30 November 2015

The Brunner Investment Trust PLC

Annual Financial Report

Allianz Global Investors

www.brunner.co.uk

Contents

Cover image: Forsyth Park Fountain, Savannah, Georgia.

The image of the fountain 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. John Brunner was born in Canton Zürich and migrated to Lancashire in 1832. His son, Sir John 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.

Jim Sharp, who joined the board on 1 January 2014, is connected to the Brunner family by marriage and continues 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

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 performance is measured is 50% FTSE All-Share Index 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 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.

The Key Performance Indicators 'KPI's on page 9 of the report show how effective the company has been in delivering its strategy.

Financial Highlights

Net assets per ordinary share*	Earnings per ordinary share	Dividend per ordinary share	Net asset value total return
610.3p	**14.1p**	**15.3p**	**+1.7%**
2014 614.9p	2014 14.7p	2014 15.0p	2014
-0.7%	**-4.1%**	**+2.0%**	**+6.0%**

*All references to NAV in our commentary and the Strategic Report are to NAV with debt at fair value since this is the measure that the board considers best reflects the value to shareholders.

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 Index and 50% FTSE World (ex UK) Index (£). A statement explaining how the assets have been invested to spread risk and how gearing is managed is included in the table "Risk" on page 10.

Chairman's Statement

Dear Shareholder

Performance

The Net Asset Value (NAV) per ordinary share of the company fell by 0.7% on a capital basis closing at 610.3p on 30 November 2015, outperforming the benchmark which decreased by 1.1% over the period. On a total return basis the NAV increased by 1.7%, slightly underperforming the benchmark which returned 1.8%.

Earnings per Share

The company's earnings per share fell by 4.1% this year, from 14.7p to 14.1p, largely reflecting the fall in income due to the decrease in gilt interest following a strategic decision by the board to sell the gilts in May 2015 and hold the proceeds in cash to mitigate the impact of the debentures on the investment managers' desired gearing level.

Dividends for the Year

This is our second year of paying quarterly dividends. It is proposed that a fourth and final dividend of 5.7p per share will be paid on 29 March 2016 to shareholders on the Register of Members at close of business on 26 February 2016, bringing the total payment for 2015 to 15.3p, an increase of 2.0% on last year. This requires a small contribution from revenue reserves (1.2p) but these reserves remain strong at 22.6p per share, after the payment of the third quarterly dividend and the proposed final dividend.

The board's intention is to maintain a dividend which grows over time above the inflation rate, subject to performance and to maintaining adequate dividend cover over the longer term. If the dividend is approved, this will mean the company will have a 44 year record of increasing dividends.

Debentures

We continue to look at whether there are any viable early redemption options. In the meantime, as we have identified in previous annual reports, we see the cost of our debt reduce each year as we get closer to the redemption date of our debentures. The first maturity is in January 2018 and we are looking at our options at that time. There is detail on the debentures in Note 10 beginning on page 60 and we consider our position further in our Viability Statement on page 10.

Buyback of Shares

The discount has traded at an average of 12.7% (with debt at fair value on a cum income basis) during the period. The discount is wider than the sector average (7.9%). The board believes that constraints on liquidity and the relatively high cost of debt are amongst the contributing factors to this.

Buying back large numbers of shares would further impact liquidity and the board has therefore been reluctant to commit to large share buy backs. Nevertheless, as the discount was wider than the sector average during the year, the company has bought back a small number of shares as a means of reducing discount volatility and to generate modest enhancements to NAV. We will be seeking shareholder approval to renew the share buyback facility for the coming year in order to be able to continue to use this tool.

Brunner's wide appeal as an investment

We are pleased to note that Brunner is becoming an increasingly popular choice for private investors. This is evidenced by the increasing numbers of shares purchased through online investment platforms and wealth managers, especially in the second half of our financial year.

Chairman's Statement *(continued)*

Our marketing and advertising has sought to highlight the benefits of long-term investing and the reinvestment of dividends to help investors looking for options to save for retirement. The company's website continues to be the hub of our investor communications, hosting regular updates on investment performance, dividend information, regulatory market announcements and the views of our fund managers. Our monthly shareholder communications have been enhanced with a four page fact sheet that includes more in-depth commentary from our fund managers as well as more detailed performance and dividend information. We also provide shareholders with a video interview with our investment managers each quarter via email. Both of these communications are available to subscribers registering for updates at www.brunner.co.uk.

The expenses of running the company have been kept to a reasonable level. As can be seen on page 9, this year ongoing charges were 0.75% of net asset value (2014 - 0.79%).

The Board

This is my tenth annual statement to shareholders and it will be my last as I will be stepping down at the conclusion of the forthcoming Annual General Meeting. As we announced in July last year, it is the board's wish that Carolan Dobson succeeds me as Chairman when I retire from the board. Carolan joined the board in December 2013 and as you can see from her biography on page 29, she has had a very successful career in the fund management industry and has wide experience of investment trusts.

Outlook

Brunner's investment philosophy, which is predicated on seeking attractively valued, potentially high return businesses with secular growth opportunities largely independent of the macroeconomic environment, has the potential to continue to deliver above average results during a time of anticipated higher market volatility and low equity returns.

These companies tend to have decent growth visibility, high returns on investment and strong cash flow generation, which allow them not only to reinvest in their businesses but also, in many cases, return excess cash to shareholders through dividend growth. The recent increase in market volatility should provide opportunities to buy shares in some of these companies at more favourable prices.

Annual General Meeting

The Annual General Meeting will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on 15 March 2016, and we, the board, look forward to meeting those shareholders who are able to attend.

Keith Percy
Chairman
17 February 2016

Brunner's investment philosophy… has the potential to continue to deliver above average results during a time of anticipated higher volatility and low equity returns.

The Mail ON SUNDAY

PERSONAL FINANCE

DECEMBER 27 • 2015

How to keep income growing from shares

Worried about dividends? It's a matter of trust...

THE OUTLOOK next year for dividends from shares is not promising, a potential blow to millions of investors dependent upon the income to safeguard their standard of living or help build their long term wealth. Yet don't despair. Here, JEFF PRESTRIDGE identifies six investment trusts that have enough income in their tanks already to continue their record of delivering investors with all-important dividend growth – plus the potential for generating tidy profits.

STRONG dividend growth from holding a portfolio of shares has provided a salvation for many income-hungry investors in recent years, hit by moribund returns from cash.

But the dividend gravy train could be derailed in 2016 as the earnings of some of the biggest companies listed on the UK stock market come under pressure as a result of a depressed global economy.

FTSE 100 giants such as retailer Tesco, mining firm Glencore and bank Standard Chartered, have already cut dividend payments to shareholders. They won't be the last.

Alan Brierley, director at City investment broker Cannaccord Genuity, says the dividend outlook in the UK for next year looks 'challenging'. He says: 'Company profits and the cash they are generating are under pressure in many areas of the market. Some companies may find it difficult to pay dividends.'

It is a view that backs earlier research by Capita Asset Services, part of outsourcing group Capita, which conducts a quarterly audit of dividends paid by UK companies. In its last report, it describes dividend prospects for the year ahead as 'lacklustre', warning of 'risks to the downside'.

Russ Mould, investment director at AJ Bell, an online fund broker, says many companies are not generating sufficient earnings to warrant keeping their dividends at current levels. He says dividends at 'greatest risk' are those paid by pharmaceuticals company GlaxoSmithKline and mining giants BHP Billiton and Rio Tinto. But there are ways investors can give themselves a greater chance of protecting their dividend payments from painful cuts. The best tactic is to hunt down investment trusts that make delivering annual income growth a key component of their modus operandi.

According to trade organisation the Association of Investment Companies, there are more than 30 investment trusts that, through stock market and economic thick and thin, have managed at least ten consecutive years of annual dividend increases.

Their success in growing income payments to shareholders is a result of the investment manager's ability to build reserves of income in the good years so that they can be used in the difficult times to ensure continued dividend increases.

The Mail on Sunday has identified six trusts from this 36-strong list – all managed by leading investment houses – that have key characteristics comforting to investors in search of a growing income.

They are Brunner, City of London, Henderson EuroTrust, JPMorgan Claverhouse, Scottish Mortgage and Witan.

Brunner, Scottish Mortgage and Witan are invested worldwide while both City of London and JPMorgan Claverhouse are primarily invested in the UK stock market. Henderson EuroTrust is invested in European equities, excluding the UK.

Using data from fund scrutineers Morningstar and Trustnet, the managers' latest factsheets and the Association of Investment Companies, all six trusts have passed six key hurdles:

- THEY run assets of more than £100million and have been around for longer than 20 years, indicating the trusts are here to stay. In some instances, they have records going back more than 100 years.
- THE individual managers (or at least one of them if the trust is jointly managed) have been at the helm for at least five years, confirming stability in the underlying investment process.
- OVER the past one, three and five years, they have generated overall returns superior to those from the FTSE All Share Index. Over these three time periods, the index has produced returns of minus 2 per cent, 20 per cent and 29 per cent.
- THEY have at least ten years of consecutive increases in the dividends they pay shareholders. City of London has increased its dividend for 49 years.
- ALL have annual charges less than one per cent – good value for money.
- CRUCIALLY, they all have at least the equivalent of half a year's income squirrelled away in reserves. This is referred to in City circles as 'dividend cover'. For example, Brunner has dividend cover of '2.14' – enough income in reserves to pay last year's annual dividend twice over. Brierley says all six represent 'core long-term holdings' for income seekers.

>> *To receive a list of the 36 income-friendly investment trusts, email: jeff.prestridge@mailonsunday.co.uk*

CUT AND DRIED: Beauty salon owner Charlotte Maylin

PICTURE: IAN McILGORM

I'm investing so that I can spend half the year abroad

CASE STUDY

BEAUTY and hairdressing salon owner Charlotte Maylin has built an investment portfolio that includes Scottish Mortgage, one of the six income oriented investment trusts that passes The Mail on Sunday's six quality 'tests'.

Charlotte, 45, from Letchworth in Hertfordshire, started investing 15 years ago in tax-friendly Isas but says she did not know investment trusts even existed. She says: 'I stumbled across them while doing some research.' Her money is now predominantly split between seven investment trusts – all held within a tax-friendly Isa. Her portfolio is performing well.

Charlotte intends to invest the maximum Isa allowance – £15,240 – this year. She is saving as much as she can now so that when she eventually retires she can spend half the year abroad – preferably in the Far East, a part of the world she loves.

Six of the best – our pick of the top investment trusts that pay out year after year

CITY OF LONDON INVESTMENT GROUP PLC

Investment manager: Henderson
Individual manager: Job Curtis
Invested: 90% UK; 10% overseas.
Overall returns: One year, +5%; three years, +3
Dividend yield: 3.91% **Income p**
Dividend cover in years: 0.78
YEARS OF CONSECUTIVE DIVIDEND I

The Brunner Investment Trust PLC

Investment manager: Allianz Global Investors
Individual manager: Jeremy Thomas, Lucy Macdonald
Invested: 38% UK; 28% US; 14% Europe; 8% Asia; 12% other.
Overall returns: One year, +1%; three years, +36%; five years, +46%.
Dividend yield: 2.31% **Income payments:** Quarterly
Dividend cover in years: 2.14
YEARS OF CONSECUTIVE DIVIDEND INCREASES: 43

DERSON OTRUST PLC

ager: Henderson
ger: Tim Stevenson
urope (excluding UK)
One year, +16%; three years, +67%; five years, +90%.
2.0% **Income payments:** Half-yearly
n years: 1.25
SECUTIVE DIVIDEND INCREASES: 11

JPMorgan Claverhouse Investment Trust plc

Investment manager: JPMorgan
Individual manager: Sarah Emly, William M
Invested: 93% UK; 7% other.
Overall returns: One year, +3%; three years, +50%; five years, +58%.
Dividend yield: 3.44% **Income payments:** Quarterly
Dividend cover in years: 1.29
YEARS OF CONSECUTIVE DIVIDEND INCREASES: 42

Overall returns: One year, +6%; three years, +55%; five years, +83%.
Dividend yield: 1.05% **Income payments:** Half-yearly
Dividend cover in years: 1.83
YEARS OF CONSECUTIVE DIVIDEND INCREASES: 32

investment trust

ager: Independent (multi-manager)
ger: Andrew Bell
25% US; 16% Europe; 14% Asia; 2% other.
Overall returns: One year, +4%; three years, +67%; five years, +71%.
Dividend yield: 2.0% **Income payments:** Quarterly
Dividend cover in years: 1.69
YEARS OF CONSECUTIVE DIVIDEND INCREASES: 40

Performance – Review of the Year

Review of the Year

Revenue

Years ended 30 November	2015	2014	% change
Income available for ordinary dividend	£6,064,955	£6,337,759	-4.3
Earnings per ordinary share	14.1p	14.7p	-4.1
Dividends per ordinary share	15.3p	15.0p	+2.0
Retail price index	259.8	257.1	+1.1

Assets

As at 30 November	2015	2014	Capital return % change	Total return* % change
Net asset value per ordinary share (capital)#	610.3p	614.9p	-0.7	+1.7
Share price	540.5p	541.0p	-0.1	+2.7
Total net assets	£262,487,295	£264,944,720	-1.7	-
Ongoing charges**	0.8%	0.8%	-	-

*Total return is calculated with dividends reinvested.
**The ongoing charges percentage is calculated in accordance with the explanation given on page 9.
All references to net asset value are with debt at fair value.
#See Note 13 on page 63 for debt at par calculations.

