnings were likely to be severely impacted, as demand for their rigs would in all likelihood drop for an extended period. We also sold our holding in Anadarko in June, in view of the financial uncertainty surrounding the company at that time.

Two new holdings in the Oil & Gas sector did, however, contribute positively to portfolio performance over the year. The Chinese exploration and production company (**CNOOC**), bought in May and the oilfield machinery manufacturer **National Oilwell Varco**, bought in October when negative sentiment following Macondo disaster allowed an attractive entry price. CNOOC has one of the strongest production growth forecasts in the industry, with the prospect of a 6% to 10% compound annual growth rate for 2010-15. The company revised up their annual volume target in the third quarter of 2010 and is expected to be in a position to deliver on its forecasts despite an appreciating currency and rising operating costs.

National Oilwell Varco has exceptional leverage to the Oil Services cycle. Future new capital equipment orders in the coming quarters will be supported by the uptick in the new-build cycle (with nine rig new-builds announced in less than a month), the land rig upgrade cycle, as well as pressure pumping capacity additions and deep water rigs orders, led by Petrobras. Increased focus on safety should also benefit future sales. The company announced strong Q3 results and an optimistic outlook, which supported the company's stock price.

The portfolio was correctly underweight in Financials during the period and to a large extent avoided the direct fallout from the European sovereign debt crisis, which in the first instance was focused on the Spanish, Greek and Italian banks. Moreover some of the European holdings were beneficiaries of resulting weaker Euro, such as the luxury goods maker **LVMH**. The portfolio was, however, negatively affected through its holding in the French bank **BNP Paribas** which was hit by concerns over its sovereign and corporate debt exposure to Greece and Spain. Despite producing strong quarterly numbers in 2010, the company was still one of the leading detractors to the portfolio over the year. We remain holders of the shares, though with a reduced position. **State Street**, the fiduciary bank headquartered in the US, failed to live up to our expectations. It was initially bought for its strong position in investment servicing and custody but the likely earnings progression has deteriorated and we have now sold the holding.

Stock selection was strongest within Technology and Consumer Goods during the year. **Apple**, having produced strong results in April, continued to benefit from positive sentiment surrounding initial sales of the iPad, its new tablet computer. The company also continued to drive product innovation as the company announced a lighter MacBook Air laptop and a new operating system which will make the company's computers more like its mobile devices.

Investment Managers' Review

Estée Lauder was the best performing stock within Consumer Goods. We bought the cosmetics and toiletries company as it stood to benefit from an expanding margin story, its cyclical exposure and the hope that new management will execute their business model well. Throughout the reporting period the company announced record quarterly results as its restructuring plan produced the desired effects.

Small companies provided strong returns last year and we expect this to continue. We are therefore actively exploring ways for a larger portfolio such as Brunner's to achieve meaningful exposure to a portfolio of smaller, faster growing companies on a global basis.

Market Outlook

The second round of Quantitative Easing in the US has provided a boost to equity markets in recent months, assisted by a more stable and balanced economic outlook. We are, however, likely to see the return of risk aversion at some point during the year, with sovereign debt fears and further monetary tightening in China being two possible triggers for this.

The current debt problems in the Euro zone are likely to lead to continued high volatility in European bond and equity markets. Ultimately the crisis in the European Monetary Union periphery should lead to greater harmonisation of fiscal policy and greater political union over time. We believe the current crisis is manageable as policy makers create new mechanisms to address market dislocations whilst higher inflation rates will in time help alleviate the debts of many of the most indebted governments.

We anticipate diverging inflationary trends, with moderate inflation in many of the more highly indebted developed countries, in particular the US, and much higher inflation in Emerging Markets where growth is stronger and food and commodity prices have more of an impact. The likely appreciation of Emerging Market currencies should continue this year and help to balance global growth. We expect central bank rates to remain supportive of global economic growth in developed markets but a gradual tightening of interest rate policies in emerging markets is likely.

The balance sheets of major global companies are now generally very strong. The experience of the recent banking crisis and its impact on access to credit has led to a focus on accumulating cash and paying down debt. In an environment of near zero interest rates and high returns on equity, which is now normalising post crisis, there is now little incentive for managements to maintain such a risk averse stance and we expect to see this cash put to use in the following areas:

- **Corporate Spending** – including capital equipment, hardware, software, advertising and travel. This is a theme we have been emphasising in 2010 and we believe will continue to be a factor in 2011. Valuations now reflect this trend to a greater extent than previously, so stock selection is even more important.
- **Mergers and Acquisitions** – levels of M&A are still very low, at around 3% of total market capitalisation, whereas the normal range is between 3% and 10%. The pickup in M&A has so far lagged the normal historical trend, which would have suggested stronger activity at this point in the recovery. Apart from the strong corporate balance sheets and rising confidence, the high cashflow yield relative to corporate bond yields should also support continued activity.
- **Buybacks and Dividends** – with free cash flow yields offering a comfortable spread above bond yields, issuing debt to buy back equity immediately enhances earning per share. The use of cash to pay dividends will be of most significance in the financial sector, where, after the rebuilding of capital reserves, dividend payments may resume in some areas, particularly if regulatory authorities relax their restrictions on payouts, which we expect.

Overall, given the improving confidence of the corporate sector, 2011 should be a year when cash reserves are put to more productive uses and this should be supportive to equity markets.

Investment Managers' Review

North America Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Apple	3,056,280	1.19	Technology Hardware & Equipment
Walt Disney Co.	2,461,538	0.95	Media
Philip Morris	2,328,841	0.90	Tobacco
Allergan	2,311,142	0.90	Pharmaceuticals & Biotechnology
Wells Fargo	2,274,538	0.88	Banks
Tyco	2,061,533	0.80	General Industrials
Danaher	2,054,952	0.80	Electronic & Electrical Equipment
Starbucks	2,029,619	0.79	Travel & Leisure
Oracle	2,008,796	0.78	Software & Computer Services
Abbott Laboratories	1,969,724	0.76	Pharmaceuticals & Biotechnology
Estee Lauder 'A'	1,923,652	0.75	Personal Goods
Thermo Fisher Scientific	1,855,499	0.72	Health Care Equipment & Services
Amazon	1,838,752	0.71	General Retailers
Suncor Energy	1,802,065	0.70	Oil & Gas Producers
Honeywell	1,758,643	0.68	General Industrials
Celegene	1,731,561	0.67	Pharmaceuticals & Biotechnology
Colgate-Palmolive	1,702,889	0.66	Personal Goods
National Oilwell Varco	1,682,795	0.65	Oil Equipment, Services & Distribution
Microchip Technology	1,666,267	0.65	Technology Hardware & Equipment
American Express	1,643,323	0.64	General Financial
Marathon Oil	1,585,908	0.62	Oil & Gas Producers
Crown Castle International	1,550,798	0.60	Mobile Telecommunications
Cisco Systems	1,467,065	0.57	Technology Hardware & Equipment
Hasbro	1,351,799	0.52	Leisure Goods
Eaton	1,342,472	0.52	General Industrials
Potash	1,325,793	0.51	Chemicals
Nalco	1,284,638	0.50	Support Services
Express Scripts	1,273,092	0.49	Health Care Equipment & Services
Intel	1,238,680	0.48	Technology Hardware & Equipment
US Bancorp	1,219,879	0.47	Banks
Suntrust Bank	1,196,177	0.46	Banks
Netapp	1,173,220	0.46	Technology Hardware & Equipment
International Game Technology	1,042,406	0.40	Travel & Leisure
	57,214,336	22.18% of Total Invested Funds	

Investment Managers' Review

Latin America Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Itau Unibanco	1,663,978	0.64	Banks (Brazil)
America Movil	1,460,514	0.57	Mobile Telecommunications (Mexico)
CPFL Geracao Energia	1,035,045	0.40	Gas, Water & Multiutilities (Brasil)
	4,159,537	1.61% of Total Invested Funds	

Continental Europe Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Nestlé	3,355,306	1.30	Food Producers (Switzerland)
Fresenius	2,348,373	0.91	Health Care Equipment & Services (Germany)
Henkel	2,152,345	0.83	Household Goods (Germany)
Eutelsat	1,947,302	0.76	Media (France)
ABB	1,531,954	0.59	Industrial Engineering (Switzerland)
LVMH Moet Hennessy	1,409,897	0.55	Personal Goods (France)
BNP Paribas	1,364,216	0.53	Banks (France)
Bayer AG	1,294,860	0.50	Chemicals (Germany)
TNT	1,279,775	0.50	Industrial Transportation (Netherlands)
Adidas	1,172,669	0.45	Personal Goods (Germany)
Umicore	1,141,769	0.44	Chemicals (Belguim)
Air Liquide	1,135,916	0.44	Chemicals (France)
Philips Electronics	1,115,686	0.43	Leisure Goods (Netherlands)
Muenchener Rueckve	1,084,109	0.42	Non-Life Insurance (Germany)
BASF	1,081,554	0.42	Chemicals (Germany)
Vinci	1,052,762	0.41	Construction & Materials (France)
Vienna Insurance	1,034,054	0.40	Non-Life Insurance (Austria)
Technip	848,236	0.33	Oil Equipment, Services & Distribution (France)
Total	530,148	0.21	Oil & Gas Producers (France)
	26,880,931	10.42% of Total Invested Funds	

Middle East Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Teva Pharmaceutical Industries	1,640,975	0.64	Pharmaceuticals & Biotechnology (Israel)
	1,640,975	0.64% of Total Invested Funds	

Investment Managers' Review

Eastern European Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Lukoil Oil	817,743	0.32	Oil & Gas Producers (Russia)
	817,743	**0.32% of Total Invested Funds**	

Japan Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
Sony	2,058,716	0.80	Leisure Goods
Nidec	1,721,488	0.67	Electronic & Electrical Equipment
Itochu	1,714,444	0.66	Support Services
Canon	1,593,613	0.62	Technology Hardware & Equipment
East Japan Railway	1,474,082	0.57	Travel & Leisure
Mitsui Fudosan	1,226,866	0.47	Real Estate
	9,789,209	**3.79% of Total Invested Funds**	

Pacific Basin Listed Equity Holdings

at 30 November 2010

	Value (£)	% of Invested Funds	Sector
BHP Billiton*	2,310,930	0.90	Mining (Australia)
Australia & New Zealand Bank	2,027,893	0.79	Banks (Australia)
CNOOC	1,592,955	0.62	Oil & Gas Producers (Hong Kong)
Fubon Financial	1,571,470	0.61	Life Insurance (Taiwan)
Samsung Electronic	1,425,980	0.55	Electronic & Electrical Equipment (Korea)
China Mobile	1,402,869	0.54	Mobile Telecommunications (Hong Kong)
China Life Insurance	1,277,608	0.49	Life Insurance (Hong Kong)
Taiwan Semiconductor	1,202,076	0.47	Electronic & Electrical Equipment (Taiwan)
Standard Chartered	1,200,838	0.46	Banks (Hong Kong)
BOC Hong Kong	1,046,075	0.40	Banks (Hong Kong)
AIA	921,782	0.36	Life Insurance (Hong Kong)
	15,980,476	**6.19% of Total Invested Funds**	

*A separate holding of this stock is listed under United Kingdom Listed Equity Holdings on page 9.

