30 November 2016

The Brunner Investment Trust PLC

Annual Financial Report

Allianz Global Investors

www.brunner.co.uk

Contents

The Brunner Investment Trust PLC ('Brunner' or 'company')

Cover image: City Hall Park, New York, USA

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

Capital growth and dividends

The Brunner Investment Trust PLC aims to provide growth in capital value and dividends for investors over the long term through investing in a portfolio of global and UK equities. During the year, the benchmark against which performance has been measured is 50% FTSE All-Share Index and 50% FTSE World Ex UK Index.

One stop shop

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

Independent

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 pages 10 and 11 of the report show how effective the company has been in delivering its strategy.

Financial Highlights

Net assets per ordinary share*
Debt at Fair Value **718.0p**
2015 610.3p
+17.6%

Net assets per ordinary share*
Debt at Par **742.8p**
2015 636.2p
+16.8%

Earnings per ordinary share
16.4p
2015 14.1p
+16.3%

Dividend per ordinary share
15.8p
2015 15.3p
+3.3%

Net asset value total return*
Debt at Fair Value **+20.2%**
2015
+1.7%

Net asset value total return*
Debt at Par **+19.2%**
2015
+0.9%

*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. However, NAV with debt at par value is reported above and in the Performance – Review of the Year on page 5.

Benchmark

For the year under review the benchmark against which the portfolio is measured is a composite of 50% FTSE All-Share Index and 50% FTSE World Ex UK Index. Shareholders will see the board is proposing that the proportions making up the composite benchmark are changed with effect from 22 March 2017 to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. A statement explaining how the assets have been invested to spread risk and how gearing is managed is included in the table under "Risk Policy" on page 11.

The company's existing and proposed new investment policy is set out in the Strategic Report on page 8.

Chairman's Statement

Dear Shareholder

Performance

This is my first year as Chairman of Brunner and it is pleasing to note that the Net Asset Value (NAV) per ordinary share of the company increased by 20.2% on a total return basis, outperforming the benchmark index of 50% FTSE All-Share Index and 50% FTSE World Ex UK Index which generated a total return of 18% over the period.

This outperformance was generated by a combination of good stock selection in overseas markets and a move early in our financial year to increase the weighting of the overseas portfolio.

Earnings per Share

Good dividend growth from our existing portfolio plus the benefit from translating dividends in overseas currencies back into sterling after the large depreciation in Sterling, has benefited the company's earnings. As a result the company's earnings per share rose by 16.3% this year, from 14.1p to 16.4p.

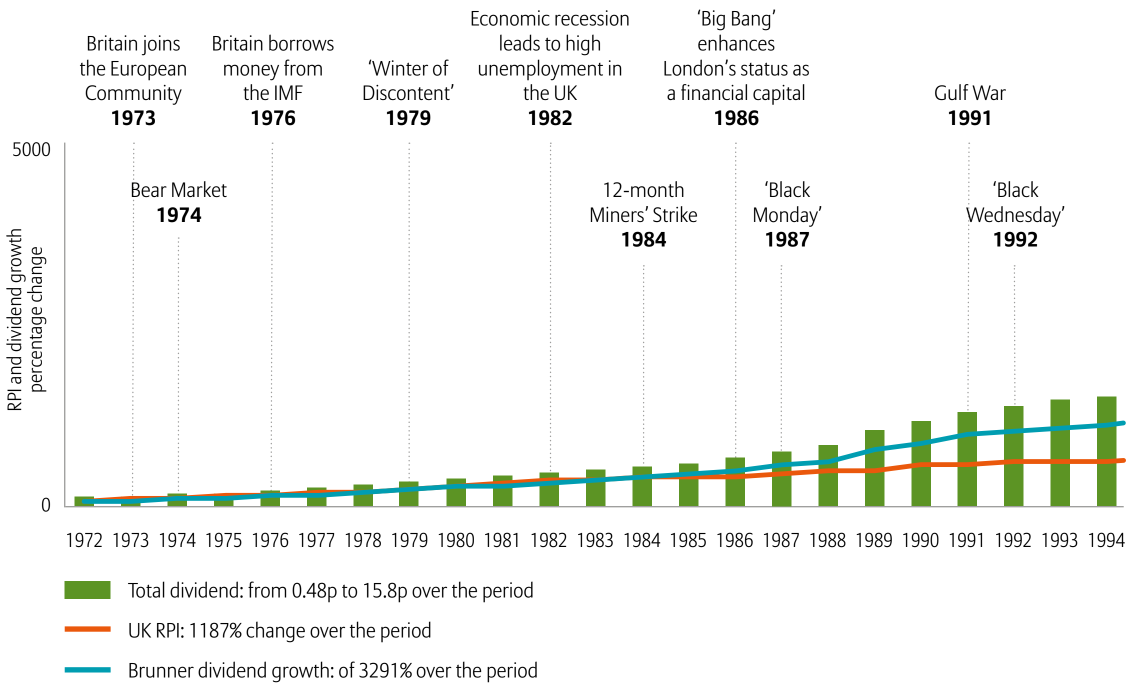
Dividends for the Year

It is proposed that a fourth and final dividend of 5.9p per share will be paid on 24 March 2017 to shareholders on the Register of Members at close of business on 24 February 2017, bringing the total payment for 2016 to 15.8p, an increase of 3.3% on last year. Revenue reserves remain strong at 23.3p per share, after the payment of the third quarterly dividend and the proposed final dividend.

The board has not increased dividends this year in line with the very strong earnings growth as it wishes to spread that earnings growth over a number of future years' dividends and also to allow the portfolio manager as much freedom as possible to seek out the companies with the best dividend and earnings opportunities wherever they are based geographically.

However, the board intends 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 45 year record of increasing dividends. The chart below illustrates how sustainable this dividend growth has been through volatile market and economic conditions.



* Final dividend for approval at the 2017 AGM

Chairman's Statement *(continued)*

Investment policy and benchmark

For the majority of its history, Brunner has been managed as two separate portfolios, UK equities and overseas equities. Lucy Macdonald, who has managed the overseas portfolio since 2005 became sole manager in June 2016 and the two portfolios were combined to become one global equity portfolio. The investment manager's review starting on page 17 sets out how the portfolio has been managed to ensure greater consistency since she became sole manager and how the portfolio is focussing on her best global equity ideas.

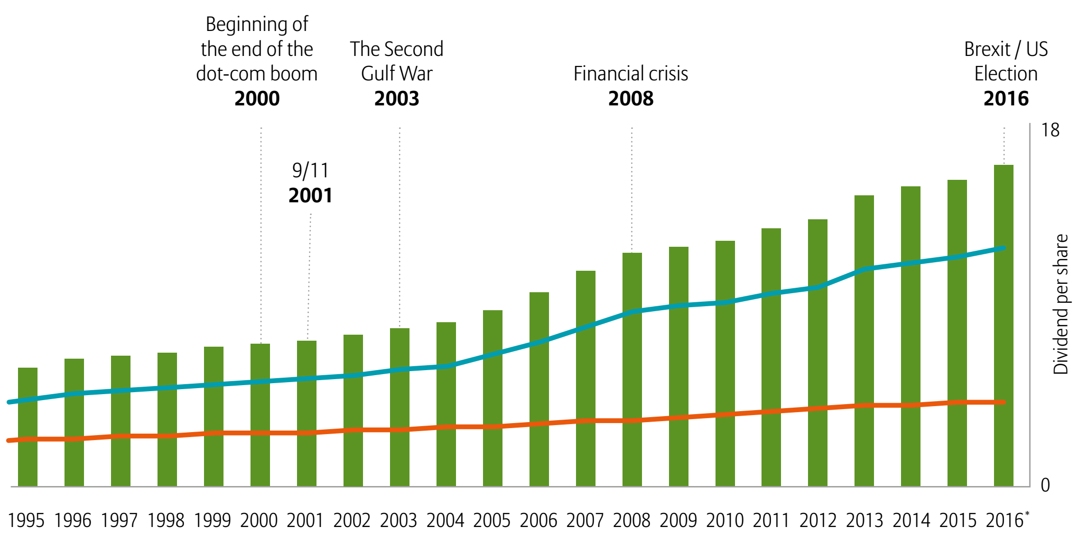
In the half year report published in July last year, I said that the board was considering proposing a revision to the benchmark to incorporate a higher proportion in overseas equities. Our portfolio manager has been steadily investing an increasing proportion of the portfolio in overseas equities throughout the year. This is to diversify the income stream and to avoid dependence for the dividend on a small number of large UK companies. It allows the manager to take advantage of attractive income opportunities in overseas markets.

The board and manager believe that this will produce a more robust and diversified stream of earnings in the future and the board is proposing that this is reflected in a change in the current benchmark from 50% FTSE All-Share Index and 50% FTSE World Ex UK Index to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

This change to the benchmark is being proposed for shareholder approval as part of a restated Investment Policy at the Annual General Meeting on 21 March and, if approved, will take effect from that date.

Debentures

Even though our net asset value, when calculated on the fair value of debt, takes account of the high cost of the company's existing loans, the board believes that they are an added complication for a trust which aims to appeal to a broad spectrum of private investors. As the board has noted in previous annual reports, we continue to look at whether there are any viable early redemption options. One of our debentures matures in January 2018 and the directors have decided that they will redeem this for cash at that time and accordingly we have built up the cash reserves to finance this.



Chairman's Statement *(continued)*

The board continues to actively consider whether it would be beneficial to shareholders to repay the 2023 debenture early and monitors carefully how the cost of doing so varies with changes in market yields. There is detail on the debentures in Note 11 on page 67 and we consider our position further in our Viability Statement on page 13.

Buyback of Shares

The discount has traded at an average of 15.5% (with debt at fair value on a cum income basis) during the period and it has been wider than the sector average (7.9%).

The board does not consider this a satisfactory situation and has used its buyback powers when it appeared beneficial to shareholders to do so. There is a difficult balance to be struck here as the consolidation of many retail advisory firms has resulted in their desire for an increased level of liquidity in the shares they recommend to their clients, so a buyback programme that materially reduces the size of the company's market capitalisation is likely to have disappointing long term consequences. 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 mechanism when in the interests of shareholders.

Marketing

The presence of advertising and other media coverage can help make Brunner a 'front of mind' investment choice for those considering their long term investment needs, such as saving for retirement. Accordingly, Brunner operates a targeted and coordinated marketing programme, that aims to raise awareness of its investment remit to potential investors as well as communicating the latest developments to existing shareholders. The board is encouraged by the steady buying we see from retail shareholders and it is encouraging to note that Allianz Global Investors won the 'Best Investor Education' award voted for by private investors of Shares Magazine. A successful marketing strategy stands to benefit all of the company's shareholders. Expenses of running the marketing programme are kept to a reasonable level and are monitored closely by the board to ensure that value for money is being delivered.

Outlook

The US economy is making good progress and there is a slow and steady economic recovery in Europe. Despite the unsettled political outlook the companies we invest in are producing good earnings and dividend growth. Overall the backdrop for equity markets leaves us cautiously optimistic going into 2017, with positive support from earnings and a pro-growth US administration contending with relatively high valuations, higher US interest rates and political uncertainty. Against this background, we believe that your company's balanced portfolio risk profile which has navigated the volatile markets in 2016, will continue to benefit investors.

Annual General Meeting

The Annual General Meeting will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on 21 March 2017, and we, the board, look forward to meeting those shareholders who are able to attend.

Carolan Dobson
Chairman
14 February 2017

Performance – Review of the Year

Review of the Year

Revenue

Years ended 30 November	2016	2015	% change
Income available for ordinary dividend	£7,050,942	£6,064,955	+16.3
Earnings per ordinary share	16.4p	14.1p	+16.3
Dividends per ordinary share	15.8p	15.3p	+3.3
Retail Price Index	265.5	259.8	+2.2

Assets

As at 30 November	2016	2015	Capital return % change	Total return[1] % change
Net asset value per ordinary share with debt at fair value (capital)	718.0p	610.3p	+17.6	+20.2
Net asset value per ordinary share with debt at par	742.8p	636.2p	+16.8	+19.2
Share price	591.8p	540.5p	+9.5	+12.4
Total net assets with debt at fair value	£307,706,900	£262,487,295	+17.2	-
Total net assets with debt at par	£318,334,025	£273,630,063	+16.3	-
Ongoing charges[2]	0.8%	0.8%	-	-

Net Asset Value with Debt at Fair Value Relative to Benchmark[3]

	Capital return	Total return[1]
Change in net asset value	+17.6%	+20.2%
Change in benchmark	+14.4%	+18.0%
Performance against benchmark	**+3.2%**	**+2.2%**

	Capital return	Total return[1]
Change in portfolio return[4]	+16.7%	+21.0%
Change in benchmark	+14.4%	+18.0%
Performance against benchmark	**+2.3%**	**+3.0%**

[1] Total return is calculated with dividends reinvested.
[2] The ongoing charges percentage is calculated in accordance with the explanation given on page 10.
[3] For the year under review the benchmark is 50% FTSE All-Share Index and 50% FTSE World Ex UK Index. A change is proposed with effect from 22 March 2017 to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.
[4] 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, 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.

	Portfolio Return %	Index %	Relative Performance[1] %	Of which: Sector Selection %	Of which: Stock Selection %
UK	8.8	9.8	-1.0	0.4	-1.4
Overseas	29.1	26.7	2.4	-0.1	2.5

Reconciliation of Benchmark Performance to Total Return to Shareholders

	Capital[2] Return	Income[2] Return	Total[2] Return	Capital[3] Return	Income[3] Return	Total[3] Return
Equity portfolio return (excluding cash)	**16.7%**	**4.3%**	**21.0%**	**16.7%**	**4.3%**	**21.0%**
Impact of gearing	1.2%	0.3%	1.5%	2.1%	0.4%	2.5%
Finance costs	-1.1%	-0.5%	-1.6%	-1.2%	-0.5%	-1.7%
Decrease in value of debt	0.0%	0.0%	0.0%	0.2%	0.0%	0.2%
Other	0.1%	-1.0%	-0.9%	0.0%	-1.0%	-1.0%
Effect of gearing	**0.2%**	**-1.2%**	**-1.0%**	**1.1%**	**-1.1%**	**0.0%**
Retained revenue	0.1%	-0.1%	0.0%	0.1%	-0.1%	0.0%
Management fee	-0.4%	-0.2%	-0.6%	-0.4%	-0.2%	-0.6%
Administration expenses	0.0%	-0.2%	-0.2%	0.0%	-0.2%	-0.2%
Impact of repurchasing ordinary shares	0.2%	-0.2%	0.0%	0.1%	-0.1%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total of factors above	**-0.1%**	**-0.7%**	**-0.8%**	**-0.2%**	**-0.6%**	**-0.8%**
Return to shareholders	**16.8%**	**2.4%**	**19.2%**	**17.6%**	**2.6%**	**20.2%**
Change in benchmark[4]	14.4%	3.6%	18.0%	14.4%	3.6%	18.0%
Relative performance	**2.4%**	**-1.2%**	**1.2%**	**3.2%**	**-1.0%**	**2.2%**

[1] 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 - Based on Wilshire buy and hold methodology total return (equity only).
[2] Based on debt at par.
[3] Based on debt at fair value. The board prefers to measure performance against the benchmark using NAV with debt at fair value, in line with industry practice, as demonstrrated in the Chairman's Statement on page 2.
[4] For the year under review the benchmark is 50% FTSE All-Share Index and 50% FTSE World Ex UK Index. A change is proposed with effect from 22 March 2017 to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

The Brunner Investment Trust PLC

Strategic Report

Strategic Report

at 30 November 2016

Objectives

Our investment objective is to provide shareholders with growth in capital value and dividends over the long term through investing in a portfolio of global and UK equities. The company aims to achieve a return higher than that of our benchmark, after costs and to achieve steady dividend growth in real terms.