Comparison of Performance relative to Benchmark

The benchmark comprises 50% FTSE All-Share Index and 50% FTSE World (ex UK) Index (£). The benchmark fell by 1.1% during the year to 30 November 2015.

Net Asset Value Relative to Benchmark

	Capital return	Total return*
Change in net asset value	-0.7%	+1.7%
Change in benchmark	-1.1%	+1.8%
Performance against benchmark	**+0.4%**	**-0.1%**

Portfolio Relative to Benchmark

	Capital return	Total return*
Change in portfolio return#	0.0%	+2.9%
Change in benchmark	-1.1%	+1.8%
Performance against benchmark	**+1.1%**	**+1.1%**

*Total return is calculated with dividends reinvested.
#Equity only, excludes cash and gearing.

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	-3.6	-2.8	-0.8	-0.1	-0.6
Overseas	3.1	0.5	2.6	1.2	1.6

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

Reconciliation of Benchmark Performance to Return to Shareholders†

	Capital Return	Income Return	Total Return
Net equity portfolio return (excluding cash and gilts)	**0.0%**	**2.9%**	**2.9%**
Impact of gearing	0.0%	0.4%	0.4%
Finance costs	-1.2%	-0.5%	-1.7%
Decrease in fair value of debt	0.9%	0.0%	0.9%
Other	0.1%	-0.2%	-0.1%
Net effect of gearing	**-0.2%**	**-0.3%**	**-0.5%**
Retained Revenue	-0.2%	0.2%	0.0%
Management fee	-0.4%	-0.2%	-0.6%
Administration expenses	0.0%	-0.2%	-0.2%
Other	0.1%	0.0%	0.1%
Other factors	**-0.5%**	**-0.2%**	**-0.7%**
Return to shareholders†	**-0.7%**	**2.4%**	**1.7%**
Change in benchmark	-1.1%	2.9%	1.8%
Relative performance	**0.4%**	**-0.5%**	**-0.1%**

†Based on debt at fair value.

London, UK

The Brunner Investment Trust PLC

Strategic Report

Strategic Report

at 30 November 2015

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 Index 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 are attractive to new investors and investor groups, particularly individuals with smaller portfolios held either directly or in self-invested pension plans for whom we can provide a 'one stop shop' for equity investment. 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 88 stocks at 30 November 2015 (93 stocks in 2014). Within that concentration modest gearing - employing the company's borrowings to invest - is within guidelines set by the board.

Marketing activity has been further developed to ensure that the company's 'one stop shop' message can be promoted to investors looking for exposure to UK and global equities in one fund 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 revenue reserves available for distribution.

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 investment strategy
- the company's market position compared with its peer group, including an analysis of performance, dividend policies and yields
- a comparison of the company's performance against open-ended funds
- gearing and the future for our debentures as redemption approaches

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, company secretarial and other administration services to an investment management company – Allianz Global Investors GmbH, UK Branch – and to other parties, including HSBC Bank PLC as depositary and custodian, and Capita Asset Services as registrar. This enables Brunner to provide shareholders with a 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. The investment managers also issue a monthly update on investment performance which is posted on the Company's website and is available by email.

Strategic Report *(continued)*

at 30 November 2015

Key Performance Indicators

The board uses the following Key Performance Indicators (KPIs) to monitor and evaluate the performance of the company, shown on pages 5 and 6, in executing its strategy.

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 Index 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 13. Capital returns are shown on page 1 and in the Chairman's Statement.

Brunner NAV Total Return

	2015	2014
Debt at fair value	1.7%	6.0%
Benchmark	1.8%	9.6%
Relative return	-0.1%	-3.6%

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 (charged to both income and capital, as per Note 2 on page 55) and all other ongoing charges (Note 3 on page 56), by the average net asset value (with debt at fair value) over the year in accordance with the AIC's recommended methodology. This figure does not include costs incurred from trading activities, as these are capitalised within the investment (Note 8 on page 59) and amounts to a further 0.08% of net assets (2014 - 0.10%).

Ongoing charges are published by the AIC.

Ongoing charges

2015	0.75%	2014	0.79%

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 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 2015, the company was ranked in the Global sector as follows:

1 year	20 out of 28
3 years	17 out of 28
5 years	13 out of 28

(Net Asset Value total return. Source: Thomson Datastream)

Dividends

The board has a policy of paying a progressive dividend each year, taking into account inflation and the ability to achieve this 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 27 which shows that dividends have risen in every year and outpaced inflation.

2015	15.3p +2.0%	2014	15.0p +3.4%

Discount

The company's shares currently trade at a discount to the net asset value per share. The share price depends on a number of factors, including sentiment towards the company. The board monitors the discount with the aim, allowing for the company's gearing which acts to widen the discount, that it keeps in step with average discounts in the sector. The board gives the manager authority in certain circumstances to buy back and cancel the company's shares which would be likely to result in a narrowing of the discount.

2015		2014	
Highest	17.6%	Highest	15.8%
Lowest	7.9%	Lowest	8.4%
Average	12.7%	Average	11.9%

Strategic Report *(continued)*

at 30 November 2015

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 at every meeting. 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 AllianzGI. 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 64. The chief risk the board has discussed this year relates to the redemption of the first of the debentures maturing in 2018. In preparation for this event the board has identified sufficient available funds for the repayment of debenture holders.

In addition to the principal risks above, the board has identified more general risks, for example relating to compliance with accounting, tax, legal and regulatory requirements and to the provision of services from third parties. As in all companies, the board is alert to the risks of financial crime and threat of cyber attacks. After ensuring that there are appropriate measures in place, the board considers these risks are effectively mitigated.

Viability Statement

Brunner is an investment company and has operated as an investment vehicle since 1927 with the aim of offering a return to investors over the long term. This year for the first time, under new Corporate Governance Code provisions, the directors have formally assessed the prospects of the company for a period of longer than the one year, required by the Going Concern principle. The directors believe that three years is the appropriate outlook period for this review as this covers the first of the redemptions of the company's debentures and would give investors assurance there is a realistic prospect that the company will continue to be viable whilst seeking to achieve its aim to provide growth in capital value and dividends over the long term.

The board has assessed the long-term viability of the company against the principal risks faced by the company, outlined in the reporting under Risk in the Strategy Report, immediately above.

Strategic Report *(continued)*

at 30 November 2015

Many of these matters are subject to ongoing review and the final assessment, to enable this statement to be made, has been formally reviewed by the board.

The factors considered are:

- The company's investment strategy and the long term performance of the company, together with the board's view that it will continue to provide attractive returns to investors;
- The financial position of the company, including the impact of foreseeable market movements on cash flows - the board monitors the financial position in detail at each board meeting and at least twice each year it stress-tests the portfolio against significant market falls;
- The company's ability to meet interest payments and debt redemptions as they fall due, in particular the repayment of £18million for the first of the debentures falling due in early 2018. This sum represents less than 6.7% of the assets of the company currently and so there is no significant risk that this repayment will not be met: the board will decide nearer the time how best to fund this repayment but has meanwhile decided to hold sufficient cash to do so; and
- The liquidity of the portfolio, and the company's ability to pay dividends and to meet the budgeted expenses of running the company which is examined at each board meeting.

Based on the results of this assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their review.

Social, Community and Human Rights Issues

As an investment trust, the company has no direct social or community responsibilities. However, the board shares the manager's view that it is in shareholders' interests to be aware of and consider human rights issues, together with environmental, social and governance factors when selecting and retaining investments. Details of the company's policy on socially responsible investment are set below.

Socially Responsible Investment

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. Allianz Global Investors 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, Allianz Global Investors 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."

Directors and employees and gender representation

The directors of the company on 30 November 2015, all of whom held office during the year, are set out in the directors' biographies on page 29 and 30. There are currently five male directors and one female director. The company has no employees.

The Future

The main trends and factors likely to affect the company in the future are common to all investment companies and are the attractiveness of investment companies as investment vehicles for the asset classes in which the company invests, and the returns available from the market. The 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 17.

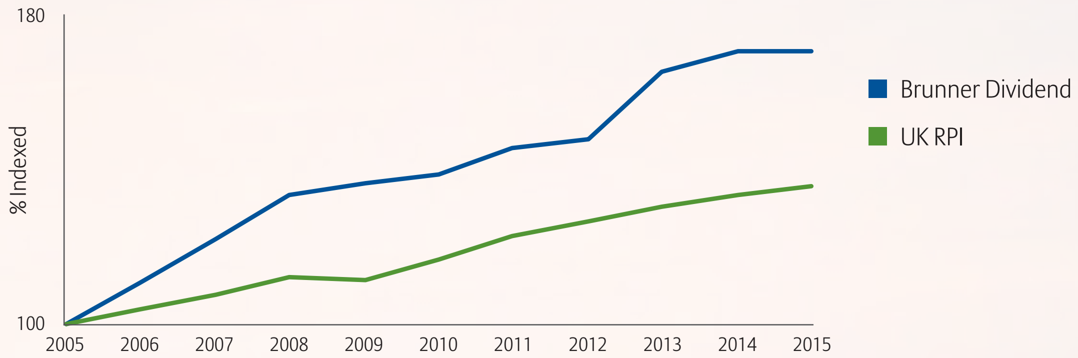
By order of the board
Kirsten Salt
Company Secretary
17 February 2016

The Brunner Investment Trust PLC

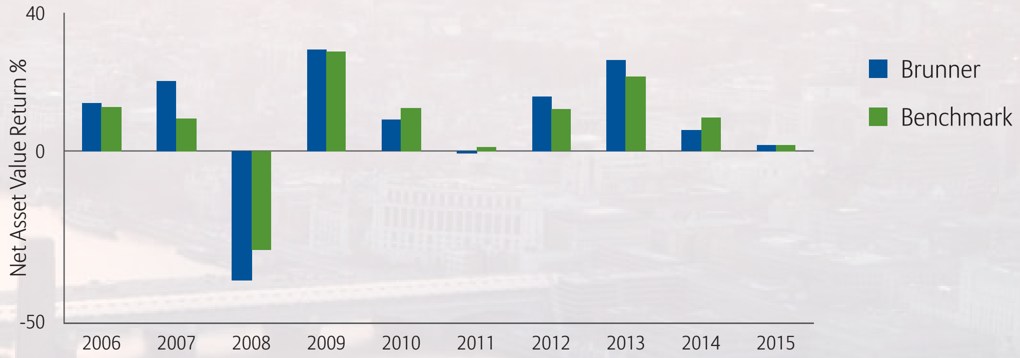
Investment Managers' Review

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 total return with debt at fair value against benchmark – 10 year record



Source: AllianzGI (Re-based to 100)

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

Thirty Largest Equity Investments

at 30 November 2015

Name	Valuation (£)	% of Invested Funds	Principal Activities
Microsoft	8,540,745	2.94	Software & Computer Services
HSBC	7,987,804	2.75	Banks
Vodafone	7,303,111	2.51	Mobile Telecommunications
Royal Dutch Shell 'B' Shares	7,276,416	2.50	Oil & Gas Producers
BP	6,542,965	2.25	Oil & Gas Producers
GlaxoSmithKline	5,549,023	1.91	Pharmaceuticals & Biotechnology
Walgreen	5,479,470	1.88	Food & Drug Retailers
Roche Holdings	5,475,282	1.88	Pharmaceuticals & Biotechnology
Nielsen	5,398,265	1.86	Media
Muenchener Rueckver	5,386,568	1.85	Non-Life Insurance
Estee Lauder 'A' Shares	5,378,360	1.85	Personal Goods
Mothercare	5,328,000	1.83	General Retailers
UBM	5,055,000	1.74	Media
AbbVie	5,042,358	1.73	Pharmaceuticals & Biotechnology
BG Group	4,908,075	1.69	Oil & Gas Producers
Visa	4,805,822	1.65	Financial Services
Better Capital	4,650,000	1.60	Equity Investment Instruments
Balfour Beatty	4,642,940	1.60	Construction & Materials
United Health	4,544,219	1.56	Health Care Equipment & Services
United Internet	4,372,722	1.50	Software & Computer Services
UBS	4,296,653	1.48	Banks
Accenture	4,294,756	1.48	Support Services
Fresenius	4,224,765	1.45	Health Care Equipment & Services
Monsanto	4,221,418	1.45	Food Producers
Apple	4,153,978	1.43	Technology Hardware & Equipment
Intertek	4,149,810	1.43	Support Services
Wells Fargo	4,005,919	1.38	Banks
EOG Resources	3,990,747	1.37	Oil & Gas Producers
Adidas	3,967,675	1.36	Personal Goods
SMC	3,779,259	1.30	Industrial Engineering
	154,752,125	53.21	% of Total Invested Funds

Investment Managers' Review

Market Review

Global equities ended the financial year with modest gains despite heightened volatility across almost all asset classes. The FTSE World Index was largely in positive territory until August, when markets sold off dramatically on concerns that China's weakening economy could have broader global growth ramifications. This in turn contributed to the Federal Reserve delaying its long anticipated interest rate hike, which further dented market sentiment.

