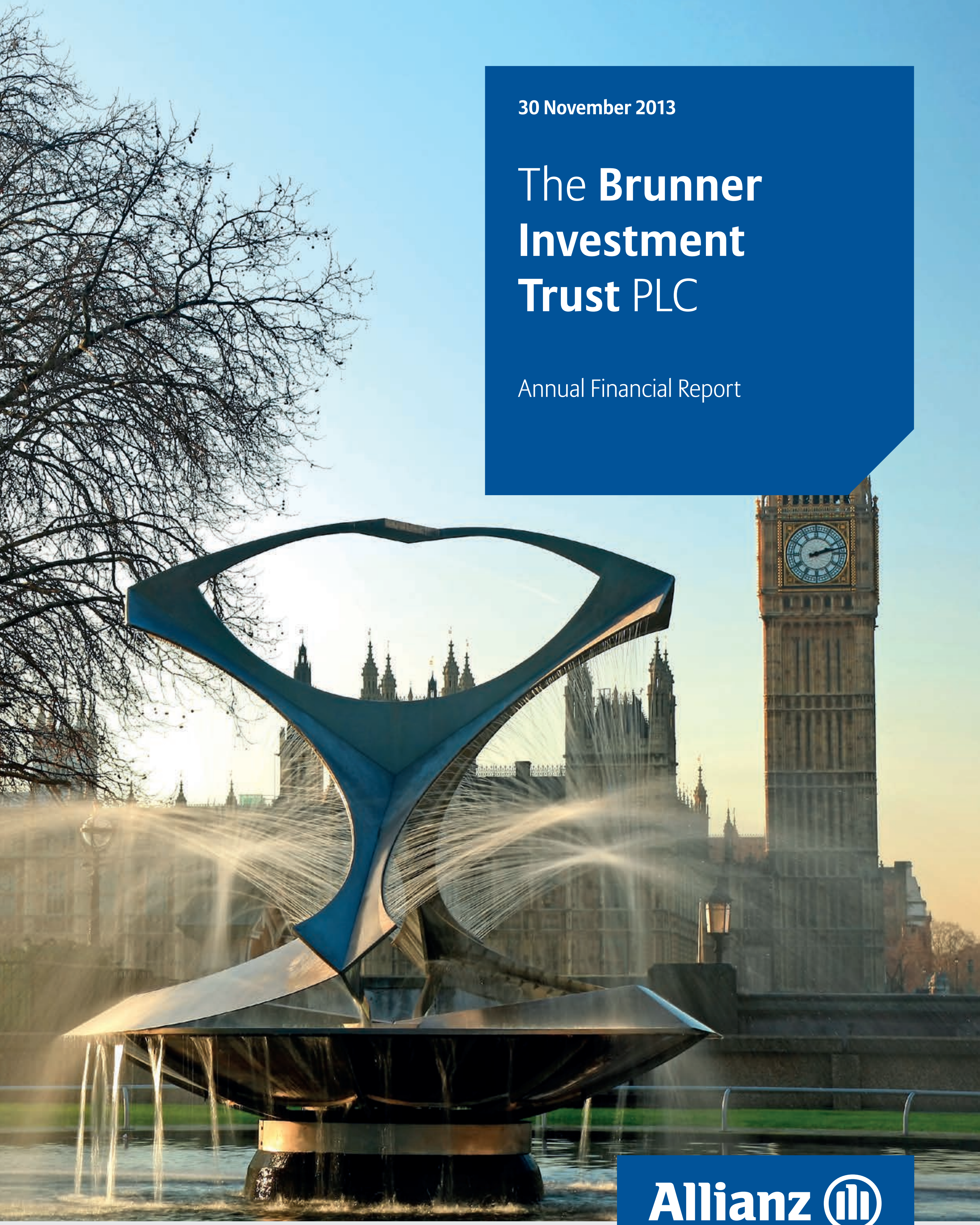


30 November 2013

The **Brunner Investment Trust** PLC

Annual Financial Report

Allianz Global Investors

www.brunner.co.uk

Contents

The photograph on the cover of this report is inspired by the Arms of the Brunner family. The family originated from Switzerland and 'Brunnen' is German for fountain. The great, great grandfather of Sir William 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.

Sir William Worsley is retiring from the board at the AGM. Jim Sharp, who joined the board on 1 January 2014, is connected to the Brunner family by marriage and will therefore continue the link between the board and the Brunner family.

The Brunner Investment Trust PLC is a member of The Association of Investment Companies.

Category: Global Growth

Company Overview

The Brunner Investment Trust aims to provide growth in capital value and dividends for investors over the long term through investing in a portfolio of UK and international equities. The benchmark against which we measure our performance is 50% FTSE All-Share and 50% FTSE World (ex UK) Index (£).

The company provides a "one stop shop" for investors looking for a portfolio of equities split between the UK and overseas. The company's shares are recognised by the Association of Investment Companies (AIC) as suitable for ordinary retail investors.

Brunner is run by an independent board of directors and has no employees. Like other investment companies, it outsources investment management and administration to an investment management company – Allianz Global Investors – and other third parties to provide shareholders with an efficient, competitive, cost-effective way to gain wide equity investment exposure through a single investment vehicle.

Financial Highlights

Net assets per ordinary share

Debt at Fair Value **593.6p***

2012 481.7p **+23.2%***

Debt at Par **622.6p***

2012 525.4p **+18.5%**

Earnings per ordinary share

15.2p

2012 13.3p

+14.3%

Dividend

14.5p

2012 13.3p

+9.0%

*The Chairman's Statement on page 2 gives an explanation in the second paragraph.

Investment Policy

Asset Allocation

The majority of the company's investments are in equities.

Risk Diversification

The company aims to achieve a spread of investments.

Gearing

The company seeks to enhance returns over the long term through gearing.

Benchmark

The benchmark against which the board assesses investment performance is a composite of 50% FTSE All-Share and 50% FTSE World (ex UK) Index (£). A statement explaining how the assets have been invested to spread risk is included in the table "Risk" on page 9.

← Cover image: Gabo Fountain, St Thomas' Hospital, London

Chairman's Statement

Dear Shareholder

I am pleased to report that over the course of the financial year our net asset value rose in capital terms by 18.5% with debt at par and by 23.2% with debt at fair value. These figures compare with a benchmark return of 17.9%.

Most companies in our sector now value their debt at fair value and we have decided to adopt this approach in future. This year we have also highlighted the net asset value with debt at par value so that shareholders can compare the old method with the new. Shareholders will see a benefit from the 'pull to par' as the fair value of the company's debt decreases as we approach the maturity of the debentures.

Earnings per Share

The company's earnings have risen from 13.3p to 15.2p this year, an increase of 14.3%.

Dividends for the Year

It is proposed that a final dividend of 8.5p per share will be paid on 26 March 2014 to shareholders on the Register of Members at close of business on 7 March 2014, bringing the total payment for 2013 to 14.5p, an increase of 9.0% on last year. Revenue reserves remain very strong, amounting to 24.1p per share after the payment of the proposed final dividend.

Quarterly Dividends

The board recognises that income is very important to investors and is proud to have delivered 42 years of uninterrupted dividend growth to shareholders, assuming that shareholders approve the proposed final dividend at the AGM. The company has been paying two dividends each year and over the past two years we have begun to bring the interim dividend closer to the level of the final dividend to create a more level payment of income throughout the year. The board's intention is to maintain a dividend which grows over time at a rate above the inflation rate, subject to performance and to maintaining adequate dividend cover. The board is supported in this strategy by the company's substantial dividend reserves.

Beginning in the current financial year, we will continue the process of providing a more regular income for shareholders by moving to quarterly dividend payments. So, for the year ending on 30 November 2014, the first three quarterly payments will be made in June, September and December and the final payment will be made in March 2015.

As a guide, if we had paid four quarterly dividends in the past year, these would have been 3.0p, 3.0p, 3.0p and 5.5p.

Strategic Report

The annual report this year contains a Strategic Report, starting on page 7.

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

Buy Back of Shares

Our buy back policy of repurchasing shares for cancellation was maintained and during the course of the year 153,500 shares were purchased for cancellation. The rationale for continuing with this policy remains to reduce discount volatility and to generate modest enhancements to net asset value (NAV) per share.

The Retail Distribution Review (RDR)

In last year's annual report we described the increase in our online presence and press advertising to generate greater interest in the company's shares. The increase in marketing activities over the past two years has raised the company's profile amongst potential investors and, we believe, had a positive influence on the company's rating.

The company is included in the list created by The Association of Investment Companies (AIC) of investments a financial adviser can recommend to ordinary retail investors under the RDR.

Chairman's Statement *(continued)*

AIFMD

The Alternative Investment Fund Managers Directive comes into effect later in 2014. In the year ahead, we will be appointing an AIFM and a Depository under the requirements of this legislation.

The Board

Since the year end we have welcomed two new directors to the board, Carolan Dobson and Jim Sharp. Their biographies are on pages 28 and 29. Both Carolan and Jim strengthen the significant and relevant investment experience of the board. Their appointments bring the current number of directors to seven, although at the AGM Sir William Worsley will be retiring from the board. These appointments allow for organised succession planning and continuity as further retirements are due to take place over the next two years.

On behalf of the directors and shareholders I would like to thank Sir William Worsley for providing us with his wise support and experience over his many years on the board and for his contribution as Audit Committee Chairman in the early years and more recently as Senior Independent Director and Chairman of the Remuneration Committee. We wish him well and we welcome Jim Sharp as his successor in providing a link to the Brunner family. Vivian Bazalgette will become Senior Independent Director and Chairman of the Remuneration Committee.

Our corporate governance statement is now posted on the website: www.brunner.co.uk which describes the board review process. We continue to conduct an annual appraisal of the board. Last year we asked an external agency to facilitate the evaluation. This year we have reviewed the outcome of that review as part of the self-assessment process. In this process we concerned ourselves, amongst other matters, with the effectiveness of our review of the skills mix of the board, the board's review of strategy and our marketing activity and we were satisfied with the outcome.

Outlook

Although markets have recovered strongly, an environment of moderate growth, contained inflation, low interest rates and accommodative monetary policy should be benign for equities. Government bonds generally remain unattractive due to asymmetrical downside risk from the eventual ending of quantitative easing and potential rise in inflation over the medium term. As such, our investment managers' strategy of focusing on high quality, capital-disciplined and reasonably valued companies should continue to generate positive long-term returns for investors.

Annual General Meeting

The annual general meeting will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on 18 March 2014, and we, the board, look forward to meeting those shareholders who are able to attend.

Keith Percy
Chairman
21 February 2014

Performance – Review of the Year

Review of the Year

Revenue for years ended 30 November	2013	2012	% change
Available for ordinary dividend	£6,566,930	£5,781,438	+13.6
Earnings per ordinary share	15.2p	13.3p	+14.3
Dividends per ordinary share	14.5p	13.3p	+9.0
Retail price index	252.1	245.6	+2.6
Assets as at 30 November	**2013**	**2012**	**% change**
Net asset value per ordinary share (debt at fair value)	593.6p	481.7p	+23.2
Net asset value per ordinary share (debt at par)	622.6p	525.4p	+18.5
Share price	508.0p	413.5p	+22.9
Total net assets	£268,253,844	£227,194,074	+18.1
Ongoing charges*	0.8%	0.8%	n/a

*The ongoing charges percentage is calculated in accordance with the explanation given on page 8.

Comparison of Performance relative to Benchmark

The benchmark comprises 50% FTSE All-Share Index and 50% FTSE World (ex UK) Index (£). The benchmark rose by 17.9% during the year to 30 November 2013.

Net Asset Value Relative to Benchmark

	Debt at par	Debt at fair value
Change in net asset value	+18.5%	+23.2%
Change in benchmark	+17.9%	+17.9%
Performance against benchmark	+0.6%	**+5.3%**

Portfolio Relative to Benchmark

	Capital Return	Total Return*
Net portfolio return (excluding cash and gilts)	+19.6%	+23.7%
Change in benchmark	+17.9%	+21.4%
Performance against benchmark	+1.7%	**+2.3%**

*Total return is calculated with dividends reinvested.

Performance – Review of the Year *(continued)*

Portfolio Performance

The factors explaining the elements of the equity portfolio performance, i.e., excluding cash and gilts, are set out below. Asset allocation and stock selection in the UK and overseas portfolios are each shown relative to their Index and the returns on the company's equity portfolios are shown against the benchmark Indices' returns.

				Of which:	
	Portfolio Return %	Index %	Relative Performance* %	Asset Allocation %	Stock Selection %
UK	18.9	15.8	3.1	1.7	1.5
Overseas	20.2	19.9	0.3	1.6	-1.2

*The difference in the relative performance of the portfolio against the sum of the asset allocation and stock selection arises because the information derives from the following separate sources:
Benchmark - Datastream.
Asset allocation and stock selection - Atlas.

Reconciliation of Benchmark Performance to Movement in NAV

Net portfolio return (excluding cash and gilts)		**19.6%**
Other factors		
Capital impact of gearing	1.1%	
Finance costs	-1.4%	
Loss on gilt holdings	-0.4%	
Net effect of gearing		**-0.7%**
Management fee	-0.4%	
Retained revenue	0.2%	
Other	-0.2%	
		-0.4%
Movement in NAV per share (debt at par)		**18.5%**
Change in benchmark (Capital return)		17.9%
Relative performance		**+0.6%**

The Brunner Investment Trust PLC

Strategic Report

Strategic Report

at 30 November 2013

Objectives

Our overall objective is to provide shareholders with growth in capital value and dividends over the long term through investing in a portfolio of UK and international equities. The company's investment objective is to achieve a total return higher than that of the benchmark index of 50% FTSE All-Share and 50% FTSE World (ex UK) Index (£) over the long term, after absorbing costs.

By pursuing this investment strategy we aim to appeal to a broad range of investors and to ensure we remain relevant and attractive to new investors and investor groups. It is also our objective to ensure that the costs of running the company are reasonable and competitive.

Investment Strategy and Policy

The objective is to be achieved by our strategy of 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.

The essence of the investment style we ask the investment managers to follow is to select the best stocks in a 'bottom up' approach, before sector and country selection. The portfolio is concentrated into 94 stocks (at 30 November 2013; 108 stocks in 2012). Within that concentration modest gearing - employing the company's borrowings to invest - is within guidelines set by the board.

Marketing activity has been increased to ensure that the company's 'one stop shop' message can be promoted to investors looking for exposure to UK and global equities and seeking growth in both capital and dividends.

The board seeks to increase the company's dividend in real terms each year and is supported in this strategy by substantial dividend reserves.

The discount of the share price to net assets is closely monitored and the board gives the manager authority to buy back shares at appropriate times.

Strategy Review

We hold an annual Strategy Meeting, outside the normal timetable of board meetings. At the most recent meeting the topics covered included:

- the company's market position compared with its peer group, including an analysis of benchmarks, dividend policies, yields, discount policies and issues of shares
- gearing and the future for our debentures
- an in-depth examination of the investment philosophy
- the marketing and promotion of the company

Business Model

The Brunner Investment Trust carries on business as an investment company and follows the investment policy described above.