For the year under review our benchmark was 50% FTSE All-Share Index and FTSE World Ex UK Index. A change is proposed from 22 March 2017 to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

New Investment Policy

In the past year the investment manager has identified the benefits of achieving both income and capital appreciation by investing more of the portfolio globally. Over the year the UK portfolio has been reduced.

As set out in the Chairman's Statement on page 3, to reflect these changes the board is proposing a change to the benchmark used to measure the company's performance. As a consequence of this the investment policy is being restated and the revised investment policy is being put forward for approval at this year's annual general meeting.

Currently, the investment policy states:

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 measures investment is a composite of 50% FTSE All-Share Index and 50% FTSE World Ex UK Index.

The proposed new investment policy, which is being put forward as a resolution for shareholder approval at this year's annual general meeting, is as follows:

Investment Policy

Investment Objective
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 global and UK equities.

The benchmark against which performance is measured is 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Risk Diversification
The company aims to achieve a spread of investments across geographies and sectors. The maximum holding in a stock is limited to 10% of gross assets at the time of investment and the portfolio will consist of at least 50 stocks. The company will not invest more than 15% of its gross assets in other UK listed investment companies.

Gearing
The company seeks to enhance returns over the long term through appropriate gearing. The board monitors the gearing, which is employed within the guidelines set from time to time by the board. Gearing in any case will not exceed 20% of net assets at the time of borrowing.

In the investment policy above:
Gross assets means the company's assets before deduction of all debt and other obligations
Net assets means the company's assets after deduction of all debt and other obligations
based on the fair value of the long term debt and preference shares.

London, UK

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 strategic position
- managing the discount
- the company's marketing and communications
- performance analysis
- 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.

By pursuing our investment objective 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.

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, the company announces net asset values per share daily and provides more detailed information monthly to the Association of Investment Companies (AIC), of which the company is a member, in order for investors and market professionals to compare its performance with its peer group. The investment manager also issues a monthly update on investment performance which is posted on the company's website and is available by email.

Manager's Investment Style

The essence of the investment style we ask the investment manager to follow is to select the best stocks in a 'bottom up' approach, before sector and country selection. The portfolio is concentrated into 77 stocks at 30 November 2016 (88 stocks in 2015). Within that concentration modest gearing - employing the company's borrowings to invest - is within guidelines set by the board.

Strategic Report *(continued)*

at 30 November 2016

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, currently 50% FTSE All-Share Index and 50% FTSE World Ex UK Index, over the long term, after absorbing costs.

For this indicator, we measure the performance against benchmark using NAV with debt at fair value, in line with industry practice. We have also disclosed here the performance against benchmark using NAV with debt at par value for information purposes only. Total Return NAV against the benchmark is shown in the graph on page 15. Capital returns are shown on page 1 and in the Chairman's Statement.

For the year under review the benchmark is 50% FTSE All-Share Index and 50% FTSE World Ex UK Index. A change is proposed with effect from 22 March 2017 to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Brunner NAV Total Return

	2016	2015
Debt at fair value	20.2%	1.7%
Debt at par value	19.2%	0.9%
Benchmark	18.0%	1.8%
Relative return with debt at fair value	2.2%	-0.1%
Relative return with debt at par	1.2%	-0.9%

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 investment management fee (charged to both income and capital, as per Note 2 on page 61) and all other administration expenses (Note 3 on page 62), 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 65) and amounts to a further 0.08% of net assets (2015 - 0.08%).

Ongoing charges are published by the AIC.

Ongoing Charges

2016	2015
0.78%	0.75%

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.

Peer group ranking

At 30 November 2016, the company was ranked in the Global sector as follows:

1 year	9 out of 22
3 years	15 out of 22
5 years	7 out of 22

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

Strategic Report *(continued)*

at 30 November 2016

Dividends	Annual Dividend		
The board aims to pay 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 31 which shows that dividends have risen in every year and the graph on page 15 shows how the dividends have outpaced inflation.		**2016**	**2015**
		15.8p*	15.3p
		+3.3%	+2.0%
	*Includes the proposed final dividend		

Discount	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.		**2016**	**2015**
	Highest	20.8%	17.6%
	Lowest	8.2%	7.9%
	Average	15.5%	12.7%

Share ownership	Percentage of issued capital held by wealth managers and investment platforms	
The marketing programme targets both professional and retail investors and aims to create ongoing and sustained demand for Brunner shares. A successful marketing strategy stands to benefit all of the company's shareholders. We look at the growth of shareholding wealth managers and investment platforms to see the impact of retail demand for the company's shares.	Analysis as at 7 December	
	2016	**2015**
	32.8	30.8
	Source: RD:IR and AllianzGI.	

Risk Policy

The board operates a risk management policy to ensure that the level of risk taken in pursuit of the board's objectives and in implementing its strategy are understood. The principal risks identified by the board are set out in the table on page 12, together with the actions taken to mitigate these risks. The process by which the directors monitor risk is described in the Audit Committee Report on page 43.

Risk Appetite

The directors' approach to risk is to identify where there are risks and to note mitigation actions taken and then to look at the probability of the event and consider the extent to which the resulting residual risk is acceptable, which is defined as the board's risk appetite. As a result of this exercise the risks are rated as 'red' or 'high' when the risk is of concern and sufficient mitigation measures are not possible or not yet in place; 'amber' or 'moderate' when the risk is of concern but sufficient measures are defined and have been or are being implemented; and 'green' or 'acceptable' when the risk is acceptable and no further measures are needed. The nature of the company's business means that a certain amount of risk must be taken for the objectives to be met and it is not surprising that portfolio risk types earn amber ratings.

Strategic Report *(continued)*

at 30 November 2016

Principal Risks

A more detailed version of the table below, in the form of a risk matrix, is reviewed and updated by the audit committee at least twice yearly. The principal risks are broadly unchanged from the previous year, although they have been added to by the inclusion of the new category of emerging risks this year.

Risk Type	Principal Risks identified	Controls and mitigation	Risk Appetite*
Portfolio Risk	■ Significant market movements may adversely impact the investments held by the company increasing the risk of loss or challenges to the investment strategy. ■ Reduction of dividends across the market affecting the portfolio yield and the ability to pay in line with dividend policy. ■ Exposure to significant exchange rate volatility could affect the performance of the investment portfolio.	■ The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines that are monitored and reported on by AllianzGI. ■ The board monitors yields and can modify investment parameters and consider a change to dividend policy. ■ The board receives reports from the manager on the stress testing of the portfolio at least twice each year and contact is made with the chairman and board if necessary between board meetings. ■ Currency movements are monitored closely and are reported to the board.	✓ (amber)
Business Risk	■ 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. ■ Risk that there are insufficient liquid funds to pay back debentures on maturity.	■ 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 shows risk factors and how they affect the portfolio. The manager employs 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. ■ The board has identified sufficient available funds for the repayment of debenture holders.	✓ (green)
Operational Risk	■ Risk of inadequate procedures for the identification, evaluation and management of risks at outsourced providers including Allianz Global Investors (AllianzGI), and AllianzGI's outsourced providers, Bank of New York (BNYM) and Northern Trust (NT).	■ AllianzGI carries out regular monitoring of outsourced administration functions, this includes compliance visits and risk reviews where necessary. Results of these reviews are received by the board. ■ Agreed Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) are in place and the board receives reports against these.	✓ (green)

Emerging Risks: The board also considers the impact from emerging risks that are not yet know or fully identifiable, such as economic, regulatory and political risks arising from the implementation of the UK's exit from the European Union or the US election. The board maintains close relations with its advisers (auditors, lawyers and manager) and will make preparations for mitigation of these risks as and when they are known or can be anticipated.

Risk Appetite:
- (green) Risk is acceptable, no additional measures needed
- (amber) Risk is of concern, but sufficient measures are defined and being implemented
- (red) Risk is of concern, sufficient mitigation measures not possible or not yet in place

* The board identifies risks, considers controls and mitigation, and then evaluates whether its risk appetite is satisfied. This column shows whether the residual risks, measured against the board's risk appetite, are satisfactory. The ticks enable the board to conclude that its assessment of risk is in line with its risk appetite.

Strategic Report *(continued)*

at 30 November 2016

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 and monitors reports provided by third party service providers on how these threats are being handled. 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. The directors have formally assessed the prospects of the company for a period of longer than the one year. The directors believe that three years continues to be the appropriate outlook period for this review as this covers the first of the repayments of the company's loans and 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 Policy on page 11.

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 loans falling due in early 2018. This sum represents less than 5.7% of the assets of the company currently and so there is no significant risk that this repayment will not be met: the board has 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 2016, all of whom held office during the year, are set out in the directors' biographies on pages 33 and 34. There are currently four 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 her view on the outlook in her statement on page 4 and the investment manager discusses her view of the outlook for the company's portfolio in her review on page 20.

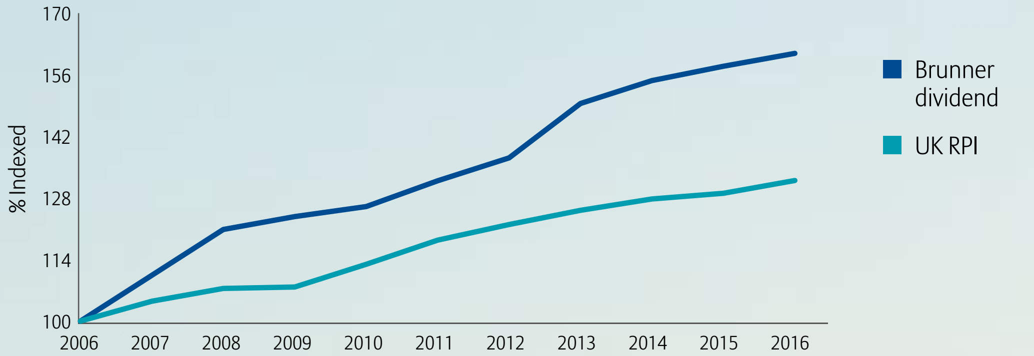
By order of the board
Kirsten Salt
Company Secretary
14 February 2017

The Brunner Investment Trust PLC

Investment Manager’s Review

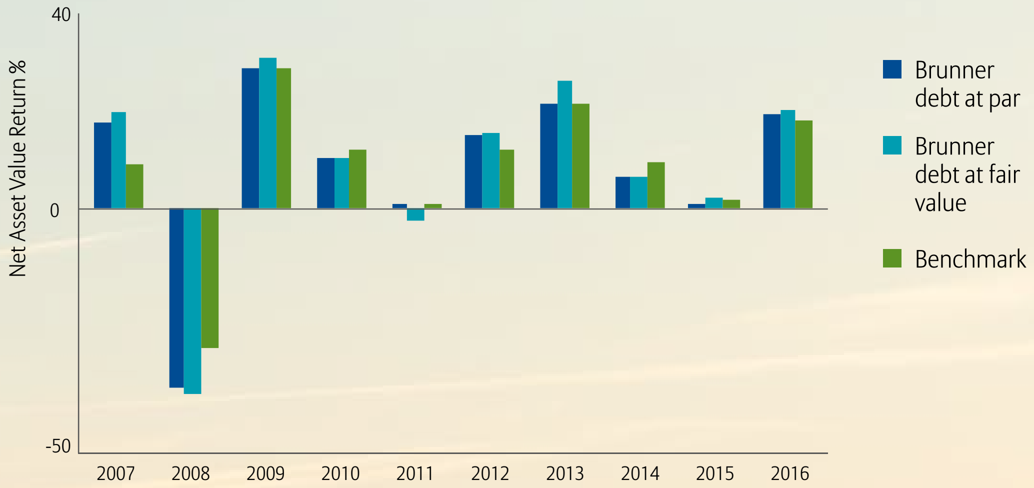
Performance – Ten Year Graphs

Dividends in respect of each year against the Retail Price Index – 10 year record



Source: AllianzGI/Thomson Reuters Datastream

Net Asset Value total return with debt at fair value and debt at par against benchmark – 10 year record



Re-based to 100. Source: AllianzGI/Thomson Reuters DataStream. Benchmark: 50% FTSE All-Share Index and 50% FTSE World Ex UK Index.

Thirty Largest Equity Investments

at 30 November 2016

Name	Valuation (£)	% of Invested Funds	Principal Activities
Microsoft	11,407,089	3.36	Software & Computer Services
United Health	10,381,661	3.06	Health Care Equipment & Services
Royal Dutch Shell 'B' Shares	10,325,102	3.04	Oil & Gas Producers
AbbVie	8,169,605	2.41	Pharmaceuticals & Biotechnology
Accenture	8,051,368	2.37	Support Services
BP	8,033,892	2.37	Oil & Gas Producers
Muenchener Rueckver	7,181,665	2.12	Non-Life Insurance
HSBC	6,982,800	2.06	Banks
Nielsen	6,799,917	2.00	Media
Walgreens Boots Alliance	6,655,177	1.96	Food & Drug Retailers
Roche Holdings	6,403,909	1.89	Pharmaceuticals & Biotechnology
Covestro	6,165,054	1.82	Chemicals
GlaxoSmithKline	6,124,402	1.80	Pharmaceuticals & Biotechnology
Estee Lauder 'A' Shares	5,986,941	1.76	Personal Goods
EOG Resources	5,909,134	1.74	Oil & Gas Producers
Visa	5,662,758	1.67	Financial Services
Microchip Technology	5,357,116	1.58	Technology Hardware & Equipment
Lloyds Banking Group	5,312,466	1.56	Banks
UBM	5,268,271	1.55	Media
Priceline Group	5,211,218	1.53	Travel & Leisure
Taiwan Semiconductor (ADS)	5,152,687	1.52	Technology Hardware & Equipment
Better Capital	5,145,000	1.52	Equity Investment Instruments
Amphenol	5,017,637	1.48	Electronic & Electrical Equipment
Fresenius	4,988,891	1.47	Health Care Equipment & Services
Rio Tinto	4,945,649	1.46	Mining
SMC	4,906,721	1.44	Industrial Engineering
ICAP	4,893,345	1.44	Financial Services
Apple	4,675,226	1.38	Technology Hardware & Equipment
Prudential	4,641,000	1.37	Life Insurance
Centrica	4,440,197	1.31	Gas, Water & Multiutilities
	190,195,898	56.04	% of Total Invested Funds

Investment Manager's Review

Market Review

Global equities closed the period with strong returns, despite experiencing the weakest start to a year in decades as renewed fears about a slowdown in China and a further decline in oil prices led to a significant sell-off in the first six weeks of 2016. The UK's unexpected vote in favour of leaving the EU led to another bout of weakness in late June but for UK investors this was more than offset by a sharp fall in sterling. Shares prices ended the period with a Trump-inspired rally amid hopes of tax cuts and a more pro-growth policy stance. Cyclical sectors such as Oil & Gas, Basic Materials and Industrials outperformed, while more defensive sectors like Health Care, Consumer Goods and Telecommunications, lagged.