However, the turbulence soon subsided and equities rallied in October and November on strong US economic data and expectations that the European Central Bank would extend quantitative easing in order to combat persistently low growth and inflation. In contrast, the FTSE All-Share declined moderately, mainly due to relatively high exposure to weak commodities. As a result, the combined benchmark rose 1.8%. Bond prices generally edged higher.

Portfolio Review

Active management through bottom-up stock picking provided additional performance in volatile markets that struggled to produce positive returns. **Mothercare**, **Fresenius SE**, **Tullet Prebon**, **Microsoft** and a number of other technology holdings were the top contributors.

It was pleasing to see Mothercare recover strongly after its disappointing performance last year. The shares continue to offer upside particularly if we begin to see gross margin expansion.

Global healthcare company Fresenius SE gained steadily through the year, helped by strong results and positive forward guidance. Fresenius is a high quality company with attractive long-term growth prospects and solid management and we continue to hold the shares although we have taken some profits.

Tullet Prebon also recovered nicely, benefiting from cost cutting and the announcement in November that the company had agreed to merge its voice broking business with ICAP, thus providing needed consolidation in the sector.

Microsoft was a top contributor as quarterly results consistently surprised on the upside throughout the year. Operating margins have been expanding and the quarterly dividend was increased more than expected as the company balances shareholder interests with growth initiatives.

Not owning Glencore also helped performance. We have had major concerns about the company's high debt levels, commodity exposure and opaque business model. While the company has taken steps to strengthen its balance sheet, given the difficult resources environment we continue to find better ideas elsewhere.

The most significant underperformers were **Petroceltic International**, **Brammer** and **CCR**.

Petroceltic, along with other energy companies, has been hit hard by the steep decline in oil and gas prices. The company is now undergoing a strategic review of its assets and operations with a view to consider "all options to maximise value for shareholders and stakeholders." There is little doubt that Petroceltic's exploration portfolio is high quality and offers great potential. Unfortunately it appears that the long-term monetisation of these assets may largely accrue to the acquirers of the assets although we are hopeful that these will be sold at a premium to the current market price.

Brammer, a European maintenance, repair and overhauls products distributor, was negatively impacted by its exposure to Rolls Royce and deteriorating trading conditions in continental Europe. The company is taking measures to reduce its working capital requirements primarily by reducing inventory. Management is also re-emphasising pricing discipline over growth, which should protect operating margins. Valuations are currently very depressed and any signs of a turnaround could lead to a significant re-rating.

Lucy Macdonald is Allianz Global Investors' Chief Investment Officer, Global Equities

Jeremy Thomas is a Senior Portfolio Manager with specific responsibility for covering UK and European stocks in the Global Equity team

Adidas

Adidas was first purchased in late 2010 after AllianzGI's analyst raised his rating on the stock to a strong buy based on the company's strong brands, structural market growth, improving returns and the potential for both corporate restructuring and management change. Detailed discussions with the analyst and meetings with the company strengthened our conviction that Adidas met our rigorous growth, quality and valuation criteria. Both prior to and since our initial purchase, dozens of Grassroots Research studies have been regularly commissioned in order to monitor sports apparel and footwear demand in countries around the world, in particular the US, China, Russia, Germany and the UK. Our findings have been that overall demand remains strong and adidas has generally maintained or grown market share. The shares weakened in 2014, primarily due to exposure to Russia and disappointing golf equipment sales. We concluded that these were one-off issues and that the original thesis remained intact. Further Grassroots Research in mid-2015 clearly showed that expectations for sales in China were too low. Our patience and willingness to take a long-term view paid off as the stock gained nearly 60% for the year. The shares subsequently moved higher on news that the company has appointed a new, highly respected CEO, with a history of improving both corporate and shareholder returns.

CCR is a Brazilian toll road operator that has been impacted by Brazil's weak economy and lower toll road traffic. Currency weakness also had a negative effect. The company cut its interim dividend, partly as a precautionary measure against a protracted economic recession, and partly to retain firepower for new infrastructure projects, such as highways, airports and subways. These projects typically generate attractive long-term returns. CCR is a high quality company that should do better once the macroeconomic environment and market sentiment stabilise.

Credit card processor Cielo also detracted due to the weak Brazilian currency. Operationally, the company continues to do well as the domestic credit and debit card markets remain underpenetrated. We remain positive on the secular growth prospects for the company, which should perform even better once the economic situation stabilises.

During the year we purchased shares in a number of new companies, including Brammer, mentioned above. **Amphenol** manufactures electronic connectors and sensors and benefits from rising connectivity demand, driven by increasing internet and smartphone penetration and the "Internet of Things". **Barclays** was purchased as the shares offered good value due to poor sentiment despite the company's decision to reduce its exposure to volatile investment banking revenues. **Prudential** has best-in-class businesses globally and the shares were trading at a significant discount due to negative emerging markets sentiment. Copper producer **Antofagasta** was purchased after an extended period of underperformance for its attractive production growth profile and cost savings programme.

Sales in the year included **CNOOC**, due to overambitious growth targets and higher conviction in other energy-related holdings, such as **Technip**. We also sold **Spectris, BAE Systems, Hays, Google, UCB, Shire, Smith & Nephew** and **Diageo** on valuation grounds after strong runs.

Over the year our weighting to overseas stocks moved from around 50% to 60% of the portfolio as we continued to diversify our sources of income.

Investment Managers' Review *(continued)*

Case studies - Adidas and Allergan

On these pages we set out examples of our stock purchase decisions. **Adidas** illustrates the merits of our investment philosophy of buying quality growth companies at reasonable prices. **Allergan** is another quality growth franchise that we identified early on as having better long-term prospects than the market was giving the company credit for.

Adidas' share price has increased by 65% from the date of our original purchase in 2010, against a benchmark return of 35% over the same period. Since the original purchase of Allergan in 2007 its share price has increased by 1440% against a benchmark return of 23%.

Outlook

Last year we anticipated higher volatility and muted equity returns, which indeed came to pass. 2016 is likely to bring more of the same.

Economic growth remains low and fragile, but we do not expect weakness in many emerging economies to drag the global economy into a recession. Nevertheless, monetary policy is likely to remain extremely benign, with modest rate hikes in the USA in 2016 offset at a global level by potentially lower interest rates and more quantitative easing from Europe and Japan.

Politics and geopolitics will add some additional volatility to the economic policy mix during 2016. We thus expect more asset market volatility in 2016. Nevertheless, a clear investment philosophy and disciplined investment process, which focus on the longer term, have the potential to deliver attractive relative returns to client portfolios during a time when market returns may continue to be low.

Allergan

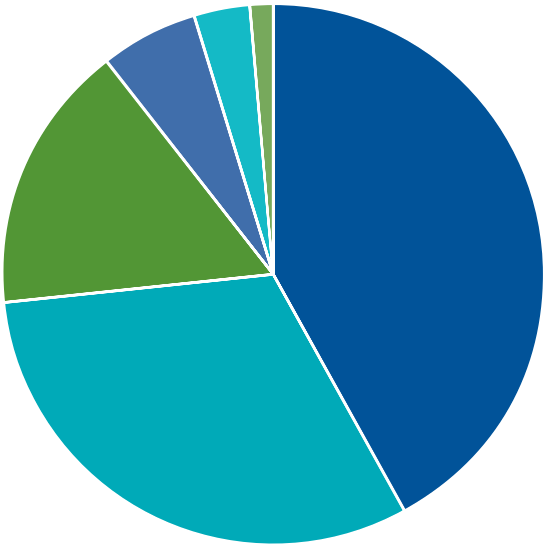
Allergan has been owned in the portfolio since early 2007 as the intrinsic value of the company's Botox and eye care franchises has been steadily unlocked through strong earnings growth and, more recently, a flurry of corporate activity. We were initially attracted to Allergan due to improving growth momentum, potential new therapeutic treatment uses for Botox and an underappreciated product pipeline. It was also clear that Allergan could become a takeover target as a result of its impressive growth profile. Grassroots Research studies consistently bolstered our conviction. A study conducted in 2008 showed that Botox demand was holding steady despite a deteriorating economic environment, indicating that customer loyalty was stronger than generally believed at the time. Subsequent studies confirmed that physicians were also positively disposed to prescribing Botox for new indications such as migraine and overactive bladder. The resilience of Allergan's growth profile eventually attracted premium takeover bids from a number of competitors, including Actavis, which successfully acquired the company (and retained the Allergan name) in early 2015. After disposing of Actavis' legacy generic business, Allergan then agreed to a merger with Pfizer, in the largest takeover of the year. Both AllianzGI's global research platform and Grassroots Research have been of great assistance in maintaining our investment conviction and navigating the recent corporate activity.

Clear investment philosophy and disciplined investment process, which focus on the longer term, have the potential to deliver attractive relative returns to client portfolios during a time when market returns may continue to be low.

Lucy Macdonald and Jeremy Thomas with colleagues, L to R, Tom Trimborn, Tobias Kohls, Christian Schneider and Simon Fan.

Investment Managers' Review *(continued)*

at 30 November 2015



Geographical Breakdown of the Portfolio

Region	% Invested Funds
UK	42.12
North America	31.34
Continental Europe	16.02
Pacific Basin	5.98
Japan	3.36
Latin America	1.18

United Kingdom Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
HSBC	7,987,804	2.75	Banks
Vodafone	7,303,111	2.51	Mobile Telecommunications
Royal Dutch Shell 'B' Shares	7,276,416	2.50	Oil & Gas Producers
BP	6,542,965	2.25	Oil & Gas Producers
GlaxoSmithKline	5,549,023	1.91	Pharmaceuticals & Biotechnology
Mothercare	5,328,000	1.83	General Retailers
UBM	5,055,000	1.74	Media
BG Group	4,908,075	1.69	Oil & Gas Producers
Better Capital	4,650,000	1.60	Equity Investment Instruments
Balfour Beatty	4,642,940	1.60	Construction & Materials
Intertek	4,149,810	1.43	Support Services
Rio Tinto	3,653,610	1.26	Mining
Lloyds Banking Group	3,647,500	1.25	Banks
William Hill	3,467,750	1.19	Travel & Leisure
Barclays	3,347,250	1.15	Banks
SThree	3,337,950	1.15	Support Services
Tullett Prebon	3,248,819	1.12	Financial Services
Prudential	3,079,000	1.06	Life Insurance
Tyman	3,052,216	1.05	Construction & Materials
ICAP	3,051,000	1.05	Financial Services
Hansteen Holdings	2,927,500	1.01	Real Estate
Unilever	2,833,000	0.97	Food Producers
Rolls Royce#	2,830,242	0.97	Aerospace & Defence

Investment Managers' Review *(continued)*

at 30 November 2015

United Kingdom Listed Equity Holdings *(continued)*

Name	Value (£)	% of Invested Funds	Sector
Aviva	2,646,980	0.91	Life Insurance
Centrica	2,640,826	0.91	Gas, Water & Multiutilities
FirstGroup	2,558,790	0.88	Travel & Leisure
BHP Billiton	2,150,550	0.74	Mining
Brammer	2,073,625	0.71	Support Services
Ashmore	1,893,750	0.65	Financial Services
Antofagasta	1,519,500	0.52	Mining
Equiniti Group	1,207,111	0.42	Support Services
Petroceltic International	1,078,982	0.37	Oil & Gas Producers
Tesco	1,003,200	0.35	Food & Drug Retailers
Weir Group	900,000	0.31	Industrial Engineering
IFG Group	507,590	0.17	Financial Services
South32	397,250	0.13	Industrial Metals
	122,447,135	42.11	% of Total Invested Funds