Brunner is run by an independent board of non-executive directors and has no employees or premises of its own. Like other investment companies, it outsources investment management and accounting, secretarial and other administration services to an investment management company – Allianz Global Investors Europe GmbH, UK Branch – and to other parties, including HSBC Bank PLC as custodian, and Capita Asset Services as registrar – to provide shareholders with an efficient, competitive, cost-effective way to gain wide investment exposure through a single investment vehicle.

The company has a main market listing on the London Stock Exchange. In addition to annual and half-yearly financial reports and interim management statements, the company announces net asset values per share daily and provides more detailed information monthly to the Association of Investment Companies, of which the company is a member, in order for investors and market professionals to compare its performance with its peer group.

Strategic Report *(continued)*

at 30 November 2013

Key Performance Indicators

The board uses certain financial Key Performance Indicators (KPIs) to monitor and evaluate the performance of the company and these are the factors the board needs to review to assess the performance indicators set out on pages 4 and 5.

Performance against the Benchmark Index This is the most important KPI by which performance is judged. The principal objective is to achieve a return higher than that of the benchmark index of 50% FTSE All-Share and 50% FTSE World (ex UK) Index (£) over the long term, after absorbing costs. Total Return NAV against the benchmark is shown in the chart on page 12. Capital returns are shown on page 1 and in the Chairman's Statement.	2013 Brunner NAV Total Return Debt at fair value 26.6% Debt at par 21.5% Benchmark 21.4% 2012 Brunner NAV Total Return Debt at fair value 15.6% Debt at par 15.0% Benchmark 12.2%
Ongoing Charges Ongoing charges are operating expenses incurred in the running of the company, whether charged to revenue or capital but excluding financing costs. The ongoing charges figure is calculated by dividing operating expenses, that is, the company's management fee and all other ongoing charges, by the average net asset value (with debt at fair value) over the period. Ongoing charges are published by the AIC.	2013 0.8% 2012 0.8%
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. We look at the Global Growth investment trust sector and also compare the performance against a smaller number of competitors with the closest policies and objectives to our own.	At 30 November 2013, the company was ranked in the Global Growth sector as follows: 1 year 11 out of 22 3 years 8 out of 22 5 years 12 out of 22 (Net Asset Value total return, with debt at par. Source: Winterfloods)
Dividends 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 26. Dividends have risen in every year and the graph on page 12 shows how the dividend has outpaced inflation.	2013 14.5p + 9.0% 2012 13.3p + 4.0%
Gearing The company has the facility to gear - borrow money - with the objective of enhancing future returns. The market price of the debt is calculated and reflected in the published net asset values and gearing can be used to help to support dividend payments. Historically, gearing has been in the form of long term fixed rate debentures.	Gearing is monitored to ensure that the company's borrowings remain generally within 20% (as a percentage of net assets excluding borrowings). Gearing during the year, net of gilts and cash holdings, was as follows: Highest 10.5% Lowest 4.0% Average 6.9% (2012: 10.8% 6.0% 8.5%)

Strategic Report *(continued)*

at 30 November 2013

Risk

The principal risks identified by the board are set out in the table on this page, together with the actions taken to mitigate these risks. A more detailed version of this table, in the form of a risk matrix, together with mitigating actions, is reviewed and updated by the audit committee twice yearly. The principal risks are broadly unchanged from the previous year.

Description	Mitigation
Investment Strategy An inappropriate investment strategy, e.g., asset allocation or the level of gearing, may lead to underperformance against the company's benchmark index and peer group companies, resulting in the company's shares trading on a wider discount.	The board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the board receives reports. Allianz Global Investors, UK branch (AGI UK) 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 also meets annually specifically to discuss strategy, including investment strategy.
Market Volatility Market risk arises from uncertainty about the future prices of the company's investments. It represents the potential loss the company might suffer through holding investments in the face of negative market movements.	The board considers asset allocation, stock selection and levels of gearing at every board meeting and has set investment restrictions and guidelines that are monitored and reported on by AGI UK. The board also monitors currency movement and determines hedging policy as appropriate. At the year end the company had no hedging in place.
Financial and Liquidity Risk	The financial risks to the company and the controls in place to manage these risks are disclosed in detail in note 17 beginning on page 62.

Human Rights and Gender Diversity

The company has no employees and has a board composed entirely of non-executive directors.

After the annual general meeting the board will comprise six directors, five male and one female.

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.

Strategic Report *(continued)*

at 30 November 2013

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. AGI UK 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, AGI UK 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."

The Future

The main trends and factors likely to affect the company in the future are common to all investment companies and are the future attractiveness of investment companies as investment vehicles for the asset classes in which the company invests, and the returns available from the market. 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 3 and the investment managers discuss their view of the outlook for the company's portfolio in their review on page 16.

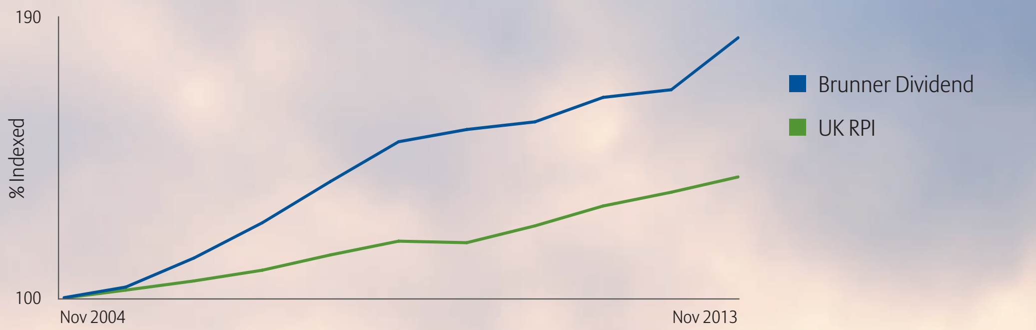
By order of the board
Kirsten Salt
Company Secretary
21 February 2014

The Brunner Investment Trust PLC

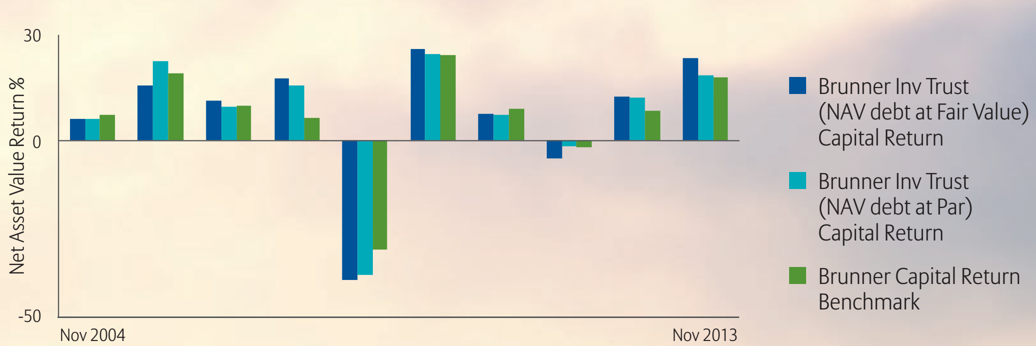
Investment Managers' Review

Performance – Ten Year Graphs

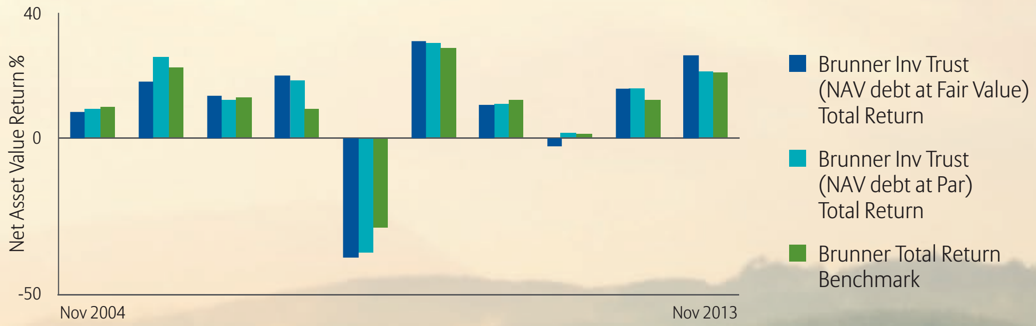
Brunner Investment Trust dividends in respect of each year against the Retail Price Index – 10 year record



Brunner Investment Trust Net Asset Value capital return against benchmark - 10 year record



Brunner Investment Trust Net Asset Value total return against benchmark - 10 year record



Source: AGI / Datastream (Re-based to 100)

Benchmark: 50% FTSE All-Share and 50% FTSE World (ex UK) Index £

Thirty Largest Equity Investments

at 30 November 2013

Name	Valuation (£)	% of Invested Funds	Principal Activities
Royal Dutch Shell 'B' Shares	9,831,696	3.27	Oil & Gas Producers
HSBC Holdings	9,467,175	3.15	Banks
GlaxoSmithKline	9,247,226	3.08	Pharmaceuticals & Biotechnology
BP	9,148,351	3.05	Oil & Gas Producers
Vodafone Group	9,071,440	3.02	Mobile Telecommunications
Reed Elsevier	6,966,707	2.32	Media
Rio Tinto	5,069,480	1.69	Mining
UBM	4,835,489	1.61	Media
BHP Billiton	4,666,090	1.55	Mining
AbbVie	4,522,010	1.51	Pharmaceuticals & Biotechnology
Resolution	4,379,235	1.46	Life Insurance
Tesco	4,038,088	1.35	Food & Drug Retailers
Xchanging	4,016,944	1.34	Support Services
Celgene	3,995,044	1.33	Pharmaceuticals & Biotechnology
Tyman	3,934,038	1.31	Construction & Materials
UBS	3,929,968	1.31	Banks
Boot (Henry)	3,909,395	1.30	Construction & Materials
CBS	3,903,559	1.30	Media
Diageo	3,794,934	1.26	Beverages
Walgreen	3,794,549	1.26	Food & Drug Retailers
Unilever	3,785,767	1.26	Food Producers
Hansteen Holdings	3,766,766	1.25	Real Estate
Amadeus	3,750,208	1.25	Support Services
Microsoft	3,728,432	1.24	Software & Computer Services
Visa	3,667,663	1.22	Financial Services
Muenchener Rueckver	3,606,974	1.20	Non-Life Insurance
BG Group	3,569,904	1.19	Oil & Gas Producers
Google	3,408,308	1.13	Software & Computer Services
Schneider Electric	3,354,650	1.12	Electronic & Electrical Equipment
Hays	3,327,791	1.11	Support Services
	148,487,881	49.44	% of Total Invested Funds

Investment Managers' Review

Jeremy Thomas has been managing the UK portfolio since 2010.

Lucy Macdonald has been managing the overseas portfolio since 2005.

Market Review

Global equity markets rose steadily for most of the period under review, supported by low interest rates and improving economic data. Markets initially reacted negatively to the Federal Reserve Board's mid-year announcement that it would consider tapering its support for the bond market, but quickly regained their composure as the Fed made it clear that this would only occur when the US recovery was on a sounder footing.

At the end of 2012, equities were supported by positive developments in the US, Europe, China and Japan. Sentiment improved on indications that the budget impasse in Washington would be resolved. European Union finance ministers took the first steps to a full banking union by agreeing to allow the European Central Bank to supervise large euro zone banks. In China, strong industrial output and retail sales data indicated a pick-up in growth. The Liberal Democratic Party handily won the election in Japan, paving the way for Prime Minister Abe to follow through on campaign pledges to massively stimulate the economy.

Markets continued to move higher in the first quarter of 2013. US employment, consumer spending and durable goods data indicated that the economy was gaining momentum and corporate earnings were generally better than expected. Cyprus agreed to a €10bn rescue package with international lenders, thus avoiding a meltdown of the country's banking system. The S&P 500 closed at an all-time high and other major stock market indices were also stronger.

In May, concerns over potentially reduced support for US bond markets and credit tightening in China caused equity markets to retreat from their previous highs. The sell-off was precipitated by comments from Federal Reserve Chairman Ben Bernanke that a tapering of quantitative easing would be justified if economic data continued to improve. Volatility continued in June with further equity market weakness and sharp rises in bond yields with US 10-year bond yields rising to two year highs. In China, interbank lending rates spiked as the People's Bank of China declined to provide liquidity in an attempt to rein in excessive credit growth.

Towards the end of the second quarter, market conditions began to stabilise as investors concluded that reduced asset purchases by the Fed were not imminent and any tapering of bond purchases would only occur once it had become clear that the US economy was improving on a sustainable basis. Short-term interest rates in China declined as the central bank stated that it would indeed ensure sufficient liquidity for the financial system. Japanese equities also surged on positive inflation and industrial output data.

The third quarter saw shares rally as Fed tapering concerns eased and growth in Europe and China appeared to be stabilising. In September the Federal Open Market Committee announced a delay in the tapering of its $85 billion-a-month asset purchase programme, citing continuing concerns about the health of the economy. Developed markets had their strongest quarterly performance since the beginning of 2012 and Emerging Markets, which had been under pressure from capital outflows, also rallied.

Markets shrugged off the temporary shutdown of the US government and continued to move higher in the fourth quarter with many markets hitting multi-year highs on growing indications of global synchronised recovery. Corporate earnings announcements were once again ahead of expectations. European purchasing managers' indices and industrial production figures pointed to an economic recovery. The Eurozone's 3Q GDP increased 0.1% and both Spain and Ireland moved out of recession. The UK economy continued to strengthen with 3Q GDP expanding by 0.8%. Japan's 3Q GDP grew at an annualised rate of 1.9%. Chinese equities were also boosted by an economic reform plan announced at the conclusion of the Third Plenum of the 18th Central Committee of China's Communist Party, which signalled a greater commitment to economic and social reforms.

Portfolio Review

The portfolio rose strongly in absolute terms and also outpaced the benchmark. Stock selection was positive in Financials, Industrials and Basic Materials but detracted in Telecommunications, Consumer Goods and Oil & Gas. Overweights in Healthcare and Industrials also helped. The underweight in Financials was a slight negative as a number of lower quality European banks rallied from their lows. On balance, we remain unconvinced that most European banks represent value. On a country basis, stock selection in the UK and U.S. was positive.

U.S biotechnology company **Celgene** was the top contributor to performance. The company has a number of existing and pipeline drugs with potential new therapeutic indications and extensions. These include Revlimid combined with dexamethasone for myeloma, apremilast for psoriasis, abraxane for new pancreatic indications and recently approved oral therapy pomalidomide, also for multiple myeloma. The company continues to have good earnings visibility although this is now more closely reflected in valuations.

Walgreen also contributed. The market is becoming increasingly positive on the significant synergistic opportunities associated with last year's acquisition of a controlling stake in Alliance Boots. Cost savings guidance for next year was ahead of expectations and pharmacy scripts are also recovering after the resolution of a dispute with a major pharmacy benefits manager. Front-end sales trends are also improving. We believe the shares remain attractively valued based on the sales recovery and cost savings opportunities that can be captured over the next few years.

