

Global investment solution rich in family history

# The Brunner Investment Trust PLC

Factsheet

31 May 2017

## Aim

The Trust aims to provide growth in capital value and dividends over the long term by investing in global and UK securities. The benchmark against which performance is measured is 70% FTSE World ex-UK Index and 30% FTSE All-Share Index.

## History

The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private and institutional investors.

## Trust Benefits

Brunner aims to provide its shareholders with growing dividends and capital growth by investing in a portfolio of global equities. It is an independent company listed on the London Stock Exchange and, although past performance is no guide to the future, has paid increasingly higher dividends to its shareholders year on year for the last 45 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

Morningstar Rating™



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## Ten Year Dividend History

Net Dividend Record in Pence per Share to year end 30 November



## Last Four Net Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
09.06.2017	30.06.2017	3.50p	1st Quarterly
24.02.2017	24.03.2017	5.90p	Final
11.11.2016	14.12.2016	3.30p	3rd Quarterly
19.08.2016	19.09.2016	3.30p	2nd Quarterly

Past performance is not a reliable indicator of future results.

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**Total Assets** £402.8m    **Shares in Issue** 42,692,727 (Ordinary 25p)

Share Price

**701.0p**

Source: Lipper

NAV per Share

**793.6p**

Premium/-Discount

**-11.7%**

Dividend Yield

**2.3%**

Gearing

**5.7%**

**Share Price** is the price of a single ordinary share, as determined by the stock market. The share price above is the mid-market price at market close.

**Net Asset Value (NAV) per Share** is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities.

The NAV figure above is based on the fair/market value of the company's long term debt and

preference shares (known as debt at fair value). This allows for the valuation of long-term debt and preference shares at fair value or current market price, rather than at final repayment value (known as debt at par).

**Premium/Discount.** Since investment company shares are traded on a stock market, the share price that you get may be higher or lower than the NAV. The difference is known as a premium or discount.

**Dividend Yield** is calculated using the latest full year dividend divided by the current share price.

**Gearing** is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.

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All data source Allianz Global Investors as at 31.05.17 unless otherwise stated.

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## Fund Manager's Review

### Market Review

European and emerging market equities led market strength in the month of May helped by further signs that global economic activity was continuing to improve, while US equities were affected by heightened political risks likely relating to President Trump.

On balance, data in May pointed to an improvement in the outlook for economic growth in the world's major economies. US first-quarter economic (Gross Domestic Product) growth was revised upwards to an annualised rate of 1.2%, from an initial estimate of 0.7%, while Japan's GDP grew at an annualised rate of 2.2% over the same period. Meanwhile, the euro-zone composite purchasing managers' index held steady at a six-year high. In contrast, UK economic growth remained sluggish, while data in China indicated that economic growth may be softening after a stronger-than-expected start to the year.

Diminishing political risk following Emmanuel Macron's victory in the French presidential elections and further signs of euro-zone recovery boosted the euro over May. However, the US dollar weakened amid rising political turmoil. Sterling was also weak as opinion polls indicated that the outcome of the UK general election in June was not as clear-cut as previously thought.

While oil prices initially rose, they later relinquished these gains amid disappointment that OPEC had only agreed to extend production cuts by nine months. Other commodity prices were also weak, with copper touching a five-month low.

### Portfolio Review

The Trust's NAV rose by 3.1%, outperforming the benchmark return

“...the good momentum of analysts' corporate earnings estimates is also a good signal for the stock markets.

of 2.9%. Stock selection was the main driver of this outperformance. Technology and Financials holdings contributed positively while stock selection in Consumer Services hurt performance. From a country perspective, stock selection in Spain helped.

United Internet was the top contributor after announcing the merger of its consumer telecom operations with Drillisch to gain strength in the telecom sector in Germany. This deal could deliver significant synergies and a solution for the issue of credible 4G wholesale access for United Internet, which has been one of the major market concerns for the company.

Microchip Technology also helped. The company posted strong financial results and positive guidance for continued strong growth in revenues, led by higher utilisation and continued improvements in Atmel's cost structure. This follows Microchip's purchase of Atmel (a designer and manufacturer of semiconductors) in 2016. We continue to see Microchip as a core holding due to its strong management team, diversified product portfolio, solid end-market exposure, good operating leverage, additional M&A potential, amongst other factors.

Walgreens Boots was the top detractor. While the Rite Aid acquisition is still awaiting US government authorisation, speculation that Amazon is looking to enter the pharmacy market could represent a market disruption in the retail pharmacy business, directly affecting Walgreens Boots. The stock is under review as our conviction in the name is decreasing.

Global information, data and measurement company Nielsen also detracted after its first quarter results came in slightly below expectations. The company continued to experience weakness in its 'Buy' segment, which helps retailers understand what brands and products consumers are buying. This weakness is attributed to continued spending pressure from retail customers in the US.



### Lucy Macdonald, Portfolio Manager

The Brunner Investment Trust is managed by Lucy Macdonald. Lucy is the Chief Investment Officer of Global Equities and a member of the European Management Committee. The Global Equity team is responsible for international mandates from clients around the world.

We maintain our belief that Nielsen is one of the better positioned companies within the media sector, particularly given its leading position in the evolving and steadily growing 'Watch' segment which monitors what consumers are watching across devices

During the period, we started a new position in Criteo, which provides web advertising services and offers a range of solutions such as click per cost and online banner displays. We believe Criteo is well positioned to benefit from the shift in display ads toward Real-Time Bidding (RTB) and programmatic buying in general, as we believe the company has strong technology and scale advantages.