Distribution of Invested Funds

at 30 November 2010

Invested Funds – £231,992,692 (2009 – £226,277,115)
excluding Treasury Stocks – £26,017,284 (2009 – £25,745,359)

	United Kingdom %	North America %	Other Countries %	2010 Total %	50% All-Share 50% World Index 2009 Benchmark Sector Weighting*	2009 Total %
Oil & Gas						
Oil & Gas Producers	8.19	1.46	1.27	10.92	11.35	13.89
Oil Equipment, Services & Distribution	–	0.73	0.36	1.09	1.23	0.59
	8.19	**2.19**	**1.63**	**12.01**	**12.58**	**14.48**
Basic Materials						
Chemicals	–	0.57	2.01	2.58	1.84	2.26
Forestry & Paper	–	–	–	–	0.15	–
Industrial Metals	–	–	–	–	1.04	1.40
Mining	3.31	–	0.99	4.30	7.47	5.52
	3.31	**0.57**	**3.00**	**6.88**	**10.50**	**9.18**
Industrials						
Aerospace & Defence	2.38	–	–	2.38	1.54	3.29
Alternative Energy	0.66	–	–	0.66	0.06	0.38
Construction & Materials	1.34	–	0.45	1.79	0.92	0.79
Electronic & Electrical Equipment	–	0.89	1.87	2.76	1.04	2.37
General Industrials	–	2.23	–	2.23	1.62	1.86
Industrial Engineering	1.23	–	0.66	1.89	1.75	3.22
Industrial Transportation	–	–	0.55	0.55	0.97	–
Support Services	2.44	0.55	0.74	3.73	2.30	0.69
	8.05	**3.67**	**4.27**	**15.99**	**10.20**	**12.60**
Consumer Goods						
Automobiles & Parts	–	–	–	–	1.46	0.97
Beverages	2.02	–	–	2.02	2.61	1.82
Food Producers	1.76	–	1.45	3.21	2.36	2.91
Household Goods	1.23	–	0.93	2.16	1.50	1.15
Leisure Goods	–	0.58	1.37	1.95	0.47	0.51
Personal Goods	–	1.56	1.11	2.67	1.21	1.82
Tobacco	–	1.00	–	1.00	2.38	0.98
	5.01	**3.14**	**4.86**	**13.01**	**11.99**	**10.16**
Health Care						
Health Care Equipment & Services	–	1.35	1.01	2.36	1.33	2.12
Pharmaceuticals & Biotechnology	3.54	2.59	0.71	6.84	6.36	7.66
	3.54	**3.94**	**1.72**	**9.20**	**7.69**	**9.78**
Consumer Services						
Food & Drug Retailers	1.11	–	–	1.11	2.15	–
General Retailers	0.36	0.79	–	1.15	2.67	1.76
Media	2.56	1.06	0.84	4.46	2.51	3.99
Travel & Leisure	1.90	1.32	0.64	3.86	2.37	3.67
	5.93	**3.17**	**1.48**	**10.58**	**9.70**	**9.42**

Distribution of Invested Funds

at 30 November 2010

Invested Funds – £231,992,692 (2009 – £226,277,115) excluding Treasury Stocks – £26,017,284 (2009 – £25,745,359)	United Kingdom %	North America %	Other Countries %	2010 Total %	50% All-Share 50% World Index 2009 Benchmark Sector Weighting*	2009 Total %
Telecommunications						
Fixed Line Telecommunications	–	–	–	–	1.87	–
Mobile Telecommunications	3.66	0.67	1.23	5.56	3.36	3.93
	3.66	**0.67**	**1.23**	**5.56**	**5.23**	**3.93**
Utilities						
Electricity	–	–	–	–	1.81	2.30
Gas, Water & Multiutilities	1.38	–	0.45	1.83	2.06	1.29
	1.38	**–**	**0.45**	**1.83**	**3.87**	**3.59**
Financials						
Banks	4.37	2.02	3.15	9.54	11.62	11.37
Equity Investment	–	–	–	–	1.51	–
General Financial	3.15	0.71	–	3.86	2.71	4.97
Non-Life Insurance	–	–	0.91	0.91	1.96	0.95
Life Insurance	1.51	–	1.63	3.14	2.02	2.59
Real Estate	–	–	0.53	0.53	1.91	1.13
	9.03	**2.73**	**6.22**	**17.98**	**21.73**	**21.01**
Information Technology						
Software & Computer Services	1.68	0.87	–	2.55	2.68	2.81
Technology Hardware & Equipment	–	3.71	0.69	4.40	3.83	3.03
	1.68	**4.58**	**0.69**	**6.95**	**6.51**	**5.84**
Unquoted	0.01	–	–	0.01	–	0.01
	0.01	**–**	**–**	**0.01**	**–**	**0.01**
Total	**49.79**	**24.66**	**25.55**	**100.00**	**100.00**	**100.00**

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

*In order to enable a fairer comparison against the benchmark, the Treasury Stocks have been excluded from this table.

Directors, Managers and Advisers

Directors

All Directors are non-executive.

KE Percy (Chairman)†

(Born January 1945) joined the Board on 1 January 2004. He is a Non-Executive Director of Standard Life Equity Income Trust plc, JPMorgan Fleming Japanese Investment Trust plc, The Henderson Smaller Companies Investment Trust plc and The Children's Mutual. He was previously Chairman of S G Asset Management UK and before that Chief Executive of Morgan Grenfell Asset Management.

IE Barlow FCA CTA (Fellow)* (Audit Committee Chairman)

(Born September 1951) joined the Board in November 2009. Ian worked full time from 1973 until 2008 at KPMG, latterly as London Office Senior Partner, and prior to that, from 1993-2001, as Head of Tax and Legal. He is a Board Member of Smith & Nephew PLC, First Debenture Finance PLC, PA Consulting Group, Candy & Candy, the London Development Agency, London First and the China-Britain Business Council and chairs Think London, the inward investment agency, and The Racecourse Association. Ian is a Fellow of Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation.

VP Bazalgette MA*

(Born May 1951) joined the Board on 1 January 2004. He is a Non-Executive Director of Henderson High Income Trust PLC and Perpetual Income and Growth Investment Trust PLC. He is also a member of the investment committee of St James's Place PLC and adviser to the pension fund of BAE Systems Plc. He retired as Chief Investment Officer of M & G Investment Management in September 2002 and was formerly a Director of Gartmore Investment Management plc.

PM Maynard*

(Born April 1952) joined the Board in October 2010. He is a solicitor and qualified with Slaughter and May in 1977. He was Group Legal Director at Prudential plc from 1998 to 2009 and Company Secretary from July 1999. Prior to that he was with HSBC for 14 years during which time he was variously a Director of HSBC Investment Bank, President and Chief Executive Officer of James Capel Inc in New York and finally Deputy Group Legal Adviser. Recently he has been the Head of Group Governance and Regulatory Compliance at Old Mutual plc. He is a former chairman of the GC100 and was a supervisory board member of the London Business School Centre for Corporate Governance. He is currently a consultant to Old Mutual.

WR Worsley FRICS* (Senior Independent Director and Remuneration Committee Chairman)

(Born September 1956) joined the Board in January 2000. He is a Chartered Surveyor and is President of the Country Land & Business Association and a Director of the Skipton Building Society.

*Independent of the Managers.

†Independent on appointment as Chairman.

Directors, Managers and Advisers

The Manager

RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority is part of Allianz Global Investors, one of the largest fund managers in the world and as at 30 September 2010 had combined assets of €1,443 billion under management. Through its predecessors, RCM (UK) Limited has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and it had £1.1 billion assets under management in a range of investment trusts as at 31 December 2010.

Investment Manager RCM (UK) Limited, 155 Bishopsgate, London EC2M 3AD, represented by Jeremy Thomas (UK Portfolio) and Lucy MacDonald (Overseas Portfolio).

Secretary and Registered Office Kirsten Salt BA (Hons) ACIS, 155 Bishopsgate, London EC2M 3AD. Telephone: 020 7065 1513
email: kirsten.salt@uk.rcm.com

Registered Number 226323

Registrars Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 9.00 a.m. to 5.30 p.m., Monday-Friday), or if telephoning from overseas, 0044 20 8639 3399.
email: ssd@capitaregistrars.com

Auditors Deloitte LLP

Bankers HSBC Bank plc, HBOS plc

Stockbrokers Oriel Securities Limited

Solicitors Herbert Smith LLP

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 under the headings 'Investment Companies' and 'Investment Trusts', respectively. The net asset value of the Ordinary Shares is calculated daily and published on the London Stock Exchange Regulatory News Service. The geographical spread of investments and ten largest holdings are published monthly on the London Stock Exchange Regulatory News Service. They are also available from the Investment Manager's Investors Helpline on 0800 389 4696 or via the Manager's website: www.rcm.com/investmenttrusts.

Share Prices

The share prices quoted in the London Stock Exchange Daily Official List for 30 November 2010 were 390.0p – 390.5p.

How to Invest

Alliance Trust Savings Limited ("ATS") is one of a number of providers offering a range of products and services, including Share Plans, ISAs and pension products. ATS also maintains services including online and telephone-based dealing facilities and online valuations. More information is available from Allianz Global Investors either via Investor Services on 0800 389 4696 or on the Managers' website: www.rcm.com/investmenttrusts, or from Alliance Trust Savings Customer Services Department on 01382 573737 or by e-mail: contact@alliancetrust.co.uk.

A list of other providers can be found on the RCM Investment Trusts website: www.rcm.com/investmenttrusts.

Website

Further information about The Brunner Investment Trust PLC, including monthly factsheets, daily share price and performance, is available on the Manager's website: www.rcm.com, which can also be reached via www.brunner.co.uk.

Dividend

The Board is recommending a final distribution of 7.4p to be payable on 25 March 2011 to shareholders on the Register of Members at the close of business on 25 February 2011, making a total distribution of 12.20p per share for the year ended 30 November 2010, an increase of 1.7% on last year's distribution.

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 Capita Registrars. 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.

Dividend Reinvestment Plan for Ordinary Shareholders (DRIP)

The Company's registrars, Capita Registrars, offer a Dividend Reinvestment Plan which gives Ordinary Shareholders the opportunity to use their cash dividend to buy further shares in the Company under a low-cost dealing arrangement. Capita Registrars enclose the Terms and Conditions and a personalised application form with each dividend payment.

Association of Investment Companies (AIC)

The Company is a member of the AIC, the trade body of the investment trust industry, which provides a range of literature including fact sheets and a monthly statistical service. Copies of these publications can be obtained from the AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY, or at www.theaic.co.uk.

AIC Category: Global Growth.

Investor Information

Financial Calendar

Results

Half-year posted July.
Annual Financial Report posted to shareholders February/March.
Annual General Meeting held March.

Ordinary Dividends

Interim usually paid August/early September.
Final usually paid late March.

Preference Dividends

Payable half-yearly 30 June and 31 December.

Capita Registrars – Share Dealing Services and Share Portal

Capita Registrars, the Company's Registrars, operate an on-line and telephone dealing facility for UK resident shareholders with share certificates. Stamp duty may also be payable on purchases.

For further information on these services please contact: www.capitadeal.com for on-line dealing or 0871 664 0454 for telephone dealing. Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday. Calls to the 0871 664 0454 number are charged at 10 pence per minute plus any of your service providers' network extras. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Capita Registrars offer shareholders a free on-line service called The Share Portal, enabling shareholders to access a comprehensive range of shareholder related information. Through The Share Portal, shareholders can: view their current and historical shareholding details; obtain an indicative share price and valuation; amend address details; view details of dividend payments; and apply for dividends to be paid directly to a bank or change existing bank details.

Shareholders can access these services at www.capitaregistrars.com and selecting Share Portal (Shareholders) from the drop down menu, or alternatively via the Portals: Quick Links, and selecting Share Portal. Shareholders will need to register for a Share Portal Account by completing an on-screen registration form. An email address is required.

Shareholder Enquiries

Capita Registrars are the Company's registrars and maintain the share register. In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc., shareholders should contact the registrars on 0871 664 0300 or +44 20 8639 3399 if calling from overseas. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0300 number are charged at 10 pence per minute plus any of your service providers' network extras. Calls to the helpline number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Changes of name and address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, The Brunner Investment Trust PLC, 155 Bishopsgate, London EC2M 3AD. Telephone: 020 7065 1513.

CREST Proxy Voting

Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

Directors' Report

The Directors present their Report which incorporates the Business Review and the audited Financial Statements for the year ended 30 November 2010.

Business Review

Business and Status of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Taxes Act 2010 for the year ended 30 November 2009. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek approval under Section 1158 of the Corporation Taxes Act 2010 each year. The Company is not a close company for taxation purposes.

Regulatory Environment

The Company is listed on the Main Market, is traded on the London Stock Exchange and is subject to UK company law, financial reporting standards, listing, prospectus and disclosure rules, tax law and its own Articles of Association. In addition to annual and half yearly financial reports and interim management statements, the Company announces net asset values per share on a daily basis for the information of investors. It provides more detailed information on a monthly basis to the Association of Investment Companies, of which the Company is a member, in order for brokers and investors to compare its performance with its peer group. The Board of Directors is charged with ensuring that the Company complies with its own objectives as well as these rules. The Board has appointed RCM (UK) Limited ('the Manager') to carry out investment management, accounting, secretarial and administration services on behalf of the Company. The Company has no employees or premises of its own.

Investment Objective and Policies

The Company's objective is to achieve a total return higher than that of the benchmark index of 50% FTSE All-Share and 50% FTSE World Index (ex UK £ adjusted) over the long term. The objective is to be achieved by investment in UK and international securities and by using appropriate gearing to enhance returns. This strategy is designed to meet the requirements of those seeking a single investment in a diversified and professionally managed portfolio. At 30 November 2010 the portfolio contained 121 stocks (2009 – 121). The Board's Investment Policy is set out in full on page 2.

Performance

The Board uses certain financial Key Performance Indicators ("KPIs") to monitor and assess the performance of the Company. The principal KPIs are:

Performance against the benchmark index

This is the most important KPI by which performance is judged. The principal objective is to achieve a total return higher than that of the benchmark index of 50% FTSE All-Share and 50% FTSE World Index (ex UK £ adjusted) over the long term.

In the year to 30 November 2010 the Company produced a NAV capital return to shareholders of 7.3%. This compares with the return on the Company's benchmark index of 9.2%. In the previous year the NAV return was 24.0% and the benchmark index was 24.4%.