Insurance company **Resolution** also outperformed. The company currently holds substantial amounts of shareholder capital in short-dated and low-yielding securities. The shares had been sold down to distressed levels due to capital adequacy concerns which we believed were overdone. The company is implementing significant restructuring initiatives that have been taken positively by the market. We continue to hold the shares.

Online travel agent **priceline.com** also contributed. The company has been growing share in an expanding market, particularly in Europe, and the oligopolistic structure of the market, which

Investment Managers' Review *(continued)*

is largely dominated by priceline.com and one other firm, is also attractive. We believe the secular shift to online travel services will continue and valuations remain reasonable given the quality and earnings visibility of priceline.com.

UBM detracted from performance. The company reduced forward guidance for event bookings and organic revenue growth for the full year. However, they were positive on margins and the overall earnings numbers are only very slightly behind expectations. UBM remains a long term beneficiary of exhibition shows growth in emerging markets and is acting as a consolidator of the industry.

Petroceltic International was another detractor. The share price was negatively impacted by turmoil in Egypt where the company has oil producing assets despite these remaining unaffected. Government budgetary pressures have meant receivables for oil sales have been building up for bigger operators. However, smaller companies are being paid largely on time and Egypt has now committed to start paying down the company's receivables balance ($100mn versus a market cap of $500mn). In addition, the company is starting to explore for oil and gas in Kurdistan with the first of two well results due in January. The shares are cheap on both NAV and cash flow and have material upside if the company's exploratory efforts are successful.

Jardine Matheson also had a negative impact. While this is a high quality conglomerate with good exposure to rising consumption in Southeast Asia, earnings have been impacted by increasing auto distribution competition, particularly in the four wheel drive segment, and weakness in the commodities related businesses, which does not appear to be reflected in consensus expectations. We have been reducing exposure to the company.

During the period we purchased a number of new companies, including **UBS,** which we believe is priced to create long term value, **CBS, Hansteen Holdings, Schneider Electric and Intercontinental Hotels Group**. Complete sales from the portfolio included **Canon, Abbot Laboratories, Royal Bank of Scotland** and **Compass Group**.

Outlook

In last year's report we observed that while there were tentative signs that the global economy was beginning to recover, overall levels of government spending and debt remained significant structural impediments to economic growth.

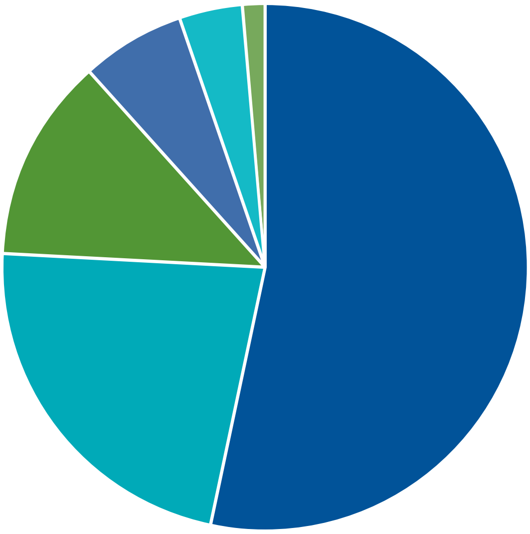
It now appears that global growth is slowly gaining momentum. The U.S. seems to be out of the woods, Europe is making slow but steady progress, Japan is attempting to reflate and the Chinese growth rate seems to have stabilised.

Overall, we see a reduction in the presence of systemic risks to the global economy, which provides a stable and positive backdrop for 2014. That said, investors need to be prepared for markets to continue to be primarily driven by the fiscal and monetary policies implemented by global central banks, led by the U.S. Federal Reserve.

Globally, inflation is likely to remain well-behaved in the coming one to two years. Longer-term, risks are for inflation to surprise on the upside as central banks maintain accommodative monetary policies longer than in the past, in order to ensure that the nascent global economic recovery is sustainable.

Investment Managers' Review *(continued)*

at 30 November 2013



Geographical Breakdown of the Portfolio

Sector	% Invested Funds
UK	53.46
North America	22.48
Continental Europe	12.54
Pacific Basin	6.44
Japan	3.73
Latin America	1.35

United Kingdom Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Royal Dutch Shell 'B' Shares	9,831,696	3.27	Oil & Gas Producers
HSBC Holdings	9,467,175	3.15	Banks
GlaxoSmithKline	9,247,226	3.08	Pharmaceuticals & Biotechnology
BP	9,148,351	3.05	Oil & Gas Producers
Vodafone Group	9,071,440	3.02	Mobile Telecommunications
Reed Elsevier	6,966,707	2.32	Media
Rio Tinto	5,069,480	1.69	Mining
UBM	4,835,489	1.61	Media
BHP Billiton	4,666,090	1.55	Mining
Resolution	4,379,235	1.46	Life Insurance
Tesco	4,038,088	1.35	Food & Drug Retailers
Xchanging	4,016,944	1.34	Support Services
Tyman	3,934,038	1.31	Construction & Materials
Boot (Henry)	3,909,395	1.30	Construction & Materials
Diageo	3,794,934	1.26	Beverages
Unilever	3,785,767	1.26	Food Producers
Hansteen Holdings	3,766,766	1.25	Real Estate
BG Group	3,569,904	1.19	Oil & Gas Producers
Hays	3,327,791	1.11	Support Services
Centrica	3,083,226	1.03	Gas, Water & Multiutilities
Tullett Prebon	3,082,481	1.03	Financial Services
Smith & Nephew	3,051,834	1.02	Health Care Equipment & Services
Intercontinental Hotels Group	3,043,200	1.01	Travel & Leisure

Investment Managers' Review *(continued)*

at 30 November 2013

United Kingdom Listed Equity Holdings *(continued)*

Name	Value (£)	% of Invested Funds	Sector
Shire	2,772,000	0.92	Pharmaceuticals & Biotechnology
ICAP	2,670,300	0.89	Financial Services
FirstGroup	2,571,750	0.86	Travel & Leisure
Balfour Beatty	2,488,052	0.83	Construction & Materials
Mothercare	2,265,358	0.75	General Retailers
AMEC	2,189,876	0.73	Oil Equipment, Services & Distribution
BAE Systems	1,992,782	0.66	Aerospace & Defence
Petroceltic International	1,900,261	0.63	Oil & Gas Producers
Spectris	1,703,100	0.57	Electronic & Electrical Equipment
IG Group	1,545,597	0.51	Financial Services
Inmarsat	1,366,222	0.46	Mobile Telecommunications
W&G Investments	13,205	-	Financial Services
	142,565,760	**47.47**	**% of Total Invested Funds**

United Kingdom Unlisted Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
First Debenture Finance	24,178	0.01	Financial Services
Fintrust Debenture	4,338	0.00	Financial Services
	28,516	**0.01**	**% of Total Invested Funds**

United Kingdom Fixed Interest Holdings

Name	Value (£)	% of Invested Funds	Sector
Treasury Stock 1.875% IL 22/11/2022	11,005,149	3.66	Gilt
Treasury Stock 1.25% IL 22/11/2017	6,954,056	2.32	Gilt
	17,959,205	**5.98**	**% of Total Invested Funds**

Investment Managers' Review *(continued)*

at 30 November 2013

North America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
AbbVie	4,522,010	1.51	Pharmaceuticals & Biotechnology
Celgene	3,995,044	1.33	Pharmaceuticals & Biotechnology
CBS	3,903,559	1.30	Media
Walgreen	3,794,549	1.26	Food & Drug Retailers
Microsoft	3,728,432	1.24	Software & Computer Services
Visa	3,667,663	1.22	Financial Services
Google	3,408,308	1.13	Software & Computer Services
Priceline.com	3,228,947	1.08	Travel & Leisure
Ameriprise	3,138,625	1.05	Financial Services
Agilent Technologies	3,062,032	1.02	Electronic & Electrical Equipment
AMETEK	2,975,007	0.99	Electronic & Electrical Equipment
Wells Fargo	2,937,542	0.98	Banks
United Health Group	2,758,527	0.92	Health Care Equipment & Services
Citigroup	2,709,273	0.90	Banks
Suncor Energy	2,682,610	0.89	Oil & Gas Producers
Apple	2,563,343	0.85	Technology Hardware & Equipment
Flowserve	2,364,802	0.79	Industrial Engineering
Microchip Technology	2,041,043	0.68	Technology Hardware & Equipment
Estee Lauder 'A' Shares	2,022,577	0.67	Personal Goods
Crown Castle International	1,947,785	0.65	Mobile Telecommunications
Anadarko Petroleum	1,847,206	0.62	Oil & Gas Producers
Starbucks	1,751,585	0.58	Travel & Leisure
Allergan	1,317,210	0.44	Pharmaceuticals & Biotechnology
F5 Network	1,153,473	0.38	Technology Hardware & Equipment
	67,521,152	22.48	% of Total Invested Funds

Investment Managers' Review *(continued)*

at 30 November 2013

Latin America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
CCR	2,670,932	0.89	Industrial Transportation (Brazil)
Cielo	1,370,951	0.46	Financial Services (Brazil)
	4,041,883	1.35	% of Total Invested Funds

Continental Europe Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
UBS	3,929,968	1.31	Banks (Switzerland)
Amadeus	3,750,208	1.25	Support Services (Spain)
Muenchener Rueckver	3,606,974	1.20	Non-Life Insurance (Germany)
Schneider Electric	3,354,650	1.12	Electronic & Electrical Equipment (France)
Nestlé	3,252,174	1.08	Food Producers (Switzerland)
Fresenius	2,980,018	0.99	Health Care Equipment & Services (Germany)
Roche Holdings	2,890,975	0.96	Pharmaceuticals & Biotechnology (Switzerland)
BASF	2,859,528	0.95	Chemicals (Germany)
Henkel	2,511,246	0.84	Household Goods (Germany)
Adidas	2,233,778	0.74	Personal Goods (Germany)
Cie Financiere Richemont	2,025,554	0.68	Personal Goods (Switzerland)
UCB	1,731,451	0.58	Pharmaceuticals & Biotechnology (Belgium)
Vienna Insurance	1,330,025	0.44	Non-Life Insurance (Austria)
Technip	1,186,337	0.40	Oil Equipment, Services and Distribution (France)
	37,642,886	12.54	% of Total Invested Funds

Japan Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
SMC	3,159,370	1.05	Industrial Engineering
Itochu	2,858,726	0.95	Support Services
Astellas Pharma	2,670,782	0.89	Pharmaceuticals & Biotechnology
Toyota Motor	2,526,112	0.84	Automobiles
	11,214,990	3.73	% of Total Invested Funds

Investment Managers' Review *(continued)*

at 30 November 2013

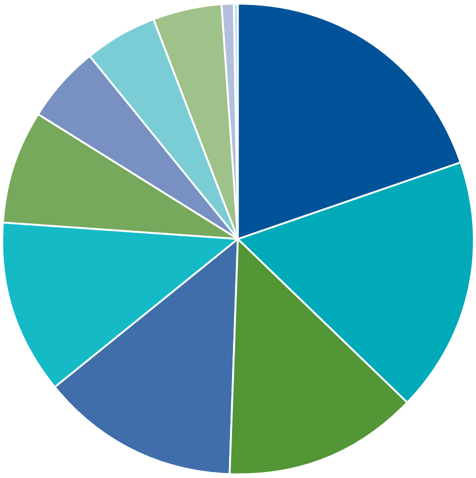
Pacific Basin Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
BOC Hong Kong Holdings	2,593,533	0.86	Banks (Hong Kong)
Australia & New Zealand Bank	2,584,982	0.86	Banks (Australia)
China Mobile	2,322,860	0.77	Mobile Telecommunications (Hong Kong)
Fubon Financial	1,924,473	0.64	Life Insurance (Taiwan)
Brambles	1,782,819	0.59	General Industrials (Australia)
AIA	1,693,014	0.56	Life Insurance (Hong Kong)
CNOOC	1,677,737	0.56	Oil & Gas Producers (Hong Kong)
Taiwan Semiconductor (ADS)	1,614,880	0.54	Technology Hardware & Equipment (Taiwan)
Genting Singapore	1,495,413	0.50	Travel & Leisure (Singapore)
Jiangsu Express	1,484,308	0.50	Industrial Transportation (China)
Jardine Matheson	172,473	0.06	General Industrials (Singapore)
	19,346,492	6.44	% of Total Invested Funds

Distribution of Invested Funds

at 30 November 2013

Invested Funds - £282,361,679 (2012 - £237,349,043)
excluding Treasury Stocks - £17,959,205 (2012 - £28,651,149)



Sector Breakdown of Equity Portfolio

Region	% Held
Financials	19.98
Industrials	17.36
Healthcare	13.43
Consumer Services	13.41
Oil & Gas	12.06
Consumer Goods	7.85
Telecommunications	5.21
Information Technology	5.14
Basic Materials	4.46
Utilities	1.09
Unquoted	0.01

	United Kingdom %	North America %	Other Countries %	2013 Total %	50% All-Share 50% World Index 2013 Benchmark Sector Weighting*	2012 Total %
Oil & Gas						
Oil & Gas Producers	8.66	1.60	0.60	10.86	10.03	10.29
Oil Equipment, Services and Distribution	0.78	-	0.42	1.20	1.11	1.51
	9.44	**1.60**	**1.02**	**12.06**	**11.14**	**11.80**
Basic Materials						
Chemicals	-	-	1.01	1.01	2.04	2.33
Forestry & Paper	-	-	-	-	0.20	-
Industrial Metals	-	-	-	-	0.53	-
Mining	3.45	-	-	3.45	3.96	5.23
	3.45	**-**	**1.01**	**4.46**	**6.73**	**7.56**

Distribution of Invested Funds *(continued)*

at 30 November 2013

	United Kingdom %	North America %	Other Countries %	2013 Total %	50% All-Share 50% World Index 2013 Benchmark Sector Weighting*	2012 Total %
Industrials						
Aerospace & Defence	0.71	-	-	0.71	1.95	1.33
Construction & Materials	3.66	-	-	3.66	1.05	2.66
Electronic & Electrical Equipment	0.60	2.14	1.19	3.93	1.01	2.23
General Industrials	-	-	0.69	0.69	1.75	1.34
Industrial Engineering	-	0.84	1.12	1.96	1.75	2.41
Industrial Transportation	-	-	1.47	1.47	0.97	1.96
Support Services	2.60	-	2.34	4.94	3.02	4.82
	7.57	**2.98**	**6.81**	**17.36**	**11.50**	**16.75**
Consumer Goods						
Automobiles	-	-	0.90	0.90	1.81	-
Beverages	1.34	-	-	1.34	3.04	2.35
Food Producers	1.34	-	1.15	2.49	2.50	2.80
Household Goods	-	-	0.89	0.89	1.91	2.38
Leisure Goods	-	-	-	-	0.50	-
Personal Goods	-	0.72	1.51	2.23	1.16	1.65
Tobacco	-	-	-	-	2.56	1.27
	2.68	**0.72**	**4.45**	**7.85**	**13.48**	**10.45**
Healthcare						
Health Care Equipment & Services	1.08	0.98	1.05	3.11	7.23	2.80
Pharmaceuticals & Biotechnology	4.26	3.48	2.58	10.32	1.42	8.87
	5.34	**4.46**	**3.63**	**13.43**	**8.65**	**11.67**
Consumer Services						
Food & Drug Retailers	1.43	1.34	-	2.77	1.86	2.16
General Retailers	0.80	-	-	0.80	3.00	0.99
Media	4.18	1.38	-	5.56	3.12	3.60
Travel & Leisure	1.99	1.76	0.53	4.28	2.84	3.33
	8.40	**4.48**	**0.53**	**13.41**	**10.82**	**10.08**