Global bonds ended a volatile year with positive returns. For the first half of the year, bonds rallied, boosted by weaker-than-expected US economic data and further monetary easing in the euro zone and Japan. Yields on many core government bonds plunged to record lows following the UK's referendum result and by mid-August the value of bonds with negative yields approached USD14 trillion. However, yields subsequently trended higher, with the sell-off gathering pace following the US election as President Trump's policies are expected to result in higher inflation and an accelerated path of interest rates increases.

Monetary policy continued to diverge over 2016. The European Central Bank cut its main interest rate to zero and increased the size of its bond-buying programme, before reducing it again towards the year end. The Bank of Japan lowered rates to below zero and took the unusual step of pledging to keep yields on 10-year Japanese government bonds at "around zero" to help the nation's struggling banks. The Bank of England also cut interest rates and reinstated quantitative easing to cushion the economy from a potential slowdown following the EU referendum result. The US Federal Reserve kept interest rates on hold for most of the year, finally raising rates by 25 basis points to a range of 0.5% to 0.75% in December.

In terms of currencies, the US dollar rose to near a 15-year high amid expectations that President Trump's policies will lead to higher inflation and interest rates. In contrast, sterling fell sharply, dropping to its lowest level in three decades against the US dollar, in the wake of the UK's vote to leave the EU.

Oil prices strengthened, reaching a 16-month high amid news that OPEC had agreed to its first production cut in eight years. However, gold slid to a 10-month low following the Federal Reserve's decision to raise interest rates.

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

Portfolio Review

The portfolio's balanced risk profile enabled it to navigate the bouts of market volatility that resulted from surprise political developments and the rotation into inflation and interest rate sensitive sectors that gathered pace after the US election.

The chart below shows the performance divergence between Growth and Value stocks since mid-2014. The differential had become elevated partly due to lacklustre global economic growth and partly because extremely low interest rates increased the value of growth companies' future cash flows. Steady positive economic data from the US, particularly in terms of employment growth, the prospects of tax cuts and fiscal stimulus by the Trump administration and higher bond yields resulted in a sudden reversal in market sentiment from low growth deflationary concerns to higher growth reflationary hopes.

Rotation out of growth into value stocks

Three years as at 31 December 2016, US$, re-based to 100.

UnitedHealth Group

The US managed health care company UnitedHealth was first purchased in early 2011 due to the company's broad exposure to both increasing long-term demand for health care and growing pressures to improve the delivery and efficiency of health care services. These secular trends were boosted by the passage of the Affordable Health Care Act which greatly expanded health insurance coverage, especially among lower income groups. UnitedHealth has benefited from significant enrolment increases in managed care and now services approximately 70 million individuals throughout the US. Optum, the company's technology and analytics division, plays a key role in controlling health care cost inflation and utilises data analytics, pharmacy benefit management and other services to deliver better and more efficient outcomes for patients and health care providers. Comprehensive discussions and updates with AllianzGI's health care analysts, as well as regular Grassroots Research market surveys have been fundamental in ensuring that the investment thesis remained intact. Brunner shareholders have benefited from our detailed company research and long-term investment horizon as the shares have risen over 250% since our initial purchase.

As a result, previously depressed economically sensitive sectors such as Oil & Gas, Basic Materials, Industrials and Financials, rebounded sharply and quickly closed the performance gap that had emerged. Despite this sudden shift in market sentiment and investor positioning, the company's portfolio outperformed, primarily due to diversification benefits from its geographical, sector and investment style exposure. Stock selection was particularly strong, especially in Health Care and Consumer Goods, and sector positioning also contributed.

The most significant contributors to performance highlight the diversified nature of the portfolio. **Covestro**, a German polymer manufacturer, and **UnitedHealth Group**, a leading US health services company, contributed equally to outperformance.

We purchased Covestro in late 2015 after it was spun-out by its parent company Bayer, attracted by the company's improving returns, expanding margins and cyclical upside from favourable supply and demand dynamics. Valuations were undemanding given the prospects for stronger-than-expected earnings growth and cash flow generation. This is what in fact has played out and after a strong run we are considering taking some profits.

UnitedHealth has broad exposure to the US health care ecosystem and is benefiting from the structural trends of cost reductions and improving delivery efficiency. The company is using its economies of scale to provide comprehensive health care coverage to a broad selection of individuals and corporate plans through managed care, pharmacy benefits management and technological innovation. UnitedHealth is conservatively managed and earnings have consistently beaten expectations. We expect continued consistent revenue growth and operating margin expansion as a result of ongoing strong performance in both health benefits and Optum, the company's health services platform. However, after the stock's strong performance over the period, valuations have caught up and we have taken some profits.

On a geographical basis, stock selection in Germany made a significant positive impact, with **Adidas** joining Covestro as a top contributor. Although Adidas continues to enjoy strong sales and margin momentum, the stock's strong performance over the period had led to stretched valuations and we have been steadily reducing the holding.

Investment Manager's Review *(continued)*

UK stock selection was more mixed, with **Mothercare**, **Barclays** and **Brammer** among the top overall detractors. We have undertaken a review of the UK holdings with a view to improving the overall quality and growth of the portfolio and to this end have sold all three companies. There were however strong contributions from some of the other UK mid cap holdings such as **UBM** and **Ashmore** which performed well. Most of the company's UK holdings have significant overseas earnings which has been a useful tailwind in a year in which most UK domestic focused shares performed relatively poorly.

Over the last few years we have been reducing our overall exposure to the UK and adding high conviction offshore companies which in our view have attractive long term earnings, cash flow and dividend growth prospects. Nonetheless, the UK remains an important source of dividend income with companies such as **Royal Dutch Shell**, **BP** and **HSBC** offering dividend yields of 6% or more. All three benefited from the shift into Value stocks and provided important investment style diversification.

As part of our decision to raise the quality of the company's UK holdings, during the period we purchased **Greene King**, and **Senior**. Greene King was purchased on weakness partly due to concerns over a Brexit induced consumer slowdown. We considered this to be a good entry point as the company has an attractive 4.5% dividend yield and a long history of raising dividends based upon solid cash flows from its predominantly freehold restaurants, pubs and hotels portfolio.

Covestro

Covestro is a high-tech polymer supplier selling into a broadly diversified range of end markets including automotive, construction, electronics and furniture. The shares were first purchased in the Initial Public Offering in October 2015 after extensive discussions with AllianzGI's highly experienced European Chemicals analyst. There was much to like about the company: Improving pricing, volume growth, cost and market leadership, balanced regional exposure, spare capacity in key products and reduced capital expenditures. Particular attention was paid to the company's ability to generate returns above its cost of capital. Valuations seemed particularly attractive with the shares priced at a 50-60% discount to the sector and the 4.7% dividend yield provided additional support. The investment thesis played out as anticipated with the shares gaining over 200% since the listing.

We also purchased Senior, a quality specialist engineering company that should benefit from the transition to new Airbus and Boeing aircraft models and a cyclical upturn in the US trucking and Oil & Gas equipment markets.

Other purchases included the Norwegian company **TGS Nopec Geophysical**, which provides geophysical consulting and contracting services. The company has a strong order book and preannounced positive 3Q revenue growth well above consensus forecasts. The shares have risen strongly in a relatively short period, helped by the recovery in oil prices, and are now more fully valued.

We also bought **Atlas Copco** which should be a major beneficiary of the trend toward greater technological content in underground drill rigs. The ability to operate dill rigs remotely improves safety and reduces drilling times, potentially resulting in significant savings for miners.

Outlook

Over the short term, improving global cyclical economic data and potential tax cuts and fiscal stimulus in the US should underpin both economic and corporate earnings growth. The US is growing around its lowered trend level of 2%, while Europe and China are stable. The UK economy has performed above expectations and while much uncertainty remains over Brexit, low interest rates and sterling weakness should provide a measure of support.

Globally, corporate earnings momentum has been picking up since mid-2016, mostly due to a less negative impact from the energy sector, but also because of improving trends in financials and technology. In the US, the strength of the dollar remains a headwind for multinationals but we anticipate a positive impact on US earnings overall from tax reform. Commodity prices are climbing once more, which supports both emerging economies and inflation.

Capex has so far failed to provide a significant stimulus to growth, partly because of the weakness in energy spending. However, a combination of focus on infrastructure spending, improved cash flow from lower tax rates and recovering corporate confidence could lead to a better outcome, extending the already long economic cycle.

Nonetheless, global debt levels remain high and are in fact still rising, particularly in China where total debt now accounts for 250% of GDP. Long term this remains a meaningful constraint on global economic growth.

Monetary policy is likely to normalise slowly. Most central banks appear to acknowledge that zero or negative interest rate policies have not been successful and created distortions in capital allocation by both corporates and investors. We expect the Federal Reserve to raise US rates at a measured pace in 2017 but the ECB and BOJ to remain on hold. The rise in US yields is consistent with higher US inflation expectations, driven by recovering commodity prices.

The indebtedness of the corporate sector, particularly outside technology, also needs to be considered. Gearing has risen from 45% to 67% over the last four years and interest cover fallen from 8 to 5 times as corporates have taken advantage of the low rate environment. As interest rates start to normalise, the importance of balance sheet quality will rise. Historically this factor has been closely correlated to low volatility, but this relationship could change as the latter factor remains expensive due to investor preference for stable growth post the financial crisis.

There are also greater risks around forecasts than usual this year due to the uncertainties over policies from the new US administration and the UK's negotiations with the EU. In particular, any US policy challenge to trade is likely to be viewed negatively.

With yield curves steepening, valuation is making a comeback in markets. As fundamental investors, we welcome this as we expect stock prices to more closely reflect the long term intrinsic value of companies rather than the distortionary impact of central banks' monetary policies.

We believe the company's balanced risk profile will continue to benefit investors and we remain committed to increasing capital and income for shareholders by actively investing in high conviction quality companies with attractive growth profiles.

The Chairman, Carolan Dobson, discusses aspects of portfolio management with Lucy Macdonald, the investment manager.

CD: How has the management of the portfolio changed since you took over as lead manager?

LM: For most of its history, Brunner has been managed as two separate equity portfolios for the UK and the non-UK holdings respectively. As shareholders will be aware, we had been moving towards managing the portfolio as one entity, however taking over as lead manager has acted as a catalyst to really speed this process up. I have reviewed the UK holdings and, with the help of my UK equity colleagues, have made some changes to the portfolio to bring about a greater consistency across the entire portfolio. I think this is a very positive development for the company.

CD: Should shareholders expect any further changes in 2017 and beyond?

LM: Growth is a key focus for me. 2016 has been a good year for the company. We have grown the underlying earnings base such that the dividend is now nicely covered by earnings. However I think we can further improve the growth profile of the overall portfolio by seeking out more investment ideas that offer both attractive income and income growth. This is particularly the case amongst the UK holdings where I think we can definitely introduce more growth oriented ideas.

I think we'll also be looking to bring a little more concentration to the portfolio by reducing the number of holdings down from the current 77 to somewhere around 60, which is closer to the approach we follow in our global equity funds. I see this as a gradual but quite natural evolution as the portfolio becomes more focussed on our best ideas within a global context.

CD: How will the UK part of the portfolio managed going forward?

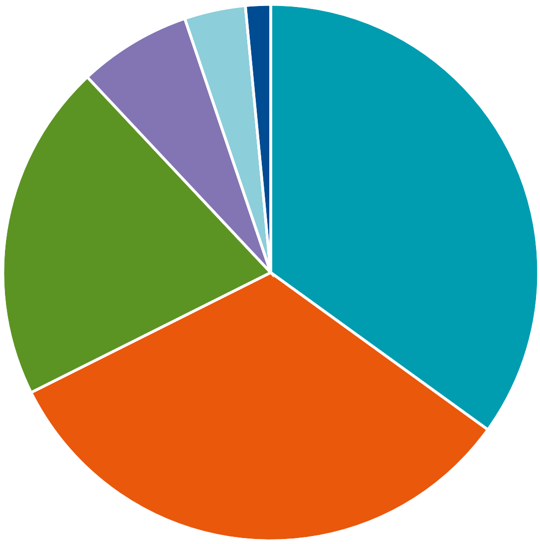
LM: Since we no longer look at the UK holdings independently from the rest of the portfolio, this part of the portfolio will be managed in line with, and in the context of, the portfolio as a whole. However, it seems likely that Brunner will always retain a significant allocation to UK equities by virtue of the UK domicile and, of course, the sterling dividend and dividend growth objectives. In this regard, I am fortunate to be able to draw on the resources of our UK Equity team and in particular Matthew Tillett who is directly supporting me in the management of the company. I've worked with Matthew for over 10 years now. He has an excellent track record on his UK funds and I'm confident he will bring a lot of good ideas to the company.

We have grown the underlying earnings base such that the dividend is now nicely covered by earnings. However I think we can further improve the growth profile of the overall portfolio by seeking out more investment ideas that offer both attractive income and income growth.

Lucy Macdonald.