[#] Includes Rolls Royce 'C' Shares of £42,642

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

Investment Managers' Review *(continued)*

at 30 November 2015

North America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Microsoft	8,540,745	2.94	Software & Computer Services
Walgreen	5,479,470	1.88	Food & Drug Retailers
Nielsen	5,398,265	1.86	Media
Estee Lauder 'A' Shares	5,378,360	1.85	Personal Goods
AbbVie	5,042,358	1.73	Pharmaceuticals & Biotechnology
Visa	4,805,822	1.65	Financial Services
United Health	4,544,219	1.56	Health Care Equipment & Services
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Monsanto	4,221,418	1.45	Food Producers
Apple	4,153,978	1.43	Technology Hardware & Equipment
Wells Fargo	4,005,919	1.38	Banks
EOG Resources	3,990,747	1.37	Oil & Gas Producers
AMETEK	3,715,736	1.28	Electronic & Electrical Equipment
Priceline.com	3,598,149	1.24	Travel & Leisure
Celgene	3,407,616	1.17	Pharmaceuticals & Biotechnology
Agilent Technologies	3,383,158	1.16	Electronic & Electrical Equipment
Citigroup	3,340,766	1.15	Banks
Ameriprise Financial	3,302,585	1.14	Financial Services
Microchip Technology	3,243,769	1.12	Technology Hardware & Equipment
Anadarko Petroleum	2,217,184	0.76	Oil & Gas Producers
Allergan	1,709,011	0.59	Pharmaceuticals & Biotechnology
Amphenol	1,666,750	0.58	Electronic & Electrical Equipment
Flowserve	1,666,551	0.57	Industrial Engineering
	91,107,332	31.34	% of Total Invested Funds

Investment Managers' Review *(continued)*

at 30 November 2015

Latin America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Cielo	1,949,812	0.67	Financial Services (Brazil)
CCR	1,477,947	0.51	Industrial Transportation (Brazil)
	3,427,759	1.18	% of Total Invested Funds

Continental Europe Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Roche Holdings	5,475,282	1.88	Pharmaceuticals & Biotechnology (Switzerland)
Muenchener Rueckver	5,386,568	1.85	Non-Life Insurance (Germany)
United Internet	4,372,722	1.50	Software & Computer Services (Germany)
UBS	4,296,653	1.48	Banks (Switzerland)
Fresenius	4,224,765	1.45	Health Care Equipment & Services (Germany)
Adidas	3,967,675	1.36	Personal Goods (Germany)
Nestle	3,588,280	1.24	Food Producers (Switzerland)
Amadeus	3,054,129	1.05	Support Services (Spain)
Schneider Electric	2,728,865	0.94	Electronic & Electrical Equipment (France)
Covestro	2,410,370	0.83	Chemicals (Germany)
BASF	2,408,825	0.83	Chemicals (Germany)
Cie Financiere Richemont	1,619,916	0.56	Personal Goods (Switzerland)
Technip	1,584,446	0.55	Oil Equipment, Services and Distribution (France)
MERLIN Properties	1,446,362	0.50	Real Estate (Spain)
	46,564,858	16.02	% of Total Invested Funds

Japan Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
SMC	3,779,259	1.30	Industrial Engineering
Itochu	3,004,240	1.03	Support Services
Astellas Pharma	2,989,293	1.03	Pharmaceuticals & Biotechnology
	9,772,792	3.36	% of Total Invested Funds

Investment Managers' Review *(continued)*

at 30 November 2015

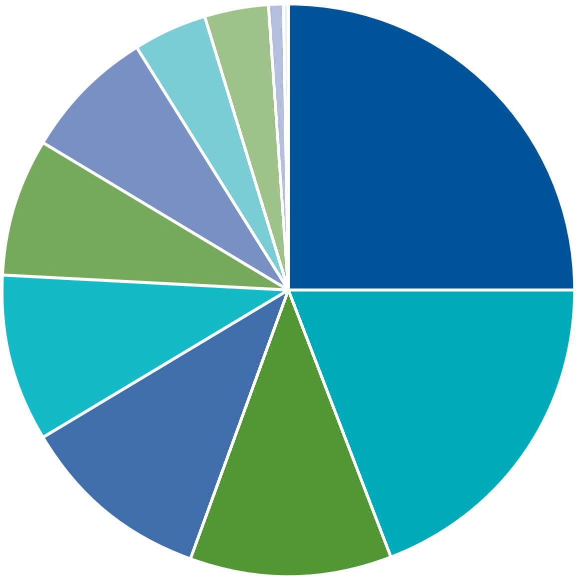
Pacific Basin Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
AIA	3,327,520	1.14	Life Insurance (Hong Kong)
China Mobile	3,009,790	1.03	Mobile Telecommunications (Hong Kong)
Brambles	2,753,902	0.95	General Industrials (Australia)
BOC Hong Kong Holdings	2,558,073	0.88	Banks (Hong Kong)
Taiwan Semiconductor (ADS)	2,258,385	0.78	Technology Hardware & Equipment (Taiwan)
Australia & New Zealand Bank	1,900,036	0.65	Banks (Australia)
Jiangsu Express	1,590,018	0.55	Industrial Transportation (China)
	17,397,724	5.98	% of Total Invested Funds

Distribution of Invested Funds

at 30 November 2015

Invested Funds - £290,746,116 (2014 - £310,843,540)
excludes Treasury Stocks - £nil (2014 - £18,437,274)



Breakdown of Equity Portfolio

Sector	% Held
Financials	25.21
Industrials	19.04
Health Care	11.32
Consumer Services	10.97
Oil & Gas	9.49
Information Technology	7.77
Consumer Goods	7.43
Basic Materials	4.31
Telecommunications	3.54
Utilities	0.91
Unquoted	0.01

	United Kingdom %	North America %	Other Countries %	2015 Total %	50% All-Share 50% World Index 2015 Benchmark Sector Weighting*	2014 Total %
Financials						
Banks	5.15	2.53	3.01	10.69	10.08	8.32
Equity Investment Instruments	1.60	-	-	1.60	1.90	1.32
Financial Services	2.99	2.79	0.67	6.45	3.45	6.50
Non-Life Insurance	-	-	1.85	1.85	2.30	1.36
Life Insurance	1.97	-	1.14	3.11	3.22	1.94
Real Estate	1.01	-	0.50	1.51	3.01	1.18
	12.72	5.32	7.17	25.21	23.96	20.62
Industrials						
Aerospace & Defence	0.97	-	-	0.97	1.77	1.90
Construction & Materials	2.65	-	-	2.65	1.13	3.52
Electronic & Electrical Equipment	-	3.02	0.94	3.96	1.01	4.24
General Industrials	-	-	0.95	0.95	1.73	0.89
Industrial Engineering	0.31	0.57	1.30	2.18	1.31	2.23
Industrial Transportation	-	-	1.06	1.06	1.07	1.39
Support Services	3.71	1.48	2.08	7.27	3.49	7.29
	7.64	5.07	6.33	19.04	11.51	21.46

Distribution of Invested Funds *(continued)*

at 30 November 2015

	United Kingdom %	North America %	Other Countries %	2015 Total %	50% All-Share 50% World Index 2015 Benchmark Sector Weighting*	2014 Total %
Health Care						
Health Care Equipment & Services	-	1.56	1.45	3.01	1.85	3.09
Pharmaceuticals & Biotechnology	1.91	3.49	2.91	8.31	8.27	10.65
	1.91	**5.05**	**4.36**	**11.32**	**10.12**	**13.74**
Consumer Services						
Food & Drug Retailers	0.35	1.88	-	2.23	1.46	2.18
General Retailers	1.83	-	-	1.83	3.69	1.84
Media	1.74	1.86	-	3.60	3.47	2.42
Travel & Leisure	2.07	1.24	-	3.31	3.48	2.68
	5.99	**4.98**	**-**	**10.97**	**12.10**	**9.12**
Oil & Gas						
Alternative Energy	-	-	-	-	0.03	-
Oil & Gas Producers	6.81	2.13	-	8.94	7.48	9.96
Oil Equipment, Services and Distribution	-	-	0.55	0.55	0.81	1.15
	6.81	**2.13**	**0.55**	**9.49**	**8.32**	**11.11**
Information Technology						
Software & Computer Services	-	2.94	1.50	4.44	3.43	4.53
Technology Hardware & Equipment	-	2.55	0.78	3.33	3.56	2.95
	-	**5.49**	**2.28**	**7.77**	**6.99**	**7.48**
Consumer Goods						
Automobiles	-	-	-	-	1.71	-
Beverages	-	-	-	-	3.29	0.92
Food Producers	0.97	1.45	1.24	3.66	1.77	4.51
Household Goods	-	-	-	-	2.46	-
Leisure Goods	-	-	-	-	0.54	-
Personal Goods	-	1.85	1.92	3.77	2.10	3.21
Tobacco	-	-	-	-	3.12	-
	0.97	**3.30**	**3.16**	**7.43**	**14.99**	**8.64**

Distribution of Invested Funds *(continued)*

at 30 November 2015

	United Kingdom %	North America %	Other Countries %	2015 Total %	50% All-Share 50% World Index 2015 Benchmark Sector Weighting*	2014 Total %
Basic Materials						
Chemicals	-	-	1.66	1.66	1.92	0.82
Forestry & Paper	-	-	-	-	0.21	-
Industrial Metals	0.13	-	-	0.13	0.28	-
Mining	2.52	-	-	2.52	1.95	2.82
	2.65	**-**	**1.66**	**4.31**	**4.36**	**3.64**
Telecommunications						
Fixed Line Telecommunications	-	-	-	-	2.16	-
Mobile Telecommunications	2.51	-	1.03	3.54	2.13	3.34
	2.51	**-**	**1.03**	**3.54**	**4.29**	**3.34**
Utilities						
Electricity	-	-	-	-	1.39	-
Gas, Water & Multiutilities	0.91	-	-	0.91	1.97	0.84
	0.91	**-**	**-**	**0.91**	**3.36**	**0.84**
Unquoted	0.01	-	-	0.01	-	0.01
	0.01	**-**	**-**	**0.01**	**-**	**0.01**
Total	42.12	31.34	26.54	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 held at 30 November 2014 have been excluded from the above table.

Historical Record

year ended 30 November 2015

Revenue and Capital	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross revenue (£000s)	8,023	8,926	9,538	7,531	6,674	7,822	8,165	9,113	9,031	8,735
Earnings per share	10.73p	12.88p	14.32p	12.22p	10.31p	12.28p	13.34p	15.22p	14.71p	14.09p
Dividend per share (net)	9.70p	10.70p	11.70p	12.00p	12.20p	12.80p	13.30p	14.50p	15.00p	15.30p
Tax credit per share	1.08p	1.19p	1.30p	1.33p	1.36p	1.42p	1.48p	1.61p	1.67p	1.70p
Total dividend per share	10.78p	11.89p	13.00p	13.33p	13.56p	14.22p	14.78p	16.11p	16.67p	17.00p
Total net assets (£000s)	241,106	271,819	168,045	206,492	217,747	204,580	227,194	268,254	278,363	273,630
Net asset value per ordinary share†	466.1p	550.4p	333.5p	419.4p	444.6p	428.2p	481.7p	593.6p	614.9p	610.3p
Share price	408.0p	464.0p	288.4p	368.0p	390.5p	380.5p	413.5p	508.0p	541.0p	540.5p
Discount %†	12	16	14	12	12	11	14	14	12	11

†Debt at fair value.

Geographical Disposition

	% of Investment Funds* at 30 November									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United Kingdom	59.5	60.4	48.1	51.4	49.8	51.4	50.2	50.5	47.0	42.1
Europe	12.6	10.8	11.4	11.4	11.9	10.7	10.6	13.3	13.6	16.0
Americas	18.6	22.0	29.1	26.4	26.5	25.4	27.3	25.3	30.7	32.5
Japan	4.2	3.0	5.2	4.0	4.2	3.6	2.7	4.0	3.0	3.4
Pacific Basin	4.7	3.8	5.1	6.1	6.9	8.9	9.2	6.9	5.7	6.0
Other Countries	0.4	0.0	1.1	0.7	0.7	0.0	0.0	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.

The Brunner Investment Trust PLC

Directors' Review

Directors, Manager and Advisers

Directors

All directors are non-executive.

Keith Percy (Chairman)†

Joined the board in January 2004 and has been Chairman since 2005. He is a non-executive director of 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 prior to which he was Chief Executive of Morgan Grenfell Asset Management. Keith will be retiring from the board and as Chairman at the Annual General Meeting.

Vivian Bazalgette MA* (Senior Independent Director and Remuneration Committee Chairman)*

Joined the board in January 2004. He is a non-executive director of Henderson High Income Trust PLC, Perpetual Income and Growth Investment Trust PLC and Fidelity European Values PLC. He is also 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, as Head of Tax and Legal from 1993-2001. He is the Lead Non-Executive Director of Her Majesty's Revenue and Customs and a non-executive director of Smith & Nephew PLC, Foxtons PLC and First Debenture Finance PLC. He is also a non-executive director of the China-Britain Business Council. 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 is a non-executive director of Schroder UK Growth Fund plc and BlackRock Latin American Investment Trust plc. She is a trustee of NEST, and Chair of NEST'S Investment Committee. 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. Carolan will be appointed as Chairman with effect from 16 March 2016.

