

The Brunner Investment Trust PLC

Factsheet

31 March 2014

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global equity markets were mainly higher in March, although volatility increased. The Crimea crisis in the Ukraine, reduced economic activity in China and speculation about an earlier-than-expected interest rate hike by the US Federal Reserve led to pressure on equity markets in the first half of the month. In the second half however, a recovery of markets was driven by the ECB stating that further monetary easing would be applied and by hopes that the Chinese government will support its weakening economy. On another positive note, the recovery of the US economy after the cold winter further resulted in markets rising during the second half of the month.

Portfolio Review

The Trust's NAV declined by 1.26% over the month. Buildings products firm Tyman was the top positive contributor to performance. A recent meeting with management confirmed that operationally the company is doing well. The integration of leading US manufacturer Truth Hardware appears to be progressing smoothly and longer term there are plans in place for further optimisation of the manufacturing footprint which should be positive for margins. End markets are also doing well, particularly the US, with the UK also showing encouraging signs. Even Europe, which has been a disaster for the business, looks like it may have bottomed out in the fourth quarter. Much of this improvement is reflected in valuations now and we have been taking profits as the share price has moved higher.

Microsoft also contributed. In February the company announced the appointment of a new CEO who was previously head of the Enterprise and Cloud division. Cloud computing is a new generation of technology that allows companies to use the internet to access IT infrastructure and applications. Hardware and Software residing in the Cloud can be accessed by multiple users. Microsoft is one of the leading cloud providers to enterprises and cloud should become a more important contributor to the company's profitability in the future.

Resolution was the top detractor. The company released a disappointing set of results, particularly in terms of operating profits and the value of new business. The shares were further impacted by initial reports that the Financial Conduct Authority was going to conduct an insurance industry investigation into pensions, life insurance and endowment policies issued between 1970 and 2000. The FCA eventually clarified that the investigation would be more limited than initially reported but not before insurance company share prices dropped precipitously. With the dividend yield of the shares at 8%, the sell-off looks overdone.

Global biopharmaceutical company Celgene also detracted. The shares weakened on news that a hearing challenging the company's patent for Revlimid would be held earlier than anticipated. While this could create a short-term overhang, we believe Celgene's long-term fundamentals remain in place and that sentiment should improve once the patent dispute is resolved. It has been a strong long-term contributor to the portfolio and we took some profits during the quarter.

Outlook

After last year's strong performance, it is not surprising that equity markets have been going through a period of consolidation. Overall, markets continue to be supported by valuations, central bank liquidity and on-going corporate earnings growth. However, we are not anticipating equity returns to match those we saw last year. In the current low volatility, low return environment, active management has assumed greater importance in generating outperformance.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	5.2	10.5	14.9	41.7	112.4
NAV	-0.2	5.5	6.8	32.1	108.0
Benchmark	0.1	5.5	8.3	28.1	108.0

Discrete Performance (%)

From To	31.03.09 31.03.10	31.03.10 31.03.11	31.03.11 30.03.12	30.03.12 29.03.13	29.03.13 31.03.14
Share Price	43.8	4.3	6.6	15.7	14.9
NAV	49.9	5.1	5.0	17.9	6.8
Benchmark	49.6	8.5	0.9	17.3	8.3

Source: Lipper, percentage growth, mid to mid, total return to 31.03.14.

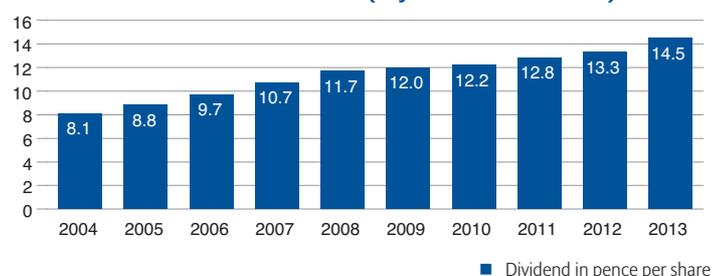
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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 31.03.14 unless otherwise stated.

Allianz Global Investors Europe 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:	£316.3m
Gearing (net):	6.5%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price ¹ :	533.0p
Net Asset Value ² :	613.3p (587.1p – debt at market value)
Premium/-Discount to NAV ³ :	-13.1% (-9.2% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	2.72%

1. Source: Lipper as at 31.03.14, market close mid price.

2. Source: Datastream as at 31.03.14. Calculated using the latest full year dividend divided by the current share price.

3. 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. In line with current industry best practice NAVs are now shown that take into account the 'fair value' of debt. This means NAVs are calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. NAVs with debt at market value provide a more realistic impact of the cost of debt, and thus a more realistic discount. It is the capital NAV that is shown, which excludes any income.

Key Information

Launch Date:	January 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 ⁴ :	0.77%
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, Carolan Dobson, Peter Maynard, Jim Sharp
Company Secretary	Kirsten Salt
Investment Managers	Lucy Macdonald & Jeremy Thomas
Codes:	RIC: BUT SEDOL: 0149000

4. Source: AIC, as at the Trust's Financial Year End (30.11.2013). 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value. The Trust seeks to enhance returns for its shareholders through gearing in the form of long-term debentures. Gearing 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.

Sector Breakdown (%)

Financials	17.8
Industrials	16.6
Oil & Gas	13.0
Health Care	12.3
Consumer Services	11.3
Cash	10.6
Consumer Goods	5.6
Technology	5.6
Basic Materials	4.0
Telecommunications	2.3
Utilities	0.9

Geographic Breakdown (%)

UK	45.3
North America	22.9
Europe ex UK	11.5
Cash	10.6
Pacific ex Japan	5.5
Japan	2.9
Latin America	1.3

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.7	Vodafone	1.7
HSBC	2.9	Reed Elsevier	1.7
BP	2.9	Rio Tinto	1.6
GlaxoSmithKline	2.9	UBM	1.5
Microsoft	2.0	AbbVie	1.5
Total Number of Holdings	93		

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

Net Dividends (dividends will be paid quarterly from June 2014)

	Pay Date	Record Date	Payment
final dividend	26.03.14	07.03.14	8.5p
interim dividend	30.08.13	02.08.13	6.0p

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 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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All data source Allianz Global Investors as at 31.03.14 unless otherwise stated.

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