Investment Manager's Review *(continued)*

at 30 November 2016



Geographical Breakdown of the Portfolio

Region	% Invested Funds
UK	34.96
North America	32.66
Continental Europe	20.38
Pacific Basin	6.80
Japan	3.69
Latin America	1.51

United Kingdom Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Royal Dutch Shell 'B' Shares	10,325,102	3.04	Oil & Gas Producers
BP	8,033,892	2.37	Oil & Gas Producers
HSBC	6,982,800	2.06	Banks
GlaxoSmithKline	6,124,402	1.80	Pharmaceuticals & Biotechnology
Lloyds Banking Group	5,312,466	1.56	Banks
UBM	5,268,271	1.55	Media
Better Capital	5,145,000	1.52	Equity Investment Instruments
Rio Tinto	4,945,649	1.46	Mining
ICAP	4,893,345	1.44	Financial Services
Prudential	4,641,000	1.37	Life Insurance
Centrica	4,440,197	1.31	Gas, Water & Multiutilities
Balfour Beatty	4,176,423	1.23	Construction & Materials
Equiniti Group	3,835,000	1.13	Support Services
SThree	3,522,043	1.04	Support Services
Greene King	3,471,160	1.02	Travel & Leisure
Tyman	3,452,283	1.02	Construction & Materials
Senior	3,323,994	0.98	Aerospace & Defence
Vodafone	3,212,308	0.95	Mobile Telecommunications
BT Group	3,211,650	0.95	Fixed Line Telecommunications
Unilever	3,195,500	0.94	Food Producers
Hansteen Holdings	3,180,000	0.94	Real Estate
FirstGroup	2,913,705	0.86	Travel & Leisure
BHP Billiton	2,889,700	0.85	Mining

Investment Manager's Review *(continued)*

at 30 November 2016

United Kingdom Listed Equity Holdings *(continued)*

Name	Value (£)	% of Invested Funds	Sector
IFG Group	2,595,600	0.76	Financial Services
Tullett Prebon	2,590,364	0.76	Financial Services
Ashmore	2,392,893	0.71	Financial Services
Aviva	2,315,460	0.68	Life Insurance
Sirius	2,207,506	0.65	Real Estate
	118,597,713	34.95	% of Total Invested Funds

United Kingdom Unlisted Equity Holdings

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

Investment Manager's Review *(continued)*

at 30 November 2016

North America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Microsoft	11,407,089	3.36	Software & Computer Services
United Health	10,381,661	3.06	Health Care Equipment & Services
AbbVie	8,169,605	2.41	Pharmaceuticals & Biotechnology
Accenture	8,051,368	2.37	Support Services
Nielsen	6,799,917	2.00	Media
Walgreens Boots Alliance	6,655,177	1.96	Food & Drug Retailers
Estee Lauder 'A' Shares	5,986,941	1.76	Personal Goods
EOG Resources	5,909,134	1.74	Oil & Gas Producers
Visa	5,662,758	1.67	Financial Services
Microchip Technology	5,357,116	1.58	Technology Hardware & Equipment
Priceline Group	5,211,218	1.53	Travel & Leisure
Amphenol	5,017,637	1.48	Electronic & Electrical Equipment
Apple	4,675,226	1.38	Technology Hardware & Equipment
Agilent Technologies	4,287,645	1.26	Electronic & Electrical Equipment
Citigroup	4,197,655	1.24	Banks
Ameriprise Financial	4,022,698	1.19	Financial Services
AMETEK	3,753,778	1.11	Electronic & Electrical Equipment
Monsanto	3,224,625	0.95	Food Producers
Flowserve	2,061,736	0.61	Industrial Engineering
	110,832,984	32.66	% of Total Invested Funds

Investment Manager's Review *(continued)*

at 30 November 2016

Latin America Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Cielo	2,764,645	0.81	Financial Services (Brazil)
CCR	2,369,027	0.70	Industrial Transportation (Brazil)
	5,133,672	**1.51**	**% of Total Invested Funds**

Continental Europe Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Muenchener Rueckver	7,181,665	2.12	Non-Life Insurance (Germany)
Roche Holdings	6,403,909	1.89	Pharmaceuticals & Biotechnology (Switzerland)
Covestro	6,165,054	1.82	Chemicals (Germany)
Fresenius	4,988,891	1.47	Health Care Equipment & Services (Germany)
United Internet	4,424,368	1.30	Software & Computer Services (Germany)
UBS	4,274,290	1.26	Banks (Switzerland)
Amadeus	4,161,985	1.22	Support Services (Spain)
TGS-Nopec Geophysical	3,932,270	1.16	Oil Equipment, Services & Distribution (Norway)
Nestle	3,910,905	1.15	Food Producers (Switzerland)
Adidas	3,891,806	1.15	Personal Goods (Germany)
Schneider Electric	3,456,435	1.02	Electronic & Electrical Equipment (France)
Cie Financiere Richemont	3,215,111	0.95	Personal Goods (Switzerland)
Total	3,053,489	0.90	Oil & Gas Producers (France)
BASF	3,016,052	0.89	Chemicals (Germany)
MERLIN Properties	2,622,241	0.77	Real Estate (Spain)
Atlas Copco	2,276,772	0.67	Industrial Engineering (Sweden)
ING Groep	2,182,034	0.64	Banks (Netherlands)
	69,157,277	**20.38**	**% of Total Invested Funds**

Investment Manager's Review *(continued)*

at 30 November 2016

Japan Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
SMC	4,906,721	1.44	Industrial Engineering
Itochu	4,068,672	1.20	Support Services
Astellas Pharma	3,548,100	1.05	Pharmaceuticals & Biotechnology
	12,523,493	3.69	% of Total Invested Funds

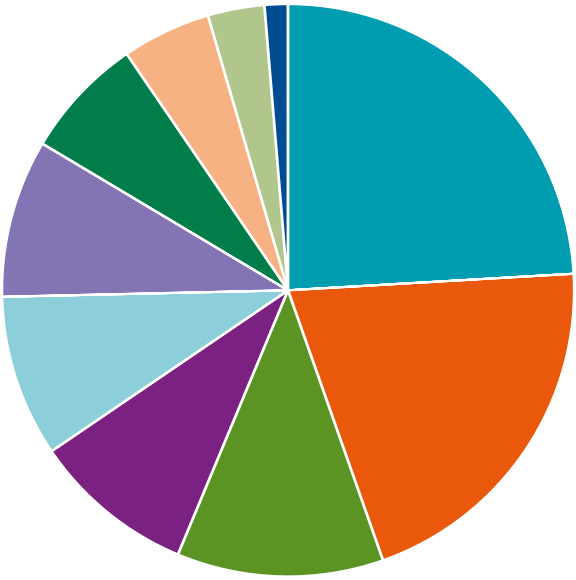
Pacific Basin Listed Equity Holdings

Name	Value (£)	% of Invested Funds	Sector
Taiwan Semiconductor (ADS)	5,152,687	1.52	Technology Hardware & Equipment (Taiwan)
China Mobile	4,417,175	1.30	Mobile Telecommunications (Hong Kong)
AIA	4,106,576	1.21	Life Insurance (Hong Kong)
Brambles	3,659,763	1.08	General Industrials (Australia)
Jiangsu Express	3,273,411	0.97	Industrial Transportation (China)
Australia & New Zealand Bank	2,439,149	0.72	Banks (Australia)
	23,048,761	6.80	% of Total Invested Funds

Distribution of Invested Funds

at 30 November 2016

Invested Funds - £339,322,416 (2015 - £290,746,116)



Breakdown of Equity Portfolio

Sector	% Held
Financials	24.08
Industrials	20.53
Health Care	11.68
Oil & Gas	9.21
Information Technology	9.14
Consumer Services	8.92
Consumer Goods	6.90
Basic Materials	5.02
Telecommunications	3.20
Utilities	1.31
Unquoted	0.01

	United Kingdom %	North America %	Other Countries %	2016 Total %	50% All-Share 50% World Index 2016 Benchmark Sector Weighting*	2015 Total %
Financials						
Banks	3.62	1.24	2.62	7.48	10.32	10.69
Equity Investment Instruments	1.52	-	-	1.52	1.94	1.60
Financial Services	3.67	2.86	0.81	7.34	3.47	6.45
Life Insurance	2.05	-	1.21	3.26	2.89	3.11
Non-Life Insurance	-	-	2.12	2.12	2.31	1.85
Real Estate	1.59	-	0.77	2.36	2.77	1.51
	12.45	**4.10**	**7.53**	**24.08**	**23.70**	**25.21**
Industrials						
Aerospace & Defence	0.98	-	-	0.98	1.76	0.97
Construction & Materials	2.25	-	-	2.25	1.35	2.65
Electronic & Electrical Equipment	-	3.85	1.02	4.87	1.05	3.96
General Industrials	-	-	1.08	1.08	1.85	0.95
Industrial Engineering	-	0.61	2.11	2.72	1.43	2.18
Industrial Transportation	-	-	1.67	1.67	1.18	1.06
Support Services	2.17	2.37	2.42	6.96	3.58	7.27
	5.40	**6.83**	**8.30**	**20.53**	**12.20**	**19.04**

Distribution of Invested Funds *(continued)*

at 30 November 2016

	United Kingdom %	North America %	Other Countries %	2016 Total %	50% All-Share 50% World Index 2016 Benchmark Sector Weighting*	2015 Total %
Health Care						
Health Care Equipment & Services	-	3.06	1.47	4.53	2.08	3.01
Pharmaceuticals & Biotechnology	1.80	2.41	2.94	7.15	7.92	8.31
	1.80	**5.47**	**4.41**	**11.68**	**10.00**	**11.32**
Oil & Gas						
Alternative Energy	-	-	-	-	0.04	-
Oil & Gas Producers	5.41	1.74	0.90	8.05	8.28	8.94
Oil Equipment, Services & Distribution	-	-	1.16	1.16	0.88	0.55
	5.41	**1.74**	**2.06**	**9.21**	**9.20**	**9.49**
Information Technology						
Software & Computer Services	-	3.36	1.30	4.66	3.84	4.44
Technology Hardware & Equipment	-	2.96	1.52	4.48	3.30	3.33
	-	**6.32**	**2.82**	**9.14**	**7.14**	**7.77**
Consumer Services						
Food & Drug Retailers	-	1.96	-	1.96	1.47	2.23
General Retailers	-	-	-	-	3.33	1.83
Media	1.55	2.00	-	3.55	3.21	3.60
Travel & Leisure	1.88	1.53	-	3.41	3.36	3.31
	3.43	**5.49**	**-**	**8.92**	**11.37**	**10.97**
Consumer Goods						
Automobiles	-	-	-	-	1.60	-
Beverages	-	-	-	-	2.27	-
Food Producers	0.94	0.95	1.15	3.04	1.69	3.66
Household Goods	-	-	-	-	2.30	-
Leisure Goods	-	-	-	-	0.66	-
Personal Goods	-	1.76	2.10	3.86	2.08	3.77
Tobacco	-	-	-	-	3.11	-
	0.94	**2.71**	**3.25**	**6.90**	**13.71**	**7.43**

Distribution of Invested Funds *(continued)*

at 30 November 2016

	United Kingdom %	North America %	Other Countries %	2016 Total %	50% All-Share 50% World Index 2016 Benchmark Sector Weighting*	2015 Total %
Basic Materials						
Chemicals	-	-	2.71	2.71	1.96	1.66
Forestry & Paper	-	-	-	-	0.22	-
Industrial Metals	-	-	-	-	0.40	0.13
Mining	2.31	-	-	2.31	3.20	2.52
	2.31	**-**	**2.71**	**5.02**	**5.78**	**4.31**
Telecommunications						
Fixed Line Telecommunications	0.95	-	-	0.95	1.80	-
Mobile Telecommunications	0.95	-	1.30	2.25	1.77	3.54
	1.90	**-**	**1.30**	**3.20**	**3.57**	**3.54**
Utilities						
Electricity	-	-	-	-	1.47	-
Gas, Water & Multiutilities	1.31	-	-	1.31	1.86	0.91
	1.31	**-**	**-**	**1.31**	**3.33**	**0.91**
Unquoted	0.01	-	-	0.01	-	0.01
	0.01	**-**	**-**	**0.01**	**-**	**0.01**
Total	**34.96**	**32.66**	**32.38**	**100.00**	**100.00**	**100.00**

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

Historical Record

year ended 30 November 2016

Revenue and Capital	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross revenue (£000s)	8,926	9,538	7,531	6,674	7,822	8,165	9,113	9,031	8,735	9,996
Earnings per share	12.88p	14.32p	12.22p	10.31p	12.28p	13.34p	15.22p	14.71p	14.09p	16.40p
Dividend per share (net)	10.70p	11.70p	12.00p	12.20p	12.80p	13.30p	14.50p	15.00p	15.30p	15.80p
Total dividend per share	11.89p	13.00p	13.33p	13.56p	14.22p	14.78p	16.11p	16.67p	17.00p	15.80p
Total net assets (£000s)*	271,819	168,045	206,492	217,747	204,580	227,194	268,254	278,363	273,630	318,334
Total net assets (£000s)†	261,028	156,628	195,161	203,399	186,946	208,301	255,769	264,945	262,487	307,707
Net asset value per ordinary share*	573.2p	357.8p	443.8p	476.0p	468.6p	525.4p	622.6p	646.0p	636.2p	742.8p
Net asset value per ordinary share†	550.4p	333.5p	419.4p	444.6p	428.2p	481.7p	593.6p	614.9p	610.3p	718.0p
Share price	464.0p	288.4p	368.0p	390.5p	380.5p	413.5p	508.0p	541.0p	540.5p	591.8p
Discount %†	16	14	12	12	11	14	14	12	11	18

*Debt at par.
†Debt at fair value.

Geographical Disposition

	% of Investment Funds* at 30 November									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
United Kingdom	60.4	48.1	51.4	49.8	51.4	50.2	50.5	47.0	42.1	35.0
Europe	10.8	11.4	11.4	11.9	10.7	10.6	13.3	13.6	16.0	20.4
Americas	22.0	29.1	26.4	26.5	25.4	27.3	25.3	30.7	32.5	34.1
Japan	3.0	5.2	4.0	4.2	3.6	2.7	4.0	3.0	3.4	3.7
Pacific Basin	3.8	5.1	6.1	6.9	8.9	9.2	6.9	5.7	6.0	6.8
Other Countries	0.0	1.1	0.7	0.7	0.0	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.

The Brunner Investment Trust PLC

Directors' Review

Directors, Manager and Advisers

Directors

All directors are non-executive.

Carolan Dobson*†

Joined the board in December 2013 and has been Chairman since the AGM in March 2016. She is also Chairman of Aberdeen Smaller Companies High Income Trust plc, JP Morgan European Smaller Companies Plc and Schroder UK Growth Fund plc. Carolan is a non-executive director of BlackRock Latin American Investment Trust plc, Woodford Patient Capital Trust plc and London CIV (Collective Investment Vehicle). She is a trustee of NEST, and Chair of NEST'S Investment Committee. Carolan 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.

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 a non-executive director of Smith & Nephew PLC, Foxtons Group PLC, Urban&Civic plc and First Debenture Finance PLC. Ian is a Fellow of the Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation.

Directors, Manager and Advisers *(continued)*

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

Joined the board in January 2004. He is Chairman of Fidelity European Values PLC and a non-executive director of Perpetual Income and Growth Investment Trust PLC. He is also an 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.