Directors, Manager 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 MA*

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

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

The Manager or Alternative Investment Fund Manager (AIFM)

Allianz Global Investors GmbH (AllianzGI) 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).

AllianzGI is an active asset manager operating across nineteen markets with specialised in-house research teams around the globe, managing assets for individuals, families and institutions worldwide.

As at 30 September 2015, AllianzGI had €427 billion of assets under management worldwide.

Through its predecessors, AllianzGI has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and as at 31 December 2015 had £1.17 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 GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY (the manager).

Company Secretary and Registered Office

Kirsten Salt BA (Hons) ACIS,
199 Bishopsgate, London EC2M 3TY
Telephone: 020 3246 7513
Email: kirsten.salt@allianzgi.com

Registered Number

00226323

Bankers

HSBC Bank plc, HBOS plc

Depositary and Custodian

HSBC Bank plc

Solicitors

Herbert Smith Freehills LLP

Auditor

Deloitte LLP

Registrars

Capita Asset Services
(full details on page 74)

Stockbrokers

Stifel Nicolaus Europe Limited

Directors' Report

The directors present their Report which incorporates the audited Financial Statements for the year ended 30 November 2015.

Share Capital

Details of the company's share capital are set out in Note 11 on page 62. Further to a resolution passed on 17 March 2015, during the year the company purchased 77,000 ordinary shares for cancellation. 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 76 to 78.

Going Concern

The directors have considered the future viability of the company, as reported on pages 10 and 11. In the light of this they believe 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 53.

Auditor

A resolution to approve the re-appointment of Deloitte LLP as auditor of the company 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 manager's performance under the contract and the contract terms are reviewed 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.

Under the Alternative Investment Fund Managers Directive (AIFMD) the company has appointed Allianz Global Investors GmbH (AllianzGI) as the designated Alternative Investment Fund Manager (AIFM) for the company on the terms and subject to the conditions of the amended and restated management and administration agreement between the company and AllianzGI (the management contract). AllianzGI has been authorised to act as an Alternative Investment Fund Manager by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and has completed the relevant notifications to enable it to conduct its activities from its UK Branch in accordance with AIFMD and Financial Conduct Authority requirements.

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.

Directors' Report *(continued)*

Revenue

	2015 £	2015 £
Gross income for the year		8,735,318
Deduct		
Expenses of administration (including investment management fee)	(972,843)	
Finance costs of borrowings	(1,340,142)	
Total expenses		(2,312,985)
Amount subject to taxation		6,422,333
Taxation absorbed		(357,378)
Available for distribution to the ordinary shareholders		6,064,955
Dividends in respect of the financial year		
First interim 3.2p per ordinary share paid 30 June 2015	(1,376,718)	
Second interim 3.2p per ordinary share paid 21 September 2015	(1,376,398)	
Third interim 3.2p per ordinary share payable 16 December 2015	(1,376,398)	
Final proposed 5.7p per ordinary share payable 29 March 2016	(2,451,708)	
		(6,581,222)
Total transferred from revenue reserve		(516,267)

The first two quarterly dividends were paid during the company's financial year to 30 November 2015 and the board declared a third quarterly dividend of 3.2p per ordinary share which was paid on 16 December 2015. The board recommends a final dividend for the year ended 30 November 2015 of 5.7p, payable on 29 March 2016, making a total distribution for the year of 15.3p per ordinary share. The next quarterly dividend payment is expected to be made in June 2016.

Details of the total return of the company and the split between revenue and capital returns are shown in the Income Statement on page 49. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 53 under 'Investment management fee and administrative expenses' and on page 54 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 62.

Listing Rule 9.8.4R

There are no matters requiring disclosure under this Rule.

Voting Rights in the Company's Shares

As at 15 February 2016, the company's capital consisted of:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p	43,012,418	1	43,012,418
5% Cumulative preference shares of £1	450,000	0	0
Total	43,462,418		43,012,418

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 14.71%); Sir Hugo Brunner (beneficial 2.30% – as trustee 11.84%); TBH Brunner (beneficial 1.68% – as trustee 4.40%).

T Thornton Jones acts as a co-trustee with TBH Brunner in respect of 1,713,641 ordinary shares (3.98%), which form part of TBH Brunner's trustee holding. T Thornton Jones also acts as co-trustee with Sir Hugo Brunner in respect of 4,328,863 ordinary shares (10.06%) which form part of Sir Hugo Brunner's trustee holdings.

In addition, the company has received a notification of the following interest in the voting rights of the ordinary shares:
Aviva PLC 18.75%.

Directors

Vivian Bazalgette, having held office for more than nine years, is subject to annual re-election under the provisions of the AIC Code of Corporate Governance and accordingly he is retiring at the annual general meeting and offers himself for re-election. Notwithstanding his length of service, the board views Vivian Bazalgette as independent of the manager. Carolan Dobson also retires by rotation and is standing for re-election at the AGM. Keith Percy retires from the board at the AGM and will not be standing for re-election. Biographical details of the directors are on pages 29 and 30. Directors serving during the year and their interests in the share capital of the company as at 30 November 2015 are set out in the Directors' Remuneration Report on pages 42 and 43.

The board was subject to an internal performance appraisal during the course of the year and it was found that the board is effective and that each director continues to be effective, has the appropriate skills and has demonstrated commitment and devoted the necessary time to his or her role. The board has noted the outcome of the appraisal review including certain suggestions made for incremental improvements and will address these during 2016. 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 six directors have served for nine years or more. The Chairman, Keith Percy, retires at the AGM and will be succeeded as Chairman by Carolan Dobson.

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 with an entirely non-executive board. The company has therefore not reported further in respect of these provisions.

The full text of the company's Corporate Governance Statement can be found on the website www.brunner.co.uk in the Literature/ Trust Documents section.

Directors' Report *(continued)*

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
Carolan Dobson	6	1	2	1	1	1
Peter Maynard	6	1	2	1	1	1
Jim Sharp	6	1	2	1	1	1

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

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 39 and 41.

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.

Management Engagement Committee

The management engagement committee met once in the year to review the Management and Administration Agreement and the manager's performance. It has defined terms of reference and consists of all the directors. 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 Vivian Bazalgette. 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 42 to 44.

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 10), 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 GmbH, UK Branch (AllianzGI), 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 and Administration Agreement between the company and the manager. The manager's systems of internal control are regularly evaluated by its management and monitored by internal auditors.

Statement of the Depositary's Responsibilities in Respect of the Company

"The Depositary must ensure that the company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the company's Articles of Association.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the company and its investors.

The Depositary is responsible for the safekeeping of the assets of the company in accordance with the Regulations.

The Depositary must ensure that:

- the company's cash flows are properly monitored and that cash of the company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the company's assets is remitted to the company within the usual time limits;
- that the company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the company.

Report of the Depositary to the Shareholders of The Brunner Investment Trust PLC (the company) for the period ended 30 November 2015.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the company and as required by the AIFMD."

HSBC Bank plc
10 December 2015

Further information about the relationship with the Depositary is on page 73.

Directors' Report *(continued)*

- 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 AllianzGI 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 AllianzGI and all other providers of administrative and custodian services to AllianzGI 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 38 and a statement of going concern is on page 31.

The Independent Auditor's Report can be found on pages 46 to 48.

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, other board members 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 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, AllianzGI.

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. AllianzGI has complied with this code and its policy statement on the Stewardship Code can be found on its website: www.esgmatters.co.uk. The board has reviewed this policy statement and is satisfied that the company's delegated voting powers are being properly executed. AllianzGI 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, AllianzGI, 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 17 March 2015 under section 551 of the Companies Act 2006. The current authority will expire on 17 June 2016 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 2017. 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.

Directors' Report *(continued)*

Accordingly resolution 8 as set out in the notice of meeting on page 76 will be proposed as an ordinary resolution and resolution 9 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 10 will be proposed as a special resolution at the AGM. The board believes that such purchases in the market at appropriate times and prices may be a suitable method of enhancing shareholder value. The company would make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders and within guidelines set from time to time by the board.

Where purchases are made at prices below the prevailing net asset value of the ordinary shares, this enhances net asset value for the remaining shareholders. It is therefore intended that purchases will only be made at prices below net asset value, with the purchases to be funded from the realised capital profits of the company (which are currently in excess of £202 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 15 March 2016 is equivalent to 6,447,561 ordinary shares.

The authority will last until the annual general meeting of the company to be held in 2017 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 is connected by marriage to the Brunner family.

Following discussions in 2013, agreement was reached with the Takeover Panel that for the purposes of the City Code on Takeovers and Mergers (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 9,707,821 shares, representing 22.57% 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 26.55% 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 pages 40 and 41, 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
17 February 2016

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 financial statements 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.

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 United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- 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; and
- the annual financial 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.

This responsibility statement was approved by the board of directors on 17 February 2016 and signed on its behalf by:

Keith Percy
Chairman

Audit Committee Report

Summary

I am pleased to introduce the audit committee's report for 2015. The committee's composition was unchanged and it carried out a similar set of activities to prior years. What was new this year was the process by which the committee advised the board on the new Viability Statement now required. This reports on the longer term viability of the company beyond the 12 months required to support the going concern statement. Linked to this was a fresh review of how we assess and manage risks. All of this is covered in detail in the report below.

Ian Barlow

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 29, I am a Chartered Accountant and until 2008, I was Senior Partner, London at KPMG. I also chair the audit committees of two other listed companies. During the year the board reviewed 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 findings and recommendations; and
- 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. These meetings were also attended by representatives of the manager including the compliance officer, and the audit partner, Calum Thomson of Deloitte LLP also attended the meetings to present his audit plan and findings.

The committee reviewed the company's accounting policies and confirmed their appropriateness, and reviewed in detail the annual and half-yearly financial reports and recommended them for adoption by the board. The committee also considered the auditor's report on the annual financial statements.

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
Although the board has ultimate responsibility for the management of risk, the audit committee, which in any case is attended by all directors, assists by monitoring the formal reports from the manager and third party service providers on internal controls.

The committee reviewed its approach to the risk management process and concluded that existing processes were adequate to ensure that its assessment of risk is robust and of sufficient frequency, namely carried out at each committee meeting and twice annually by the board as follows:

- A matrix of risks is reviewed at each of its meetings. We consider whether new risks should be added or removed, assess their likelihood of occurring and potential scale, review the mitigating actions and assess the residual risk against what we regard as acceptable –'risk appetite'.
- Assurance over mitigating actions in relation to these risks is provided in a series of reports from all the third party service providers.
- Resulting from the work of the audit committee, certain key risks are identified for disclosure and discussion in our annual report. These are principally in relation to Investment Strategy, Market Volatility and Financial and Liquidity risk. These together with mitigating actions are set out in the Strategic Report on page 10.

Viability Statement
Based on this review of risk the committee reviewed a paper that supported the board's conclusion, set out on page 11 in the strategic report, of their reasonable expectation that the company is viable in the longer term, assessed as the next three years.

Audit Committee Report *(continued)*

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 and objectivity as well as the effectiveness of the audit process. This includes the provision of non audit services by the firm, which are limited to the certification of compliance with covenants in the debenture trust deeds. The committee 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;
- the reasonableness of audit fees; and
- the Financial Reporting Council's Audit Quality Report on Deloitte LLP for 2014/15.

For the 2015 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 (2014 - £2,500).

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.

I also met with the auditor during the year and the committee met once with the auditor without management present. Based on all of the above, the audit committee considers 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 annual general meeting.

Financial Report and Significant Issues

We met with the auditor at the half year audit committee meeting 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 substantively unchanged from the 2014 year:

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

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 53 and are reviewed by the manager's valuation 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 split of prospective capital and income returns.

The committee observed the audit materiality and error reporting thresholds in the audit plan and confirmed that they were satisfied with these. This year the auditor set the materiality threshold as 1% of net asset value to align more closely with comparable companies, but continues to report to the committee on matters below that level on qualitative grounds. In practice there were no unadjusted errors reported in the audit.

Audit Committee Report *(continued)*

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 and concluded that it did so. 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 for ten years. EU audit legislation will require the rotation of Deloitte LLP as the audit firm by 2025. The current partner, Calum Thomson, has completed three years of his five year tenure as audit partner. There are no immediate plans to conduct an audit tender.

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 AllianzGI and by all other providers of administrative and custodian services to AllianzGI 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
17 February 2016

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 2015. An ordinary resolution for the approval of the Directors' Remuneration Policy Report was put to a binding shareholder vote at the last annual general meeting and is next due to be placed before the shareholders for approval at the annual general meeting in 2017. 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 Vivian Bazalgette.

