

The Brunner Investment Trust PLC



Factsheet

31 July 2015

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Equities continued to outperform other asset classes as Greece agreed to stringent bailout terms with its creditors and China's stock market swoon remained localised. Europe led the way higher, followed by the US and Japan. Growth stocks continued to outperform value, supported by positive economic data and decent second quarter corporate earnings growth. The ongoing turmoil in Chinese equities and concerns about a broader slowdown in the domestic economy contributed to a selloff in commodities and emerging markets. On a sector basis, Materials and Energy lagged while defensive areas such as Consumer Staples and Utilities outperformed. Benchmark sovereign bond yields in the US and Germany fell slightly, aided by muted inflationary expectations, lower oil prices and accommodative central bank policies.

Portfolio Review

The Trust's NAV returned 1.69% underperforming the benchmark which returned 2.21%. Xchanging was the top detractor as the company announced a first half 2015 pre-tax loss of £44.4 million, compared with a £22.2 million pre-tax profit for the same period last year. The main reasons for the loss were weakness in the procurement division and a write-down £47 million of goodwill relating to a historical contract that has not performed as expected. The CEO also announced that he would be stepping down at the end of the year. These results were an unwelcome surprise as the company has restructured over the last few years and seemed to be back on a growth trajectory after meaningfully increasing operating margins last year. We are evaluating whether these developments are one-off disappointments or indicative of more fundamental challenges to the business model. Walgreens Boots Alliance was the top contributor as the company's Financial Year 2015 third quarter results surprised on the upside. Earnings per share rose 23%, driven by ongoing cost-cutting as the company has identified savings of \$1.5 billion by 2017, mainly through operating synergies resulting from the Alliance Boots acquisition that closed at the end of last year. The company also raised guidance and reiterated that operating margins at their US drug retailing chain Walgreens can continue to increase "every quarter for a long time." The shares still offer value assuming management continues to execute on their cost and growth initiatives.

Outlook

While the Greek debt crisis may once again eventually raise its head, we remain sanguine on the prospects for contagion spreading to other euro-zone countries given the improvements in the region's financial architecture since 2012, including the introduction of a banking union, outright monetary transactions and the European stability mechanism. In our opinion, it is the global growth outlook which remains the key determinant of asset class performance. Based on our analysis, the data flow is still consistent with growth rates in the developed world being at or even above potential, albeit with the potential growth rate slightly lower than it was before the financial crisis. On the other hand, cyclical data in emerging markets, including China, continue to disappoint. While this moderation in growth rates is putting pressure on commodity prices, it is not causing us to change our outlook for monetary policy in the US and an interest rate hike in September remains our base-case scenario. We remain positive on global equities due to both the low interest rate environment that will be in effect for years to come and our constructive outlook on developed world growth.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	2.0	7.9	8.5	61.5	79.3
NAV	-2.6	3.1	8.9	42.9	68.0
Benchmark	-2.3	2.4	9.2	44.2	66.9

Discrete Performance (%)

From To	30.07.10 29.07.11	29.07.11 31.07.12	31.07.12 31.07.13	31.07.13 31.07.14	31.07.14 31.07.15
Share Price	15.4	-3.8	36.0	9.5	8.5
NAV	13.7	3.4	26.5	3.7	8.9
Benchmark	14.3	1.3	25.5	5.2	9.2

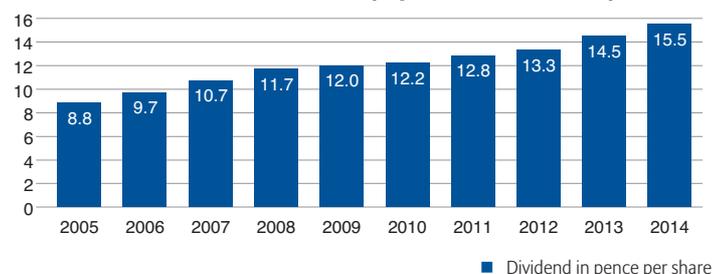
Source: Lipper, percentage growth, mid to mid, total return to 31/07/2015
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

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Dividend History

Ten Year Net Dividend Record in Pence (to year end 30 November)



Past performance is not a reliable indicator of future results.

All data source Allianz Global Investors as at 31/07/2015 unless otherwise stated.

Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

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.

Allianz 
Global Investors

The Brunner Investment Trust PLC

Capital Structure

Total Assets:	£335.7m
Gearing (net) ¹ :	7.7%
Shares in Issue:	43,012,418 (Ordinary 25p)
Share Price ¹ :	570.3p
Net Asset Value ² :	658.4p ³ (632.4p ⁴ – debt at market value)
Premium/-Discount to NAV:	-13.4% (-9.8% – debt at market value)
NAV Frequency	Daily
Dividend Yield ⁵ :	2.68%

¹Gearing in form of two long-term debentures.

1. Source: Lipper as at 31/07/2015, market close mid price.

2. A trust's Net Asset Value (NAV) 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.

3. Capital net asset value per ordinary share based on the par value of the company's long term debt and preference shares.

4. Capital net asset value per ordinary share based on the fair/market value of the company's long term debt and preference shares. This allows for the valuation of debt at fair value or current market price, rather than at final repayment value.

5. Source: Datastream as at 31/07/2015. Calculated using the latest full year dividend divided by the current share price.

Key Information

Launch Date:	December 1927
AIC Sector:	Global Growth
Benchmark:	50% FTSE All-Share Index 50% FTSE World ex-UK Index
Annual Management Charge:	0.45%
Performance Fee:	No
Ongoing Charges ⁶ :	0.79%
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	March, June, September, December
Price Information:	Financial Times, The Daily Telegraph, www.brunner.co.uk

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

Company Secretary	Kirsten Salt
Investment Managers	Lucy Macdonald & Jeremy Thomas
Codes:	RIC: BUT.L SEDOL: 0149000

6. Source: AIC, as at the Trust's Financial Year End (30.11.2014). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses incurred in the running of the company but excluding financing costs.

Risks & 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 an down.

Sector Breakdown (%)

Financials	20.7
Industrials	19.6
Health Care	10.9
Consumer Services	10.4
Oil & Gas	9.4
Cash	8.4
Consumer Goods	7.4
Technology	6.0
Basic Materials	3.4
Telecommunications	3.2
Utilities	0.6

Geographic Breakdown (%)

UK	42.8
North America	27.0
Europe ex UK	12.6
Cash	8.4
Pacific ex Japan	5.0
Japan	2.8
Latin America	1.4

Top Ten Holdings (%)

HSBC	2.6	Mothercare	1.9
Royal Dutch Shell "B" Shares	2.4	Walgreens Boots Alliance	1.8
Vodafone	2.3	AbbVie	1.7
Microsoft	2.1	Roche	1.7
BP	2.0	GlaxoSmithKline	1.7
Total Number of Holdings	89		

Largest holdings shown excluding Government debt which is held for structural and not investment reasons

Net Dividends

	Pay Date	Record Date	Payment
2nd quarterly dividend	21.09.15	21.08.15	3.2p
1st quarterly dividend	30.06.15	12.06.15	3.2p
4th quarterly dividend	26.03.15	06.03.15	5.7p
3rd quarterly dividend	19.12.14	21.11.14	3.2p

How to Invest

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker. Shares in the Trust can be held within an ISA, JISA, SIPP and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website.

Contact Us

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

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website: www.brunner.co.uk

All data source Allianz Global Investors as at 31/07/2015 unless otherwise stated.

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