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 2016, AllianzGI had €481 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 2016 had £1.27 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 Manager

Lucy Macdonald, Global CIO, 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 79)

Stockbrokers

Stifel Nicolaus Europe Limited

Directors' Report

The directors present their Report which incorporates the audited financial statements for the year ended 30 November 2016.

Share Capital

Details of the company's share capital are set out in Note 12 on page 68. Further to a resolution passed on 15 March 2016, during the year the company purchased 154,760 ordinary shares for cancellation. Since the year end a further 164,931 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 81 to 83.

Going Concern

The directors have considered the future viability of the company, as reported on page 13. 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 59.

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 remains 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 with an initial duration of less than one year and any other funds managed by the manager. The contract can be terminated with six months' notice.

Directors' Report *(continued)*

Revenue

	2016 £	2016 £
Gross income for the year		9,995,903
Deduct		
Expenses of administration (including investment management fee)	(1,096,833)	
Finance costs of borrowings	(1,336,654)	
Total expenses		**(2,433,487)**
Amount subject to taxation		**7,562,416**
Taxation absorbed		(511,474)
Available for distribution to the ordinary shareholders		**7,050,942**
Dividends in respect of the financial year		
First interim 3.3p per ordinary share paid 30 June 2016	(1,418,585)	
Second interim 3.3p per ordinary share paid 19 September 2016	(1,418,585)	
Third interim 3.3p per ordinary share paid 14 December 2016	(1,417,603)	
Final proposed 5.9p per ordinary share payable 24 March 2017	(2,528,602)	
		(6,783,375)
Total transferred to revenue reserve		**267,567**

The first two quarterly dividends were paid during the company's financial year to 30 November 2016 and the board declared a third quarterly dividend of 3.3p per ordinary share which was paid on 14 December 2016. The board recommends a final dividend for the year ended 30 November 2016 of 5.9p, payable on 24 March 2017, making a total distribution for the year of 15.8p per ordinary share. The next quarterly dividend payment is expected to be made in June 2017.

Details of the total return of the company and the split between revenue and capital returns are shown in the Income Statement on page 55. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 59 under 'Investment management fee and administrative expenses' and on page 60 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 12 on page 68.

Listing Rule 9.8.4R

There are no matters requiring disclosure under this Rule.

Voting Rights in the Company's Shares

As at 8 February 2017, the company's capital consisted of:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p	42,692,727	1	42,692,727
5% Cumulative preference shares of £1	450,000	0	0
Total	**43,142,727**		**42,692,727**

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

Directors' Report *(continued)*

Common Reporting Standards (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the company to provide certain additional details to HMRC in relation to UK resident foreign investment holders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Capita Asset Services, have been engaged to collate such information and file the reports with HMRC on behalf of the company.

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%: J Maitland (as trustee 14.36%); Sir Hugo Brunner (beneficial 2.32% – as trustee 12.37%); TBH Brunner (beneficial 1.68% – as trustee 4.65%).

J Maitland acts as a co-trustee with TBH Brunner in respect of 1,710,841 ordinary shares (4.01%), which form part of TBH Brunner's trustee holding. J Maitland also acts as co-trustee with Sir Hugo Brunner in respect of 4,421,563 ordinary shares (10.36%) 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. Ian Barlow, Peter Maynard and Jim Sharp also retire by rotation and are standing for re-election at the AGM. Biographical details of the directors are on pages 33 and 34. Directors serving during the year and their interests in the share capital of the company as at 30 November 2016 are set out in the Directors' Remuneration Report on pages 46 to 48.

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. 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

Keith Percy retired on 15 March 2016 and there are now five directors on the board. The board reviews succession on a continuous basis.

Gender Diversity

Four of the company's directors are male and one is female. As the company is an investment trust, all of its activities are outsourced and it does not have any employees. Therefore it has nothing further to report in respect of gender representation within the company.

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 2014, 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 UK Corporate Governance Code published in April 2016 and the associated AIC Code of Governance published in July 2016 will apply in the year ending 30 November 2017.

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.

Alternative Performance Measures ('APM's)

In addition to providing guidance on Corporate Governance, the AIC provides investment companies with leadership to support a fair and balanced approach to the reporting of APMs, such as NAVs.

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
Carolan Dobson[1]	6	1	2[3]	1	1	1
Ian Barlow	6	1	2	1	1	1
Vivian Bazalgette	6	1	2	1	1	1
Peter Maynard	6	1	2	1	1	1
Jim Sharp	6	1	2	1	1	1
Keith Percy[2]	2	0	1[3]	1	1	1

[1] Appointed Chairman from 15 March 2016.
[2] Retired from the board 15 March 2016.
[3] Invited to attend meetings, although not a committee member.

Conflicts of Interest

Under the Companies Act 2006 directors must avoid a situation where they have, 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 43 to 45.

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 Carolan Dobson, 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 Carolan Dobson, 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 Carolan Dobson, 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 46 to 48.

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 in the literature/Terms of Reference and Corporate Documents section.

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 12), 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 2016.

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
21 December 2016

Further information about the relationship with the Depositary is on page 78.

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 42 and a statement of going concern is on page 35. The Independent Auditor's Report can be found on pages 50 to 54.

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.

The notice of meeting sets out the business of the annual general meeting and the special business is explained more fully below. Separate resolutions are proposed for each substantive issue.

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.

All correspondence received from shareholders is circulated to directors and discussed by them. 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 in the Governance and Engagement section. 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.

Modern Slavery Act 2015

The company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The directors therefore consider that the company is not required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

Bribery Act 2010

The board has a zero tolerance policy in relation to bribery and corruption and has received assurance through internal controls reporting from the company's main third party service providers that adequate safeguards are in place to protect against any such potentially illegal behaviour by employees or agents.

Annual General Meeting

Investment Policy

The board has set out its proposals for the restated investment policy on page 8 and resolution 11 regarding the investment policy will be put to shareholders at the 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 15 March 2016 under section 551 of the Companies Act 2006.

Directors' Report *(continued)*

The current authority will expire on 15 June 2017 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 2018. This authority will be limited to one third of the issued share capital which is in line with current ABI guidelines. Renewal of the authority to disapply pre-emption rights will be sought under section 570 of the Companies Act 2006.

Accordingly resolution 12 as set out in the notice of meeting on page 81 will be proposed as an ordinary resolution and resolution 13 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 14 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 £191 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 21 March 2017 is equivalent to 6,399,639 ordinary shares.

The authority will last until the annual general meeting of the company to be held in 2018 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 9,953,593 shares, representing 23.31% 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 27.22% 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 43 to 45, 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
14 February 2017

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 Guidance 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 14 February 2017 and signed on its behalf by:

Carolan Dobson
Chairman

Audit Committee Report

Summary of the year

I am pleased to introduce the audit committee's report for 2016. During the year Carolan Dobson left the committee on becoming Chairman of the company and the committee now consists of four directors. There is more detail on the composition of the committee below.

A particular activity this year was our review of our risk policy and of how we evaluate our risk appetite, and the results of this review are shown in the Strategic Report on page 12.

Ian Barlow

Composition

The audit committee comprises all of the directors, except for the Chairman of the board who is invited to attend audit committee meetings, as are representatives of the manager. I am the Chairman of the audit committee, and as you will see from my biography on page 33, I am a Chartered Accountant and until 2008, I was Senior Partner, London at KPMG. I also chair the audit committees of three 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, www.brunner.co.uk. 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. In the year we have also assessed residual risks after controls and mitigating actions have been applied, and evaluated whether our risk appetite has been satisfied. The principal risks are in relation to Portfolio, Business and Operational matters. The risks identified, together with mitigating actions, are set out in the Strategic Report on page 12.

Viability Statement

Based on this review of risk the committee reviewed a paper that supported the board's conclusion, set out on page 13 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 2016 financial year, the committee was satisfied that the audit process was effective.

Non audit services in the year of £3,600 were for the auditor's certification of borrowing covenants (2015 - £3,500).

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 2015 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 60 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.

The manager confirms to us the existence and ownership of portfolio investments. The manager receives information from the custodian which is 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 eleven years. EU audit legislation will require the rotation of Deloitte LLP as the audit firm by 2025. The current partner, Calum Thomson, has completed four 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
14 February 2017

Directors' Remuneration Report

The Committee Chairman's Statement

This is the Directors' Remuneration Report for the year. The report is submitted in accordance with Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended August 2013, for the year ended 30 November 2016. An ordinary resolution for the approval of the Directors' Remuneration Policy Report was first put to a binding shareholder vote at the annual general meeting in 2014 and is now due to be placed before shareholders for approval at the forthcoming AGM in 2017. The Directors' Remuneration Implementation Report is to be put to the AGM as an advisory shareholder vote.

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)

The directors are required to hold 4,000 shares in the company under the company's Articles. Pursuant to Article 19 of the EU Market Abuse Regulations the directors' interests in the share capital of the company are shown in the table below.

Ordinary shares of 25p	2016 Beneficial	2016 Non-beneficial	2015 Beneficial	2015 Non-beneficial
Carolan Dobson	4,750	-	4,750	-
Ian Barlow	53,500	-	53,500	-
Vivian Bazalgette	4,000	-	4,000	-
Peter Maynard	4,000	-	4,000	-
Jim Sharp	161,873	651,956	161,873	651,956
Keith Percy*	4,000	-	4,000	-

*Retired from the board on 15 March 2016.

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.

Directors' Remuneration Policy

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 with the relevant experience and skills 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.

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 £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. The current fees have been effective since 1 December 2015; prior to this the fees had been unchanged for two years.

The fees were reviewed after the end of the year and found to be in line with fees in the investment trust market and accordingly it was agreed that fees would remain unchanged at that time.

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	
	2016 £	2015 £
Carolan Dobson[1]	33,673	21,500
Ian Barlow	27,500	25,500
Vivian Bazalgette	25,000	23,500
Peter Maynard	23,000	21,500
Jim Sharp	23,000	21,500
Keith Percy[2]	11,049	37,000
Total	**143,222**	**150,500**

[1] Appointed Chairman on 15 March 2016.
[2] Retired from the board on 15 March 2016.

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

	2016 £	2015 £
Remuneration paid to all directors	143,222	150,500
Distribution paid during the financial year	6,665,276	6,588,073

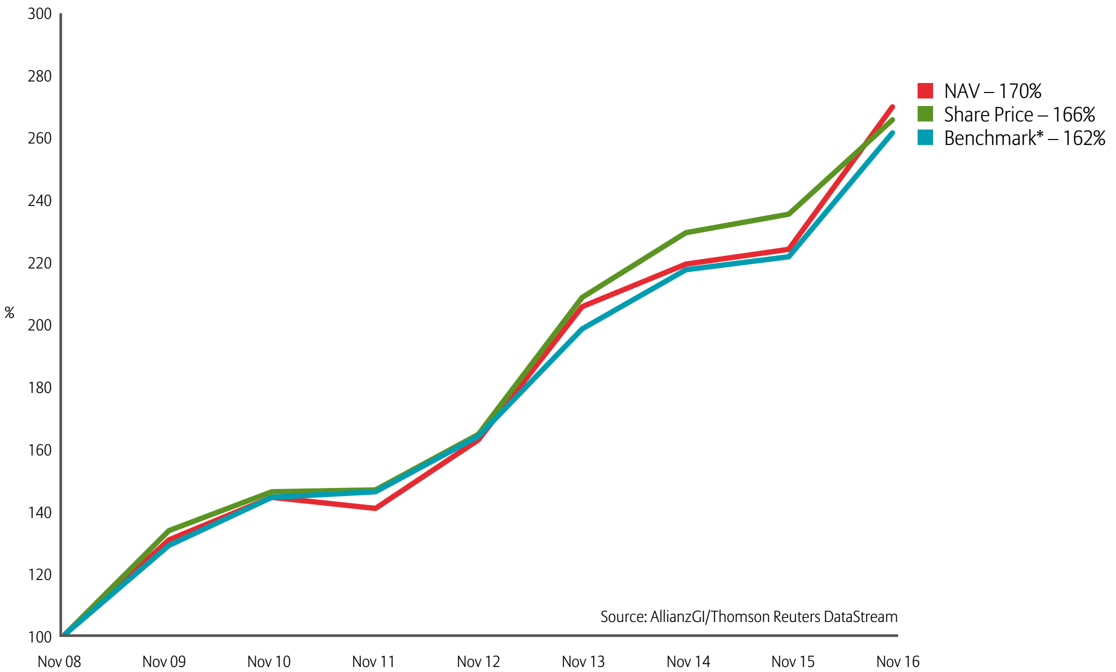
This disclosure is a statutory requirement. The directors, however, do not consider that the comparison of directors' remuneration with distributions to shareholders is a meaningful measure of the company's overall performance.

Performance Graph

The performance graph below measures the company's share price and net asset value performance on a total return basis 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 Manager's Review.

The Brunner Investment Trust PLC

30 November 2008 - 30 November 2016



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

Vivian Bazalgette
Remuneration Committee Chairman
14 February 2017

The Brunner Investment Trust PLC

Financial Statements

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

Opinion on financial statements of The Brunner Investment Trust PLC (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 2016 and of its profit for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland and the Statement of Recommended Practice issued by the Association of Investment Companies in November 2014 "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 that we have audited comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement;
- the Statement of Accounting Policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland) 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 13.

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

- the directors' confirmation on page 12 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 12 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; and
- the directors' explanation on page 13 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 confirm that we have nothing material to add or draw attention to in respect of these matters.

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 confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards.

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.

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

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.

Valuation, liquidity and ownership of investments	
Risk description	Investments of £339.3m (2015: £290.7m) were held at the balance sheet date. The investments are the main assets owned by the Company. 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 also a risk that the assets recorded may not represent the property of the Company. The key accounting policies on investments are included under item 4 of Statement of Accounting Policies on page 60 and the breakdown of the investment balance is presented under note 8 to the financial statements.
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, ownership and liquidity of investments. We obtained the schedule of investments held as at the year-end date and agreed the basis for valuation of quoted investments to supporting documentation. For these investments, we obtained year-end closing bid prices published by an independent pricing source. We tested investment liquidity by making enquiries of Allianz Global Investors GmbH (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 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 HSBC (the "Custodian), to verify the holdings at the year end date. We also reviewed the latest internal controls report on the Custodian's internal controls related to its custody of the Company's quoted investments.
Key observations	Based on our audit procedures outlined above, the investments balance was found to be reasonably stated, and no material misstatements were identified. In addition, no differences were identified when agreeing the Company's investment portfolio at year end to the independent third party confirmation from the Custodian.