Distribution of Invested Funds *(continued)*

at 30 November 2013

	United Kingdom %	North America %	Other Countries %	2013 Total %	50% All-Share 50% World Index 2013 Benchmark Sector Weighting*	2012 Total %
Telecommunications						
Fixed Line Telecommunications	-	-	-	-	1.80	-
Mobile Telecommunications	3.70	0.69	0.82	5.21	3.46	5.66
	3.70	**0.69**	**0.82**	**5.21**	**5.26**	**5.66**
Utilities						
Electricity	-	-	-	-	1.34	0.39
Gas, Water & Multiutilities	1.09	-	-	1.09	1.99	1.48
	1.09	**-**	**-**	**1.09**	**3.33**	**1.87**
Financials						
Banks	3.35	2.00	3.23	8.58	11.25	8.31
Equity Investment	-	-	-	-	1.62	-
Financial Services	2.59	2.41	0.49	5.49	2.91	4.44
Non-Life Insurance	-	-	1.75	1.75	2.14	1.89
Life Insurance	1.55	-	1.28	2.83	2.88	2.50
Real Estate	1.33	-	-	1.33	2.30	0.54
	8.82	**4.41**	**6.75**	**19.98**	**23.10**	**17.68**
Information Technology						
Software & Computer Services	-	2.53	-	2.53	2.71	2.23
Technology Hardware & Equipment	-	2.04	0.57	2.61	3.28	4.24
	-	**4.57**	**0.57**	**5.14**	**5.99**	**6.47**
Unquoted	0.01	-	-	0.01	-	0.01
	0.01	**-**	**-**	**0.01**	**-**	**0.01**
Total	**50.50**	**23.91**	**25.59**	**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 the above table.

Historical Record

year ended 30 November 2013

Revenue and Capital	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross revenue (£000s)	7,163	7,365	8,023	8,926	9,538	7,531	6,674	7,822	8,165	9,113
Earnings per share	8.43p	9.21p	10.73p	12.88p	14.32p	12.22p	10.31p	12.28p	13.34p	15.22p
Dividend per share (net)	8.10p	8.80p	9.70p	10.70p	11.70p	12.00p	12.20p	12.80p	13.30p	14.50p
Tax credit per share	0.90p	0.98p	1.08p	1.19p	1.30p	1.33p	1.36p	1.42p	1.48p	1.61p
Total dividend per share	9.00p	9.78p	10.78p	11.89p	13.00p	13.33p	13.56p	14.22p	14.78p	16.11p
Total net assets (£000s)	191,267	225,699*	241,106	271,819	168,045	206,492	217,747	204,580	227,194	268,254
Net asset value per ordinary share (debt at fair value)	336.2p	418.1p*	466.1p	550.4p	333.5p	419.4p	444.6p	428.2p	481.7p	593.6p
Net asset value per ordinary share (debt at par)	364.1p	451.7p*	495.7p	573.2p	357.8p	443.8p	476.0p	468.6p	525.4p	622.6p
Share price	288.5p	364.0p	408.0p	464.0p	288.4p	368.0p	390.5p	380.5p	413.5p	508.0p
Discount (debt at fair value) %	14	13*	12	16	14	12	12	11	14	14
Discount (debt at par) %	21	19*	18	19	19	17	18	19	21	18

Notes

*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.

Geographical Disposition

	Percentage of Investment Funds*									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
United Kingdom	57.3	59.3	59.5	60.4	48.1	51.4	49.8	51.4	50.2	50.5
Europe	12.4	13.6	12.6	10.8	11.4	11.4	11.9	10.7	10.6	13.3
Americas	20.2	17.2	18.6	22.0	29.1	26.4	26.5	25.4	27.3	25.3
Japan	5.8	5.2	4.2	3.0	5.2	4.0	4.2	3.6	2.7	4.0
Pacific Basin	4.3	4.7	4.7	3.8	5.1	6.1	6.9	8.9	9.2	6.9
Other Countries	0.0	0.0	0.4	0.0	1.1	0.7	0.7	0.0	0.0	0.0
	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.

Kyoto, Japan →

The Brunner Investment Trust PLC

Directors' Review

Directors, Managers and Advisers

Directors

All directors are non-executive.

Keith Percy (Chairman)†

Joined the board in January 2004. He is a non-executive director of F&C Asset Management plc, Standard Life Equity Income Trust plc, JPMorgan Japanese Investment Trust plc and The Henderson Smaller Companies Investment Trust plc. He was previously Chairman of S G Asset Management UK and before that Chief Executive of Morgan Grenfell Asset Management.

Vivian Bazalgette MA*

Joined the board in 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 non-executive director 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.

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

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 the Lead Non-Executive director of Her Majesty's Revenue & Customs and a non-executive director of Smith & Nephew PLC, First Debenture Finance PLC, Foxtons Group PLC and the China-Britain Business Council and Chairman of The Racecourse Association. Ian is a Fellow of the Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation.

Carolan Dobson*

Joined the board in December 2013. She is Chairman of Aberdeen Smaller Companies High Income Trust plc, JP Morgan European Smaller Companies Plc and Bespak Pension scheme. She is also a trustee and adviser to a number of corporate and Local Government Pension Funds and an academic panellist chairing the Cost of Capital Committee at the Competition Commission. She was previously head of UK equities at Abbey Asset Managers, Head of Investment Trusts at Murray Johnstone and was the portfolio manager of two investment trusts.

Directors, Managers and Advisers *(continued)*

Peter Maynard*

Joined the board in October 2010. He is a retired solicitor and qualified with Slaughter and May in 1977. He is a non-executive director of Edinburgh Dragon Investment Trust plc. 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.

Jim Sharp*

Joined the board in January 2014. He is a Partner in Sirius Equity LLP, which he co-founded in 2008, and he has been a non-executive director of James Cropper PLC since 2009. He began his career in financial services with J. Henry Schroder & Co from 1992 to 2002, where he was a director, and since has held senior roles with a number of private equity backed businesses.

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

Joined the board in January 2000. He is a Fellow of the Royal Institution of Chartered Surveyors and is former President of the Country Land & Business Association and was a director of the Skipton Building Society. He will be retiring from the board at the annual general meeting.

*Independent of the managers.
†Independent on appointment as Chairman.

The Manager

Allianz Global Investors Europe GmbH is an investment company with limited liability incorporated in Germany and registered in the UK as a branch with establishment number BR009058 and with an establishment address of 199 Bishopsgate, London EC2M 3TY. It is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and is subject to limited regulation by the Financial Conduct Authority (FCA).

Allianz Global Investors are active asset managers operating across 19 markets with specialised in-house research teams around the globe, managing assets for individuals, families and institutions worldwide.

As at 30 September 2013, Allianz Global Investors had €322 billion of assets under management worldwide.

Through its predecessors, Allianz Global Investors has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and as at 30 September 2013 had £1.16 billion assets under management in a range of investment trusts.
Website: www.allianzgi.co.uk

Head of Investment Trusts

Melissa Gallagher
Email: melissa.gallagher@allianzgi.com

Investment Managers

Jeremy Thomas (UK Portfolio) and Lucy Macdonald (Overseas Portfolio), representing Allianz Global Investors Europe GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY.

Company Secretary and Registered Office

Kirsten Salt BA (Hons) ACIS,
199 Bishopsgate, London EC2M 3TY
Telephone: 020 7065 1513
Email: kirsten.salt@allianzgi.com

Registered Number

226323

Auditors

Deloitte LLP

Bankers

HSBC Bank plc, HBOS plc

Registrars

Capita Asset Services
(full details on page 72)

Solicitors

Herbert Smith Freehills LLP

Stockbrokers

Oriel Securities Limited

Directors' Report

The directors present their Report which incorporates the audited Financial Statements for the year ended 30 November 2013.

Share Capital

Details of the company's share capital are set out in note 11 on page 60. Further to a resolution passed on 19 March 2013, during the year the company purchased 153,500 ordinary shares for cancellation for a consideration of £731,026 (nominal value £38,375), representing 0.35% of the company's share capital at the beginning of the financial year. Since the year end no further shares have been repurchased for cancellation.

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 74 to 76.

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 51.

Auditor

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 the auditor's 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 auditor is unaware; and
2. the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is 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.

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.

Management Contract and Management Fee

The main expense of the company and therefore the most significant element of the ongoing charges is the investment management fee and the board is keen to ensure this fee is competitive.

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. 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; and 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. It 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.

Revenue

	2013 £	2013 £
Gross income for the year		9,112,784
Deduct		
Expenses of administration (including investment management fee)	(901,311)	
Finance costs of borrowings charged to revenue	(1,348,838)	
Total expenses		(2,250,149)
Amount subject to taxation		6,862,635
Taxation absorbed		(295,705)
Available for distribution to the ordinary shareholders		6,566,930
Dividends in respect of the financial year		
Interim 6.0p per ordinary share paid 30 August 2013	(2,585,365)	
Final proposed 8.5p per ordinary share payable 26 March 2014	(3,662,601)	
		(6,247,966)
Total transferred to revenue reserve		318,964

The board declared an interim dividend of 6.0p per ordinary share which was paid on 30 August 2013. The board recommends a final dividend for the year ended 30 November 2013 of 8.5p, payable on 26 March 2014, making a total distribution for the year of 14.5p per ordinary share. The next dividend payment is expected to be made in June 2014.

Details of the total return of the company and the split between revenue and capital returns are shown in the Income Statement on page 47. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 51 under 'Investment management fee and administrative expenses' and page 52 under 'Finance costs' paragraphs.

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 60.

Voting Rights in the Company's Shares

As at 3 February 2014, the company's capital consisted of:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p	43,089,418	1	43,089,418
5% Cumulative preference shares of £1	450,000	0	0
Total	43,539,418		43,089,418

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

Directors' Report *(continued)*

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%: T Thornton Jones (as trustee 16.18%); Sir Hugo Brunner (beneficial 2.30% – as trustee 12.03%); TBH Brunner (beneficial 1.71% – as trustee 5.74%); JHK Brunner (as trustee 3.24%).

Mr T Thornton Jones acts as a co-trustee with Mr TBH Brunner in respect of 1,714,971 ordinary shares (3.98%), which form part of Mr TBH Brunner's trustee holding. Mr T Thornton Jones also acts as co-trustee with Sir Hugo Brunner in respect of 4,421,563 ordinary shares (10.26%) which form part of Sir Hugo Brunner's trustee holdings.

In addition, the company has received notifications of the following interests in the voting rights of the ordinary shares: AXA Investment Managers SA 19.60%; 1607 Capital Partners 10.99%;

Directors

Keith Percy and Vivian Bazalgette, having held office for more than nine years, are subject to annual re-election under the provisions of the AIC Code of Corporate Governance and accordingly they are retiring at the annual general meeting and offer themselves for re-election. Notwithstanding the length of service of these directors, the board views them as independent of the manager. Ian Barlow and Peter Maynard are also standing for re-election. Carolan Dobson and Jim Sharp retire and stand for election, this being the first annual general meeting since their appointments to the board in December 2013 and January 2014 respectively.

Biographical details of the directors are on pages 28 and 29. The present directors and their interests in the share capital of the company as at 30 November 2013 are set out below.

All of the directors serving during the year were subject to a formal performance appraisal during the course of the year and it was found that each continues to be effective, has the appropriate skills and demonstrated commitment and the necessary time to his role. All directors attended all board and relevant committee meetings during the year.

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 company's Articles.

Directors' Indemnities

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

Board Composition and Succession

Two of the seven directors have served for nine years or more, Sir William Worsley is retiring from the board at the annual general meeting and the board has made provision for future changes.

Corporate Governance Statement

The board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) and been guided by the AIC Corporate Governance Guide for Investment Companies (AIC Guide). Both documents can be found on the AIC website www.theaic.co.uk. As confirmed by the Financial Reporting Council following the AIC Corporate Governance Guide enables investment company boards to meet their obligations under the UK Corporate Governance Code and Listing Rules. 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 full text of the company's Corporate Governance Statement is on the website: http://www.brunner.co.uk/tenants/agitrusts/content/documents/corporate/corporate_governance_statement.pdf

Board Attendance

Attendance by the 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
Keith Percy	6	1	2†	1	1	1
Ian Barlow	6	1	2	1	1	1
Vivian Bazalgette	6	1	2	1	1	1
Peter Harrison*	1	-	1	-	-	-
Peter Maynard	6	1	2	1	1	1
Sir William Worsley	6	1	2	1	1	1

† Invited to attend meetings, although not a committee member.
*Resigned from the board in February 2013.

Conflicts of Interest

Under the Companies Act 2006 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 participate in taking 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 Report is on pages 38 and 39.

Nomination Committee

The nomination committee meets as needed – 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, and met once in the last year when it considered the re-election of directors at the annual general meeting. All directors serve on the nomination committee and consider nominations made in accordance with an agreed procedure.

It is the board's policy to use external agencies to draw up lists of candidates as part of the recruitment of new directors. The brief to the recruitment consultant includes the request that the shortlist should include a significant proportion of female candidates. Trust Associates were appointed in the latest board recruitment exercise.

Management Engagement Committee

The management engagement committee met once in the 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.

Directors' Report *(continued)*

Remuneration Committee

The remuneration committee met once in the year and consists of the independent non-executive directors including Keith Percy, Chairman of the board. The committee is chaired by Sir 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 40 to 42.

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 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 process are as follows:

- In addition to the review of the Risk Matrix (see page 9), 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.
- Allianz Global Investors Europe GmbH, UK Branch (AGI UK), as the appointed 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 systems of internal control are regularly evaluated by its management and monitored by its internal audit department.
- 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.
- The board meets with senior representatives of AGI UK and also receives an Internal Controls Report from the manager, together with a report on compliance with the manager's anti-bribery policy.
- The audit committee on behalf of the board reviews the Internal Controls Reports of other third party service providers, including those of AGI UK and all other providers of administrative and custodian services to AGI UK or directly to the company. The board has also reviewed the anti-bribery policies of these third parties.

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 37 and a statement of going concern is on page 30.

The Independent Auditor's Report can be found on pages 44 to 46.

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 199 Bishopsgate, London EC2M 3TY.

The UK Stewardship Code and Exercise of Voting Powers

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, AGI UK.