Performance against the Company's peers

The Board also monitors the performance relative to a broad range of competitor investment trusts over a range of time periods, taking into account comparative investment policies and objectives.

Performance Attribution

The performance attribution is reviewed at each Board Meeting and enables the Directors to consider how the Company achieved its performance relative to the benchmark index and to see the impact on the Company's relative performance of factors including geographical, stock and sector allocation. The analysis for the year ended 30 November 2010 is given in the explanation of the movement in net asset value per ordinary share on page 3.

Dividend Distribution

The Board has a policy of paying a progressive dividend each year, taking into account inflation and subject to general earnings growth and dividends received in the portfolio. Dividends paid in the past ten years are set out in the Historical Record table on page 5.

Directors' Report

Discount to net asset value ("NAV")

The Board has a share buy back programme which has a role to play in minimising the volatility of movements in the discount and in enhancing the NAV for existing shareholders as shares are bought back at a discount. In the year to 30 November 2010 the shares traded between a discount of 16.8% and 7.6% with debt at fair value.

Total expense ratio ("TER")

The most significant expense for the Company is the cost of the management fee and the costs of interest on the Company's borrowings. Other operating expenses include the costs of investment transactions, directors' fees and insurance, professional advice and regulatory fees and the costs of production of the reports to shareholders. The TER is calculated by dividing total operating expenses, comprising the Company's management fee and all other operating expenses net of tax relief but excluding interest payable, by total assets less current liabilities averaged over the year. The TER for the year ended 30 November 2010 was 0.6% (2009 – 0.5%).

Performance over ten years is shown on page 5. The Investment Managers' review on pages 8 to 15 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Share Capital

Details of the Company's share capital are set out in Note 11 on page 49. Further to a resolution passed on 18 March 2010, during the year the Company purchased 784,500 ordinary shares for cancellation, representing 1.69% of the Company's share capital at the beginning of the financial year. Since the year end the Company has repurchased 328,000 Ordinary Shares for cancellation for a consideration of £1,337,696.

A resolution to renew the authority to purchase shares for cancellation is to be put to shareholders at the forthcoming Annual General Meeting and the full text is set out in the Notice of Meeting on pages 57 and 58.

Principal Risks and Uncertainties

With the assistance of the Managers the Board has drawn up a risk matrix which identifies the key risks to the Company. These key risks fall broadly under the following categories:

Investment Strategy and Market Volatility

An inappropriate investment strategy, e.g., asset allocation or the level of gearing, may lead to under performance against the Company's benchmark index and peer group companies, resulting in the Company's shares trading on a wider discount. Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements.

The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the Board receives reports. RCM (UK) Limited ("RCM") provides the Directors with management information including performance data and reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment managers, who attend all board meetings, and reviews data which show risk factors and how they affect the portfolio. The investment managers employ the Company's gearing tactically within a strategic range set by the Board. The Board meets annually to discuss strategy.

The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines that are monitored and reported on by RCM. The Board also monitors currency movement and determines hedging policy as appropriate.

Accounting, Legal and Regulatory (including Financial Crime)

In order to qualify as an investment trust the Company must comply with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), and details are given above under the heading Business and Status of the Company. A breach of Section 1158 could result in the Company losing investment trust status and, as a consequence, realised chargeable gains in the Company's portfolio would be subject to Corporation Tax. The Section 1158 criteria are monitored by RCM and results are reported to the Board at each Board Meeting. The Company must comply with the provisions of the Companies Act 2006 ("Companies Act"), and, as the Company's shares are listed on the London Stock Exchange, the Company must comply with the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules ("UKLA Rules"). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Rules could result in the suspension of the Company's shares which would in turn lead to a breach of Section 1158. The Board relies on its company secretary and its professional advisers to ensure compliance with the Companies Act and UKLA Rules.

Directors' Report

Corporate Governance and Shareholder Relations

Shareholder discontent could arise if there is weak adherence to best practice in corporate governance and which could result in potential reputational damage to a Company. The Board receives reports on shareholder activity and on shareholder sentiment on a regular basis and contact is maintained with major shareholders.

Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement within the Directors' Report beginning on page 27.

Operational, Third Party and Counterparty

Disruption to, or failure of, RCM's accounting, dealing or payment systems or the custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by RCM and other suppliers and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance Statement beginning on page 29.

Financial and Liquidity

The financial risks to the Company and the controls in place to manage these risks are disclosed in detail in Note 18 beginning on page 51.

Future Development

The future development of the Company is dependent on the success of the Company's investment strategy against the economic environment and market developments. The Chairman gives his view on the outlook in his statement on page 4 and the investment managers discuss their view of the outlook for the Company's portfolio in their reports on pages 8 and 11 to 12.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and accordingly, that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Directors' policy on Going Concern is set out on page 41.

Share Buy Backs

During the year to 30 November 2010 a total of 784,500 Ordinary Shares of 25p each (nominal value £196,125) were repurchased and cancelled as part of the share buy back programme that was approved last year and in previous years. The consideration paid, including attributable expenses, amounted to £3,038,596.

Payment Policy

It is the Company's payment policy for the forthcoming financial year to obtain the best terms for all business. 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 Manager 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 gains based on historical costs of £12,997,394 (2009 – losses of £26,267,903). Provisions contained in the Finance Act 1980 exempt approved Investment Trusts from corporation tax on their chargeable gains. Invested funds at 30 November 2010 had a value of £258,009,976 (2009 – £252,022,474) before deducting net liabilities of £40,263,343 (2009 – £45,530,784).

Net Asset Value

The Net Asset Value of the Ordinary Shares of 25p at the year end was 476.0p, as compared with a value of 443.8p at 30 November 2009.

Donations and Subscriptions

No donations or subscriptions of a political or charitable nature were made during the year (2009 – £nil).

Historical Record

A schedule of the Company's thirty largest investments is on page 7. The distribution of invested funds is shown on pages 16 and 17 and the historical record of the Company's revenue, capital and invested funds over the past ten years is shown on page 5. A graph is included on

Directors' Report

page 6 showing the performance over the past ten 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 £) and also the growth in ordinary distributions made by the Company, together with the Retail Price Index over the same period.

Auditors

A resolution to approve the re-appointment of Deloitte LLP will be proposed at the Annual General Meeting, together with a resolution authorising the Directors to determine their remuneration.

Each of the Directors at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Management Contract and Management Fee

The management contract provides for a management fee based on 0.45% per annum of the value of the Company's assets after deduction of current liabilities, short-term loans under one year and any other funds managed by the Manager. The contract can be terminated with six months' notice.

The Manager's performance under the contract and the contract terms are reviewed at least annually by the Management Engagement Committee. This committee consists of the Directors not previously employed by the management company. During the year, the committee met with the Manager to review the current investment framework, including the Company's objectives and benchmark; level of gearing; sector and geographical portfolio weightings; parameters for the portfolio and future outlook. The committee also reviewed the Manager's investment process and considered the investment management performance over various time periods. The committee also considered the level of the management fee, which it found to be appropriate. The committee was satisfied with its review and believes that the continuing appointment of the Manager is in the best interests of shareholders as a whole.

Related Party Transactions

During the financial year no transactions with related parties have taken place which would materially affect the financial position or the performance of the Company.

Revenue

	2010 £	2010 £
Gross income for the year		6,674,038
Deduct:		
Expenses of administration	(693,962)	
Finance costs of borrowings	(975,317)	
Total expenses		**(1,669,279)**
Amount subject to taxation		**5,004,759**
Taxation absorbed		(244,055)
Available for distribution to the Ordinary Shareholders		**4,760,704**
Dividends in respect of the financial year		
Interim 4.8p per Ordinary Share paid 27 August 2010	(2,210,295)	
Final proposed 7.4p per Ordinary Share payable 25 March 2011	(3,385,412)	
		(5,595,707)
Transferred from Revenue Reserve		**(835,003)**

The Board declared an interim dividend of 4.8p per Ordinary Share which was paid on 27 August 2010. The Board recommends a final dividend for the year ended 30 November 2010 of 7.4p, payable on 25 March 2011, making a total distribution for the year of 12.20p per Ordinary Share. The next interim dividend payment is expected to be made in August 2011.

Directors' Report

The following disclosures are made in accordance with Part 6 of Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

Capital Structure

The Company's capital structure is set out in Note 11 on page 49.

Voting Rights in the Company's Shares

As at 11 February 2011, the Company's capital consisted of:

Share class	Number of shares in issue	Voting rights per share	Total voting rights
Ordinary shares of 25p	45,420,805	1	45,420,805
5% Cumulative Preference shares of £1	450,000	0	–
Total	**45,870,805**		**45,420,805**

These figures remain unchanged as at the date of this report.

Interests in the Company's Share Capital

At the date of this report, the Company was aware of the following interests in the Company's share capital greater than 3%: CE Wilkinson (as trustee 12.75%); HLJ Brunner (beneficial 6.96% – as trustee 5.20%); TBH Brunner (beneficial 1.69% – as trustee 5.49%); JHK Brunner (beneficial 3.56% – as trustee 2.01%); AXA Group 18.61%; 1607 Capital Partners 10.06%; and M & G Investment Management 4.91%.

Mr CE Wilkinson acts as a co-trustee with Mr TBH Brunner in respect of 1,720,770 Ordinary Shares (3.79%), 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 2,098,994 Ordinary Shares (4.34%) which form part of Mr HLJ Brunner's trustee holdings.

Analysis of Share Register

Based on an analysis of the Ordinary Share register at 11 February 2011 (11 February 2010).

	February 2011				February 2010			
Shareholder Type	Number of Holders	%	Number of shares	%	Number of Holders	%	Number of shares	%
Private holders	802	59.5	9,315,200	20.5	865	57.9	9,964,117	21.5
Nominees	494	36.7	34,699,866	76.4	581	38.9	35,030,620	75.4
Limited Companies	27	2.0	177,415	0.4	27	1.8	89,295	0.2
Investment Trusts	3	0.2	4,201	0.0	4	0.2	46,801	0.1
Banks and Bank Nominees	8	0.6	1,170,018	2.6	7	0.5	1,263,959	2.7
Other Institutions	13	1.0	57,105	0.1	11	0.7	46,013	0.1
	1,347	**100.0**	**45,420,805**	**100.0**	**1,495**	**100.0**	**46,440,805**	**100.0**

Included in 'Nominees' are holdings on behalf of a significant number of private investors.

Directors

William Worsley, having held office for more than nine years, is subject to annual re-election under the provisions of the AIC Code of Corporate Governance and accordingly he is retiring at the Annual General Meeting and offers himself for re-election. Notwithstanding the length of service of William Worsley, the Board views him as independent of the Manager.

Vivian Bazalgette also retires by rotation this year and offer himself for re-election. Peter Maynard, having been appointed since the last AGM, retires and offers himself for election.

Ben Siddons and Richard Wakeling retired from the Board after the Annual General Meeting in March 2010.

Biographical details of the Directors are on page 18. The present Directors and their interests in the share capital of the Company as at 30 November 2010 are set out on page 27.

All of the serving directors were subject to a formal performance appraisal in respect of the year and it was found that each continues to be effective and to demonstrate commitment to his role.

Directors' Report

Ordinary Shares of 25p	2010 Beneficial	2010 As Trustee	2009 Beneficial	2009 As Trustee
KE Percy	4,000	–	4,000	–
IE Barlow	13,000	–	–	–
VP Bazalgette	4,000	–	4,000	–
PM Maynard*	4,000	–	–	–
WR Worsley	110,000	513,100	110,000	513,150

* Appointed on 1 October 2010.

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.

Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in UK Corporate Governance Code (published in May 2010), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The revised AIC Code, which was published in October 2010, can be found on the AIC website at www.theaic.co.uk. The Financial Reporting Council has confirmed to the Association of Investment Companies its view that by following the AIC Corporate Governance Guide investment company boards should fully meet their obligations in relation to the UK Corporate Governance Code and Paragraph LR9.8.6 of the Listing Rules. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders for the year ended 30 November 2010.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of UK Corporate Governance Code, except in relation to the UK Corporate Governance Code provisions relating to: the role of the chief executive; executive directors' remuneration; the remuneration committee and the need for an internal audit function. For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of five non-executive Directors, all of whom are independent of the Company's investment manager. Their biographies, on page 18, demonstrate a breadth of investment, industrial, commercial and professional experience.

The Chairman of the Company is a non-executive Director and William Worsley is the Senior Independent Director. The Senior Independent Director can provide a sounding board for the Chairman and serve as an intermediary for the other directors when necessary, as well as providing another point of contact for Shareholders. 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.

In accordance with the Articles of Association new Directors stand for election at the first Annual General Meeting following their appointment. Each Director is required to seek re-election at least every three years and annually after nine years' service. The names of the Directors retiring by rotation at this year's Annual General Meeting are given on page 18. The Company is not a member of the FTSE 350 Index and therefore has no obligation to comply with the AIC Code principle concerning the annual re-election of all directors. It will however monitor what becomes market practice for smaller companies over future periods.