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

Revenue recognition	
Risk description	Revenue of £10.0m (2015: £8.7m) was recognised in the year, primarily arising from dividend income. The most significant revenue stream for Brunner IT is dividend income from equity investments. These are accounted for on an ex-dividend basis with overseas dividends accounted for gross of any withholding tax. There is a risk that the revenue may be inaccurate or incomplete, and consequently misstated in the financial statements. The key accounting policies on revenue are included under item 2 of the Statement of Accounting Policies and the breakdown of the investment balance is presented under note 1 to the financial statements.
How the scope of our audit responded to the risk	We evaluated the design and implementation of the key controls for monitoring the accuracy and completeness of revenue. For a sample of listed investments obtained from the Custodian, we obtained ex-dividend dates and rates from independent sources, for dividends declared during the year, and agreed this to the recorded balance. We also verified the related receipts to bank statements. 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 reviewed management's rationale for the allocation between revenue and capital against the requirements of the investment trust regulations and the AIC SORP.
Key observations	Based on our audit procedures outlined above, the investments balance was found to be reasonably stated, and no material misstatements were identified. In addition, no differences were identified when agreeing the Company's investment portfolio at year end to the independent third party confirmation from the Custodian.

There have been no significant changes to the risks from our prior year report.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 44.

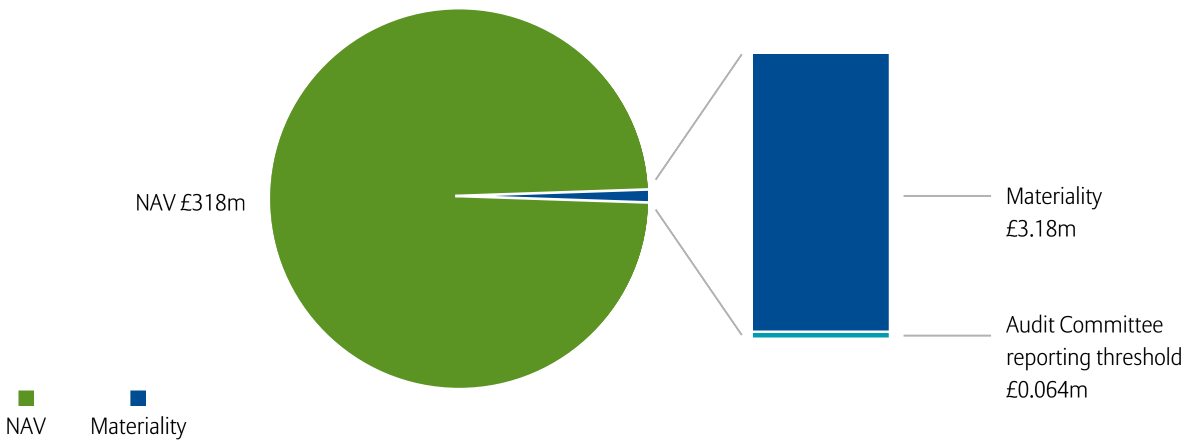
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.18m (2015: £2.74m)
Basis for determining materiality	1% of the net asset value at the year end (2015: 1% of the net asset value at the year end)
Rationale for the benchmark applied	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 £64,000 (2015: £54,000), 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 use of service organisations, the internal controls environment, and assessing the risks of material misstatement. The 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 Manager and at the Bank of New York Mellon (the "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, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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 by the Company, 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
14 February 2017

Income Statement

for the year ended 30 November 2016

	Notes	2016 Revenue £	2016 Capital £	2016 Total Return £	2015 Revenue £	2015 Capital £	2015 Total Return £
Net gains on investments held at fair value through profit or loss	8	-	49,145,436	49,145,436	-	362,014	362,014
Net gains (losses) on foreign currencies		-	224,450	224,450	-	(10,799)	(10,799)
Income	1	9,995,903	-	9,995,903	8,735,318	-	8,735,318
Investment management fee	2	(459,187)	(1,071,436)	(1,530,623)	(447,212)	(1,043,494)	(1,490,706)
Administration expenses	3	(637,646)	(4,959)	(642,605)	(525,631)	(1,284)	(526,915)
Net profit (loss) before finance costs and taxation		**8,899,070**	**48,293,491**	**57,192,561**	**7,762,475**	**(693,563)**	**7,068,912**
Finance costs: interest payable and similar charges	4	(1,336,654)	(3,066,358)	(4,403,012)	(1,340,142)	(3,074,497)	(4,414,639)
Net profit (loss) on ordinary activities before taxation		**7,562,416**	**45,227,133**	**52,789,549**	**6,422,333**	**(3,768,060)**	**2,654,273**
Taxation	5	(511,474)	-	(511,474)	(357,378)	-	(357,378)
Net profit (loss) after taxation attributable to ordinary shareholders		**7,050,942**	**45,227,133**	**52,278,075**	**6,064,955**	**(3,768,060)**	**2,296,895**
Net earnings (loss) per ordinary share (basic and diluted)	7	**16.40p**	**105.20p**	**121.60p**	**14.09p**	**(8.75)p**	**5.34p**

Dividends to be distributed in respect of the financial year ended 30 November 2016 total 15.8p (2015 - 15.3p), amounting to £6,783,375 (2015 - £6,581,222). 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.

The net profit for the year disclosed above represents the company's total comprehensive income.

The notes on pages 59 to 76 form an integral part of these Financial Statements.

Balance Sheet

as at 30 November 2016

	Notes	2016 £	2016 £	2015 £
Fixed assets				
Investments held at fair value through profit or loss	8		339,322,416	290,746,116
Current assets				
Other receivables	10	1,544,978		1,272,569
Cash and cash equivalents	10	28,158,052		32,346,463
		29,703,030		33,619,032
Current liabilities				
Other payables	10	(1,623,319)		(1,394,007)
Net current assets			28,079,711	32,225,025
Total assets less current liabilities			367,402,127	322,971,141
Creditors - amounts falling due after more than one year	11		(49,068,102)	(49,341,078)
Total net assets			318,334,025	273,630,063
Capital and reserves				
Called up share capital	12		10,714,414	10,753,104
Capital redemption reserve	13		5,285,586	5,246,896
Capital reserve	13		288,392,980	244,074,684
Revenue reserve	13		13,941,045	13,555,379
Equity shareholders' funds	14		318,334,025	273,630,063
Net asset value per ordinary share	14		742.8p	636.2p

The financial statements of The Brunner Investment Trust PLC, company number 00226323, were approved and authorised for issue by the Board of Directors on 14 February 2017 and signed on its behalf by:

Carolan Dobson
Chairman

The notes on pages 59 to 76 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 November 2016

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets at 1 December 2014		10,772,354	5,227,646	248,284,533	14,078,497	278,363,030
Revenue profit		-	-	-	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 loss		-	-	(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**
Net assets at 1 December 2015		10,753,104	5,246,896	244,074,684	13,555,379	273,630,063
Revenue profit		-	-	-	7,050,942	7,050,942
Shares repurchased during the year		(38,690)	38,690	(908,837)	-	(908,837)
Dividends on ordinary shares	6	-	-	-	(6,665,276)	(6,665,276)
Capital profit		-	-	45,227,133	-	45,227,133
Net assets at 30 November 2016		**10,714,414**	**5,285,586**	**288,392,980**	**13,941,045**	**318,334,025**

The notes on pages 59 to 76 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2016

	Notes	Year ended 30 November 2016 £	Year ended 30 November 2015 £
Operating activities			
Net profit before finance costs and taxation*		57,192,561	7,068,912
Less: Net gains on investments held at fair value through profit or loss		(49,145,436)	(362,014)
Add: Special dividends credited to capital		1,534,249	-
Add: Stock dividends credited to capital		-	491,348
Less: Effective yield amortisation		-	(2,041)
Less: Scrip dividends received as income		-	(103,272)
Less: Overseas tax suffered		(511,474)	(357,378)
Less: Net (gains) losses on foreign currency		(224,450)	10,799
Purchase of fixed asset investments held at fair value through profit or loss		(62,313,384)	(40,245,200)
Sales of fixed asset investments held at fair value through profit or loss		61,460,784	78,381,093
(Increase) decrease in other receivables		(272,409)	35,261
Increase (decrease) in other payables		112,909	(32,236)
Net cash inflow from operating activities		**7,833,350**	**44,885,272**
Financing activities			
Interest paid		(4,653,488)	(4,650,523)
Dividends paid on cumulative preference stock		(22,500)	(22,500)
Dividends paid on ordinary shares	6	(6,665,276)	(6,588,073)
Repurchase of ordinary shares for cancellation		(904,947)	(441,789)
Net cash outflow from financing activities		**(12,246,211)**	**(11,702,885)**
(Decrease) Increase in cash and cash equivalents		**(4,412,861)**	**33,182,387**
Cash and cash equivalents at the start of the year		32,346,463	(825,125)
Effect of foreign exchange rates		224,450	(10,799)
Cash and cash equivalents at the end of the year		28,158,052	32,346,463
Comprised of:			
Cash at bank		28,158,052	32,346,463

* Cash inflow from dividends was £8,981,499 (2015 - £8,145,143) and cash inflow from interest was £154,481 (2015 - £21,980).

The presentation of the Cash Flow Statement has been changed in accordance to FRS102, see note 1 of the Statement of Accounting Policies.

The notes on pages 59 to 76 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2016

The company is a company incorporated in the United Kingdom under the Companies Act.

The company is a public company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 34.

The principal activity of the company and the nature of its operations are set out in the strategic report on pages 8 to 13. The company conducts its business so as to qualify as an investment trust company within the meaning of sub-section 1158 of the Corporation Tax Act 2010.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1. **Basis of preparation** – The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value through profit or loss and in accordance with applicable United Kingdom law and UK Accounting Standards (UK GAAP), including Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and in line with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies (AIC SORP) in November 2014.

   As a result of the first time adoption of FRS 102 and the revised AIC SORP, presentation formats have been amended where required. There were no adjustments to the company's Income Statement and Balance Sheet for the financial years ended 30 November 2015 and 30 November 2016. For more information, see note 20.

   The company's Cash Flow Statement reflects the presentational requirements of FRS 102, which are different from those of FRS 1. In addition the Cash Flow Statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash.

   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 of Association, net capital returns may not be distributed by way of dividend.

   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 13.

2. **Revenue** – Dividends received on equity shares are accounted for on an ex-dividend basis. UK dividends received up to 5 April 2016 are shown net of tax credits. Dividends received after 5 April 2016 will no longer be accompanied by a tax credit. Foreign dividends are grossed up at the appropriate rate of withholding tax. Income on debt securities is recognised on an effective yield basis which takes account of any discounts or premiums arising on purchase price, compared to final maturity over the remaining life of the security.

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

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

   Deposit interest receivable is accounted for on an accruals basis.

   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.

Statement of Accounting Policies *(continued)*

for the year ended 30 November 2016

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 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about investments is provided on this basis to the board.

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

   Unlisted investments are valued by the Directors based upon the latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information in accordance with the principles set out by the International Private Equity and Venture Capital Valuation Guidelines issued in December 2015.

   After initial recognition unquoted stocks are valued by the board on an annual basis.

5. **Finance costs** – In accordance with the FRS 102 Section 11: 'Basic Financial Instruments' and Section 12 'Other Financial Instruments', long term borrowings are stated at the amortised cost being the amount of net proceeds on issue plus accrued finance costs to date. Finance costs are calculated over the term of the debt on the effective interest rate basis.

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

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

   Dividends payable on the 5% cumulative preference stock are classified as an interest expense and are charged in full to revenue.

6. **Taxation** – Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal basis using 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 102 Section 32: 'Events After the End of the Reporting Period', the final dividend proposed on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid. Dividends are paid from the revenue reserve

9. **Foreign Currency** – In accordance with FRS 102 Section 30: 'Foreign Currency Translation', the company is required to nominate a functional currency, being the currency in which the company predominately operates. The functional and reporting currency is pounds sterling, reflecting the primary economic environment in which both the company and its shareholders predominately operate and in which its expenses are generally paid. Transactions in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital column of the income statement and taken to the capital reserve.

10. **Significant judgements, estimates and assumptions** – In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

    Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

for the year ended 30 November 2016

1. Income

	2016 £	2015 £
Income from Investments*		
Equity income from UK investments†	5,117,914	5,025,023
Equity income from overseas investments††	4,696,348	3,378,642
Scrip dividends from UK investments	-	103,272
Interest from UK fixed income investments	-	111,643
	9,814,262	**8,618,580**
Other Income		
Deposit interest	169,815	76,002
Underwriting commission	11,826	40,736
	181,641	**116,738**
Total income	**9,995,903**	**8,735,318**

*All dividend income is derived from listed investments.
† Includes special dividends of £137,904 (2015 - £89,994).
†† Includes special dividends of £90,927 (2015 - £72,302).

2. Investment Management Fee

	2016 Revenue £	2016 Capital £	2016 Total £	2015 Revenue £	2015 Capital £	2015 Total £
Investment management fee	**459,187**	**1,071,436**	**1,530,623**	**447,212**	**1,043,494**	**1,490,706**

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 administrative and secretarial services by AllianzGI under the Management and Administration 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 2016

3. Administration Expenses

	2016 £	2015 £
Auditor's remuneration		
for audit services	29,000	26,500
for non audit services - certification of borrowing covenants	3,600	3,500
VAT on auditor's remuneration	6,520	6,000
	39,120	**36,000**
Directors' fees	143,222	150,500
Depositary fees	34,761	25,000
Custody fees	37,471	28,594
Registrars' fees	42,809	42,253
Association of Investment Companies' fees	20,708	20,671
Marketing costs	174,711	109,666
Printing and postage	26,397	16,188
Directors' and officers' liability insurance	10,998	11,749
Professional and advisory fees	30,000	29,278
Other	85,865	81,171
VAT recovered	(8,416)	(25,439)
	637,646	**525,631**

(i) The above expenses include value added tax where applicable.
(ii) Directors' fees are set out in the Directors' Remuneration Report on page 47.
(iii) Custodian handling charges of £4,959 were charged to capital (2015 - £1,284).