Directors' Interests (Audited)

Ordinary shares of 25p	2015 Beneficial	2015 Non-beneficial	2014 Beneficial	2014 Non-beneficial
Keith Percy	4,000	-	4,000	-
Ian Barlow	53,500	-	46,000	-
Vivian Bazalgette	4,000	-	4,000	-
Carolan Dobson	4,750	-	4,750	-
Peter Maynard	4,000	-	4,000	-
Jim Sharp	161,873	651,956	161,873	651,956
Sir William Worsley*	-	-	127,670	282,420

*Retired from the board on 18 March 2014.

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, nor 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, 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.

Directors' Remuneration Report *(continued)*

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.

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 and approved by shareholders at the annual general meeting held on 18 March 2014.

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 Index 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 £21,500 per annum and the Chairman at a rate of £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. The current fees have been effective since 1 December 2013; prior to this the fees had been unchanged for two years.

The fees were reviewed after the end of the year and in the light of:

a) developments in the remuneration of the directors of investment companies since 1 December 2013, when changes were last applied; and
b) increases in the workload and responsibilities of directors consequent chiefly upon changes in regulation and reporting requirements;

it was agreed that directors would be paid at a rate of £23,000 per annum, and the Chairman at a rate of £38,000 per annum, with an additional £4,500 for the Chairman of the Audit Committee and an additional £2,000 for the Senior Independent Director, all effective from 1 December 2015.

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	
	2015 £	2014 £
Ian Barlow	25,500	25,500
Vivian Bazalgette	23,500	22,847
Carolan Dobson	21,500	21,500
Peter Maynard	21,500	21,500
Keith Percy	37,000	37,000
Jim Sharp	21,500	19,708
Sir William Worsley*	-	6,960
Total	**150,500**	**155,015**

*Retired from the board on 18 March 2014.

Directors' Remuneration Report *(continued)*

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

	2015 £	2014 £
Remuneration paid to all directors	150,500	155,015
Distribution paid during the financial year	6,588,073	6,291,055

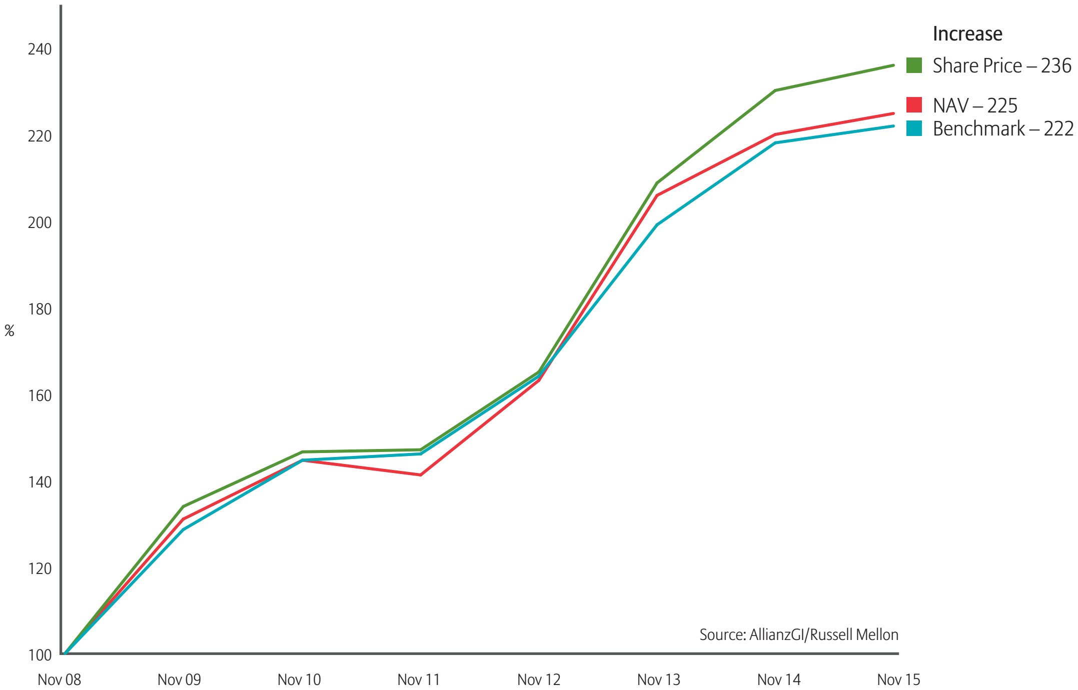
This disclosure is a statutory requirement. The directors, however, do not consider that the comparison of directors' remuneration with distributions to shareholders is a meaningful measure of the company's overall performance.

Performance Graph

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

The Brunner Investment Trust PLC

30 November 2008 - 30 November 2015



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

Vivian Bazalgette
Remuneration Committee Chairman
17 February 2016

The Brunner Investment Trust PLC

Financial Statements

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

Opinion on the financial statements of The Brunner Investment Trust plc (the "Company")

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2015 and of its return 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 issued by the Association of Investment Companies in January 2009 "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("AIC 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 and the related Notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law, UK GAAP and the AIC SORP.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 1 to the financial statements and the directors' statement on the longer-term viability of the Company contained within the Strategic Report on page 11.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 10 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 10 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in Note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 11 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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, liquidity and ownership of investments

Investments of £290.7m (2014 - £329.3m) were held at the balance sheet date. The investments are the main assets owned by the Company. Please see item 4 in the statement of accounting policies and Note 8.

There is a risk that investments within the portfolio may not be actively traded and the prices quoted may not be reflective of fair value.

There is a risk that the assets recorded may not represent the property of the Company.

How the scope of our audit responded to the risk

We evaluated the design and implementation of key controls in place in relation to the valuation and ownership of investments.

We obtained the schedule of investments held as at the year-end date and checked the basis for valuation of all the investments to supporting documentation. For all quoted investments, we obtained year-end closing bid prices published by an independent pricing source.

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

We tested investment liquidity by making enquiries of the Manager of its assessment of portfolio liquidity and assessed whether the Company's percentage holding of a quoted investment would have any impact on liquidity, were it to be placed on the market. We also verified trading activity and volumes around the year end by comparing the holdings of each security to the volume of its shares traded in the month after the 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, HSBC, to verify the holdings at the year end date.

We also reviewed the latest internal controls report on HSBC's internal controls related to its custody of the Company's quoted investments.

Revenue recognition

Revenue of £8.7m (2014 - £9m) was recognised in the year, primarily arising from investment income.

Such income may be understated where it is not recognised, or may be recognised in the incorrect period.

We evaluated the design and implementation of controls for monitoring completeness of revenue and key controls over revenue recognition.

For a sample of quoted investments, we obtained the dividend history in the year from independent sources and agreed the amounts recorded by the Company to verify that the revenue recognition policy had been applied consistently. We also verified from the bank statements, that these amounts were received by the Company.

We tested cut-off at the balance sheet date by agreeing the ex-dividend dates and rates for a sample of accrued dividends to independent data, and checked for subsequent collections in post year end bank statements.

We recalculated the interest income from fixed income investments to test for accuracy of the recorded balances.

We reviewed the accounting policies for the allocation of returns on investments between revenue and capital against the requirements of the investment trust regulations and the AIC SORP. For a sample of revenue items, we challenged management's rationale for the allocation between revenue and capital against the requirements of the investment trust regulations and the AIC SORP.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 40.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

We determined materiality for the Company to be £2.74m (2014 - £2.78m), which is 1% (2014 - 1%) of the net asset value at the year end. We consider the net asset value to be one of the most important financial metrics on which shareholders would assess the value of the Company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £54,000 (2014 - £55,000), 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 Company and its environment, including the internal controls environment, 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 part of our audit, we assessed the controls in place at the investment manager and the fund administrator, who prepare the financial statements of the Company, by reviewing the controls reports over their activities.

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.

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

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 part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 February 2016

Income Statement

for the year ended 30 November 2015

	Notes	2015 Revenue £	2015 Capital £	2015 Total Return £	2014 Revenue £	2014 Capital £	2014 Total Return £
Net gains on investments at fair value	8	-	362,014	362,014	-	14,137,065	14,137,065
Net (losses) gains on foreign currencies		-	(10,799)	(10,799)	-	27,279	27,279
Income	1	8,735,318	-	8,735,318	9,030,506	-	9,030,506
Investment management fee	2	(447,212)	(1,043,494)	(1,490,706)	(434,377)	(1,013,546)	(1,447,923)
Administration expenses	3	(525,631)	(1,284)	(526,915)	(595,417)	(6,710)	(602,127)
Net return before finance costs and taxation		**7,762,475**	**(693,563)**	**7,068,912**	**8,000,712**	**13,144,088**	**21,144,800**
Finance costs: interest payable and similar charges	4	(1,340,142)	(3,074,497)	(4,414,639)	(1,343,188)	(3,081,606)	(4,424,794)
Net return on ordinary activities before taxation		**6,422,333**	**(3,768,060)**	**2,654,273**	**6,657,524**	**10,062,482**	**16,720,006**
Taxation	5	(357,378)	-	(357,378)	(319,765)	-	(319,765)
Net return on ordinary activities attributable to ordinary shareholders		**6,064,955**	**(3,768,060)**	**2,296,895**	**6,337,759**	**10,062,482**	**16,400,241**
Return per ordinary share (basic and diluted)	7	**14.09p**	**(8.75p)**	**5.34p**	**14.71p**	**23.35p**	**38.06p**

Dividends to be distributed in respect of the financial year ended 30 November 2015 total 15.3p (2014 - 15.0p), amounting to £6,581,222 (2014 - £6,463,411). 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 53 to 71 form an integral part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 November 2015

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets at 1 December 2013		10,772,354	5,227,646	238,222,051	14,031,793	268,253,844
Revenue return		-	-	-	6,337,759	6,337,759
Dividends on ordinary shares	6	-	-	-	(6,291,055)	(6,291,055)
Capital return		-	-	10,062,482	-	10,062,482
Net assets at 30 November 2014		**10,772,354**	**5,227,646**	**248,284,533**	**14,078,497**	**278,363,030**
Net assets at 1 December 2014		10,772,354	5,227,646	248,284,533	14,078,497	278,363,030
Revenue return		-	-	-	6,064,955	6,064,955
Shares repurchased during the year		(19,250)	19,250	(441,789)	-	(441,789)
Dividends on ordinary shares	6	-	-	-	(6,588,073)	(6,588,073)
Capital return		-	-	(3,768,060)	-	(3,768,060)
Net assets at 30 November 2015		**10,753,104**	**5,246,896**	**244,074,684**	**13,555,379**	**273,630,063**

The notes on pages 53 to 71 form an integral part of these Financial Statements.

Balance Sheet

as at 30 November 2015

	Notes	2015 £	2015 £	2014 £
Fixed assets				
Investments held at fair value through profit or loss	8		290,746,116	329,280,814
Current assets				
Debtors	10	1,272,569		2,126,079
Cash at bank	10	32,346,463		1,122,466
		33,619,032		3,248,545
Creditors - amounts falling due within one year	10	(1,394,007)		(4,567,299)
Net current assets (liabilities)			32,225,025	(1,318,754)
Total assets less current liabilities			322,971,141	327,962,060
Creditors - amounts falling due after more than one year	10		(49,341,078)	(49,599,030)
Total net assets			273,630,063	278,363,030
Capital and reserves				
Called up share capital	11		10,753,104	10,772,354
Capital redemption reserve	12		5,246,896	5,227,646
Capital reserve	12		244,074,684	248,284,533
Revenue reserve	12		13,555,379	14,078,497
Equity shareholders' funds	13		273,630,063	278,363,030
Net asset value per ordinary share	13		636.2p	646.0p

The Financial Statements of The Brunner Investment Trust PLC, company number 00226323, were approved and authorised for issue by the board of directors on 17 February 2016 and signed on its behalf by:

Keith Percy
Chairman

The notes on pages 53 to 71 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2015

	Notes	2015 £	2015 £	2014 £
Net cash inflow from operating activities	15		6,749,379	7,563,571
Return on investments and servicing of finance				
Interest paid		(4,650,523)		(4,645,782)
Dividends paid on preference stock		(22,500)		(22,500)
Net cash outflow from servicing of financing			(4,673,023)	(4,668,282)
Capital expenditure and financial investment				
Purchase of fixed asset investments		(40,245,200)		(79,721,202)
Sale of fixed asset investments		78,381,093		65,235,890
Net cash inflow (outflow) from financial investment			38,135,893	(14,485,312)
Equity dividends paid			(6,588,073)	(6,291,055)
Net cash inflow (outflow) before financing			33,624,176	(17,881,078)
Financing				
Repurchase of ordinary shares for cancellation			(441,789)	-
Increase (Decrease) in cash	16		33,182,387	(17,881,078)

The notes on pages 53 to 71 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2015

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 8 to 11.