The Board met six times in the year under review and also held a strategy meeting. Between meetings, regular contact with the investment managers is maintained. The AIC Code has added some specific recommendations for the conduct of Board meetings. The Board complies with the suggestion that the Board should take into account the Company's investment policy and its responsibility for delivering the long-term investment objectives, as well as the risks associated with pursuing the investment strategy, when reviewing investment performance. Additionally, as recommended, a representative of the management company is invited to attend board meetings to report on activities in relation to the investment company where appropriate. Matters specifically reserved for decision by the full Board have been defined and a procedure adopted for the Directors, to take independent professional advice at the expense of the Company where they judge it necessary to discharge their duties properly. 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 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.

Directors' Report

During the year, the effectiveness of the Board was assessed through interviews conducted by the Chairman with each Director. The Chairman also discussed individual training and development needs with each Director. The Chairman's own performance was evaluated by the other Directors who met under the chairmanship of Mr Worsley. The results of the effectiveness assessment, performance evaluation and development planning have been presented to the Nomination Committee. The Board has no current plans to use external facilitators to carry out the Board evaluation but may do this in the future. The Board has a policy to ensure that new Directors are recruited from time to time to maintain the balance of the Board. Ben Siddons and Richard Wakeling retired from the Board at the AGM in 2010 and Peter Maynard was appointed to the Board in October 2010. As part of the recruitment process, consultants were appointed to draw up a shortlist to include as wide a spectrum of candidates as possible, including taking gender into account.

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 Board's statement on its review of the management contract appears on page 25.

Attendance by the current Directors at formal Board and committee meetings during the year was as follows:

Director	Board	Board Strategy Day	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
No. of meetings	6	1	2	1	1	1
KE Percy	6	1	2†	1	1	1
IE Barlow	6	1	2	1	1	1
VP Bazalgette	6	1	2	1	1	1
PM Maynard*	1	1	–	–	–	–
WR Worsley	6	1	2	1	1	1

* Appointed 1 October 2010.

† Invited to attend meetings, although not a committee member.

Conflicts of Interest

The Companies Act 2006 sets out directors' general duties with some changes from the previously existing law. A director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Since 1 October 2008, directors are able to authorise these conflicts and potential conflicts. The Board reports annually on the Company's procedures for ensuring that its powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

Each of the Directors has provided a statement of all conflicts of interest and potential conflicts of interest relating to the Company. These statements have been considered and approved by the Board. The Directors have undertaken to notify the Chairman and Company Secretary of any proposed new appointments and new conflicts or potential conflicts for consideration, if necessary, by the Board. The Board has agreed that only Directors who have no interest in the matter being considered will be able to take the relevant decision and that in taking the decision the Directors will act in a way they consider, in good faith, will be most likely to promote the Company's success. The Board is able to impose limits or conditions when giving authorisation if it thinks this is appropriate.

The Board confirms that its powers of authorisation are operating effectively and that the agreed procedures have been followed.

Board Committees

Audit Committee

The Audit Committee consists of all of the independent non-executive Directors, with the exception of the Chairman, and has defined terms of reference and duties. The role of the Audit Committee is to assist the Board in relation to the reporting of financial information. The Audit Committee is chaired by Ian Barlow. The committee considers that, collectively, its members have sufficient recent and relevant financial experience to discharge their responsibilities fully. The committee meets at least twice each year and reviews the annual and half yearly financial reports and considers the Auditors' report on the annual financial statements, the process of the audit and the Auditors' independence and objectivity. It has also considered the non-audit services provided by the Auditors and determined that they have had no impact on the Auditors' independence and objectivity. The Audit Committee reviews the Company's accounting policies and considers their appropriateness. The committee also reviews 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 Manager twice-yearly and receives reports on the internal controls maintained on behalf of the

Directors' Report

Company and reviews the effectiveness of these controls. The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day-to-day operations to third parties from whom it receives internal control reports and other relevant assurance papers.

As the Company has no employees it does not have a formal policy concerning the raising, in confidence, of any concerns about improprieties for appropriate independent investigation. The Audit Committee has, however, received and noted the Manager's policy on this matter.

Nomination Committee

The Nomination Committee meets at least once each year and makes recommendations on the appointment of new Directors and considers the composition and balance of the Board. The committee is chaired by Keith Percy, the Chairman of the Board. All Directors serve on the Nomination Committee and consider nominations made in accordance with an agreed procedure.

Management Engagement Committee

The Management Engagement Committee meets at least once each year to review the Management Agreement and the Manager's performance. It has defined terms of reference and consists of the non executive Directors not formerly employed by the Manager. It is chaired by Keith Percy, the Chairman of the Board.

Remuneration Committee

The Remuneration Committee meets at least once each year and consists of the independent non-executive Directors including Keith Percy, Chairman of the Board. The committee is chaired by William Worsley. The committee determines and agrees with the Board the Company's remuneration policy and determines the remuneration of each Director within the terms of that policy. The Directors' Remuneration Report is on pages 34 and 35.

The Terms of Reference for each of the committees may be viewed by shareholders on request and are published on the Company's website www.brunner.co.uk.

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 is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process is subject to review by the Board and accords with the Internal Control Guidance for Directors in the Combined Code published in September 1999 ('the Turnbull guidance') which was revised by the FRC in 2005. This process has been fully in place throughout the year under review and up to the date of the signing of this Annual Financial Report.

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 Manager, undertook a full review of the Company's business risks and these are analysed and recorded in a risk matrix. Every six months, the Board receives from the Manager a formal report which details any known internal controls failures, including those that are not directly the responsibility of the Manager. 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.
- The appointment of RCM (UK) Limited ('RCM') as the Manager provides investment management, accounting and company secretarial services to the Company. The Manager therefore maintains the internal controls associated with the day to day operation of the Company. These responsibilities are included in the Management Agreement between the Company and the Manager. The Manager's 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. RCM is authorised and regulated by the Financial Services Authority ('FSA') and its compliance department regularly monitors compliance with FSA rules. The Company, in common with other investment trusts, has no internal audit department, but the effectiveness of the Manager's internal controls is monitored by Allianz Global Investors' internal audit function.
- There is a regular review by the Board of asset allocation and any risk implications. There are also regular and comprehensive reviews 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.

Directors' Report

- The Audit Committee assesses the Manager's and Custodian's systems of controls and approves the appointment of any sub custodians.
- The Board receives regular reports from the Manager to enable it to ensure that RCM maintains a sound system of internal control. It meets with senior representatives of RCM and also receives an annual statement of Auditing Standards 70 (SAS 70) report from the Manager.
- The Board reviews the Internal Control reports of the Manager and third party service providers, including those of the Company's Registrars, Capita Registrars, and Bankers and Custodian, HSBC Bank plc.

The Board has undertaken a full review of the aspects covered by the Turnbull guidance and believes that there is an effective framework in place to meet the requirements of the Combined Code.

The Directors confirm that the Audit Committee has reviewed the effectiveness of the system of internal control, which it has found to be appropriate.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is on page 33 and a statement of going concern is on page 24.

The Independent Auditors' Report can be found on page 36.

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 respective Chairmen of the Board's Committees and the Manager. The number of proxy votes cast in respect of each resolution will be made available at the Annual General Meeting and is made available on the website www.brunner.co.uk after the meeting.

All correspondence received from shareholders is circulated to Directors and discussed by them.

The Manager meets with institutional shareholders on a regular basis and reports to the Board on matters raised at these meetings. The Chairman and, where appropriate, other Directors are available to meet with shareholders to discuss governance and strategy and to understand their issues and concerns.

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

Shareholders who wish to communicate directly with the Chairman or other Directors may write care of the Company Secretary at 155 Bishopsgate, London EC2M 3AD.

The UK Stewardship Code and Exercise of Voting Powers

The Company's investments are held in a nominee name. The Board has delegated discretion to discharge its responsibilities in respect of investments, including the exercise of voting powers on its behalf to the Manager, RCM (UK) Limited (RCM).

Following a consultation by the Financial Reporting Council (the "FRC") the UK Stewardship Code (the "Stewardship Code") was published in July 2010. It aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Stewardship Code sets out good practice on engagement with investee companies. It provides an opportunity to bring together UK and overseas investors committed to the high quality dialogue with companies needed to underpin good governance. By creating a sound basis of engagement it should create a much needed stronger link between governance and the investment process, and support the concept of "comply or explain" as applied by listed companies. The FRC therefore sees it as complementary to the UK Corporate Governance Code for listed companies, as revised in June 2010.

The FRC encouraged all institutional investors to publish on their websites by the end of September 2010 a statement about the extent to which they had complied with the Stewardship Code and to notify the FRC when they had done so. The Company's Manager, RCM (UK) Limited, has complied with this and its policy statement on the Stewardship Code can be found on its website: *www.rcm.com/london/pdf/Stewardship_Policy.pdf .* The Board has reviewed this policy statement and is satisfied that the Company's delegated voting powers are being properly executed. RCM provides the Board with a regular report of exceptions to management or board support on votes cast on the Company's behalf.

Where Directors hold directorships on the boards of companies in which the Company is invested, they do not participate in decisions made concerning those investments.

Directors' Report

Corporate Social Responsibility

The Board has noted the Manager's views on Social Responsibility that it adheres to in engaging with the underlying investee companies and in exercising its delegated responsibilities in voting. RCM has said: "We believe that good corporate governance includes the management of the company's impacts on society and the environment, as these are increasingly becoming a factor in contributing towards maximising long term shareholder value." In its Sustainable Investment Policy Statement, RCM says it "believes that the consideration of environmental, social and governance issues within the investment decision process provides a new and longer-term perspective on evaluating risk and opportunities."

Annual General Meeting

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 18 March 2010 under Section 551 of the Companies Act 2006. The current authority will expire on 18 June 2011 and 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 2012. Renewal of the authority to disapply pre-emption rights will be sought under Section 570 of the Companies Act 2006.

Accordingly resolution 9 as set out in the Notice of Meeting on page 57 will be proposed as an Ordinary Resolution and resolutions 10, 11 and 12 will be proposed as Special Resolutions.

The Directors do not currently intend to allot shares under these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it would be advantageous to the Company's existing Shareholders to do so. 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

Under Rule 9 of the City Code on Takeovers and Mergers (the "Code") when: (i) a person acquires an interest in shares which (taken together with shares in which he and persons acting in concert (as defined in the Code) with him are interested) carry 30% or more of the voting rights of a company subject to the Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% of the voting rights of a company subject to the Code, but does not hold shares carrying more than 50% of the voting rights of the company, and such person, or any persons acting in concert with him, acquires an interest in any shares which increase the percentage of shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non voting and also to the holders of any other class of transferable securities carrying voting rights.

Rule 37 of the Code states that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9. However, Note 1 to Rule 37 states that a person who comes to exceed the limits in Rule 9.1 in consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. A person who has appointed a representative to the board of the company, and investment managers of investment trusts, will be treated for these purposes as a director.

Mr TBH Brunner and members of his immediate family, (the 'Connected Parties') are treated as acting in concert for the purposes of the Code. The Connected Parties currently hold 26.00% 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 could result in the Connected Parties holding 30.58% of the reduced Ordinary Share Capital of the Company (assuming that the Connected Parties did not sell any Ordinary Shares in connection with the exercise of the buy back authority).

The Board is of the view that none of the Connected Parties is acting in concert with any of the current Directors and that consequently, pursuant to Note 1 of Rule 37 of the Code, there would be no obligation under Rule 9 of the Code for a general offer to be made to shareholders if the proposed buy back authority were to be used and the shareholdings of the Connected Parties increased accordingly.
If the Connected Parties are interested in 30.00% or more of the Ordinary Share Capital of the Company following the exercise of the share buy back authority, such Connected Parties will not be able to acquire further interests in Ordinary Shares without triggering an obligation to make an offer pursuant to Rule 9 of the Code.

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 under Section 701 of the Companies Act 2006, to purchase Ordinary Shares in the market for cancellation. Accordingly, resolution 11 will be proposed as 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 enhances net asset value for the remaining shareholders. It is therefore intended that purchases will 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 £153 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 five 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.

Under the Financial Services Authority Listing Rules, a company is permitted to purchase up to 14.99% of its equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authority which permits the Company to purchase up to 14.99% of the Ordinary Shares, expires at the conclusion of the forthcoming Annual General Meeting. The Board believes that the Company should continue to have authority to make market purchases of its own Ordinary Shares for cancellation. The Board is therefore seeking to renew its power to make market purchases of Ordinary Shares for cancellation. Accordingly, a Special Resolution to authorise the Company to make market purchases of up to 14.99% of the Company's issued Ordinary Share capital will be proposed. The authority to make market purchases of up to 14.99% of the Company's issued Ordinary Share capital is equivalent to 6,808,578 Ordinary Shares provided there is no change in the issued share capital between the date of this Report and the Annual General Meeting to be held on 17 March 2011.