4. Finance Costs: Interest Payable and Similar Charges

	2016 Revenue £	2016 Capital £	2016 Total £	2015 Revenue £	2015 Capital £	2015 Total £
On Stepped Rate Interest Loan repayable in one to five years	613,092	1,430,547	2,043,639	612,652	1,429,520	2,042,172
On Fixed Rate Interest Loan repayable after more than five years	701,062	1,635,811	2,336,873	704,990	1,644,977	2,349,967
5% Cumulative Preference Stock repayable after more than five years	22,500	-	22,500	22,500	-	22,500
	1,336,654	**3,066,358**	**4,403,012**	**1,340,142**	**3,074,497**	**4,414,639**

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

5. Taxation

	2016 Revenue £	2016 Capital £	2016 Total £	2015 Revenue £	2015 Capital £	2015 Total £
Overseas taxation	511,474	-	511,474	357,378	-	357,378
Total tax	**511,474**	**-**	**511,474**	**357,378**	**-**	**357,378**
Reconciliation of tax charge						
Profit (loss) before taxation	7,562,416	45,227,133	52,789,549	6,422,333	(3,768,060)	2,654,273
Tax on profit (loss) 20% (2015 - 20.33%)	**1,512,483**	**9,045,427**	**10,557,910**	**1,305,873**	**(766,172)**	**539,701**
Effects of						
Non taxable income	(1,943,352)	-	(1,943,352)	(1,713,578)	-	(1,713,578)
Non taxable capital gains	-	(9,873,977)	(9,873,977)	-	(71,414)	(71,414)
Disallowable expenses	4,722	1,462	6,184	4,768	599	5,367
Overseas tax suffered	511,474	-	511,474	357,378	-	357,378
Excess of allowable expenses over taxable income	426,147	827,088	1,253,235	402,937	836,987	1,239,924
Total tax	**511,474**	**-**	**511,474**	**357,378**	**-**	**357,378**

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 2016, the company had accumulated surplus expenses of £80.0 million (2015 - £73.7 million) and eligible unrelieved foreign tax of nil (2015 - nil). The company has not recognised a deferred tax asset of £13.6 million (2015 - £13.3 million) in respect of these expenses, based on a prospective corporation tax rate of 17% (2015 - 18%) because there is no reasonable prospect of recovery.

The reduction in the standard rate of corporation tax was substantively enacted on 6 September 2016 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 2016

6. Dividends on Ordinary Shares

	2016 £	2015 £
Dividends paid on ordinary shares		
Third interim dividend - 3.20p paid 16 December 2015 (2015 - 3.20p)	1,376,398	1,378,861
Final dividend - 5.70p paid 29 March 2016 (2015 - 5.70p)	2,451,708	2,456,096
First interim dividend - 3.30p paid 30 June 2016 (2015 - 3.20p)	1,418,585	1,376,718
Second interim dividend - 3.30p paid 19 September 2016 (2015 - 3.20p)	1,418,585	1,376,398
	6,665,276	**6,588,073**

Dividends payable at the year end are not recognised as a liability under FRS 102 Section 32 'Events After the end of the Reporting Period.' (see page 59 - Statement of Accounting Policies). Details of these dividends are set out below.

	2016 £	2015 £
Third interim dividend - 3.30p payable 14 December 2016 (2015 - 3.20p)	1,417,603	1,376,398
Final proposed dividend - 5.90p payable 24 March 2017 (2016 - 5.70p)	2,528,602	2,451,708
	3,946,205	**3,828,106**

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.

All dividends disclosed in the tables above have been paid or are payable from the revenue reserves.

7. Net earnings (loss) per Ordinary Share

	2016 Revenue £	2016 Capital £	2016 Total £	2015 Revenue £	2015 Capital £	2015 Total £
Net profit (loss) after taxation attributable to ordinary shareholders	7,050,942	45,227,133	52,278,075	6,064,955	(3,768,060)	2,296,895
Net earnings (loss) per ordinary share	**16.40p**	**105.20p**	**121.60p**	**14.09p**	**(8.75)p**	**5.34p**

The earnings (loss) per ordinary share is based on a weighted average number of shares of 42,990,969 (2015 - 43,047,245) ordinary shares in issue.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

8. Fixed Asset Investments

	2016 £	2015 £
Listed at market valuation on recognised Stock Exchanges		
United Kingdom	118,597,713	122,447,135
Overseas	220,696,187	168,270,465
	339,293,900	**290,717,600**
Unlisted at directors' valuation United Kingdom	28,516	28,516
Total investments	**339,322,416**	**290,746,116**
Market value of investments brought forward	290,746,116	329,280,814
Investment holding gains brought forward	(41,543,331)	(56,831,770)
Cost of investments held brought forward	**249,202,785**	**272,449,044**
Additions at cost	62,425,897	39,157,480
Disposals at cost	(70,288,987)	(62,403,739)
Cost of investments held at 30 November	**241,339,695**	**249,202,785**
Investment holding gains at 30 November	97,982,721	41,543,331
Market value of investments held at 30 November	**339,322,416**	**290,746,116**
Net gains on investments		
Net investment holding (losses) gains on sales of investments based on historical costs	(8,828,203)	15,159,105
Adjustment for net investment holding gains (losses) recognised in previous years	2,737,455	(11,230,755)
Net (losses) gains on sales of investments based on carrying value at previous balance sheet date	**(6,090,748)**	**3,928,350**
Net investment holding gains (losses) arising in the year	53,701,935	(4,057,684)
Net gains (losses) on sales of investments before special and stock dividends	**47,611,187**	**(129,334)**
Special dividends credited to capital	1,534,249	-
Stock dividends credited to capital	-	491,348
Net gains on investments	**49,145,436**	**362,014**

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 (2015 - none).

Included in the cost of investments are transaction costs and stamp duty on purchases of £229,538 (2015 - £172,661) and transaction costs on sales of £51,108 (2015 - £51,304).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

9. Investments in Other Companies

The company held more than 10% of the share capital of the following companies at 30 November 2016.

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 FRS 102 Section 14 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 11(i) and 11(ii), respectively. Apart from the finance costs, there were no other transactions between FDF, Fintrust and the company during the year.

10. Other Receivables and Other Payables

	2016 £	2015 £
Other receivables		
Accrued income	1,506,629	1,239,285
Prepayments	38,349	33,284
	1,544,978	**1,272,569**
Cash and cash equivalents		
Current account	8,720,778	12,917,267
Deposit account*	19,437,274	19,429,196
	28,158,052	**32,346,463**
Other payables: Amounts falling due within one year		
Purchases for future settlement	112,513	-
Stamp duty payable	3,890	-
Other payables	581,035	468,126
Interest on borrowings (see below)	925,881	925,881
	1,623,319	**1,394,007**

The carrying amount of other receivables, cash and cash equivalents and other payables: 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 2016

	Notes	2016 £	2015 £
Interest on outstanding borrowings consists of:			
Stepped Rate Interest Loan		836,351	836,351
Fixed Rate Interest Loan		78,280	78,280
5% Cumulative preference stock		11,250	11,250
		925,881	**925,881**

11. Creditors: Amounts falling due after more than one year

	Notes	2016 £	2015 £
Stepped Rate Interest Loan	11(i)	18,203,038	18,203,038
Fixed Rate Interest Loan	11(ii)	30,415,064	30,688,040
5% Cumulative preference stock	11(iii)	450,000	450,000
		49,068,102	**49,341,078**

(i) The Stepped Rate Interest Loan of £18,203,038 (2015 - £18,203,038) comprises adjustable Stepped Rate Interest Loan Notes of £2,977,442, Stepped Rate Interest Bonds of £11,909,766 issued in 1987 at 97.4% of par value. The Loan Notes and Bonds are repayable on 2 January 2018, together with a premium of £3,315,830.

The initial interest rate on the Loan Notes and Bonds was 8.35% per annum. This increased annually by 5.0% compound until January 1998 when it reached its current rate of 13.6%. This stepped interest rate, when combined with the accrual of the premium, results in an effective interest rate of 11.27% per annum. Interest on the Loan Notes and Bonds is payable in January and July each year. Interest on the Loan Notes is in accordance with the terms of the agreement with the lender, First Debenture Finance PLC (FDF).

FDF has a liability to its debenture stockholders to repay principal and interest on its £52.2 million of 11.125% Severally Guaranteed Debenture Stock 2018. The company has guaranteed the repayment of principal and interest on £18.2 million of FDF's Debenture Stock. This is in proportion to the principal amounts raised by the company in 1987 in respect of the Loan Notes and Bonds. There is a floating charge on all the company's present and future assets to secure this obligation. The company has also agreed to meet its proportionate share of any expenses incurred by FDF.

(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 11(i) above.

The principal of £15,000,000 taken out in 1993 is stated at £14,964,934 (2015 - £14,961,232), being the net proceeds of £14,929,474 plus accrued finance costs of £35,460 (2015 - £31,758). 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 2016, the loan is stated at £15,450,130 (2015 - £15,726,808), being the principal amount of £13,000,000 plus the unamortised premium of £2,450,130 (2015 - £2,726,808). 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 FRS 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. 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 2016

12. Called Up Share Capital

	2016 £	2015 £
Allotted and fully paid		
42,857,658 ordinary shares of 25p each (2015 - 43,012,418)	10,714,414	10,753,104

The directors are authorised by an ordinary resolution passed on 15 March 2016 to allot relevant securities, in accordance with section 551 of the Companies Act 2006, up to a maximum of 14,337,473 ordinary shares of 25p each. This authority expires on 15 June 2017 and accordingly a renewed authority will be sought at the annual general meeting on 21 March 2017.

During the year 154,760 ordinary shares were repurchased by the company and cancelled. The aggregate purchase price of these shares, amounting to £908,837 was charged to the capital reserve, within gains on sales of investments (see Note 13).

13. Reserves

		Capital Reserve		
	Capital Redemption Reserve £	Gains (losses) on sales of Investments £	Investment Holding Gains £	Revenue Reserve £
Balance as at 1 December 2015	5,246,896	202,520,712	41,553,972	13,555,379
Net losses on sales of investments	-	(6,090,748)	-	-
Special dividends	-	1,534,249	-	-
Transfer on disposal of investments	-	(2,737,455)	2,737,455	-
Net movement in investment holding gains	-	-	53,701,935	-
Net gains on foreign currency	-	-	224,450	-
Purchase of ordinary shares for cancellation	38,690	(908,837)	-	-
Investment management fee	-	(1,071,436)	-	-
Finance costs of borrowings	-	(3,066,358)	-	-
Other capital expenses	-	(4,959)	-	-
Dividends appropriated in the year	-	-	-	(6,665,276)
Profit retained for the year	-	-	-	7,050,942
Balance as at 30 November 2016	**5,285,586**	**190,175,168**	**98,217,812**	**13,941,045**

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.

All paid and payable dividends for the year are payable from the revenue reserve (2015 - same).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

14. Net Asset Value per Share

The net asset value per share was as follows:

	Net asset value per share attributable 2016	2015
Ordinary shares of 25p (debt at fair value)	718.0p	610.3p
Ordinary shares of 25p (debt at par)	742.8p	636.2p

	Net asset value attributable 2016 £	2015 £
Ordinary shares of 25p (debt at fair value)	£307,706,900	£262,487,295
Ordinary shares of 25p (debt at par)	£318,334,025	£273,630,063

The net asset value per ordinary share is based on 42,857,658 ordinary shares in issue at the year end (2015 - 43,012,418). The method of calculation of the net asset value with debt at fair value is described in Note 16(c) on page 74.

15. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2016 contingent commitments amount to nil (2015 - nil).

Details of the guarantee provided by the company as part of the terms of the Stepped Rate Loan are provided in Note 11(i) on page 67 'Creditors: Amounts falling due after more than one year'.

16. Financial Risk Management Policies and Procedures

The company invests in equities and other investments in accordance with its investment objective as stated in the Strategic Report on page 8. 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 period.

(a) Market Risk

The manager assesses the exposure to market risk when making each investment decision, and monitors the risk on the investment portfolio on an ongoing basis. Market risk comprises of market price risk (price and yield), 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 23 to 30.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

Market Price Risk Sensitivity

The value of the company's listed equities which were exposed to market price risk as at 30 November 2016 was as follows:

	2016 £	2015 £
Listed equity investments held at fair value through profit or loss	**339,293,900**	**290,717,600**

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 20% (2015: 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.

	2016 20% Increase in fair value £	2016 20% Decrease in fair value £	2015 20% Increase in fair value £	2015 20% Decrease in fair value £
Revenue earnings				
Investment management fee	(91,609)	91,609	(78,494)	78,494
Capital earnings				
Net gains (losses) on investments at fair value	67,858,780	(67,858,780)	58,143,520	(58,143,520)
Investment management fee	(213,755)	213,755	(183,152)	183,152
Change in net earnings and net assets	**67,553,416**	**(67,553,416)**	**57,881,874**	**(57,881,874)**

Management of Market Price Risk

The directors meet regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors. Dedicated fund managers have the responsibility for monitoring the existing portfolio selection in accordance with the company's investment objectives and seek to ensure that individual stocks meet an acceptable risk reward profile.

(ii) Market Yield Risk

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

Management of Market Yield Risk

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

(iii) Foreign Currency Risk

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

Management of Foreign Currency Risk

Transactions in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the date of the transaction. Foreign currency assets and liabilities are translated into pounds 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 2016

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

	2016 Investments £	2016 Other net Liabilities £	2016 Total Currency Exposure £	2015 Investments £	2015 Other net Liabilities £	2015 Total Currency Exposure £
Pounds Sterling	116,418,723	(22,747,134)	93,671,589	122,475,651	(18,521,607)	103,954,044
Australian Dollar	6,098,911	68,781	6,167,692	4,653,938	66,484	4,720,422
Brazilian Real	5,133,672	-	5,133,672	3,427,759	-	3,427,759
Euro	47,351,525	211,590	47,563,115	31,584,728	164,546	31,749,274
Hong Kong Dollar	11,797,162	-	11,797,162	10,485,401	-	10,485,401
Japanese Yen	12,523,493	112,544	12,636,037	9,772,792	80,285	9,853,077
Norwegian Krona	3,932,270	-	3,932,270	-	-	-
Swedish Krona	2,276,773	-	2,276,773	-	-	-
Swiss Franc	17,804,216	212,458	18,016,674	14,980,130	167,999	15,148,129
Taiwan Dollar	-	865,066	865,066	-	701,090	701,090
US Dollar	115,985,671	288,304	116,273,975	93,365,717	225,150	93,590,867
Total	**339,322,416**	**(20,988,391)**	**318,334,025**	**290,746,116**	**(17,116,053)**	**273,630,063**

The following table details the company's sensitivity to a 20% increase and decrease in pounds 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.

	2016 20% Decrease in Pounds Sterling against Foreign Currencies £	2016 20% Increase in Pounds Sterling against Foreign Currencies £	2015 20% Decrease in Pounds Sterling against Foreign Currencies £	2015 20% Increase in Pounds Sterling against Foreign Currencies £
Australian Dollar	1,541,923	(1,027,949)	1,180,106	(786,737)
Brazilian Real	1,283,418	(855,612)	856,940	(571,293)
Euro	11,890,779	(7,927,186)	7,937,318	(5,291,546)
Hong Kong Dollar	2,949,291	(1,966,194)	2,621,350	(1,747,567)
Japanese Yen	3,159,009	(2,106,006)	2,463,269	(1,642,180)
Norwegian Krona	983,067	(655,378)	-	-
Swedish Krona	569,193	(379,462)	-	-
Swiss Franc	4,504,169	(3,002,779)	3,787,032	(2,524,688)
Taiwan Dollar	216,267	(144,177)	175,272	(116,848)
US Dollar	29,068,493	(19,378,996)	23,397,717	(15,598,478)
Total	**56,165,609**	**(37,443,739)**	**42,419,004**	**(28,279,337)**

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

(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 pounds sterling terms the financial assets and liabilities whose values are directly affected by changes in interest rates.