The Stewardship Code published by the Financial Reporting Council sets out good practice on engagement with investee companies. It is complementary to the UK Corporate Governance Code. The company's manager, AGI UK has complied with this code and its policy statement on the Stewardship Code can be found on its website: www.allianzglobalinvestors.co.uk/en/InstitutionalClients/rcm/Consultants/Disclosure/Documents/Stewardship_Policy.pdf. The board has reviewed this policy statement and is satisfied that the company's delegated voting powers are being properly executed. AGI UK provides the board with a regular report of instances where votes are cast against any resolutions 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.

Greenhouse Gas Emissions

The company has an external manager, AGI UK, part of Allianz Group, and has no physical assets, operations, premises or employees of its own. Consequently it has no greenhouse gas emissions to report. Allianz Group reports on the greenhouse gas emissions for its own operations.

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 19 March 2013 under section 551 of the Companies Act 2006. The current authority will expire on 19 June 2014 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 2015. This authority will be limited to one third of the issued share capital which is in line with current ABI guidelines. Renewal of the authority to disapply pre-emption rights will be sought under section 570 of the Companies Act 2006.

Accordingly resolution 13 as set out in the notice of meeting on page 74 will be proposed as an ordinary resolution and resolution 14 will be proposed as a special resolution.

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.

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 15 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.

Directors' Report *(continued)*

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 £176 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 Conduct Authority's 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 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 18 March 2014 is equivalent to 6,459,103 ordinary shares.

The authority will last until the annual general meeting of the company to be held in 2015 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.

The Brunner Family

Since the establishment of the company in 1927, various members of the extended Brunner family have held shares in the company. Jim Sharp, who was appointed to the board in January of 2014, is connected by marriage to the Brunner family. Following the appointment of Mr Sharp, the directors determined that it would be appropriate to review the extent to which, if at all, the various constituents of the extended Brunner family should be considered to be treated as acting in concert for the purposes of the City Code on Takeovers and Mergers (the "Code"). In particular, the board was keen to ensure that the operation by the company of its annual share buyback authority would not give rise to a situation where the Code might become relevant to the company.

Following discussions, agreement has been reached with the Takeover Panel that for the purposes of the Code, Sir Hugo Brunner and Mr TBH Brunner, together with their children (and their spouses) and related trusts (the "Connected Parties") will be treated as acting in concert for the purposes of the Code. The Connected Parties currently hold 10,428,211 shares, representing 24.20% 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 28.47% 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 and the Annual Financial Report

Following the process reported in the Audit Committee Report, on page 39, the board is able to state that it considers that the Annual Financial Report, taken as a whole, is fair, balanced and understandable.

By order of the board
Kirsten Salt
Company Secretary
21 February 2014

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors are responsible for ensuring that the Annual Financial Report, taken as a whole, is fair, balanced and understandable.

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 of the company; and
- the Strategic 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.
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

For and on behalf of the board
Keith Percy
Chairman
21 February 2014

Audit Committee Report

Composition

The audit committee comprises all of the directors, except for the Chairman of the board who is in attendance as are representatives of the manager. I am the Chairman of the audit committee, and as you will see from my biography on page 28, I am a Chartered Accountant and until 2008, I was Senior Partner, London at KPMG. The board reviews the composition of the audit committee and it considers that, collectively, its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

Role

The principal role of the committee is to assist the board in relation to the reporting of financial information, review of financial controls and management of risk. The committee has defined terms of reference and duties and the terms of reference are published on the company's website. These include:

- responsibility for the review of the Annual Financial Report and the half-yearly Financial Report;
- consideration of the nature and scope, independence and effectiveness of the external audit and of the auditor's finding and recommendations;
- review of the terms of appointment of the auditor, including their remuneration and the provision of any non-audit services by them.

Activities

During the year the committee met twice and the audit partner attended both meetings. The committee reviewed the company's accounting policies and considered their appropriateness, reviewed in detail the annual and half-yearly financial reports and considered the auditor's report on the annual financial statements. These meetings were also attended by representatives of the manager including the compliance officer.

At each meeting the committee received a report on the operation of controls relating to the company and the proper conduct of its business in accordance with the regulatory environment in which both the company and the manager operate.

Risk

The committee considered a matrix of risks at each of its meetings and there is more detail on the process of these reviews in the Strategic Report on page 9.

The Audit, its effectiveness and the reappointment of the Auditor

The committee reviewed the terms of appointment of the auditor, monitored the audit process, assessed the auditor's independence, objectivity and effectiveness of the audit process including the provision of non-audit services by the firm, which are limited to the certification of compliance with covenants in the debenture trust deeds, and determined that they have had no impact on the auditor's independence and objectivity.

As part of the review of the auditor, the members of the committee and those representatives of the Manager involved in the audit process reviewed and considered a number of areas including:

- the reputation and standing of the audit firm;
- the audit processes, evidence of partner oversight, and external information such as annual reports from the auditor's regulator;
- the skills, experience and specialist knowledge of the audit team, particularly relating to investment trusts;
- audit communication including details of planning, information on relevant accounting and regulatory developments, and recommendations on corporate reporting; and
- the reasonableness of audit fees.

For the 2013 financial year, the committee was satisfied that the audit process was effective. Non-audit services in the year of £2,500 were for the auditor's certification of borrowing covenants (2012 - £7,500). These fees are considered by the audit committee to be proportionate to the fees for audit services of £21,315 (2012 - £22,518).

The committee considered the representations made by the auditor and sought comments from representatives of the manager on the provision of services by the auditor and the effectiveness of the external audit. The audit committee believes that the performance of the auditor is satisfactory and has recommended to the board that a resolution proposing the re-appointment of the auditor is put to shareholders at the AGM.

Audit Committee Report *(continued)*

Financial Report and Significant Issues

The audit committee met with the auditor at the half-year to discuss the audit plan for the year and identify the significant issues to be dealt with in the review of the year end results. The chief issues identified for the review, those identified as presenting the greatest risks, were:

- the valuation of the investments in the portfolio,
- the liquidity of the portfolio,
- the risk that there is no evidence of the existence of stocks in the portfolio, and

Investments are valued using stock exchange prices provided by third party financial data vendors. Unlisted investments are recognised on a fair value basis as set out in the statement of accounting policies on page 51 and are reviewed by the manager's pricing committee before being approved by the company and being made available to the auditor.

We received reports from the manager on the liquidity of the portfolio and we examined the manager's processes for monitoring and acting on portfolio liquidity information and made this information available to the auditor.

We ensured that the auditor was able to confirm the existence and ownership of portfolio investments by making information available from the custodian so that this could be reconciled with the portfolio list. These and other matters, identified as posing lesser risk, were considered and discussed with the manager and the auditor as part of the year end process.

In addition we reviewed the manner in which expenses are allocated between capital and income and concluded that the ratio of 70/30 remains appropriate since it fairly reflects our investment policy and prospective split of capital and income returns.

The committee observed the audit materiality and error reporting thresholds in the report from the auditors and noted that in practice there were no unadjusted errors reported in the audit.

The audit committee and then the whole board reviewed the entire annual report and noted all the supporting information received. It then considered whether the annual report satisfactorily reflected a true picture of the company and its activities and performance in the year, with a clear link between the relevant sections of the report. The directors were then able to confirm that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Audit Tenure

Deloitte LLP have acted as auditor to the company since 2006. Since the initial appointment there have been two rotations of audit partner. The current audit partner is in his first year of the audit. The committee has noted the AIC Code provisions relating to the tendering for external audit contracts every ten years for larger companies and is aware of the deliberations in this area by the Competition Commission and the European Union which would apply to all listed companies. This is a matter we will consider during 2014 when we have certainty with both sets of rules and further guidance on their interaction.

Internal audit

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. Reports from third party auditors on the internal controls maintained on behalf of the company by AGI and by all other providers of administrative and custodian services to AGI or directly to the company were reviewed during the year.

Whistleblowing

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. However, any matters concerning the company may be raised with the Chairman or Senior Independent Director.

Ian Barlow FCA CTA
Audit Committee Chairman
21 February 2014

Directors' Remuneration Report

The Committee Chairman's Statement

This is the Directors' Remuneration Report for the year. The 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 2013. An ordinary resolution for the approval of the Directors' Remuneration Policy will be put to a binding shareholder vote at the forthcoming annual general meeting and at every three years after that. The Directors' Remuneration Implementation Report will be put to an advisory shareholder vote at this year's AGM.

The information provided in this part of the Directors' Remuneration Report is not subject to audit unless specified below.

The Board

The board of directors is composed solely of non-executive directors. The determination of the directors' fees is guided by the recommendations of the remuneration committee which is made up of the independent directors and is chaired by Sir William Worsley.

Directors' Interests (Audited)

Ordinary shares of 25p	2013 Beneficial	2013 Non-beneficial	2012 Beneficial	2012 Non-beneficial
Keith Percy	4,000	-	4,000	-
Ian Barlow	46,000	-	46,000	-
Vivian Bazalgette	4,000	-	4,000	-
Peter Harrison*	-	-	-	-
Peter Maynard	4,000	-	4,000	-
Sir William Worsley	108,700	339,331	110,000	510,450

*Resigned from the board on 20 February 2013.

On 2 December 2013 Carolan Dobson was appointed a director and currently holds 4,750 shares in the company. On 1 January 2014 Jim Sharp was appointed a director and currently has a beneficial interest in 161,873 shares and a non-beneficial interest in 651,956 shares.

Since the year end Sir William Worsley has acquired 18,970 shares and currently has a beneficial interest in 127,670 shares and his non-beneficial interest has reduced to 282,420.

Directors retire and offer themselves for re-election 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. No exit payments are made when a director leaves the board.

Policy on Directors' Remuneration

The company's Articles currently limit the aggregate fees payable to the board of directors to a total of £200,000 per annum. The board's policy, subject to this overall limit, is 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 rate of inflation and the increasing requirements in the nature of the role that individual directors fulfil, and the time committed to the company's affairs. These requirements are particularly relevant to the Chairman and the Chairman of the Audit Committee. The board believes that levels of remuneration should be sufficient to attract and retain non-executive directors to oversee the company.

The company's Articles also provide that additional discretionary payments can be made for services which in the opinion of the directors are outside the scope of the ordinary duties of a director.

Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at meetings. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the company and its directors concerning compensation for loss of office.

These fees may be increased up to a total of no more than £200,000 per annum by resolution of the board and this limitation will apply until a new Directors' Remuneration Policy is approved by shareholders.

Directors' Remuneration Report *(continued)*

This Directors' Remuneration Policy is the same in all material respects as that currently followed by the board and summarised in the last Directors' Remuneration Report. This policy is intended to take effect immediately upon its approval by shareholders.

The Company has no employees and consequently has no policy on the remuneration of employees.

The Board will consider, where raised, shareholders' views on Directors' remuneration.

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 (ex UK) Index (£). An explanation of the company's performance is given in the Chairman's Statement and the Investment Managers' Review.

Implementation Report

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 £20,000 per annum and the Chairman at a rate of £33,500 per annum, with an additional £3,000 for the Chairman of the Audit Committee, and an additional £2,000 for the Senior Independent Director. The current fees have applied since 1 December 2011; prior to this the fees had been unchanged for two years.

The fees were reviewed after the end of the year and the following new fees apply with effect from 1 December 2013: directors' fees are £21,500 per annum, the Chairman's fees are £37,000 per annum, with an additional £4,000 for the Chairman of the Audit Committee, and an additional £2,000 for the Senior Independent Director.

Directors' Emoluments (Audited)

The directors received directors' fees and no other remuneration during the year and therefore the directors' emoluments during the year and in the previous year are as follows:

	Directors' fees	
	2013 £	2012 £
Ian Barlow	23,000	23,000
Vivian Bazalgette	20,000	20,000
Peter Harrison*	1,369	-
Peter Maynard	20,000	20,000
Keith Percy	33,500	33,500
Sir William Worsley	22,000	22,000
Total	**119,869**	**118,500**

*Resigned from the board on 20 February 2013.

Analysis of Pay against Distributions

A table showing actual expenditure by the company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the company on remuneration and distributions to the shareholders

	2013 £	2012 £
Remuneration paid to all directors	119,869	118,500
Distribution to shareholders	6,247,966	5,750,070

The disclosure is a statutory requirement, however the directors do not consider that the comparison of directors' remuneration with distributions to shareholders is a meaningful measure against the company's overall performance.

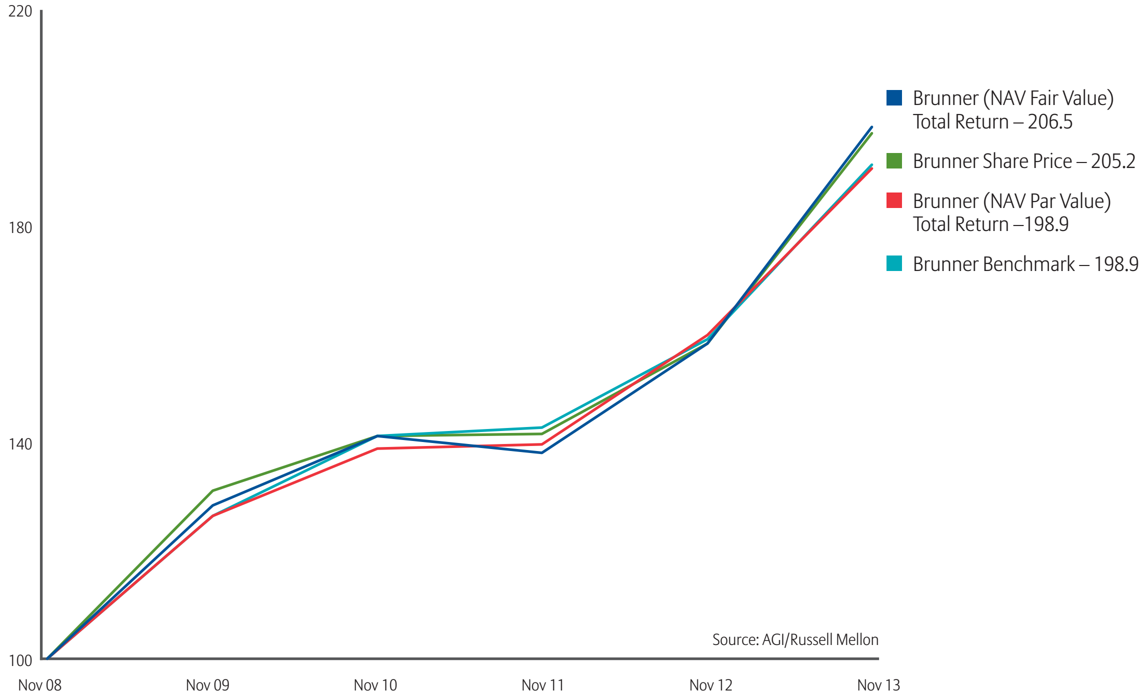
Directors' Remuneration Report *(continued)*

Performance Graph

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

The Brunner Investment Trust PLC

30 November 2008 - 30 November 2013



(Re-based to 100)
*50:50 FTSE All-Share and FTSE World (ex UK) Index (£).