The authority will last until the Annual General Meeting of the Company to be held in 2012 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.

Authority to hold a general meeting on 14 days' clear notice

This resolution is required to reflect the implementation in August 2009 of the EU Shareholder Rights Directive (the "Directive"), which has increased the notice period for all general meetings of the Company to 21 days' clear notice. The Company was previously able to call general meetings (other than an Annual General Meeting) on 14 days' clear notice and would like to preserve this ability. Under the Directive, Companies are permitted to seek shareholder approval, on an annual basis and by way of a special resolution, for general meetings (other than the annual general meeting) to be called on 14 days' clear notice. This authority will only be used if it is in the best interests of shareholders and will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. Furthermore, in order to use this authority, all shareholders must be given the opportunity (but not the obligation) to vote at such a general meeting by electronic means. Annual general meetings will continue to be held on at least 21 days' clear notice.

Additional Information

The Directors, whose names are set out on page 18 of this document, accept responsibility for the information contained in the sections of this report headed 'Continuation of share buy back programme', 'Takeover Code Requirements' and 'Interests in the Company's Share Capital' and this section and, to the best of their knowledge and belief (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.

The Directors unanimously recommend shareholders to vote in favour of resolution 11 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.

By Order of the Board
KJ Salt
Secretary
15 February 2011

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement under Disclosure and Transparency Rule 4.1.12

The Directors at the date of the approval of this Report each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Financial Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

Keith Percy | Chairman

15 February 2011

Directors' Remuneration Report

This report is submitted in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 8 for the year ended 30 November 2010. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The Board

The Board of Directors is composed solely of non-executive Directors. The determination of the Directors' fees is a matter dealt with by the Board, guided by the recommendations of the Remuneration Committee. The Remuneration Committee is made up of the independent Directors and is chaired by William Worsley.

Policy on Directors' Remuneration

Directors meet at least six times each year. The Audit Committee meets twice each year and the other board committees meet at least once each year.

Directors offer themselves for retirement at least once every three years and annually after nine years. No Director has a service contract with the Company. The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. In accordance with the AIC Code of Corporate Governance, there are no long-term incentive schemes and fees are not related to the individual Director's performance, neither to the performance of the Board as a whole.

The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £150,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the investment trust industry generally, the role that individual Directors fulfil, and the time committed to the Company's affairs. The Board believes that levels of remuneration should be sufficient to attract and retain non executive Directors to oversee the Company.

The performance graph overleaf measures the Company's share price and net asset value performance against the benchmark index; 50% FTSE All-Share and 50% FTSE World Index (ex UK £ adjusted). An explanation of the Company's performance is given in the Chairman's Statement and the Investment Managers' Review.

Directors' Indemnities

Directors' and Officers' Liability insurance cover is held by the Company. As permitted by the Company's Articles of Association, the Company has granted indemnities to the Directors.

Remuneration

The policy is to review Directors' fee rates from time to time, but reviews will not necessarily result in a change to the rates. In the year under review the Directors were paid at a rate of £18,750 per annum and the Chairman at a rate of £31,250 per annum, with an additional £2,000 each payable to the Senior Independent Director (SID) and the Chairman of the Audit Committee. Prior to 1 December 2009, the Chairman received £30,000 per annum and Directors £18,000 per annum, with an additional £2,000 per annum paid to the SID and Audit Committee Chairman. Directors' fees were reviewed in February 2011 and no changes to the fees were made at that time.

Directors' Emoluments

The Directors' Emoluments during the year and in the previous year are as follows:

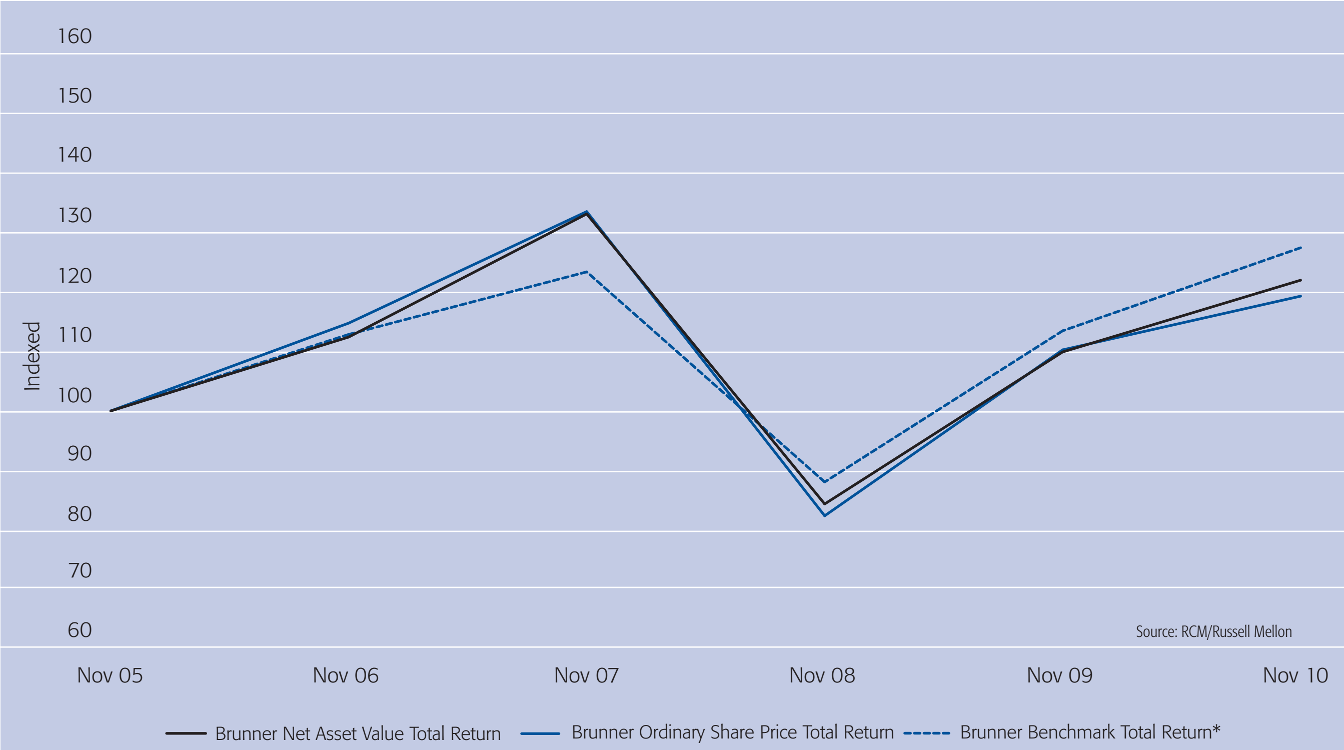
	Directors' fees	
	2010	**2009**
KE Percy	31,250	30,000
IE Barlow (appointed 19 November 2009)	20,150	554
VP Bazalgette	18,750	18,000
PE Maynard (appointed 1 October 2010)	3,125	–
BCR Siddons (retired 18 March 2010)	5,697	18,000
RKA Wakeling (retired 18 March 2010)	6,305	20,000
WR Worsley	20,750	20,000
Total	**106,027**	**106,554**

Directors' Remuneration Report

Performance Graph

The graph below measures the Company's share price and net asset value performance against the benchmark index.*

Brunner Investment Trust PLC – 30 November 2005 – 30 November 2010



*50:50 FTSE All-Share and FTSE World Index (ex UK £).

By Order of the Board
KJ Salt
Secretary
15 February 2011

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 30 November 2010 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, and the related Notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement contained within this Annual Financial Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Stuart McLaren (Senior Statutory Auditor)
for and on behalf of **Deloitte LLP** | Chartered Accountants and Statutory Auditors
London, England
15 February 2011

Income Statement for the year ended 30 November 2010

	Notes	2010 Revenue £	2010 Capital £	2010 Total Return £	2009 Revenue £	2009 Capital £	2009 Total Return £
Net gains on investments at fair value	8	–	18,273,558	18,273,558	–	42,764,239	42,764,239
Net gains on foreign currencies		–	8,737	8,737	–	4,085	4,085
Income	1	6,674,038	–	6,674,038	7,531,313	–	7,531,313
Investment management fee	2	(356,942)	(832,865)	(1,189,807)	(304,716)	(711,005)	(1,015,721)
Investment management fee VAT refund	2	–	–	–	695,017	475,276	1,170,293
Administration expenses	3	(337,020)	(18,714)	(355,734)	(368,764)	(14,399)	(383,163)
Net return before finance costs and taxation		**5,980,076**	**17,430,716**	**23,410,792**	**7,552,850**	**42,518,196**	**50,071,046**
Finance costs: interest payable and similar charges	4	(975,317)	(2,347,665)	(3,322,982)	(1,390,534)	(3,188,515)	(4,579,049)
Net return on ordinary activities before taxation		**5,004,759**	**15,083,051**	**20,087,810**	**6,162,316**	**39,329,681**	**45,491,997**
Taxation	5	(244,055)	–	(244,055)	(456,912)	187,189	(269,723)
Net return on ordinary activities attributable to Ordinary Shareholders		**4,760,704**	**15,083,051**	**19,843,755**	**5,705,404**	**39,516,870**	**45,222,274**
Return per Ordinary Share (basic and diluted)	7	**10.31p**	**32.67p**	**42.98p**	**12.22p**	**84.65p**	**96.87p**

Dividends in respect of the financial year ended 30 November 2010 total 12.20p (2009 – 12.00p), amounting to £5,595,707 (2009 – £5,588,797). Details are set out in Note 6.

The total return 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.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The Notes on pages 41 to 56 form an integral part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 November 2010

	Note	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net Assets at 30 November 2008		11,741,254	4,258,746	138,030,243	14,014,883	168,045,126
Revenue Return		–	–	–	5,705,404	5,705,404
Shares repurchased during the year		(107,928)	107,928	(1,311,881)	–	(1,311,881)
Dividends on Ordinary Shares	6	–	–	–	(5,463,829)	(5,463,829)
Capital Return		–	–	39,516,870	–	39,516,870
Net Assets at 30 November 2009		**11,633,326**	**4,366,674**	**176,235,232**	**14,256,458**	**206,491,690**
Net Assets at 30 November 2009		11,633,326	4,366,674	176,235,232	14,256,458	206,491,690
Revenue Return		–	–	–	4,760,704	4,760,704
Shares repurchased during the year		(196,125)	196,125	(3,038,596)	–	(3,038,596)
Dividends on Ordinary Shares	6	–	–	–	(5,550,216)	(5,550,216)
Capital Return		–	–	15,083,051	–	15,083,051
Net Assets at 30 November 2010		**11,437,201**	**4,562,799**	**188,279,687**	**13,466,946**	**217,746,633**

The Notes on pages 41 to 56 form an integral part of these Financial Statements.

Balance Sheet at 30 November 2010

	Notes	2010 £	2010 £	2009 £
Fixed Assets				
Investments held at fair value through profit or loss	8		258,009,976	252,022,474
Current Assets				
Debtors	10	1,605,358		1,574,352
Cash at bank	10	10,375,055		6,088,616
		11,980,413		**7,662,968**
Creditors – Amounts falling due within one year	10	(1,749,915)		(1,360,757)
Net Current Assets			**10,230,498**	**6,302,211**
Total Assets less Current Liabilities			**268,240,474**	**258,324,685**
Creditors – Amounts falling due after more than one year	10		(50,493,841)	(51,832,995)
Total Net Assets			**217,746,633**	**206,491,690**
Capital and Reserves				
Called up Share Capital	11		11,437,201	11,633,326
Capital Redemption Reserve	12		4,562,799	4,366,674
Capital Reserve	12		188,279,687	176,235,232
Revenue Reserve	12		13,466,946	14,256,458
Equity Shareholders' Funds	13		**217,746,633**	**206,491,690**
Net Asset Value per Ordinary Share	13		**476.0p**	**443.8p**

The financial statements of The Brunner Investment Trust PLC, company number 226323, were approved and authorised for issue by the Board of Directors on 15 February 2011 and signed on its behalf by:

KE Percy

The Notes on pages 41 to 56 form an integral part of these Financial Statements.