### Outlook

Expectations of a continued economic upswing and the still generous monetary policy of the leading international central banks should be positive for equities, in our view. Moreover, the good momentum of analysts' corporate earnings estimates is also a good signal for the stock markets. At the same time, divergent monetary policies in the US and Europe and persistent political uncertainties might result in elevated volatility.

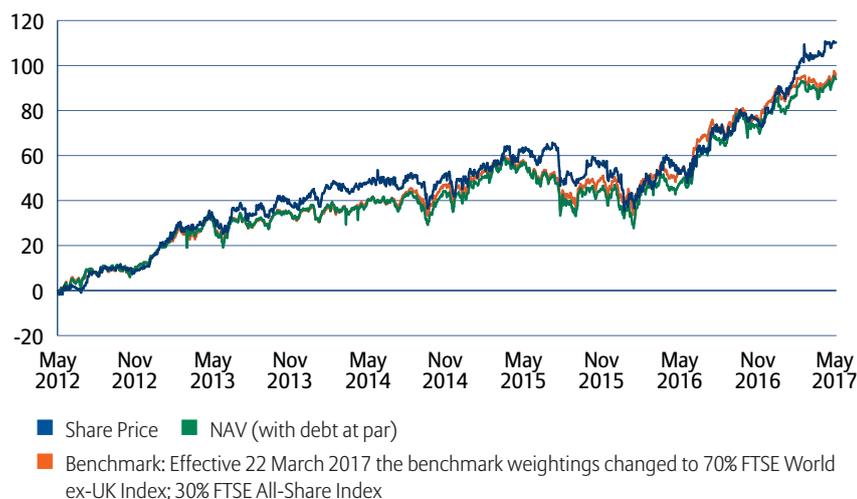
In this environment, active management is required to augment returns. We are comfortable taking advantage of these opportunities to buy high quality growth franchises at attractive valuations.

*Lucy Macdonald*  
13 June 2017

**This is no recommendation or solicitation to buy or sell any particular security. Any security mentioned above will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date.**

# Performance Track Record

## Five Year Performance (%)



## Risk & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market.

The Trust seeks to enhance returns for its shareholders through gearing which can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

Changes in rates of exchange may cause the value of investments and the income from them to go up or down.

## Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	6.9	19.5	37.1	41.9	110.4
NAV	3.8	12.3	31.3	38.4	94.0
Benchmark	2.5	11.0	28.2	40.0	96.2

## Discrete 12 Month Returns (%) to 31 May

	2013	2014	2015	2016	2017
Share Price	32.5	11.9	9.1	-5.1	37.1
NAV	29.5	8.2	11.4	-5.3	31.3
Benchmark	29.8	8.0	12.1	-2.6	28.2

Source: Lipper, percentage growth, mid to mid, total return to 31.05.17. Copyright 2017 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested. This investment trust charges 70% of its annual management fee to the capital account and 30% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result.

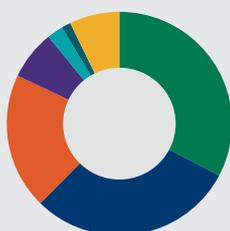
# Portfolio Breakdown

## Sector Breakdown (%)

Financials	20.4	
Industrials	20.1	
Health Care	11.1	
Technology	10.6	
Consumer Services	9.6	
Consumer Goods	7.7	
Oil & Gas	5.6	
Basic Materials	3.3	
Utilities	2.4	
Telecommunications	2.0	
Cash	7.2	

## Geographic Breakdown (%)

UK	32.7	
North America	29.7	
Europe ex UK	19.7	
Pacific ex Japan	7.1	
Japan	2.3	
Latin America	1.3	
Cash	7.2	



## Top Twenty Holdings (%)

Microsoft	3.2
Royal Dutch Shell 'B' Shares	2.6
United Health	2.3
Abbvie	2.1
BP	2.0
Roche Holdings	1.9
Muenchener Rueckver	1.9
HSBC	1.8
Estee Lauder	1.7
GlaxoSmithKline	1.7
Visa	1.7
Microchip Technology	1.6
Unilever	1.6
Priceline Group	1.6
Apple	1.6
Accenture	1.5
Iberdrola	1.5
Walgreens Boots Alliance	1.5
United Internet	1.5
Taiwan Semiconductor	1.5

**Total number of holdings 77**

## Key Information

Launch Date	December 1927
AIC Sector	Global
Benchmark	70% FTSE World ex-UK Index; 30% FTSE All-Share Index
Annual Management Charge	0.45%
Performance Fee	No
Ongoing Charges <sup>1</sup>	0.79%
Year End	30 November
Annual Financial Report	Final posted in February, Half-yearly posted in July
AGM	March
NAV Frequency	Daily
Dividends	March, June, September, December
Price Information	Financial Times, The Daily Telegraph, <a href="http://www.brunner.co.uk">www.brunner.co.uk</a>
Company Secretary	Kirsten Salt
Investment Manager	Lucy Macdonald
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2016). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses incurred in the running of the company but excluding financing costs.

## Board of Directors

Peter Maynard, Ian Barlow (Chairman of the Audit Committee), Carolan Dobson (Chairman), Jim Sharp, Vivian Bazalgette (Senior Independent Director)



## How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

## Contact us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

0800 389 4696

[www.brunner.co.uk](http://www.brunner.co.uk)

E-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)

You will find much more information about The Brunner Investment Trust on our website.

Please note that we can only offer information and are unable to provide investment advice. You should contact your financial adviser before making any investment decision.



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