Sir William Worsley
Remuneration Committee Chairman
21 February 2014

The Brunner Investment Trust PLC

Financial Statements

Independent Auditor's Report to the Members of The Brunner Investment Trust PLC

Opinion on financial statements of The Brunner Investment Trust PLC

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law, UK GAAP and SORP.

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the Directors' Report that the company is a going concern.

We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk

Valuation and liquidity of investments

Due to the size of the portfolio and the fact that the investments are the main asset owned by the Trust, there is a risk that investments within the portfolio may not be liquid and the prices quoted may not be reflective of fair value.

How the scope of our audit responded to the risk

We obtained the schedule of investments held at year-end and checked the basis for valuation of all the investments to supporting documentation. For all the quoted investments, including the UK Treasury Stock, we obtained year-end closing bid prices published by an independent pricing source. Any cumulative material price differences were investigated.

We tested investment liquidity by making enquiries of the Manager of its assessment of portfolio liquidity. We also verified trading activity and volumes around the year-end and compared this to the holdings in the portfolio at year-end.

Existence and ownership of investments

Due to the size of the portfolio and the fact that the investments are the main asset owned by the company, there is a risk that the investments within the portfolio may not exist or be owned by the company at year-end.

We confirmed the existence and ownership of all the quoted investments at year-end by obtaining an independent third party confirmation directly from the custodian and agreeing it to the schedule of investments held at year-end.

We performed transaction testing on a sample of trades made during the year and performed cut-off testing on trades made around the year-end period.

We also reviewed the latest ISAE 3402 report on the custodian's controls related to its custody of the company's quoted investments.

The Audit Committee's consideration of these risks is set out on page 39.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditor's Report to the Members of The Brunner Investment Trust PLC *(continued)*

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality to be £8.5 million, which is approximately 3% of the net asset value at year-end. We use net asset value as the appropriate base for materiality as it is one of the main drivers of the company.

We agreed with the Audit Committee that we would report to the committee all audit differences in excess of £160,958, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As all of of the accounting is done by service organisations, we obtained an understanding of how the company uses service organisations in its operations and evaluated the design and implementation of relevant controls at the company that relate to the services provided by service organisations. We reviewed the latest ISAE 3402 report from the service organisations and contacted the service organisations directly to obtain specific information we needed to conduct our audit.

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 Strategic Report and 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

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Independent Auditor's Report to the Members of The Brunner Investment Trust PLC *(continued)*

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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 Ethical Standards for Auditors.

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 auditor's 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.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Calum Thomson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
21 February 2014

Income Statement

for the year ended 30 November 2013

	Notes	2013 Revenue £	2013 Capital £	2013 Total Return £	2012 Revenue £	2012 Capital £	2012 Total Return £
Net gains on investments at fair value	8	-	45,481,385	45,481,385	-	28,148,864	28,148,864
Net (losses) gains on foreign currencies		-	(18,484)	(18,484)	-	3,222	3,222
Income	1	9,112,784	-	9,112,784	8,164,531	-	8,164,531
Investment management fee	2	(412,926)	(963,493)	(1,376,419)	(363,578)	(848,349)	(1,211,927)
Administration expenses	3	(488,385)	(9,215)	(497,600)	(397,751)	(9,014)	(406,765)
Net return before finance costs and taxation		**8,211,473**	**44,490,193**	**52,701,666**	**7,403,202**	**27,294,723**	**34,697,925**
Finance costs: interest payable and similar charges	4	(1,348,838)	(3,094,788)	(4,443,626)	(1,351,267)	(3,099,625)	(4,450,892)
Net return on ordinary activities before taxation		**6,862,635**	**41,395,405**	**48,258,040**	**6,051,935**	**24,195,098**	**30,247,033**
Taxation	5	(295,705)	-	(295,705)	(270,497)	-	(270,497)
Net return on ordinary activities attributable to ordinary shareholders		**6,566,930**	**41,395,405**	**47,962,335**	**5,781,438**	**24,195,098**	**29,976,536**
Return per ordinary share (basic and diluted)	7	**15.22p**	**95.94p**	**111.16p**	**13.34p**	**55.81p**	**69.15p**

Dividends to be distributed in respect of the financial year ended 30 November 2013 total 14.5p (2012 - 13.30p), amounting to £6,247,966 (2012 - £5,753,058). Details are set out in Note 6.

The total column of this statement is the profit and loss account of the company.

The supplementary revenue return and capital return columns are both prepared under the guidance published by the Association of Investment Companies.

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 51 to 69 form an integral part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 November 2013

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets at 1 December 2011		10,914,647	5,085,353	175,084,502	13,495,824	204,580,326
Revenue return		-	-	-	5,781,438	5,781,438
Shares repurchased during the year		(103,918)	103,918	(1,721,928)	-	(1,721,928)
Dividends on ordinary shares	6	-	-	-	(5,651,489)	(5,651,489)
Unclaimed dividends over 12 years		-	-	-	10,629	10,629
Capital return		-	-	24,195,098	-	24,195,098
Net assets at 30 November 2012		**10,810,729**	**5,189,271**	**197,557,672**	**13,636,402**	**227,194,074**

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets at 1 December 2012		10,810,729	5,189,271	197,557,672	13,636,402	227,194,074
Revenue return		-	-	-	6,566,930	6,566,930
Shares repurchased during the year		(38,375)	38,375	(731,026)	-	(731,026)
Dividends on ordinary shares	6	-	-	-	(6,171,539)	(6,171,539)
Capital return		-	-	41,395,405	-	41,395,405
Net assets at 30 November 2013		**10,772,354**	**5,227,646**	**238,222,051**	**14,031,793**	**268,253,844**

The notes on pages 51 to 69 form an integral part of these Financial Statements.

Balance Sheet

as at 30 November 2013

	Notes	2013 £	2013 £	2012 £
Fixed assets				
Investments held at fair value through profit or loss	8		300,320,884	266,000,192
Current assets				
Debtors	10	2,173,716		1,194,384
Cash at bank		17,028,674		11,962,244
		19,202,390		13,156,628
Creditors - amounts falling due within one year	10	(1,426,912)		(1,890,435)
Net current assets			17,775,478	11,266,193
Total assets less current liabilities			318,096,362	277,266,385
Creditors - amounts falling due after more than one year	10		(49,842,518)	(50,072,311)
Total net assets			268,253,844	227,194,074
Capital and reserves				
Called up share capital	11		10,772,354	10,810,729
Capital redemption reserve	12		5,227,646	5,189,271
Capital reserve	12		238,222,051	197,557,672
Revenue reserve	12		14,031,793	13,636,402
Equity shareholders' funds	13		268,253,844	227,194,074
Net asset value per ordinary share	13		622.6p	525.4p

The financial statements of The Brunner Investment Trust PLC, company number 226323, were approved and authorised for issue by the Board of Directors on 21 February 2014 and signed on its behalf by:

Keith Percy
Chairman

The notes on pages 51 to 69 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2013

	Notes	2013 £	2013 £	2012 £
Net cash inflow from operating activities	15		6,955,317	6,758,798
Return on investments and servicing of finance				
Interest paid		(4,650,919)		(4,644,862)
Dividends paid on preference stock		(22,500)		(22,500)
Net cash outflow from servicing of financing			(4,673,419)	(4,667,362)
Capital expenditure and financial investment				
Purchase of fixed asset investments		(92,452,435)		(55,764,938)
Sale of fixed asset investments		102,158,016		65,584,820
Net cash inflow from financial investment			9,705,581	9,819,882
Equity dividends paid			(6,171,539)	(5,651,489)
Unclaimed dividends over 12 years			-	10,629
Net cash inflow before financing			5,815,940	6,270,458
Financing				
Repurchase of ordinary shares for cancellation			(731,026)	(1,722,318)
Increase in cash	16		5,084,914	4,548,140

The notes on pages 51 to 69 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2013

1. **Financial statements** – 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 applicable accounting standards, 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 Articles, 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 Strategic Report on pages 7 to 10.

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. The board reviews special dividends and their treatment at each meeting.

   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.

   Commissions in respect of underwriting are recognised when the underwritten issue closes and are generally recognised within the Income Statement as revenue. Where, however, the company is required to take up a proportion of the shares underwritten, the same proportion of the shares underwritten is recognised as capital, with the balance recognised as revenue.

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** – 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 investments is provided on this basis to the board.

   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 price or the last traded price depending on the convention of the exchange on which they are 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 *(continued)*

for the year ended 30 November 2013

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 corporation tax for the accounting period. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

   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.

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 proposed 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 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 monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Profit and losses thereon are recognised in the capital column of the income statement and taken to the capital reserve.

Notes to the Financial Statements

for the year ended 30 November 2013

1. Income

	2013 £	2012 £
Income from Investments*		
Equity income from UK investments†	5,048,321	4,708,075
Equity income from overseas investments††	3,398,237	2,701,329
Stock dividends from overseas investments	-	21,979
Interest from UK fixed income investments	598,666	707,490
	9,045,224	8,138,873
Other Income		
Deposit interest	51,416	19,192
Underwriting commission	16,144	6,466
	67,560	25,658
Total income	9,112,784	8,164,531

*All dividend income is derived from listed investments.
† Includes special dividends of £16,685 (2012 - £nil).
†† Includes special dividends of £174,391 (2012 - £162,870).

2. Investment Management Fee

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
Investment management fee	412,926	963,493	1,376,419	363,578	848,349	1,211,927

The company's manager is Allianz Global Investors Europe GmbH, UK Branch (AGI). 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 AGI.

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

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

3. Administration Expenses

	2013 £	2012 £
Auditor's remuneration		
for audit services	21,315	22,518
for non audit services - certification of borrowing covenants	2,500	7,500
VAT on auditor's remuneration	4,763	6,004
	28,578	36,022

Directors' fees	119,869	118,500
Custody fees	45,290	39,492
Registrars' fees	22,276	20,529
Association of Investment Companies' fees	23,233	22,606
Marketing costs	125,475	48,337
Printing and postage	16,520	17,636
Directors' and officers' liability insurance	12,012	13,104
Professional and advisory fees	39,655	43,433
Other	72,326	49,719
VAT recovered	(16,849)	(11,627)
	488,385	397,751

(i) The above expenses include value added tax where applicable.
(ii) Directors' fees are set out in the Directors' Remuneration Report on page 41.
(iii) Custodian handling charges of £9,215 were charged to capital (2012 - £9,014).

4. Finance Costs: Interest Payable and Similar Charges

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
On Stepped Rate Interest Loan repayable after more than five years	613,671	1,431,898	2,045,569	611,747	1,427,409	2,039,156
On Fixed Rate Interest Loan repayable after more than five years	712,667	1,662,890	2,375,557	716,664	1,672,216	2,388,880
5% Cumulative Preference Stock repayable after more than five years	22,500	-	22,500	22,500	-	22,500
On Sterling overdraft	-	-	-	356	-	356
	1,348,838	3,094,788	4,443,626	1,351,267	3,099,625	4,450,892

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

5. Taxation

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
Overseas taxation	295,705	-	295,705	270,497	-	270,497
Current tax charge	**295,705**	**-**	**295,705**	**270,497**	**-**	**270,497**
Reconciliation of tax charge						
Return on ordinary activities before taxation	6,862,635	41,395,405	48,258,040	6,051,935	24,195,098	30,247,033
Corporation tax 23.33% (2012 - 24.67%)	1,601,282	9,658,928	11,260,210	1,492,811	5,968,124	7,460,935
Effects of						
Non taxable income	(1,946,533)	-	(1,946,533)	(1,822,223)	-	(1,822,223)
Non taxable capital gains	-	(10,608,010)	(10,608,010)	-	(6,944,181)	(6,944,181)
Disallowable expenses	5,434	2,581	8,015	5,934	2,640	8,574
Overseas tax suffered	295,705	-	295,705	270,497	-	270,497
Excess of allowable expenses over taxable income	339,817	946,501	1,286,318	323,478	973,417	1,296,895
Current tax charge	**295,705**	**-**	**295,705**	**270,497**	**-**	**270,497**

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.

As at 30 November 2013, the company had accumulated surplus expenses of £61.8 million (2012 - £56.3 million) and eligible unrelieved foreign tax of nil (2012 - nil).

As at 30 November 2013 the company has not recognised a deferred tax asset of £12.4 million (2012 - £13.0 million) in respect of accumulated expenses, based on a prospective corporation tax rate of 20% (2012 - 23%). The reduction in the standard rate of corporation tax was substantively enacted on 17 July 2013 and is effective from 1 April 2015. Provided the company continues to maintain its current investment profile, it is unlikely that the expenses will be utilised and that the company will obtain any benefit from this asset.

The company will continue to seek approval under Section 1158 of the Corporation Taxes Act 2010 for the current year and the foreseeable future. The company has not therefore provided deferred tax on any capital gains and losses arising on the disposal of investments.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

6. Dividends on Ordinary Shares

	2013 £	2012 £
Dividends paid on ordinary shares		
Final - 8.30p paid 22 March 2013 (2012 - 8.00p)	3,586,174	3,487,593
Interim - 6.00p paid 30 August 2013 (2012 - 5.00p)	2,585,365	2,163,896
	6,171,539	5,651,489

Dividends payable at the year end are not recognised as a liability under FRS 21'Events After Balance Sheet Date' (see page 52 - Statement of Accounting Policies). Details of these dividends are set out below.

	2013 £	2012 £
Final dividend - 8.5p payable 26 March 2014 (2013 - 8.30p)	3,662,601	3,589,162
	3,662,601	3,589,162

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

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
Return attributable to ordinary shareholders	6,566,930	41,395,405	47,962,335	5,781,438	24,195,098	29,976,536
Return per ordinary share	15.22p	95.94p	111.16p	13.34p	55.81 p	69.15 p

The return per ordinary share is based on a weighted average number of shares of 43,146,811 (2012 - 43,351,553) ordinary shares in issue.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

8. Fixed Asset Investments

	2013 £	2012 £
Listed at market valuation on recognised Stock Exchanges		
United Kingdom	160,524,965	147,819,977
Overseas	139,767,403	118,151,699
	300,292,368	**265,971,676**
Unlisted at directors' valuation		
United Kingdom	28,516	28,516
Total investments	**300,320,884**	**266,000,192**
Market value of investments brought forward	266,000,192	250,582,706
Investment holding gains brought forward	(36,332,612)	(14,825,722)
Cost of investments held brought forward	**229,667,580**	**235,756,984**
Additions at cost	92,053,448	52,885,504
Disposals at cost	(82,686,774)	(58,974,908)
Cost of investments held at 30 November	**239,034,254**	**229,667,580**
Investment holding gains at 30 November	61,286,630	36,332,612
Market value of investments held at 30 November	**300,320,884**	**266,000,192**
Net gains on investments		
Net investment holding gains on sales of investments based on historical costs	20,527,367	6,609,912
Adjustment for net investment holding (gains) losses recognised in previous years	(16,727,825)	135,398
Net gains on sales of investments based on carrying value at previous balance sheet date	**3,799,542**	**6,745,310**
Net investment holding gains arising in the year	41,681,843	21,371,492
Net gains on sales of investments before special dividends	**45,481,385**	**28,116,802**
Special dividends credited to capital	-	32,062
Net gains on investments	**45,481,385**	**28,148,864**

The board considers that the company's unlisted investment is 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 £212,118 (2012 - £160,745) and transaction costs on sales of £77,980 (2012 - £58,970).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

9. Investments in Other Companies

The company held more than 10% of the share capital of the following companies at 30 November 2013.