Cash Flow Statement for the year ended 30 November 2010

	Notes	2010 £	2010 £	2009 £
Net cash inflow from operating activities	16		**5,561,217**	**7,526,631**
Return on investments and servicing of finance				
Interest paid		(4,639,636)		(4,664,316)
Dividends paid on Preference Stock		(22,500)		(22,500)
Net cash outflow from servicing of financing			**(4,662,136)**	**(4,686,816)**
Capital expenditure and financial investment				
Purchase of fixed asset investments		(108,396,279)		(115,874,738)
Sale of fixed asset investments		120,359,947		114,129,508
Net cash inflow (outflow) from financial investment			**11,963,668**	**(1,745,230)**
Equity dividends paid			**(5,550,216)**	**(5,463,829)**
Net cash inflow (outflow) before financing			**7,312,533**	**(4,369,244)**
Financing				
Repurchase of Ordinary Shares for cancellation			(3,034,831)	(1,314,376)
Increase (decrease) in cash	17		**4,277,702**	**(5,683,620)**

The Notes on pages 41 to 56 form an integral part of these Financial Statements.

Statement of Accounting Policies for the year ended 30 November 2010

1. The financial statements have been prepared under the historical cost basis, except for the measurement at fair value of the investments, and in accordance with the United Kingdom law and United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued January 2009 by the Association of Investment Companies.

   In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment trust company under Sections 833 and 834 of the Companies Act 2006, net capital returns may not be distributed by way of dividend.

   The accounting policies adopted in preparing the current year's financial statements are consistent with those of previous years.

   The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities, which are readily realisable and significantly exceed liabilities. Accordingly, the Directors believe that the Company has adequate financial resources, to continue in operational existence for the foreseeable future. The Company's business, the principal risks and uncertainties it faces, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report, Business Review section on pages 22 to 24. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Revenue – Dividends received 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. Income on debt securities is recognised on an effective yield basis which takes account of any discounts or premiums arising on purchase price, compared to final maturity over the remaining life of the security.

   Special dividends are recognised on an ex-dividend basis and treated as a capital or revenue item depending on the facts and circumstances of each dividend.

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

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

3. Investment management fee and administrative expenses – The investment management fee is calculated on the basis set out in Note 2 to the financial statements 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. Other administrative expenses are charged in full to revenue, except custodian handling charges on investment transactions which are charged to capital. All expenses are on an accruals basis.

4. Valuation – All financial assets are recognised and derecognised on a trade date basis. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of Directors.

   Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid or last traded price depending on the convention of the exchange on which the investment is listed. Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of financial assets are recognised on the trade date, being the date which the Company commits to purchase or sell the assets.

Statement of Accounting Policies for the year ended 30 November 2010

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 International Private Equity and Venture Capital Valuation Guidelines issued in September 2009.

Investment holding gains (losses) reflect differences between book value and book cost. Net gains or losses arising on sale of investments are taken to the Capital Reserve.

5. Finance costs – In accordance with the Financial Reporting Standard 25 'Financial Instruments: Disclosure and Presentation' and FRS 26 'Financial Instruments: Recognition and Measurement', long term borrowings are stated at amortised cost being the amount of net proceeds on issue plus accrued finance costs to date. Finance costs are calculated over the term of the debt on the effective interest rate basis.

   Where debt is issued at a premium, the premium is amortised over the term of the debt on the effective interest rate basis.

   Finance costs net of amortised premiums are charged to capital and revenue in the ratio 70:30 to reflect the Board's investment policy and prospective split of capital and revenue returns.

   Dividends payable on the 5% Cumulative Preference Stock are classified as an interest expense and are charged in full to revenue.

6. Taxation – Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal method and the Company's effective rate of tax for the accounting period.

   A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable. Deferred tax is measured on a non-discounted basis at the rate of Corporation tax that is expected to apply when the timing differences are expected to reverse.

   The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

7. Shares repurchased and subsequently cancelled – Share Capital is reduced by the nominal value of the shares repurchased, and the Capital Redemption Reserve is correspondingly increased in accordance with Section 733 Companies Act 2006. The full cost of the repurchase is charged to the Capital Reserve within Gains (Losses) on Sales of Investments.

8. Dividends – In accordance with FRS 21 'Events After the Balance Sheet Date', the final dividend payable on Ordinary Shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

9. Foreign Currency – In accordance with FRS 23 'The effect of Changes in Foreign Currency Exchange Rates', the Company is required to nominate a functional currency, being the currency in which the Company predominately operates. The functional and reporting currency is pounds sterling, reflecting the primary economic environment in which the Company operates. 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. Profit or losses on foreign currencies held, whether realised or unrealised, are taken directly to the Capital Reserve.

Notes to the Financial Statements for the year ended 30 November 2010

1. Income

	2010 £	2009 £
Income from investments*		
Equity income from UK investments†	3,857,540	4,208,053
Equity income from overseas investments‡	2,186,920	2,327,405
Stock dividends from overseas investments	15,578	–
Interest from UK fixed income investments	546,267	427,898
	6,606,305	**6,963,356**
Other income		
Deposit interest	17,757	57,636
Other interest#	–	377,876
Underwriting commission	49,976	132,445
	67,733	**567,957**
Total income	**6,674,038**	**7,531,313**

* All dividend income is derived from listed investments.
† Includes special dividends of £nil (2009 – £94,170).
‡ Includes special dividends of £43,290 (2009 – £nil).
# Interest on investment management fee VAT refund.

2. Investment Management Fee

	2010 Revenue £	2010 Capital £	2010 Total £	2009 Revenue £	2009 Capital £	2009 Total £
Investment management fee	356,942	832,865	1,189,807	304,716	711,005	1,015,721
Investment management fee VAT refund:						
Financial years 1990–1996	–	–	–	(491,328)	–	(491,328)
Financial years 2001–2007	–	–	–	(203,689)	(475,276)	(678,965)
	–	**–**	**–**	**(695,017)**	**(475,276)**	**(1,170,293)**

The Company's investment managers are RCM (UK) Limited ('RCM'). 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 RCM.

The provision of investment management services and company administrative and secretarial services by RCM under the Management and Administration Agreement may be terminated by either the Company or the Managers on not less than six months' notice.

Due to the European Court of Justice ruling in the VAT case brought by JP Morgan Fleming Claverhouse Trust plc in conjunction with the AIC on the 28 June 2007, VAT has not been charged on management fees since 1 June 2007.

Following the ruling of the European Court of Justice, settlement has been reached with RCM in respect of the recovery of overpaid VAT in past years. During the previous financial year, on 23 March 2009 a refund of £491,328 and on 6 October 2009 a refund of £678,965 was paid to the Company in relation to VAT paid previously, together with interest of £377,876 from HM Revenue and Customs. The VAT refund has been applied to revenue and capital in accordance with how the fees to which it relates were charged in the relevant period. These amounts are included in the Company's Income Statement.

Notes to the Financial Statements for the year ended 30 November 2010

3. Administration Expenses

	2010 £	2009 £
Directors' fees	106,027	106,554
Auditors' remuneration (includes £3,525 in respect of non-audit services, 2009 – £4,600)	28,712	28,795
Custody fees	34,713	35,383
Registrars' fees	16,960	17,567
Association of Investment Companies' fees	21,163	23,944
Marketing costs	25,977	23,755
Printing and postage	13,605	17,139
Directors' and Officers' liability insurance	16,125	18,638
Professional and advisory fees	40,873	52,346
Other	51,749	60,737
VAT recovered	(18,884)	(16,094)
	337,020	**368,764**

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

(ii) Between 1 December 2009 and 30 November 2010 Directors' fees were paid at the rate of £18,750 per annum, with an additional £2,000 each payable to the Senior Independent Director and the Chairman of the Audit Committee, and the Chairman was paid at the rate of £31,250 per annum (see Directors' Remuneration Report on page 34).

(iii) The Company had no employees during the year.

(iv) Auditors' remuneration includes VAT of £4,276 (2009 – £3,756).

(v) Custodian handling charges of £18,714 were charged to capital (2009 – £14,399).

4. Finance Costs: Interest Payable and Similar Charges

	2010 Revenue £	2010 Capital £	2010 Total £	2009 Revenue £	2009 Capital £	2009 Total £
On Stepped Rate Interest Loan repayable after more than five years (see below)	229,939	661,222	891,161	644,083	1,502,861	2,146,944
On Fixed Rate Interest Loan repayable after more than five years	722,762	1,686,443	2,409,205	722,423	1,685,654	2,408,077
5% Cumulative Preference Stock repayable after more than five years	22,500	–	22,500	22,500	–	22,500
On Sterling overdraft	116	–	116	1,528	–	1,528
	975,317	**2,347,665**	**3,322,982**	**1,390,534**	**3,188,515**	**4,579,049**

A provision in respect of a deferred tax liability accruing to First Debenture Finance ('FDF') as a result of the redemption or earlier transfer of the Stepped Rate Loan Notes and Bonds held by FDF has been released by the Company. The release of this provision is a result of the election by the Directors of FDF to be taxed under the Securitisation Companies Regulations 2006 for the accounting period commencing 1 October 2007 and all subsequent accounting periods. Amounts of £392,867 and £791,992 have been released to revenue and capital respectively.

Notes to the Financial Statements for the year ended 30 November 2010

5. Taxation

		2010 Revenue £	2010 Capital £	2010 Total £	2009 Revenue £	2009 Capital £	2009 Total £
(a)	**Analysis of tax charge for the year:**						
	Corporation tax	–	–	–	387,258	(187,189)	200,069
	Double taxation relief	–	–	–	(200,069)	–	(200,069)
	Current tax charge on ordinary activities	**–**	**–**	**–**	**187,189**	**(187,189)**	**–**
	Overseas taxation	244,055	–	244,055	269,723	–	269,723
	Tax charge on ordinary activities	**244,055**	**–**	**244,055**	**456,912**	**(187,189)**	**269,723**
(b)	**Factors affecting the current tax charge for the year:**						
	Return on ordinary activities before taxation	5,004,759	15,083,051	20,087,810	6,162,316	39,329,681	45,491,997
	Corporation tax 28% (2009 – 28%)	1,401,333	4,223,254	5,624,587	1,725,448	11,012,311	12,737,759
	Effects of:						
	Non taxable income	(1,640,471)	–	(1,640,471)	(1,415,453)	–	(1,415,453)
	Non taxable capital gains	–	(5,119,042)	(5,119,042)	–	(11,975,131)	(11,975,131)
	Disallowable expenses	(99,908)	(208,509)	(308,417)	13,637	18,995	32,632
	Overseas tax suffered	244,055	–	244,055	269,723	–	269,723
	Excess of allowable expenses over taxable income	339,512	1,104,297	1,443,809	(387,257)	943,825	556,568
	Accrued income taxable on receipt	(466)	–	(466)	63,625	–	63,625
	Allocation of tax relief on expenses	–	–	–	187,189	(187,189)	–
	Current tax charge	**244,055**	**–**	**244,055**	**456,912**	**(187,189)**	**269,723**

The Company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee and finance costs.

The Company has surplus expenses carried forward of £45.7 million (2009 – £40.4 million). Given the Company's current investment strategy, it is unlikely to generate sufficient UK taxable profits to relieve these expenses.

As at 30 November 2010 there is an unrecognised deferred tax asset measured at the standard rate of corporation tax of 27%, of £12.3 million (2009 – £11.3 million). The 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 tax asset can be offset. Therefore, the asset has not been recognised.

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the forseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the disposal of investments.

Notes to the Financial Statements for the year ended 30 November 2010

6. Dividends on Ordinary Shares

	2010 £	2009 £
Dividends paid on Ordinary Shares:		
Final – 7.20p paid 25 March 2010 (2009 – 6.90p)	3,339,921	3,225,430
Interim – 4.80p paid 27 August 2010 (2009 – 4.80p)	2,210,295	2,238,399
	5,550,216	**5,463,829**

The dividend payments above are after adjusting for dividends proposed but not paid due to shares repurchased by the Company.

Dividends proposed at the year end are subject to approval by shareholders at the Annual General Meeting and are not recognised as a liability under FRS 21 'Events After Balance Sheet Date' (see page 42 – Statement of Accounting Policies). Details of these dividends are set out below.

	2010 £	2009 £
Final dividend – 7.40p payable 25 March 2011 (2010 – 7.20p)	3,385,412	3,350,398

The proposed final dividend accrued is based on the number of shares in issue at the year end. However, the dividend payable will be based on the numbers of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled subsequent to the year end.

Ordinary dividends paid by the Company carry a tax credit at a rate of 10%. The credit discharges the tax liability of shareholders subject to income tax at less than the higher rate. Shareholders liable to pay tax at the higher rate will have further tax to pay.

7. Return per Ordinary Share

	2010 Revenue £	2010 Capital £	2010 Total £	2009 Revenue £	2009 Capital £	2009 Total £
Return attributable to Ordinary Shareholders	4,760,704	15,083,051	19,843,755	5,705,404	39,516,870	45,222,274
Return per Ordinary Share	10.31p	32.67p	42.98p	12.22p	84.65p	96.87p

The return per Ordinary Share is based on a weighted average number of shares of 46,165,287 (2009 – 46,681,926) Ordinary Shares in issue.