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 the 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 2015

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 split of prospective 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 2015

1. Income

	2015 £	2014 £
Income from Investments*		
Equity income from UK investments†	5,025,023	5,417,511
Equity income from overseas investments††	3,378,642	3,002,023
Scrip dividends from UK investments	103,272	38,700
Interest from UK fixed income investments	111,643	469,129
	8,618,580	8,927,363
Other Income		
Deposit interest	76,002	31,381
Underwriting commission	40,736	71,762
	116,738	103,143
Total income	8,735,318	9,030,506

*All dividend income is derived from listed investments.
† Includes special dividends of £89,994 (2014 - nil).
†† Includes special dividends of £72,302, (2014 - £15,047).

2. Investment Management Fee

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
Investment management fee	447,212	1,043,494	1,490,706	434,377	1,013,546	1,447,923

Under the terms of the Management and Administration Agreement the company's manager is Allianz Global Investors GmbH, UK Branch (AllianzGI). The agreement was restated in July 2014, with the appointment of AllianzGI as the Alternative Investment Fund Manager. The terms of the agreement were unchanged: it 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 AllianzGI. The fee is charged in the ratio 70:30 between capital and revenue as set out in the Statement of Accounting Policies.

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

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

3. Administration Expenses

	2015 £	2014 £
Auditor's remuneration		
for audit services	26,500	28,750
for non audit services - certification of borrowing covenants	2,500	2,500
VAT on auditor's remuneration	5,800	6,250
	34,800	**37,500**
Directors' fees	150,500	155,015
Depositary fees	25,000	13,074
Custody fees	28,594	46,331
Registrars' fees	42,253	34,514
Association of Investment Companies' fees	20,671	22,917
Marketing costs	109,666	96,758
Printing and postage	16,188	44,779
Directors' and officers' liability insurance	11,749	12,123
Professional and advisory fees	29,278	63,441
Other	82,371	71,480
VAT recovered	(25,439)	(2,515)
	525,631	**595,417**

(i) The above expenses include value added tax where applicable.
(ii) Directors' fees are set out in the Directors' Remuneration Report on page 43.
(iii) Custodian handling charges of £1,284 were charged to capital (2014 - £6,710).

4. Finance Costs: Interest Payable and Similar Charges

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
On Stepped Rate Interest Loan repayable in two to five years	612,652	1,429,520	2,042,172	612,130	1,428,303	2,040,433
On Fixed Rate Interest Loan repayable after more than five years	704,990	1,644,977	2,349,967	708,558	1,653,303	2,361,861
5% Cumulative Preference Stock repayable after more than five years	22,500	-	22,500	22,500	-	22,500
	1,340,142	**3,074,497**	**4,414,639**	**1,343,188**	**3,081,606**	**4,424,794**

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

5. Taxation

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
Overseas taxation	357,378	-	357,378	319,765	-	319,765
Current tax charge	**357,378**	**-**	**357,378**	**319,765**	**-**	**319,765**
Reconciliation of tax charge						
Return on ordinary activities before taxation	6,422,333	(3,768,060)	2,654,273	6,657,524	10,062,482	16,720,006
Corporation tax 20.33% (2014 - 21.67%)	**1,305,873**	**(766,172)**	**539,701**	**1,442,464**	**2,180,204**	**3,622,668**
Effects of						
Non taxable income	(1,713,578)	-	(1,713,578)	(1,821,929)	-	(1,821,929)
Non taxable capital gains	-	(71,414)	(71,414)	-	(3,068,941)	(3,068,941)
Disallowable expenses	4,768	599	5,367	5,249	1,893	7,142
Overseas tax suffered	357,378	-	357,378	319,765	-	319,765
Excess of allowable expenses over taxable income	402,937	836,987	1,239,924	374,216	886,844	1,261,060
Current tax charge	**357,378**	**-**	**357,378**	**319,765**	**-**	**319,765**

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 2015, the company had accumulated surplus expenses of £73.7 million (2014 - £67.6 million) and eligible unrelieved foreign tax of nil (2014 - nil). The company has not recognised a deferred tax asset of £13.3 million (2014 - £13.5 million) in respect of these expenses, based on a prospective corporation tax rate of 18% (2014 - 20%) because there is no reasonable prospect of their recovery.

The reduction in the standard rate of corporation tax was substantively enacted on 26 October 2015 and will be effective from 1 April 2020. 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.

In May 2013 the company received confirmation from HM Revenue & Customs as an approved investment trust for accounting periods commencing on or after 1 December 2012, subject to the company continuing to meet the eligibility conditions at Section 1158 Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) Tax Regulations 2011 (Statutory Instrument 2011/2999). The company intends to retain this approval and self-assesses compliance with the relevant conditions and requirements.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

6. Dividends on Ordinary Shares

	2015 £	2014 £
Dividends paid on ordinary shares		
Third interim dividend - 3.20p paid 19 December 2014	1,378,861	-
Final dividend - 5.70p paid 26 March 2015 (2014 - 8.50p)	2,456,096	3,662,601
First interim dividend - 3.20p paid 30 June 2015 (2014 - 3.00p)	1,376,718	1,292,683
Second interim dividend - 3.20p paid 21 September 2015 (2014 - 3.10p)	1,376,398	1,335,771
	6,588,073	6,291,055

Dividends payable at the year end are not recognised as a liability under FRS 21'Events After Balance Sheet Date' (see page 54 - Statement of Accounting Policies). Details of these dividends are set out below.

	2015 £	2014 £
Third interim dividend - 3.20p payable 16 December 2015 (2014 - 3.20p)	1,376,398	1,378,861
Final proposed dividend - 5.70p payable 29 March 2016 (2015 - 5.70p)	2,451,708	2,456,096
	3,828,106	3,834,957

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 changes in the share capital between the year end and the record date.

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

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
Return attributable to ordinary shareholders	6,064,955	(3,768,060)	2,296,895	6,337,759	10,062,482	16,400,241
Return per ordinary share	**14.09p**	**(8.75p)**	**5.34p**	**14.71p**	**23.35p**	**38.06p**

The return per ordinary share is based on a weighted average number of shares of 43,047,245 (2014 - 43,089,418) ordinary shares in issue.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

8. Fixed Asset Investments

	2015 £	2014 £
Listed at market valuation on recognised Stock Exchanges		
United Kingdom	122,447,135	164,602,642
Overseas	168,270,465	164,649,656
	290,717,600	**329,252,298**
Unlisted at directors' valuation		
United Kingdom	28,516	28,516
Total investments	**290,746,116**	**329,280,814**
Market value of investments brought forward	329,280,814	300,320,884
Investment holding gains brought forward	(56,831,770)	(61,286,630)
Cost of investments held brought forward	**272,449,044**	**239,034,254**
Additions at cost	39,157,480	81,169,240
Disposals at cost	(62,403,739)	(47,754,450)
Cost of investments held at 30 November	**249,202,785**	**272,449,044**
Investment holding gains at 30 November	41,543,331	56,831,770
Market value of investments held at 30 November	**290,746,116**	**329,280,814**
Net gains on investments		
Net investment holding gains on sales of investments based on historical costs	15,159,105	17,243,564
Adjustment for net investment holding losses recognised in previous years	(11,230,755)	(15,325,889)
Net gains on sales of investments based on carrying value at previous balance sheet date	**3,928,350**	**1,917,675**
Net investment holding (losses) gains arising in the year	(4,057,684)	10,871,029
Net (losses) gains on sales of investments before special and stock dividends	**(129,334)**	**12,788,704**
Special dividends credited to capital	-	1,348,361
Stock dividends credited to capital	491,348	-
Net gains on investments at fair value	**362,014**	**14,137,065**

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

Included in the cost of investments are transaction costs and stamp duty on purchases of £172,661 (2014 - £232,222) and transaction costs on sales of £51,304 (2014 - £61,222).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

9. Investments in Other Companies

The company held more than 10% of the share capital of the following companies at 30 November 2015.

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 of Association 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 director's 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

	2015 £	2014 £
Debtors		
Sales for future settlement	-	818,249
Accrued income	1,239,285	1,274,749
Other debtors	33,284	33,081
	1,272,569	**2,126,079**
Cash at Bank		
Current account	12,917,267	-
Deposit account*	19,429,196	1,122,466
	32,346,463	**1,122,466**
Creditors: Amounts falling due within one year		
Purchases for future settlement	-	1,193,033
Other creditors	468,126	500,362
Bank overdraft	-	1,947,591
Interest on borrowings (see page 61)	925,881	926,313
	1,394,007	**4,567,299**

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

*Includes £15m held in a fixed term deposit account.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

	Notes	2015 £	2014 £
Interest on outstanding borrowings consists of:			
Stepped Rate Interest Loan		836,351	836,351
Fixed Rate Interest Loan		78,280	78,712
5% Cumulative preference stock		11,250	11,250
		925,881	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)	30,688,040	30,945,992
5% Cumulative preference stock	10(iii)	450,000	450,000
		49,341,078	49,599,030

(i) The Stepped Rate Interest Loan of £18,203,038 (2014 - £18,203,038) comprises adjustable Stepped Rate Interest Loan Notes of £2,977,442 and Stepped Rate Interest Bonds of £11,909,766 issued to First Debenture Finance PLC (FDF) in 1987 at 97.4%. They 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 it's 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.

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 principle 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.

(ii) The Fixed Rate Interest Loan of £28,000,000 is due to Fintrust Debenture PLC (Fintrust). It comprises a principal amount 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 £14,961,232 (2014 - £14,958,066), being the net proceeds of £14,929,474 plus accrued finance costs of £31,758 (2014 - £28,592). 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 2015, the loan is stated at £15,726,808 (2014 - £15,987,926), being the principal amount of £13,000,000 plus the unamortised premium of £2,726,808 (2014 - £2,987,926). 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 are 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 2015

11. Called Up Share Capital

	2015 £	2014 £
Allotted and fully paid		
43,012,418 ordinary shares of 25p each (2014 - 43,089,418)	10,753,104	10,772,354

The directors are authorised by an ordinary resolution passed on 17 March 2015 to allot relevant securities, in accordance with section 551 of the Companies Act 2006, up to a maximum of 14,363,139 ordinary shares of 25p each. This authority expires on 17 June 2016 and accordingly a renewed authority will be sought at the annual general meeting on 15 March 2016.

During the year 77,000 ordinary shares were repurchased by the company and cancelled. The aggregate purchase price of these shares, amounting to £441,789 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 (losses) on sales of Investments £	Investment Holding Gains (Losses) £	Revenue Reserve £
Balance as at 1 December 2014	5,227,646	191,431,323	56,853,210	14,078,497
Net gains on sales of investments	-	3,928,350	-	-
Stock dividends	-	491,348	-	-
Transfer on disposal of investments	-	11,230,755	(11,230,755)	-
Net movement in investment holding losses	-	-	(4,057,684)	-
Net losses on foreign currency	-	-	(10,799)	-
Purchase of ordinary shares for cancellation	19,250	(441,789)	-	-
Investment management fee	-	(1,043,494)	-	-
Finance costs of borrowings	-	(3,074,497)	-	-
Other capital expenses	-	(1,284)	-	-
Dividends appropriated in the year	-	-	-	(6,588,073)
Revenue retained for the year	-	-	-	6,064,955
Balance as at 30 November 2015	**5,246,896**	**202,520,712**	**41,553,972**	**13,555,379**

Under the terms of the company's Articles of Association, 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.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

13. Net Asset Value per Share

The net asset value per share was as follows:

	Net asset value per share attributable 2015	2014
Ordinary shares of 25p (debt at fair value)	610.3p	614.9p
Ordinary shares of 25p (debt at par)	636.2p	646.0p

	Net asset value attributable 2015 £	2014 £
Ordinary shares of 25p (debt at fair value)	262,487,295	264,944,720
Ordinary shares of 25p (debt at par)	273,630,063	278,363,030

The net asset value per ordinary share is based on 43,012,418 ordinary shares in issue at the year end (2014 - 43,089,418). The method of calculation of the net asset value with debt at fair value is described in Note 17(c) on page 70.

14. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2015 contingent commitments amount to nil (2014 - £1,637,504).

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 61 'Current Assets and Creditors'.

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

	2015 £	2014 £
Total return before finance costs and taxation	7,068,912	21,144,800
Add: Special dividends credited to capital	-	1,348,361
Add: Stock dividends credited to capital	491,348	-
Add: Effective yield amortisation	(2,041)	(216,305)
Less: Scrip dividends received as income	(103,272)	(38,700)
Less: Net gains on investments held at fair value	(362,014)	(14,137,065)
Less: Net losses (gains) on foreign currency	10,799	(27,279)
Less: Overseas tax suffered	(357,378)	(319,765)
	6,746,354	7,754,047
Decrease (Increase) in debtors	35,261	(190,239)
(Decrease) in creditors	(32,236)	(237)
Net cash inflow from operating activities	6,749,379	7,563,571

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

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 2014	(825,125)	(49,599,030)	(50,424,155)
Movement in the year	33,182,387	257,952	33,440,339
Net losses on foreign currencies	(10,799)	-	(10,799)
Balance at 30 November 2015	**32,346,463**	**(49,341,078)**	**(16,994,615)**

	2015 £	2014 £
(ii) Reconciliation of net cash flow to movement in net debt		
Net cash inflow (outflow)	33,182,387	(17,881,078)
Net (losses) gains on foreign currencies	(10,799)	27,279
Decrease in long term loans	257,952	243,488
Movement in net funds	**33,429,540**	**(17,610,311)**
Net debt brought forward	(50,424,155)	(32,813,844)
Net debt carried forward	**(16,994,615)**	**(50,424,155)**

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, foreign 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 year.