	2016 Fixed rate interest £	2016 Floating rate interest £	2016 Nil interest £	2016 Total £	2015 Fixed rate interest £	2015 Floating rate interest £	2015 Nil interest £	2015 Total £
Financial assets	15,000,000	13,158,052	339,322,416	367,480,468	15,000,000	17,346,463	290,746,116	323,092,579
Financial liabilities	(49,068,102)	-	-	(49,068,102)	(49,341,078)	-	-	(49,341,078)
Net financial (liabilities) assets	**(34,068,102)**	**13,158,052**	**339,322,416**	**318,412,366**	**(34,341,078)**	**17,346,463**	**290,746,116**	**273,751,501**
Short term receivables and payables (including bank overdraft)				(78,341)				(121,438)
Net (liabilities) assets per balance sheet	**(34,068,102)**	**13,158,052**	**339,322,416**	**318,334,025**	**(34,341,078)**	**17,346,463**	**290,746,116**	**273,630,063**

As at 30 November 2016, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 0.05% and 1.10% per annum (2015: 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 2016 has a weighted average period to maturity of 0.61 years (2015 - 0.61 years).

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2015 and 30 November 2016.

	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
First Debenture Finance PLC (FDF) - Bonds	02/01/2018	11,909,766	13.60%	11.27%
First Debenture Finance PLC - Notes	02/01/2018	2,977,442	13.60%	11.27%
Fintrust Debenture PLC (Fintrust) - Original Loan	20/05/2023	15,000,000	9.25125%	9.30%
Fintrust Debenture PLC - Additional Loan	20/05/2023	13,000,000	9.25125%	6.00%

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

* The effective rates are calculated in accordance with FRS 102 Section 12: 'Other Financial Instruments' as detailed in the Statement of Accounting Policies on page 60.

The weighted average effective rate of the company's fixed interest bearing liabilities (excluding the 5% cumulative preference stock) is 8.98% (2015 - 8.98%) and the weighted average period to maturity of these liabilities is 4.9 years (2015 - 5.9 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, is not significantly affected by changes in interest rates.

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 2016, the company had a fixed term deposit account with a value of £15m.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

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 11 on pages 67. 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.

2016	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Other payables					
Finance costs of borrowing	1,032,255	3,624,234	-	-	4,656,489
Other payables	697,438	-	-	-	697,438
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	-	-	11,474,034	5,518,200	16,992,234
	1,729,693	3,624,234	29,677,072	33,968,200	68,999,199

2015	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Other payables					
Finance costs of borrowing	1,034,095	3,620,928	-	-	4,655,023
Other payables	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

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

Management of Liquidity Risk

Liquidity risk is not considered to be significant as the company's assets mainly comprise of realisable securities, which can be sold to meet funding requirements. Short-term flexibility can be achieved through the use of overdraft facilities, where necessary. The company has an undrawn committed borrowing facility of £5 million (2015 - £5 million).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

(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. There were no impaired assets as of 30 November 2016 (30 November 2015 - nil). The counterparties the company enagages with are regulated entities and are of high credit quality.

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 Baa1, 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 2016 was as follows:

	2016 £	2015 £
Other Receivables:		
Accrued income	1,506,629	1,239,285
Prepayments	38,349	33,284
	1,544,978	**1,272,569**
Cash and cash equivalents	28,158,052	32,346,463
Total	**29,703,030**	**33,619,032**

Fair Values of Financial Assets and Financial Liabilities

The company has early adopted the 'Amendments to FRS 102 – Fair value hierarchy disclosure', where an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Investments are designated as held at fair value through profit or loss in accordance with FRS 102 sections 11 and 12. FRS 102 as amended for fair value hierachy disclosures (March 16) sets out three fair value levels.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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.

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

As at 30 November the financial assets at fair value through profit and loss of £339,322,416 (2015 - £290,746,116) are categorised as follows:

	2016 £	2015 £
Level 1	339,293,900	290,717,600
Level 2	-	-
Level 3	28,516	28,516
	339,322,416	**290,746,116**

Level 3 investments comprise the two unlisted equity holdings held by the company. There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 30 November 2016 and 30 November 2015.

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

	2016 Book value £	2016 Fair value £	2015 Book value £	2015 Fair value £
First Debenture Finance Loan	18,203,038	20,719,311	18,203,038	21,976,994
Fintrust Loan	30,415,064	38,353,246	30,688,040	37,990,883
Preference Stock	450,000	622,670	450,000	515,969
Total	**49,068,102**	**59,695,227**	**49,341,078**	**60,483,846**

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

	2016 £	2015 £
Net assets per balance sheet	318,334,025	273,630,063
Add: financial liabilities at book value	49,068,102	49,341,078
Less: financial liabilities at fair value	(59,695,227)	(60,483,846)
Net assets (debt at fair value)	**307,706,900**	**262,487,295**
Net asset value per ordinary share (debt at fair value)	**718.0p**	**610.3p**

*The fair value has been derived from the closing market value as at 30 November 2016 and 30 November 2015. The fair value of the debentures is calculated with reference to the nearest relevant gilt based on repayment date. A margin is added to the yield of the relevant reference gilt to calculate the fair value. This margin is derived from the excess of UK corporate bond yields over gilt yields.

The net asset value per ordinary share is based on 42,857,658 ordinary shares in issue at the year end 30 November 2016 (2015 - 43,012,418).

Notes to the Financial Statements *(continued)*

for the year ended 30 November 2016

17. 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:

	2016 £	2015 £
Debt		
Creditors: amounts falling due after more than one year	49,068,102	49,341,078
Less: Fixed Term Deposit account	(15,000,000)	(15,000,000)
	34,068,102	**34,341,078**
Equity		
Called up share capital	10,714,414	10,753,104
Share premium account and other reserves	307,619,611	262,876,959
	318,334,025	**273,630,063**
Total capital	**352,402,127**	**307,971,141**
Debt as a percentage of total capital	9.67%	11.15%

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 company has an overdraft facility of £5m (2015 - £5m) available, hence any amounts drawn under this facility should not exceed £5m, and as a public company the minimum share capital is £50,000. The company's objective, policies and processes for managing capital are unchanged from the preceding accounting period, and the company has complied with them. 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.

18. Transactions with the Manager and Related Parties

The amounts paid to the investment manager together with details of the investment management contact are disclosed in Note 2 on page 61. 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 102 Section 33: 'Related Party Disclosures', the investment manager is not considered to be a related party. The company's related parties are its directors. Fees paid to the company's board are disclosed in the Director's Remuneration Report on page 47. As one of the directors of the company, Ian Barlow, is also a director of First Debenture Finance PLC (FDF), FDF is related by common directorship – see page 24 Unlisted Equity Holdings; page 66 Note 9 Investments in Other Companies; and page 67 Note 11 Creditors: Amounts falling due after more than one year. There are no other identifiable related parties at the year end, and as of 8 February 2017.

19. Post Balance Sheet Events

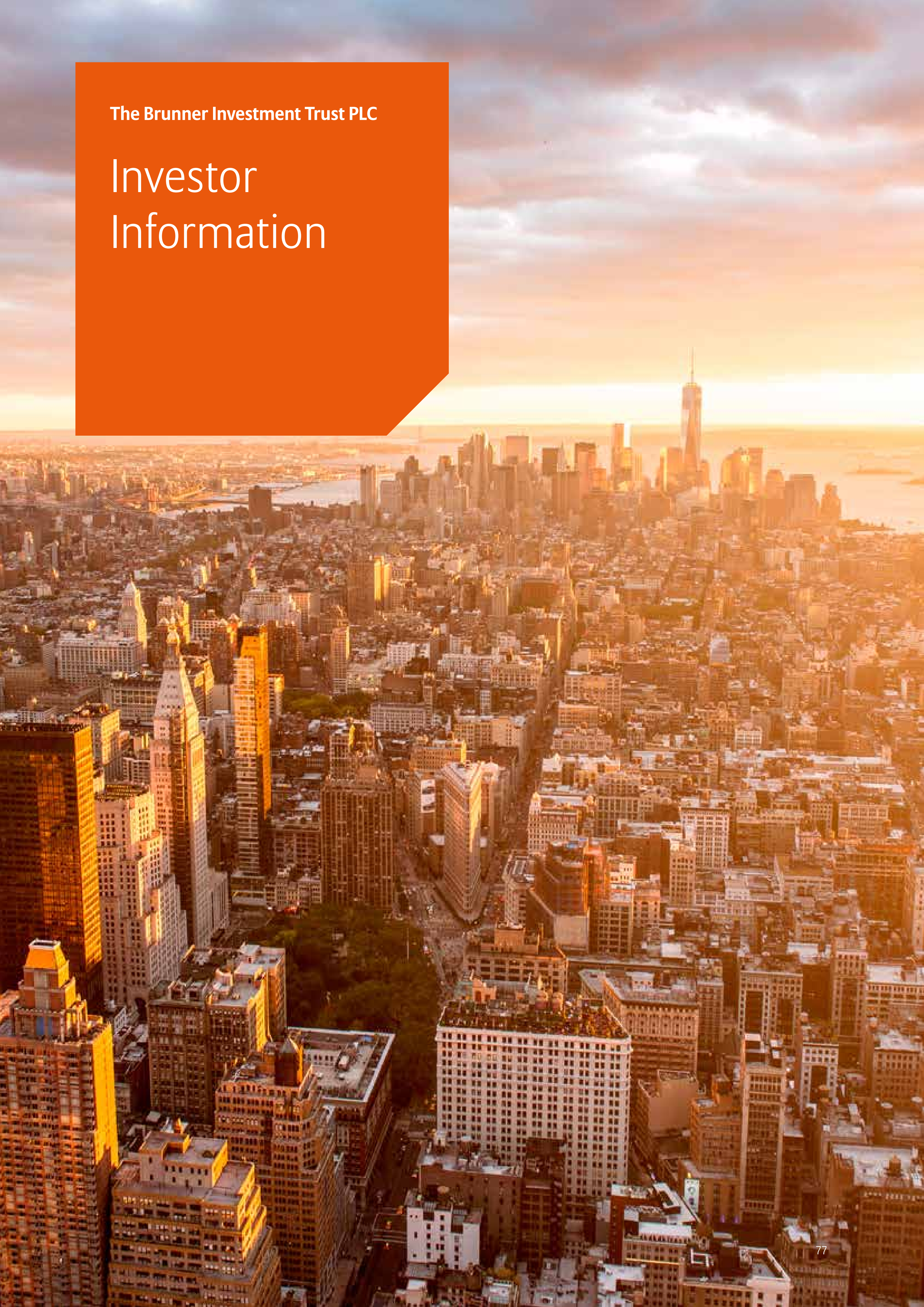
There are no significant events after the end of the reporting period requiring disclosure.

20. Explanation of transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 30 November 2015 and the date of transition to FRS 102 was therefore 1 December 2014. There were no differences to the numbers reported previously in the financial statements prepared in accordance with its basis of accounting (UK GAAP).

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 61).

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 under Literature/Trust Documents/Disclosures to Investors under AIFMD 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.

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.

Remuneration Disclosure of the AIFM

Employee remuneration of Allianz Global Investors GmbH for the financial year ending 31 December 2015 (all values in Euro).

Number of employees: 1678

	all employees	thereof Risk Taker	thereof Board Member	thereof Other Risk Taker	thereof Employees with Control Function	thereof Employees with Comparable Compensation
Fixed remuneration	155,269,582	9,331,359	3,259,474	3,937,648	614,622	1,519,615
Variable remuneration	103,480,985	29,384,056	11,960,620	10,991,691	547,551	5,884,194
Total remuneration	**258,750,567**	**38,715,415**	**15,220,094**	**14,929,339**	**1,162,173**	**7,403,809**

Remuneration Policy of the AIFM

The compensation structure at AllianzGI Europe is set up to avoid any kind of excessive risk-taking. Variable compensation awards are delivered via deferral programmes to ensure they are linked to sustainable performance. In addition any compensation decisions have to be reviewed and approved by our Functional, Regional and Global Compensation Committees on both an aggregate and individual basis, to further ensure effective risk mitigation.

Investor Information *(continued)*

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.

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.

Benchmark

For the year under review the benchmark is 50% FTSE All-Share Index/ 50% FTSE World Ex UK Index. A change is proposed with effect from 22 March 2017 to 70% FTSE World Ex UK Index / 30% FTSE All-Share Index. For further information, the FTSE 100 Index was 6,783.8 at 30 November 2016, compared to 6,356.1 at 30 November 2015, an increase of 6.7%.

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.

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 dividend of 5.9p to be payable on 24 March 2017 to shareholders on the Register of Members at the close of business on 24 February 2017, making a total distribution of 15.8p per share for the year ended 30 November 2016, an increase of 3.3% over last year's distribution. The ex dividend date is 23 February 2017.

Cash dividends will be sent by cheque to first-named shareholders at their registered address. 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).

Registrars

Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone: 0371 664 0300. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. 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 0371 664 0300. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. 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 0371 664 0445 for telephone dealing. Lines are open 8.00 a.m. to 4.30 p.m. (London time) Monday to Friday. 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.

Share Portal

Capita Asset Services offer shareholders a free online service called Share Portal, enabling shareholders to access a comprehensive range of shareholder related information. Through 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. 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 pounds 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: 0371 664 0300. 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.

Notice of Meeting

Notice is hereby given that the ninetieth annual general meeting of The Brunner Investment Trust PLC will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, on Tuesday 21 March 2017 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 2016 with the Auditor's Report thereon.
2 To declare a final dividend of 5.9p per ordinary share.
3 To re-elect Vivian Bazalgette as a director.
4 To re-elect Ian Barlow as a director.
5 To re-elect Peter Maynard as a director.
6 To re-elect Jim Sharp as a director.
7 To approve the Directors' Remuneration Policy
8 To approve the Directors' Remuneration Implementation Report.
9 To re-appoint Deloitte LLP as the Auditor of the company.
10 To authorise the directors to determine the remuneration of the Auditor.
11 To approve the new Investment Policy, set out on page 8 of the Annual Financial Report.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 12 will be proposed as an ordinary resolution and resolutions 13 and 14 will be proposed as special resolutions:

12 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 £3,557,727 (14,230,909 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 21 June 2018 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.

13 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 12 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 £533,659 (2,134,636 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 21 June 2018, 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.

14 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 6,399,639;

(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 2018 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
14 February 2017

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 17 March 2017 (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 8 February 2017, 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 42,692,727 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 8 February 2017 is 42,692,727. 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

T: +44 (0)20 3246 7000
www.brunner.co.uk