Company	Class of Shares Held	%
First Debenture Finance PLC (FDF)	'A' Shares	50.0
First Debenture Finance PLC	'B' Shares	50.0
First Debenture Finance PLC	'C' Shares	50.0
First Debenture Finance PLC	'D' Shares	50.0
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 the financial operating policies of FDF or Fintrust, either through voting rights or through agreement with those companies' other shareholders, due to provisions in FDF's and Fintrust's Articles and in certain contracts between the company and each of FDF and Fintrust. Accordingly, FDF and Fintrust are not considered to be Associate Undertakings as per FRS9 and are therefore included in the balance sheet at the directors' valuation. FDF and Fintrust are the lenders of the company's Stepped Rate Interest Loan and Fixed Rate Interest Loan, as detailed in Notes 10(i) and 10(ii), respectively. Apart from the finance costs, there were no other transactions between FDF, Fintrust and the company during the year.

10. Current Assets and Creditors

	2013 £	2012 £
Debtors		
Sales for future settlement	1,056,125	-
Accrued income	1,080,869	1,160,091
Other debtors	36,722	34,293
	2,173,716	**1,194,384**
Cash at Bank		
Current account	6,939,846	8,370,638
Deposit account	10,088,828	3,591,606
	17,028,674	**11,962,244**
Creditors: Amounts falling due within one year		
Purchases for future settlement	-	475,101
Other creditors	500,599	489,021
Interest on borrowings (see below)	926,313	926,313
	1,426,912	**1,890,435**

The carrying amount of debtors, cash at bank and creditors: amounts falling due within one year, approximate their fair value.

	Notes	2013 £	2012 £
Interest on outstanding borrowings consists of:			
Stepped Rate Interest Loan		836,351	836,351
Fixed Rate Interest Loan		78,712	78,712
5% Cumulative preference stock		11,250	11,250
		926,313	926,313
Creditors: Amounts falling due after more than one year			
Stepped Rate Interest Loan	10(i)	18,203,038	18,203,038
Fixed Rate Interest Loan	10(ii)	31,189,480	31,419,273
5% Cumulative preference stock	10(iii)	450,000	450,000
		49,842,518	50,072,311

(i) The Stepped Rate Interest Loan of £18,203,038 (2012 - £18,203,038) comprises adjustable Stepped Rate Interest Loan Notes of £2,977,442, Stepped Rate Interest Bonds of £11,909,766. The Loan Notes and Bonds were issued in 1987 at 97.4% and are repayable on 2 January 2018, together with a premium of £3,315,830.

The initial interest rate on the Loan Notes and Bonds was 8.35% per annum. This increased annually by 5.0% compound until January 1998 when it reached its current rate of 13.6%. This stepped interest rate, when combined with the accrual of the premium, results in an effective interest rate of 11.27% per annum.

Interest on the Loan Notes and Bonds is payable in January and July each year. Interest on the Loan Notes is variable in accordance with the terms of the agreement with the lender, First Debenture Finance PLC (FDF).

FDF has a liability to its debenture stockholders to repay principal and interest on its £52.2 million of 11.125% Severally Guaranteed Debenture Stock 2018. The company has guaranteed the repayment of principal and interest on £18.2 million of FDF's Debenture Stock. This is in proportion to the principal amounts raised by the company in 1987 in respect of the Loan Notes and Bonds. 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.

(ii) The Fixed Rate Interest Loan of £28,000,000 is due to Fintrust Debenture PLC (Fintrust). It comprises a loan of £15,000,000 taken out in 1993, and a further amount of £13,000,000 assumed in 1998 from another of Fintrust's borrowers. The loan is repayable on 20 May 2023 and carries interest at 9.25125% per annum on the principal amount. Interest is payable in May and November each year.

As security for the loan, the company has granted a floating charge over its assets in favour of the lender. This charge ranks pari passu with the floating charge noted in 10(i) above.

The principal of £15,000,000 taken out in 1993 is stated at £14,955,173 (2012 - £14,952,531), being the net proceeds of £14,929,474 plus accrued finance costs of £25,699 (2012 - £23,057). The effective interest rate of this portion of the loan is 9.30%.

On assuming the additional loan of £13,000,000 in 1998, the company also received a premium of £5,727,111 to ensure that the finance costs on this additional loan were comparable to existing market interest rates. This premium is being amortised over the remaining life of the loan. At 30 November 2013, the loan is stated at £16,234,307 (2012 - 16,466,742), being the principal amount of £13,000,000 plus the unamortised premium of £3,234,307 (2012 - 3,466,742). The effective interest rate of this portion of the loan is 6.00%

(iii) The 5% cumulative preference stock is recognised as a creditor due after more than one year under the provisions of FRS25 ' Financial Instruments: Disclosure and Presentation'. The right of the preference stockholders to receive payments is not calculated by reference to the company's profits and, in the event of a return of capital is limited to a specific amount, being £450,000. Dividends on the preference stock are payable on 30 June and 31 December each year.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

11. Share Capital

	2013 £	2012 £
Allotted and fully paid		
43,089,418 ordinary shares of 25p each (2012 - 43,242,918)	10,772,354	10,810,729

The directors are authorised by an ordinary resolution passed on 19 March 2013 to allot relevant securities, in accordance with section 551 of the Companies Act 2006, up to a maximum of 14,402,304 ordinary shares 25p each. This authority expires on 19 June 2014 and accordingly a renewed authority will be sought at the annual general meeting on 18 March 2014.

During the year 153,500 ordinary shares were repurchased by the company and cancelled. The aggregate purchase price of these shares, amounting to £731,026 was charged to the capital reserve, within gains on sales of investments (see Note 12). No further ordinary shares have been repurchased for cancellation since the year end.

12. Reserves

		Capital Reserve		
	Capital Redemption Reserve £	Gains on sales of Investments £	Investment Holding Gains (Losses) £	Revenue Reserve £
Balance at 1 December 2012	5,189,271	161,212,415	36,345,257	13,636,402
Net gains on sales of investments	-	3,799,542	-	-
Transfer on disposal of investments	-	16,727,825	(16,727,825)	-
Net movement in investment holding gains	-	-	41,681,843	-
Net losses on foreign currency	-	-	(18,484)	-
Purchase of ordinary shares for cancellation	38,375	(731,026)	-	-
Investment management fee	-	(963,493)	-	-
Finance costs of borrowings	-	(3,094,788)	-	-
Other capital expenses	-	(9,215)	-	-
Dividends appropriated in the year	-	-	-	(6,171,539)
Revenue retained for the year	-	-	-	6,566,930
Balance at 30 November 2013	**5,227,646**	**176,941,260**	**61,280,791**	**14,031,793**

Under the terms of the company's Articles, the capital reserves are distributable only by way of redemption or purchase 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 02/10, 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.

13. Net Asset Value per Share

The net asset value per share was as follows:

	Net asset value per share attributable 2013	2012
Ordinary shares of 25p	622.6p	525.4p

	Net asset value attributable 2013 £	2012 £
Ordinary shares of 25p	268,253,844	227,194,074

The net asset value per ordinary share is based on 43,089,418 ordinary shares in issue at the year end (2012 - 43,242,918).

14. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2013 there were no outstanding contingent liabilities or capital commitments (2012 - 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 59 'Current Assets and Creditors'.

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

	2013 £	2012 £
Total return before finance costs and taxation	52,701,666	34,697,925
Add: Special dividends credited to capital	-	32,062
Add: Effective yield amortisation	(76,114)	229,574
Less: Net (gains) on investments held at fair value	(45,481,385)	(28,148,864)
Less: Net losses (gains) on foreign currency	18,484	(3,222)
Less: Overseas tax suffered	(295,705)	(270,497)
	6,866,946	6,536,978
Decrease in debtors	76,793	186,167
Increase in creditors	11,578	35,653
Net cash inflow from operating activities	6,955,317	6,758,798

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

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

	Cash £	Stepped and Fixed Rate Loans £	Net Debt £
(i) Analysis of changes in net debt			
Balance at 1 December 2012	11,962,244	(50,072,311)	(38,110,067)
Movement in the year	5,084,914	229,793	5,314,707
Net losses on foreign currencies	(18,484)	-	(18,484)
Balance at 30 November 2013	**17,028,674**	**(49,842,518)**	**(32,813,844)**

	2013 £	2012 £
(ii) Reconciliation of net cash flow to movement in net debt		
Net cash inflow	5,084,914	4,548,140
Net (losses) gains on foreign currencies	(18,484)	3,222
Decrease in long term loans	229,793	216,902
Movement in net funds	**5,296,223**	**4,768,264**
Net debt brought forward	(38,110,067)	(42,878,331)
Net debt carried forward	**(32,813,844)**	**(38,110,067)**

17. Financial Risk Management Policies and Procedures

The company invests in equities and other investments in accordance with its investment objective as stated on page 1. 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, market yield 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 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.

(a) Market Risk

The 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 of market price risk (price and yield), 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 18 to 26.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

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 2013 was as follows:

	2013 £	2012 £
Listed equity investments held at fair value through profit or loss	282,333,163	237,320,527

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 20% (2012: 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 recent years. 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.

	2013 20% Increase in fair value £	2013 20% Decrease in fair value £	2012 20% Increase in fair value £	2012 20% Decrease in fair value £
Revenue return				
Investment management fee	(76,230)	76,230	(64,077)	64,077
Capital return				
Net gains (losses) on investments at fair value	56,466,633	(56,466,633)	47,464,105	(47,464,105)
Investment management fee	(177,870)	177,870	(149,512)	149,512
Change in net return and net assets	56,212,533	(56,212,533)	47,250,516	(47,250,516)

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) Market Yield Risk

Market yield risk arises from the uncertainty about the company's ability to maintain its income objectives due to systematic decline in corporate dividend levels.

Management of Market Yield Risk

The directors regularly review the current and projected yield of the investment portfolio, and discuss with the manager the extent to which it will enable the company to meet its investment income objective.

(iii) 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.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

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

	2013 Investments £	2013 Other net Liabilities £	2013 Total Currency Exposure £	2012 Investments £	2012 Other net Liabilities £	2012 Total Currency Exposure £
Sterling	160,553,480	(33,973,141)	126,580,339	147,848,493	(39,146,423)	108,702,070
Australian Dollar	4,367,801	73,810	4,441,611	4,113,371	74,766	4,188,137
Brazilian Real	4,041,883	627	4,042,510	2,410,212	-	2,410,212
Canadian Dollar	2,682,610	12,522	2,695,132	1,970,869	6,726	1,977,595
Euro	25,544,216	12,796	25,557,012	20,632,368	5,156	20,637,524
Hong Kong Dollar	9,771,452	-	9,771,452	7,668,062	-	7,668,062
Japanese Yen	11,214,990	85,332	11,300,322	6,323,685	66,909	6,390,594
Singapore Dollar	1,495,413	-	1,495,413	1,367,070	-	1,367,070
Swiss Franc	12,098,671	199,999	12,298,670	4,459,879	122,046	4,581,925
Taiwan Dollar	1,924,473	296,987	2,221,460	1,564,375	271,207	1,835,582
US Dollar	66,625,895	1,224,028	67,849,923	67,641,808	(206,505)	67,435,303
Total	**300,320,884**	**(32,067,040)**	**268,253,844**	**266,000,192**	**(38,806,118)**	**227,194,074**

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 outstanding foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

	2013 20% Decrease in Sterling against Foreign Currencies £	2013 20% Increase in Sterling against Foreign Currencies £	2012 20% Decrease in Sterling against Foreign Currencies £	2012 20% Increase in Sterling against Foreign Currencies £
Australian Dollar	1,110,403	(740,268)	1,047,034	(698,023)
Brazilian Real	1,010,627	(673,752)	602,553	(401,702)
Canadian Dollar	673,783	(449,189)	494,398	(329,599)
Euro	6,389,253	(4,259,502)	5,159,381	(3,439,587)
Hong Kong Dollar	2,442,863	(1,628,575)	1,917,015	(1,278,010)
Japanese Yen	2,825,081	(1,883,387)	1,597,649	(1,065,099)
Singapore Dollar	373,853	(249,235)	341,768	(227,845)
Swiss Franc	3,074,668	(2,049,778)	1,145,480	(763,655)
Taiwan Dollar	555,365	(370,244)	458,895	(305,930)
US Dollar	16,962,481	(11,308,320)	16,858,825	(11,239,217)
Total	**35,418,377**	**(23,612,250)**	**29,622,998**	**(19,748,667)**

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

(iv) 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 table below summarises in sterling terms the financial assets and liabilities whose values are directly affected by changes in interest rates.

	2013 Fixed rate interest £	2013 Floating rate interest £	2013 Nil interest £	2013 Total £	2012 Fixed rate interest £	2012 Floating rate interest £	2012 Nil interest £	2012 Total £
Financial assets	17,959,205	17,028,674	282,361,679	317,349,558	28,651,149	11,962,244	237,349,043	277,962,436
Financial liabilities	(49,842,518)	-	-	(49,842,518)	(50,072,311)	-	-	(50,072,311)
Net financial (liabilities) assets	**(31,883,313)**	**17,028,674**	**282,361,679**	**267,507,040**	**(21,421,162)**	**11,962,244**	**237,349,043**	**227,890,125**
Short term debtors and creditors	-	-	-	746,804	-	-	-	(696,051)
Net (liabilities) assets per balance sheet	**(31,883,313)**	**17,028,674**	**282,361,679**	**268,253,844**	**(21,421,162)**	**11,962,244**	**237,349,043**	**227,194,074**

As at 30 November 2013, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 0% and 1.35% per annum (2012 - 0% and 1.35% per annum).

The company's exposure to fixed interest rates on assets, being the two Treasury Stock holdings as at 30 November 2013 has a weighted average period to maturity of 7.03 years (2012 - 5.5 years) and an effective yield of 2.56% (2012 - 1.82%).

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2012 and 30 November 2013.

	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	20/05/2023	15,000,000	9.25125%	9.30%
Fintrust Debenture PLC - Additional Loan	20/05/2023	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% (2012 - 8.98%) and the weighted average period to maturity of these liabilities is 7.9 years (2012 - 8.9 years).

The above year end amounts are reasonably representative of the exposure to interest rates during the year, as the level of exposure does not change materially. The company's net return and net assets are not significantly affected by changes in interest rates.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

Management of Interest Rate Risk

The company invests mainly in equities, the values of which are not directly affected by changes in prevailing market interest rates. In the year to 30 November 2013, the company held two UK Government fixed interest securities with a total value of £18.0m. The company's policy is to remain substantially fully invested and thus does not expect to hold significant cash balances.

The company finances its operations through a mixture of share capital, retained earnings and long term borrowings which are subject to fixed rates of interest. Movement in interest rates will not materially affect the finance costs of the company. The company's borrowings are partially offset by the two UK Government fixed interest securities, thus reducing the net exposure of the company to the market value movements as a result of interest rate changes.