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

Notes to the Financial Statements for the year ended 30 November 2010

8. Fixed Asset Investments

	2010 £	2009 £
Listed at market valuation on recognised Stock Exchanges		
United Kingdom	141,498,538	142,003,501
Abroad	116,483,207	109,987,809
	257,981,745	**251,991,310**
Unlisted at Directors' valuation		
United Kingdom	28,231	31,164
Total investments	**258,009,976**	**252,022,474**
Market value of investments brought forward	252,022,474	208,316,911
Investment holding (gains) losses brought forward	(22,905,479)	46,105,990
Cost of investments held brought forward	**229,116,995**	**254,422,901**
Additions at cost	108,393,063	113,338,765
Disposals at cost	(107,681,725)	(138,644,671)
Cost of investments held at 30 November	**229,828,333**	**229,116,995**
Investment holding gains at 30 November	28,181,643	22,905,479
Market value of investments held at 30 November	**258,009,976**	**252,022,474**
Net gains on investments		
Net investment holding gains (losses) on sales of investments based on historical costs	12,997,394	(26,267,903)
Adjustment for net investment holding (gains) losses recognised in previous years	(8,649,798)	27,332,889
Net gains on sales of investments based on carrying value at previous balance sheet date	**4,347,596**	**1,064,986**
Net investment holding gains arising in the year	13,925,962	41,678,583
Net gains on sales of investments before special dividends	**18,273,558**	**42,743,569**
Special dividends credited to capital	–	20,670
Net gains on investments	**18,273,558**	**42,764,239**

The Board considers that the Company's unlisted investments are not material to the financial statements. No material disposals of unlisted investments took place during the year.

Included in the cost of investments are transaction costs and stamp duty on purchases of £316,764 (2009 – £165,452) and transaction costs on sales of £133,901 (2009 – £100,385).

9. Investments in Other Companies

The Company held more than 10% of the share capital of the following companies at 30 November 2010.

Company	Class of Shares Held	%
First Debenture Finance PLC ('FDF')	'A' Shares	39.2
First Debenture Finance PLC	'B' Shares	34.1
First Debenture Finance PLC	'C' Shares	47.7
First Debenture Finance PLC	'D' Shares	28.5
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 Rate Loan and Fixed Rate Interest Loan, as detailed in Notes 10(i) and (ii) respectively, and are included in the unlisted investments Note 8, above. 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.

Notes to the Financial Statements for the year ended 30 November 2010

10. Current Assets and Creditors

	2010 £	2009 £
Debtors		
Sales for future settlement	621,161	301,989
Accrued income	908,920	1,191,160
Other debtors	75,277	81,203
	1,605,358	**1,574,352**
Cash at bank		
Current account	6,818,223	2,551,105
Deposit account	3,556,832	3,537,511
	10,375,055	**6,088,616**
Creditors: Amounts falling due within one year		
Purchases for future settlement	373,288	–
Stamp duty payable	3,765	–
Interest payable (see (iv) below)	915,063	915,063
Other creditors	446,549	434,444
Dividend on 5% Cumulative Preference Stock	11,250	11,250
	1,749,915	**1,360,757**
Creditors: Amounts falling due after more than one year		
Stepped Rate Interest Loan (payable after more than five years – see (i) below)	18,203,038	19,349,047
Fixed Rate Interest Loan (payable after more than five years – see (ii) below)	31,840,803	32,033,948
5% Cumulative Preference Stock (payable after more than five years – see (iii) below)	450,000	450,000
	50,493,841	**51,832,995**

(i) The Stepped Rate Interest Loan comprises adjustable Stepped Rate Interest Loan Notes of £2,977,442 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 2 January 2018. Interest on the Loan Notes is variable in accordance with the terms of the agreement with the lender, First Debenture Finance ('FDF').

The Company has guaranteed the repayment of £18,191,669 being its proportionate share (34.85%) of the required amount to enable FDF to meet all of its liabilities to repay principal and interest on its £52.2 million 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, issued in 1993, is repayable by 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 each year. As security for this loan, the Company 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 Stock of 2018 of FDF.

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

Following the liquidation of Kleinwort Overseas Investment Trust ('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 of £15,000,000. In order that the finance costs on this additional borrowing be comparable to existing market rates at that time, the Company also received a premium payment from KOIT of £5,727,111. This premium is being amortised over the remaining life of the loan in accordance with FRS 4, as set out in the Accounting Policies. At 30 November 2010, the unamortised premium included within the Fixed Rate Interest Loan balance of greater than one year amounted to £3,892,886 (2009 – £4,088,043).

Notes to the Financial Statements for the year ended 30 November 2010

(iii) The 5% Cumulative Preference Stock is recognised as a creditor due after more than one year under the provisions of FRS 25 'Financial Instruments: Disclosure and Presentation'. The right of the Stock to receive payments is 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. Dividends on the Preference stock are payable half yearly on 30 June and 31 December.

(iv) Included within interest payable are £836,351 (2009 – £836,351) and £78,712 (2009 – £78,712) payable to FDF and to Fintrust respectively.

11. Share Capital

	2010 £	2009 £
Allotted and fully paid		
45,748,805 Ordinary Shares of 25p each (2009 – 46,533,305)	11,437,201	11,633,326

The directors are authorised by an ordinary resolution passed on 18 March 2010 to allot relevant securities, in accordance with Section 551 of the Companies Act 2006, up to a maximum of 15,421,059 Ordinary Shares 25p each. This authority expires on 18 June 2011 and accordingly a renewed authority will be sought at the Annual General Meeting on 17 March 2011.

During the year 784,500 Ordinary Shares were repurchased by the Company and cancelled. The aggregate purchase price of these shares, amounting to £3,038,596 was charged to the Capital Reserve, within gains on sales of investments (see Note 12). A further 328,000 ordinary shares have been repurchased for cancellation since the year end at a cost of £1,337,696.

12. Capital Reserves

		Capital Reserve		
	Capital Redemption Reserve* £	Gains on sales of investments £	Investment holding gains (losses) £	Revenue Reserve
Balance as at 30 November 2009	4,366,674	153,322,945	22,912,287	14,256,458
Net gains on sales of investments	–	4,347,596	–	–
Transfer on disposal of investments	–	8,649,798	(8,649,798)	–
Net movement in investment holding gains	–	–	13,925,962	–
Net gains on foreign currency	–	–	8,737	–
Purchase of Ordinary Shares for cancellation	196,125	(3,038,596)	–	–
Investment management fee	–	(832,865)	–	–
Finance costs of borrowings	–	(2,347,665)	–	–
Other capital expenses	–	(18,714)	–	–
Dividends appropriated in the year	–	–	–	(5,550,216)
Revenue return for the year	–	–	–	4,760,704
Balance as at 30 November 2010	**4,562,799**	**160,082,499**	**28,197,188**	**13,466,946**

Under the terms of the Company's Articles of Association, the capital reserves are distributable only by the way of redemption or purchase of any of the Company's own shares, for so long as the Company carries on business as an Investment Company.

The Institute of Chartered Accountants in England and Wales ("ICAEW"), in its technical guidance TECH 01/09, states that investment holding gains arising out of a change in fair value of assets may be recognised as gains on sales of investments provided they can be readily converted into cash. Securities listed on a stock exchange are generally regarded as being readily convertible into cash and hence investment holding gains in respect of such securities may be regarded as realised under Company Law.

Notes to the Financial Statements for the year ended 30 November 2010

13. 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) was as follows:

	Net Asset Value per share attributable	
	2010	**2009**
Ordinary Shares of 25p	476.0p	443.8p

	Net Asset Value Attributable	
	2010	**2009**
Ordinary Shares of 25p	£217,746,633	£206,491,690

The Net Asset Value per Ordinary Share is based on 45,748,805 Ordinary Shares in issue at the year end (2009 – 46,533,305).

14. Contingent Assets

At 30th November 2010, there were no outstanding contingent assets (2009 – nil).

15. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2010 there were no outstanding contingent liabilities or capital commitments (2009 – nil).

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 48 'Current Assets and Creditors'.

16. Reconciliation of Operating Return before Finance Costs and Taxation to Net Cash Inflow from Operating Activities

	2010 £	**2009 £**
Total return before finance costs and taxation	23,410,792	50,071,046
Add: Special dividends credited to capital	–	20,670
Add: Effective yield amortisation	376,504	500,540
Less: Net gains on investments held at fair value	(18,273,558)	(42,764,239)
Less: Net gains on foreign currencies	(8,737)	(4,085)
Less: Overseas tax suffered	(244,055)	(269,723)
	5,260,946	**7,554,209**
Decrease (increase) in debtors	288,166	(37,491)
Increase in creditors	12,105	9,913
Net cash inflow from operating activities	**5,561,217**	**7,526,631**

Notes to the Financial Statements for the year ended 30 November 2010

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

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

	2010 £	2009 £
Net cash inflow (outflow)	4,277,702	(5,683,620)
Net gains on foreign currencies	8,737	4,085
Decrease in long term loans	1,339,154	107,770
Movement in net funds	**5,625,593**	**(5,571,765)**
Net debt brought forward	(45,744,379)	(40,172,614)
Net debt carried forward	**(40,118,786)**	**(45,744,379)**

(ii) Analysis of changes in net debt

	Cash £	Stepped and fixed rate loans £	Net Debt £
Balance at 30 November 2009	6,088,616	(51,832,995)	(45,744,379)
Movement in the year	4,277,702	1,339,154	5,616,856
Net gains on foreign currencies	8,737	–	8,737
Balance at 30 November 2010	**10,375,055**	**(50,493,841)**	**(40,118,786)**

18. Financial Risk Management Policies and Procedures

The Company invests in equities and other investments in accordance with its investment objective as stated on page 2. In pursuing its investment objective, the Company is exposed to certain inherent risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

The main risks arising from the Company's financial instruments are: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Directors' approach to the management of these risks, are set out below. The Directors determine the objectives and agree policies for managing each of these risks, as set out below. The Investment Manager, in close cooperation with the Directors, implements the Company's risk management policies. These policies have remained substantially unchanged during the current and preceding period.

Market Risk

The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the risk on the investment portfolio on an ongoing basis. Market risk comprises market price risk, currency risk and interest rate risk.

(i) 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. An analysis of the Company's portfolio is shown on pages 5 to 17.

Market price risk sensitivity

The value of the Company's listed equities (excluding treasury stock) which were exposed to market price risk as at 30 November 2010 was as follows:

	2010 £	2009 £
Listed equity investments held at fair value through profit or loss	231,964,461	226,245,951

The following table illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 20% (2009 – 20%) in the fair values of the Company's quoted equities. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis on the net return after taxation and net assets is based on the impact of a 20% increase or decrease in the value of the Company's listed investments at each closing balance sheet date and the consequent impact on the investment management fees for the year, with all other variables held constant.

Notes to the Financial Statements for the year ended 30 November 2010

	2010 20% Increase in fair value £	2010 20% Decrease in fair value £	2009 20% Increase in fair value £	2009 20% Decrease in fair value £
Revenue return				
Investment management fees	(62,630)	62,630	(61,086)	61,086
Capital return				
Net gains (losses) on investments at fair value	46,392,892	(46,392,892)	45,249,190	(45,249,190)
Investment management fees	(146,138)	146,138	(142,535)	142,535
Change in net return and net assets	**46,184,124**	**(46,184,124)**	**45,045,569**	**(45,045,569)**

Management of market price risk

The Directors meet 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.

(ii) **Foreign Currency Risk**

Foreign currency risk is the risk of the movement in the values of overseas financial instruments as a result of fluctuations in exchange rates.

Management of foreign currency risk

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. The Company does not currently hedge against foreign currency exposure.

The table below summarises in sterling terms the foreign currency risk exposure:

	2010 Investments £	2010 Other net liabilities £	2010 Total currency exposure £	2009 Investments £	2009 Other net liabilities £	2009 Total currency exposure £
Sterling	141,526,769	(40,936,641)	100,590,128	142,034,665	(45,900,707)	96,133,958
Australian Dollar	4,338,823	66,253	4,405,076	5,538,371	41,666	5,580,037
Canadian Dollar	3,127,858	–	3,127,858	2,943,794	3,605	2,947,399
Euro	21,993,671	122,262	22,115,933	21,347,501	40,222	21,387,723
Hong Kong Dollar	7,442,127	–	7,442,127	4,171,704	–	4,171,704
Japanese Yen	9,789,209	57,777	9,846,986	9,032,897	47,604	9,080,501
Swiss Franc	4,887,260	62,829	4,950,089	3,684,717	25,363	3,710,080
Taiwan Dollar	1,571,470	205,466	1,776,936	1,320,136	50,957	1,371,093
US Dollar	63,332,789	158,711	63,491,500	61,948,689	160,506	62,109,195
Total	**258,009,976**	**(40,263,343)**	**217,746,633**	**252,022,474**	**(45,530,784)**	**206,491,690**

Notes to the Financial Statements for the year ended 30 November 2010

The following table details the Company's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return and net assets. The sensitivity analysis includes only foreign currency denominated balances at 30 November 2010 and adjusts their translation for a 20% change in foreign currency rates.