(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 market price risk (price and yield), foreign 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 19 to 26.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

Market Price Risk Sensitivity

The value of the company's listed equities which were exposed to market price risk as at 30 November 2015 was as follows:

	2015 £	2014 £
Listed equity investments held at fair value through profit or loss	290,717,600	310,815,024

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 20% (2014 - 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.

	2015 20% Increase in fair value £	2015 20% Decrease in fair value £	2014 20% Increase in fair value £	2014 20% Decrease in fair value £
Revenue return				
Investment management fee	(78,494)	78,494	(83,920)	83,920
Capital return				
Net gains (losses) on investments at fair value	58,143,520	(58,143,520)	62,163,005	(62,163,005)
Investment management fee	(183,152)	183,152	(195,813)	195,813
Change in net return and net assets	57,881,874	(57,881,874)	61,883,272	(61,883,272)

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 investment 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 2015

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

	2015 Investments £	2015 Other net Liabilities £	2015 Total Currency Exposure £	2014 Investments £	2014 Other net Liabilities £	2014 Total Currency Exposure £
Sterling	122,475,651	(18,521,607)	103,954,044	164,631,158	(51,971,955)	112,659,203
Australian Dollar	4,653,938	66,484	4,720,422	5,305,715	75,274	5,380,989
Brazilian Real	3,427,759	-	3,427,759	5,938,312	-	5,938,312
Euro	31,584,728	164,546	31,749,274	26,485,337	78,639	26,563,976
Hong Kong Dollar	10,485,401	-	10,485,401	10,218,594	-	10,218,594
Japanese Yen	9,772,792	80,285	9,853,077	9,434,867	80,990	9,515,857
Swiss Franc	14,980,130	167,999	15,148,129	15,679,172	272,169	15,951,341
Taiwan Dollar	-	701,090	701,090	2,238,496	710,791	2,949,287
US Dollar	93,365,717	225,150	93,590,867	89,349,163	(163,692)	89,185,471
Total	290,746,116	(17,116,053)	273,630,063	329,280,814	(50,917,784)	278,363,030

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.

	2015 20% Decrease in Sterling against Foreign Currencies £	2015 20% Increase in Sterling against Foreign Currencies £	2014 20% Decrease in Sterling against Foreign Currencies £	2014 20% Increase in Sterling against Foreign Currencies £
Australian Dollar	1,180,106	(786,737)	1,345,247	(896,831)
Brazilian Real	856,940	(571,293)	1,484,578	(989,719)
Euro	7,937,318	(5,291,546)	6,640,993	(4,427,330)
Hong Kong Dollar	2,621,350	(1,747,567)	2,554,648	(1,703,099)
Japanese Yen	2,463,269	(1,642,180)	2,378,964	(1,585,976)
Swiss Franc	3,787,032	(2,524,688)	3,987,835	(2,658,557)
Taiwan Dollar	175,272	(116,848)	737,322	(491,548)
US Dollar	23,397,717	(15,598,478)	22,296,368	(14,864,245)
Total	42,419,004	(28,279,337)	41,425,955	(27,617,305)

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

(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.

	2015 Fixed rate interest £	2015 Floating rate interest £	2015 Nil interest £	2015 Total £	2014 Fixed rate interest £	2014 Floating rate interest £	2014 Nil interest £	2014 Total £
Financial assets	15,000,000	17,346,463	290,746,116	323,092,579	18,437,274	1,122,466	310,843,540	330,403,280
Financial liabilities	(49,341,078)	-	-	(49,341,078)	(49,599,030)	-	-	(49,599,030)
Net financial (liabilities) assets	**(34,341,078)**	**17,346,463**	**290,746,116**	**273,751,501**	**(31,161,756)**	**1,122,466**	**310,843,540**	**280,804,250**
Short term debtors and creditors (including bank overdraft)				(121,438)				(2,441,220)
Net (liabilities) assets per balance sheet	**(34,341,078)**	**17,346,463**	**290,746,116**	**273,630,063**	**(31,161,756)**	**1,122,466**	**310,843,540**	**278,363,030**

As at 30 November 2015, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 0% and 1.35% per annum (2014 - 0% and 1.35% per annum).

The company's exposure to fixed interest rates on assets, being the Fixed Term Deposit account as at 30 November 2015 has a weighted average period to maturity of 0.61 years. Previously, two Treasury Stock holdings were held as at 30 November 2014 with a weighted average period to maturity of 6.08 years and an effective yield of 1.15%.

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2014 and 30 November 2015.

	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 year.

*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% (2014 - 8.98%) and the weighted average period to maturity of these liabilities is 5.9 years (2014 - 6.9 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 2015

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 2015, the company sold its two UK Government fixed interest securities and replaced them with a fixed term deposit account with a value of £15m.

The company finances its operations through a mixture of share capital, retained earnings and long term borrowings which are subject to fixed rates. Movement in interest rates will not materially affect the finance costs of the company. The company's borrowings are partially offset by the £15m fixed term deposit account.

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 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 & Fixed Rate Interest Loan reflect the maturity dates set out in Note 10 on pages 60 and 61. 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.

2015	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	1,034,095	3,620,928	-	-	4,655,023
Other creditors	468,126	-	-	-	468,126
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	-	-	13,509,383	8,108,550	21,617,933
	1,502,221	3,620,928	31,712,421	36,558,550	73,394,120

2014	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	1,026,826	3,626,457	-	-	4,653,283
Other creditors (including bank overdraft)	3,640,986	-	-	-	3,640,986
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	-	-	15,575,685	10,698,900	26,274,585
	4,667,812	3,626,457	33,778,723	39,148,900	81,221,892

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

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

Management of Liquidity Risk

Liquidity risk is not considered to be significant as the company's assets mainly comprise 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 £5 million (2014 - £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 ratings 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 Aa2 and A1, respectively, by Moody's rating agency. The directors believe the counterparties the company has chosen to transact with are of high credit quality, therefore the company has minimal exposure to credit risk.

In summary, the exposure to credit risk at 30 November 2015 was as follows:

	2015 £	2014 £
Investment		
Treasury stock	-	18,437,274
Debtors		
Outstanding settlements	-	818,249
Accrued income	1,239,285	1,274,749
Other debtors	33,284	33,081
	1,272,569	2,126,079
Cash at bank	32,346,463	1,122,466
Total	33,619,032	21,685,819

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

Fair Values of Financial Assets and Financial Liabilities

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

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

As at 30 November the financial assets at fair value through profit and loss of £290,746,116 (2014 - £329,280,814) are categorised as follows:

	2015 £	2014 £
Level 1	290,717,600	329,252,298
Level 2	-	-
Level 3	28,516	28,516
	290,746,116	**329,280,814**

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*:

	2015 Book value £	2015 Fair value £	2014 Book value £	2014 Fair value £
First Debenture Finance Loan	18,203,038	21,976,994	18,203,038	23,513,538
Fintrust Loan	30,688,040	37,990,883	30,945,992	39,077,804
Preference Stock	450,000	515,969	450,000	425,998
Total	**49,341,078**	**60,483,846**	**49,599,030**	**63,017,340**

The net asset value per ordinary share, with debt at fair value is calculated as follows:

	2015 £	2014 £
Net assets per balance sheet	273,630,063	278,363,030
Add: financial liabilities at book value	49,341,078	49,599,030
Less: financial liabilities at fair value	(60,483,846)	(63,017,340)
Net assets (debt at fair value)	**262,487,295**	**264,944,720**
Net asset value per ordinary share (debt at fair value)	**610.3p**	**614.9p**

*The fair value has been derived from the closing market value as at 30 November 2015 and 30 November 2014.

The net asset value per ordinary share is based on 43,012,418 ordinary shares in issue at the year end 30 November 2015 (2014 - 43,089,418).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2015

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:

	2015 £	2014 £
Net long term debt		
Creditors: amounts falling due after more than one year	49,341,078	49,599,030
Less: Treasury stock	-	(18,437,274)
Less: Fixed Term Deposit account	(15,000,000)	-
	34,341,078	31,161,756
Equity		
Called up share capital	10,753,104	10,772,354
Share premium account and other reserves	262,876,959	267,590,676
	273,630,063	278,363,030
Total capital	307,971,141	309,524,786
Debt as a percentage of total capital	11.15%	10.07%

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

The company is subject to several externally imposed capital requirements; the banks borrowings under the overdraft facility are not to exceed £7m, and as a public company the minimum share capital is £50,000. The company's objective, policies and processes for managing capital are unchanged from the preceding accounting year, 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 Manager and Related Parties

The amounts paid to the manager together with details of the Management and Administration Agreement 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 Directors' Remuneration Report on page 43.

There are no other identifiable related parties at the year end, and as at 17 February 2016.

The Brunner Investment Trust PLC

Investor Information

Investor Information

Appointment of AIFM and Depositary

The Alternative Investment Fund Managers Directive (AIFMD) came into force in July 2014. The aim of the directive was to create a comprehensive and effective regulatory and supervisory framework for alternative investment fund managers within the EU.

Under AIFMD the company is an Alternative Investment Fund (AIF) which is required to appoint an Alternative Investment Fund Manager (AIFM) and a Depositary. In July 2014 the company announced that the current manager, Allianz Global Investors GmbH (AllianzGI), was designated the AIFM. Allianz is authorised to act as an AIFM and to conduct its activities from its UK Branch by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), in accordance with AIFMD and Financial Conduct Authority requirements. The management fee and the notice period are unchanged in the restated Management and Administration Agreement (details in Note 2 on page 55).

The company appointed HSBC Bank PLC as its depositary and custodian in accordance with AIFMD under an agreement between the company, AllianzGI and HSBC. Depositary fees are charged in addition to custody fees and are calculated on the basis of net assets.

Leverage and Risk Policies under AIFMD

Details of leverage and risk policies required under AIFMD are published on the website www.brunner.co.uk . These policies represent no change to the board's policies in existence prior to AIFMD and are in place to ensure that these limits would not be breached under any foreseeable circumstances.

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.
Half year results announced and half-yearly Financial Report posted to shareholders in July.

Benchmark

The company's benchmark is 50% FTSE All-Share Index and 50% FTSE World (ex UK) Index (£). For further information, the FTSE 100 Index was 6356.1 at 30 November 2015, compared to 6722.6 at 30 November 2014, a decrease of 5.5%.

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.

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.

Investor Information *(continued)*

Ordinary Dividends

It is anticipated that dividends will be paid as follows:

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

Preference Dividends

Payable half-yearly 30 June and 31 December.

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 company'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 company's website: www.brunner.co.uk.

Dividend

The board is recommending a final distribution of 5.7p to be payable on 29 March 2016 to shareholders on the Register of Members at the close of business on 26 February 2016, making a total distribution of 15.3p per share for the year ended 30 November 2015, an increase of 2% over last year's distribution. The ex dividend date is 25 February 2016.

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.

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 3246 7513.

Investor Information *(continued)*

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. (London time) 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.

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 market based 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 (London time), 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.

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

Notice of Meeting

Notice is hereby given that the eighty-nineth annual general meeting of The Brunner Investment Trust PLC will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on Tuesday 15 March 2016 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 2015 with the Auditor's Report thereon.
2 To declare a final dividend of 5.7p per ordinary share.
3 To re-elect Vivian Bazalgette as a director.
4 To re-elect Carolan Dobson as a director.
5 To approve the Directors' Remuneration Implementation Report.
6 To re-appoint Deloitte LLP as the Auditor of the company.
7 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 8 will be proposed as an ordinary resolution and resolutions 9 and 10 will be proposed as special resolutions:

8 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 £3,584,368 (14,337,473 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 15 June 2017 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.

9 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 8 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 £537,655 (2,150,621 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 15 June 2017, 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.

10 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 6,447,561;

(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 2017 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
17 February 2016

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 11 March 2016 (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 financial statements 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 15 February 2016, 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 43,012,418 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 15 February 2016 is 43,012,418. 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.brunner.co.uk.
15. Contracts of service are not entered into with the directors, who hold office in accordance with the Articles.

Annual General Meeting venue

The Brunner Investment Trust PLC
199 Bishopsgate
London
EC2M 3TY

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www.brunner.co.uk