The company is considered to have low direct exposure to interest rate risk.

(b) Liquidity Risk

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

Maturity of Financial Liabilities

The table below presents the future cash flows payable by the company in respect of its financial liabilities.

Cash flows in respect of the principal and interest on the Stepped Rate Interest Loan and Fixed Rate Interest Loan reflect the maturity dates set out in Note 10 on pages 58 and 59. Cash flows in respect of the 5% cumulative preference stock, which has no fixed repayment date, assume maturity of 20 years from the balance sheet date. Cash flows have not been discounted.

2013	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Creditors - amounts falling due within one year					
Finance costs of borrowing	1,034,744	3,623,675	-	-	4,658,419
Other creditors	500,599	-	-	-	500,599
Creditors - amounts falling due after more than one year					
Maturity of borrowings	-	-	18,203,038	28,450,000	46,653,038
Finance costs of borrowing	-	-	17,605,926	13,244,250	30,850,176
	1,535,343	**3,623,675**	**35,808,964**	**41,694,250**	**82,662,232**

2012	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Creditors - amounts falling due within one year					
Finance costs of borrowing	1,028,031	3,614,025	-	-	4,642,056
Other creditors	964,122	-	-	-	964,122
Creditors - amounts falling due after more than one year					
Maturity of borrowings	-	-	-	46,653,038	46,653,038
Finance costs of borrowing	-	-	18,550,797	16,869,525	35,420,322
	1,992,153	**3,614,025**	**18,550,797**	**63,522,563**	**87,679,538**

Other creditors include trade creditors only, no accrued finance costs included.

Management of Liquidity Risk

Liquidity risk is not considered to be significant as the company's assets mainly comprise of realisable securities, which can be sold to meet funding requirements. 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 (2012 - £7 million).

(c) 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 only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit rating of brokers are reviewed quarterly by the manager.

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 Aa3 and A3, 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 2013 was as follows:

	2013 £	2012 £
Investment		
Treasury stock	17,959,205	28,651,149
Debtors		
Outstanding settlements	1,056,125	-
Accrued income	1,080,869	1,160,091
Net debtors	36,722	34,293
	2,173,716	**1,194,384**
Cash at bank	17,028,674	11,962,244
Total	**37,161,595**	**41,807,777**

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

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 which is a reasonable approximation of their fair value.

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

As at 30 November the financial assets at fair value through profit and loss of £ 300,320,884 (2012 - £ 266,000,192) are categorised as follows:

	2013 £	2012 £
Level 1	300,292,368	265,971,676
Level 2	-	-
Level 3	28,516	28,516
	300,320,884	**266,000,192**

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*:

	2013 Book value £	2013 Fair value £	2012 Book value £	2012 Fair value £
First Debenture Finance Loan	18,203,039	24,381,712	18,203,039	26,155,656
Fintrust Loan	31,189,479	37,558,293	31,419,272	42,390,169
Total	**49,392,518**	**61,940,005**	**49,622,311**	**68,545,825**

The net asset value per ordinary share, with the FDF and Fintrust loans at fair value is 593.6p (2012 - 481.7p).

*The fair value has been derived from the closing market value as at 30 November 2013 and 30 November 2012.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2013

18. 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:

	2013 £	2012 £
Net long term debt		
Creditors: amounts falling due after more than one year	49,842,518	50,072,311
Less: Treasury stock	(17,959,205)	(28,651,149)
	31,883,313	21,421,162
Equity		
Called up share capital	10,772,354	10,810,729
Share premium account and other reserves	257,481,490	216,383,345
	268,253,844	227,194,074
Total capital	300,137,157	248,615,236
Debt as a percentage of total capital	10.62%	8.62%

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 managers' 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 £7m, and as a public company the minimum authorised 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. The terms of the debenture trust deeds have various covenants which prescribe that moneys borrowed should not exceed the adjusted total of capital and reserves. These are measured in accordance with the policies used in the annual financial statements. The company has complied with these.

19. Transactions with the Investment Manager and Related Parties

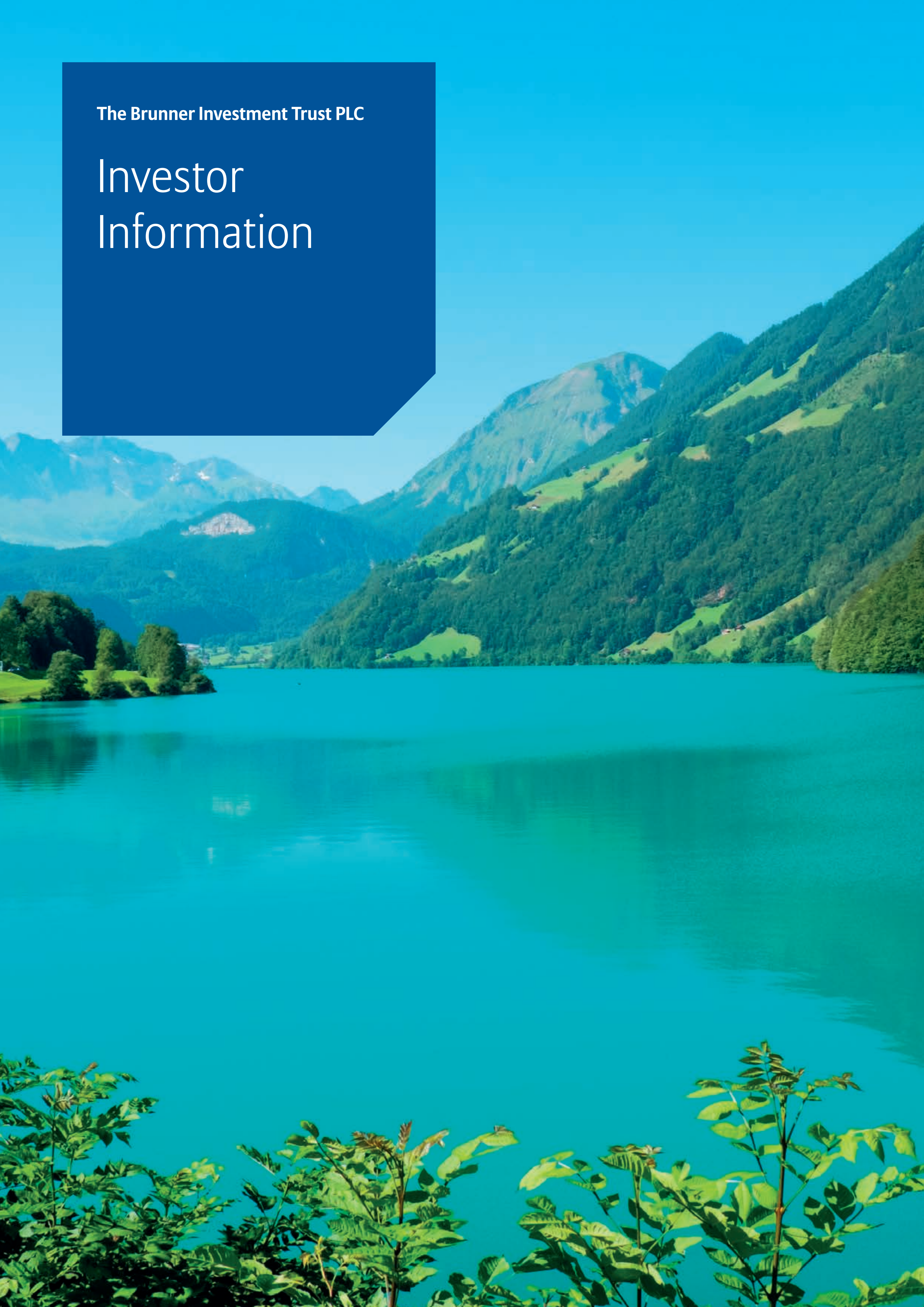
The amounts paid to the manager together with details of the investment management contract are disclosed in Note 2. The existence of an independent board of directors demonstrates that the company is free to pursue its own financial and operating policies and therefore, under FRS 8: Related Party Disclosures, the manager is not considered to be a related party.

The company's related parties are its directors. Fees paid to the company's board are disclosed in the Director's Remuneration Report on page 41.

There are no other identifiable related parties at the year end, and as at 21 February 2014.

The Brunner Investment Trust PLC

Investor Information



Investor Information

Financial Calendar

Year end 30 November.	
Full year results announced and Annual Financial Report posted to shareholders in February.	
Annual General Meeting held in March.	
Interim Management Statements announced in April and October.	
Full year results announced and half-yearly Financial Report posted to shareholders in July.	

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 Trust's website: www.brunner.co.uk, or from Alliance Trust Savings Customer Services Department on 01382 573737 or by email: contact@alliancetrust.co.uk.

A list of other providers can be found on the Trust's website: www.brunner.co.uk.

Ordinary Dividends

It is anticipated that dividends will be paid as follows:

1st quarterly	June
2nd quarterly	September
3rd quarterly	December
Final	March

Preference Dividends

Payable half-yearly 30 June and 31 December.

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 manager's Investors Helpline on 0800 389 4696 or via the company's website: www.brunner.co.uk.

Website

Further information about The Brunner Investment Trust PLC, including monthly factsheets, daily share price and performance, is available on the company's website: www. brunner.co.uk.

Dividend

The board is recommending a final distribution of 8.5p to be payable on 26 March 2014 to shareholders on the Register of Members at the close of business on 7 March 2014, making a total distribution of 14.5p per share for the year ended 30 November 2013, an increase of 9.0% over last year's distribution. The ex dividend date is 5 March 2014.

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 Asset Services. Dividends mandated in this way are paid via Bankers' Automated Clearing Services (BACS). Tax vouchers will then be sent directly to shareholders at their registered address unless other instructions have been given.

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.

← Lungern, Switzerland

Investor Information *(continued)*

Capita Asset Services offer shareholders a free online service called The Share Portal, enabling shareholders to access a comprehensive range of shareholder related information

Registrars

Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Telephone: 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.
Email: ssd@capita.co.uk
Website: www.capitaassetservices.com

Shareholder Enquiries

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, 199 Bishopsgate, London EC2M 3TY. Telephone: 020 7065 1513.

Dividend Reinvestment Plan for Ordinary Shareholders (DRIP)

The registrars offer a DRIP which gives ordinary shareholders the opportunity to use their cash dividend to buy further shares in the company under a low-cost dealing arrangement. Terms and Conditions and an application form are enclosed with each dividend payment.

Share Dealing Services

Capita Asset Services operate an online and telephone dealing facility for UK resident shareholders with share certificates. Stamp duty and commission may be payable on transactions.

For further information on these services please contact: www.capitadeal.com for online dealing or 0871 664 0454 for telephone dealing. Lines are open 8.00 a.m. to 4.30 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.

Share Portal

Capita Asset Services offer shareholders a free online 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.capitaassetservices.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.

International Payment Services

Capita Asset Services operate an international payment service for shareholders, whereby they can elect either for their dividend to be paid by foreign currency draft or they can request an international bank mandate. This service is only available for dividend payments of £10 or more.

Investor Information *(continued)*

The International Payment Service will generally cost less than the fees charged by your local bank to convert your sterling dividend into your local currency. A £5 administration fee per dividend payment applies. Your dividends are paid as cleared funds directly into your bank or sent to you as a draft.

Capita Asset Services, working in partnership with Deutsche Bank, will arrange for your dividend to be exchanged into your local currency at competitive rates based on actual market rates.

To use this service you will need to register online at: www.capitaassetservices.com/international or by contacting Capita as detailed below.

For further information on these services please contact: +44 20 8639 3405 (from outside of the UK) or 0871 664 0385 (in the UK) (Calls cost 10p per minute plus network extras. Lines are open between 9.00am and 5.30pm, Monday to Friday) or email IPS@capita.co.uk.

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.

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.

General enquiries about the company should be directed to the Company Secretary, The Brunner Investment Trust PLC, 199 Bishopsgate, London, EC2M 3TY.

Notice of Meeting

Notice is hereby given that the eighty-seventh annual general meeting of The Brunner Investment Trust PLC will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on Tuesday 18 March 2014 at 12 noon to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Report and the Financial Statements for the year ended 30 November 2013 with the Auditor's Report thereon.
2 To declare a final dividend of 8.5p per ordinary share.
3 To re-elect Keith Percy as a director.
4 To re-elect Vivian Bazalgette as a director.
5 To re-elect Ian Barlow as a director.
6 To re-elect Peter Maynard as a director.
7 To elect Carolan Dobson as a director.
8 To elect Jim Sharp as a director.
9 To approve the Directors' Remuneration Policy Report.
10 To approve the Directors' Remuneration Implementation Report.
11 To re-appoint Deloitte LLP as the Auditor of the company.
12 To authorise the directors to determine the remuneration of the Auditor.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 13 will be proposed as an ordinary resolution and resolutions 14 and 15 will be proposed as special resolutions:

13 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 £3,590,784 (14,363,139 ordinary shares) 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 18 June 2015 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.

14 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 13 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 £538,618 (2,154,471 ordinary shares) 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 18 June 2015, 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.

15 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 6,459,103;

(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 2015 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time;

(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.

199 Bishopsgate, London, EC2M 3TY
21 February 2014

By order of the board
Kirsten Salt
Company Secretary

Notice of Meeting *(continued)*

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 registrars.
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 14 March 2014 (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 auditor no later than the time it is made available on the website and must be included in the business of the meeting.

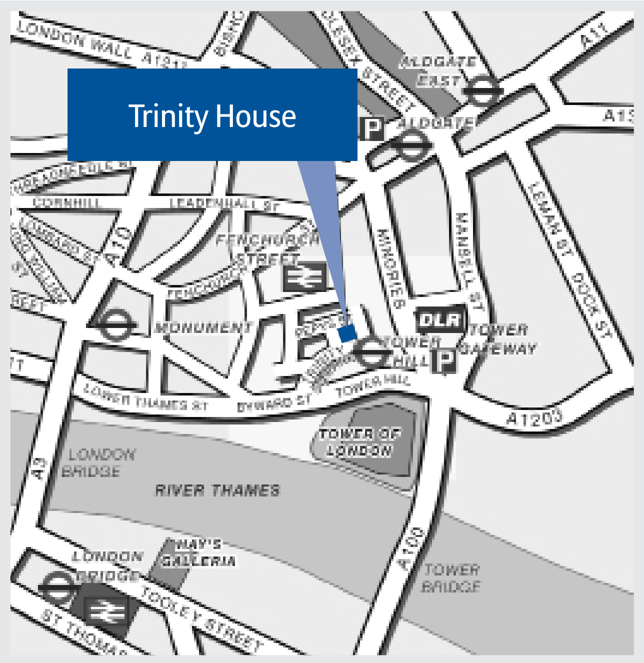
Notice of Meeting *(continued)*

13. As at 20 February 2014, 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 43,089,418 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 21 February 2014 is 43,089,418. 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.allianzgi.co.uk/invtrusts.

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

Annual General Meeting venue



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