	2010 20% Decrease in sterling against foreign currencies £	2010 20% Increase in sterling against foreign currencies £	2009 20% Decrease in sterling against foreign currencies £	2009 20% Increase in sterling against foreign currencies £
Australian Dollar	1,101,269	(734,179)	1,395,009	(930,006)
Canadian Dollar	781,964	(521,310)	736,850	(491,233)
Euro	5,528,983	(3,685,989)	5,346,931	(3,564,621)
Hong Kong Dollar	1,860,532	(1,240,354)	1,042,926	(695,284)
Japanese Yen	2,461,747	(1,641,164)	2,270,125	(1,513,417)
Swiss Franc	1,237,522	(825,015)	927,520	(618,347)
Taiwan Dollar	444,234	(296,156)	342,773	(228,515)
US Dollar	15,872,875	(10,581,917)	15,527,299	(10,351,532)
Total	**29,289,126**	**(19,526,084)**	**27,589,433**	**(18,392,955)**

(iii) **Interest Rate Risk**

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Interest Rate Exposure

The Company's exposure to floating rate interest on cash balances as at 30 November 2010 was £10,375,055 (2009 – £6,088,616). As at 30 November 2010, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 0% and 1.35% per annum (2009 – 0% and 1.35% per annum).

The Company's exposure to fixed interest rates on assets, being the three Treasury Stock holdings as at 30 November 2010 was £26,017,284 (2009 – £25,745,359). These investments have a weighted average period to maturity of 6.4 years (2009 – 7.0 years) and an effective yield of 1.70% (2009 – 3.29%).

The Company's exposure to fixed interest rates on liabilities as at 30 November 2010 was £50,493,841 (2009 – £51,832,995). Details of the fixed rate liabilities are described in Note 10.

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2009 and 30 November 2010.

	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
First Debenture Finance PLC ('FDF') – Bonds	02/01/2018	11,909,766	13.60%	11.27%
First Debenture Finance PLC – Notes	02/01/2018	2,977,442	13.60%	11.27%
Fintrust Debenture PLC ('Fintrust') – Original Loan	20/11/2023	15,000,000	9.25125%	9.30%
Fintrust Debenture PLC – New Loan	20/11/2023	13,000,000	9.25125%	6.00%

The details in respect of the above loans have remained unchanged since the previous accounting period.

*The effective rates are calculated in accordance with FRS 26 'Financial Instruments: Recognition and Measurement' as detailed in the Statement of Accounting Policies.

The weighted average effective rate of the Company's fixed interest bearing liabilities (excluding the 5% Cumulative Preference Stock) is 8.98% (2009 – 8.98%) and the weighted average period to maturity of these liabilities is 10.9 years (2009 – 11.9 years).

The above year end amounts are reasonably representative of the exposure to interest rates during the year. As the level of floating rate interest exposure is not significant, the Company's net return and net assets, is not significantly affected by changes in interest rates.

Notes to the Financial Statements for the year ended 30 November 2010

Management of interest rate risk

The Company invests predominantly in equities, the values of which are not directly affected by changes in prevailing market interest rates. Therefore there is minimal exposure to interest rate risk. In the year to 30 November 2010, the Company held three fixed interest securities in the form of Treasury Stock. The fixed interest securities are held primarily to reduce the Company's gearing in respect of the fixed interest liabilities. The Company's policy is to remain substantially fully invested and thus does not expect to hold significant cash balances, therefore the financial assets have minimal exposure to interest rate risk.

The Company finances its operations through a mixture of share capital, retained earnings and long term borrowings. Movement in interest rates will not effect the finance cost and financial liabilities of the Company as all the borrowings are subject to fixed rates of interest.

Liquidity risk

Liquidity risk relates to the capacity to meet liabilities as they fall due and is dependent on the liquidity of the underlying assets.

Maturity of financial liabilities

The contractual maturities of the financial liabilities at 30 November 2010, based on the earliest date on which payment can be required to be made was as follows:

2010	3 months or less £	Not more than one year £	Between one year and five years £	More than five years £	Total £
Creditors: Amounts falling due within one year					
Debt interest due within one year	836,351	78,712	–	–	915,063
Other creditors	834,852	–	–	–	834,852
Creditors: Amounts falling due after more than one year					
Debt due after more than one year	–	–	–	50,493,841	50,493,841
	1,671,203	**78,712**	**–**	**50,493,841**	**52,243,756**

2009	3 months or less £	Not more than one year £	Between one year and five years £	More than five years £	Total £
Creditors: Amounts falling due within one year					
Debt interest due within one year	836,351	78,712	–	–	915,063
Other creditors	445,694	–	–	–	445,694
Creditors: Amounts falling due after more than one year					
Debt due after more than one year	–	–	–	51,832,995	51,832,995
	1,282,045	**78,712**	**–**	**51,832,995**	**53,193,752**

Management of liquidity risk

Liquidity risk is not considered significant as the Company's assets mainly comprise 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. The Company has an undrawn committed borrowing facility of £7 million (2009 – £7 million).

Credit Risk

Credit risk is the risk of default by a counterparty in discharging its obligations under transactions that could result in the Company suffering a loss.

Management of credit risk

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Company through its decision to transact with counterparties of high credit quality.The Company considers the credit risk of holding Treasury Stock to be small and only buys and sells investments through brokers which are considered to be approved counterparties, thus minimising the risk of default during settlement. The credit ratings of brokers are reviewed quarterly by the Investment Manager.

Notes to the Financial Statements for the year ended 30 November 2010

The Company is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by HSBC Bank PLC and HBOS plc, rated Aa2 and A1, respectively, by Moody's rating agency. The Directors believe the counterparties the Company has chosen to transact with are of high credit quality, therefore the Company has minimal exposure to credit risk.

In summary, the exposure to credit risk at 30 November 2010 was as follows:

	2010 £	2009 £
Investment		
Treasury stock	**26,017,284**	**25,745,359**
Debtors		
Outstanding settlements (net)	247,873	301,989
Accrued income	908,920	1,191,160
Other debtors	448,565	81,203
	1,605,358	**1,574,352**
Cash at bank	**10,375,055**	**6,088,616**
Total	**37,997,697**	**33,408,327**

Fair Values of Financial Assets and Financial Liabilities

With the exception of those financial liabilities measured at amortised cost, all other financial assets and financial liabilities are either carried at their fair value or the balance sheet amount is a reasonable approximation of their fair value.

FRS 29 'Financial Instruments: Disclosures' has been expanded to include a fair value of hierarchy for the disclosure of fair value measurement of financial instruments.

As at 30 November 2010, financial assets at fair value through profit and loss of £257,981,745 are categorised as Level 1 (2009 – £251,991,310) and £28,231 are categorised as Level 3 (2009 – £31,164).

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 – valued using quoted prices in active markets for identical assets;

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in level 1;

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Movements in Level 3 have not been disclosed as they are not material.

The financial liabilities measured at amortised cost have the following fair values.

	2010 Book value £	2010 Fair value £	2009 Book value £	2009 Fair value £
First Debenture Finance Loan	18,203,038	26,087,406	19,349,047	24,984,050
Fintrust Loan	31,840,803	38,311,969	32,033,948	37,751,000
Total	**50,043,841**	**64,399,375**	**51,382,995**	**62,735,050**

The net asset value per Ordinary Share, with the FDF and Fintrust loans at fair value is 444.6p (2009 – 419.4p).

The fair value has been derived from the closing market value as at 30 November 2010 and 30 November 2009.

Notes to the Financial Statements for the year ended 30 November 2010

19. Capital Management Policies and Procedures

The Company's objective is to provide growth in capital value and dividends over the long term through investing in a portfolio of UK and international securities.

The Company's capital at 30 November comprises:

	2010 £	2009 £
Net Long Term Debt		
Creditors: Amounts falling due after more than one year	50,493,841	51,832,995
Less: Treasury Stock	(26,017,284)	(25,745,359)
	24,476,557	**26,087,636**
Equity		
Called up Share Capital	11,437,201	11,633,326
Share Premium Account and Other Reserves	206,309,432	194,858,364
	217,746,633	**206,491,690**
Total Capital	**242,223,190**	**232,579,326**
Debt as a percentage of total capital	**10.10%**	**11.22%**

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The level of gearing is monitored, taking into account the Manager's view on the market and the future prospects of the Company's performance. Capital management also involves reviewing the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium) to assess the need to repurchase shares for cancellation.

The Company is subject to several externally imposed capital requirements; the banks borrowings under the overdraft facility are not to exceed £7 million, and as a public company the minimum share capital is £50,000. The Company's objective, policies and processes for managing capital are unchanged from the preceding accounting period, and the Company has complied with them.

Notice of Meeting

Notice is hereby given that the Eighty-fourth Annual General Meeting of The Brunner Investment Trust PLC will be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS, on 17 March 2011 at 12 noon to transact the following business:

Ordinary Business

1 To receive and adopt the Report of the Directors and the Financial Statements for the year ended 30 November 2010 with the Auditors' Report thereon.

2 To declare a final dividend of 7.4p per Ordinary Share.

3 To re-elect Mr VP Bazalgette as a Director.

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

5 To elect Mr PM Maynard as a Director.

6 To approve the Directors' Remuneration Report.

7 To re-appoint Deloitte LLP as the Auditors of the Company.

8 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 9 will be proposed as an Ordinary Resolution and Resolutions 10, 11 and 12 will be proposed as Special Resolutions:

9 That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 to allot relevant securities (within the meaning of Section 551 of that Act) provided that this power shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £3,784,688 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 17 June 2012 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.

10 That the Directors be and are hereby empowered, pursuant to Section 570 of the Companies Act 2006, to allot equity securities (as defined in Section 560 of that Act) pursuant to the authority conferred by Resolution 11 above as if Section 561 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 £567,760 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 17 June 2012, 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.

11 That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) 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 6,808,578;

(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% 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 2012 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time;

Notice of Meeting

(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; and

(vi) any Ordinary Shares so purchased shall be cancelled.

12. That a general meeting, other than an annual general meeting, may be called on not less than 14 days' clear notice.

155 Bishopsgate,
London EC2M 3AD
15 February 2011

By Order of the Board
KJ Salt
Secretary

Notes:

1. Members entitled to attend and vote at this Meeting may appoint one or more proxies to attend, speak and vote in their stead by completion of a personalised form of proxy. Full details on how to complete the form of proxy are set out on the form of proxy. The proxy need not be a Member of the Company.
2. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. A proxy has one vote on a show of hands in all cases (including where one member has appointed multiple proxies) except where he is appointed by multiple members who instruct him to vote in different ways, in which case he has one vote for and one vote against the resolution.
3. A personalised form of proxy is provided with the Annual Financial Report. Any replacement forms must be requested direct from the Registrar.
4. Completion of the form of proxy does not exclude a Member from attending the Meeting and voting in person.
5. Duly completed forms of proxy must reach the office of the Registrars at least 48 (excluding non-business days) hours before the Meeting.
6. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual on the Euroclear website (www.euroclear.com/CREST).
7. To be entitled to attend and vote at the Meeting (and for the purpose of determination by the Company of the number of votes they may cast), Members must be entered on the Company's Register of Members by close of business on 15 March 2011 (the "record date").
8. If the Meeting is adjourned to a time not more than 48 hours after the record date applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of Members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives new notice of the adjourned Meeting, at the record date specified in that notice.
9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
10. Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with Section 323 of the Companies Act 2006. Pursuant to the Companies (Shareholders' Rights) Regulations 2009 (SI 2009/1632), multiple corporate representatives appointed by the same corporate member can vote in different ways provided they are voting in respect of different shares.
11. Members have a right under Section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the AGM, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) it is undesirable in the best interests of the Company or the good order of the meeting.
12. Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company, at its expense, to publish a statement on the Company website setting out any matter which relates to the audit of the Company's accounts that are to be laid before the meeting. Any such statement must also be sent to the Company's auditors no later than the time it is made available on the website and must be included in the business of the meeting.
13. As at 14 February 2011, the latest practicable date before this Notice is given, the total number of shares in the Company in respect of which members are entitled to exercise voting rights was 45,420,805 Ordinary Shares of 25p each. Each Ordinary Share carries the right to one vote and therefore the total number of voting rights in the Company on 14 February 2011 is 45,420,805. The 5% Cumulative Preference Shares do not ordinarily have any voting rights.
14. Further information regarding the meeting which the Company is required by Section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at www.rcm.com/investmenttrusts.
15. Contracts of service are not entered into with the Directors, who hold office in accordance with the Articles of Association.

Annual General Meeting Venue

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