

# The Brunner Investment Trust PLC

Factsheet

31 January 2013

## Fund Managers' Review



**Lucy MacDonald & Jeremy Thomas**

### Market Review

Global equities rose during the month, supported by improving economic data and better than expected corporate earnings. The FTSE All World ex UK index rose 7.3% and the

FTSE All-Share index gained 6.4%.

The UK, US and German stock markets reached multi-year highs and both Japan and China continued to rebound, gaining over 20% from their November lows. Health Care, Financials and Oil & Gas were the strongest sectors, while Information Technology and Materials lagged.

### Portfolio Review

The Trust's NAV increased 6.8%, in line with the benchmark. Celgene and Allergan were the top contributors for the month. Celgene's shares rose prior to the company's release of positive data from the Apremilast psoriasis trials and moved higher on further good news regarding Abraxane pancreatic phase 3 trials. Further medium term upside for Celgene appears muted.

Allergan announced approval for Botox in the treatment of idiopathic overactive bladder and also the acquisition of MAPP, which has an acute migraine therapy that complements the chronic migraine use of Botox. We remain constructive on Allergan although valuations remain fairly rich given the good earnings outlook for the company.

Mothercare, a strong contributor over the longer term, was the top detractor. 3rd quarter (Q3) UK like-for-like sales were down 5.9%, a continuation of a 2 year trend. On a more positive note, Direct to Home sales improved markedly which is a key driver in the UK transformation strategy. International sales growth continued at +15%, held back by Europe where growth in Russia was offset by a further contraction in Eurozone sales. The company also announced that the Australian business has gone into administration after talks to sell it collapsed. There will be minimal impact on international sales as it turns out that Australia had not actually been paying any royalties. The shares continue to offer long term value but in the medium term will be challenging as the UK business faces structural headwinds.

### Outlook

The global economy is in a structurally lower growth environment. However, we are seeing more signs that global growth momentum is stabilising. Economic data out of Asia, particularly China, continue to improve, US housing, consumer and manufacturing data are positive and EMU economic indicators are also picking up, albeit from recessionary levels. In Europe there are also increasing indications that the financial system stresses are easing. In Japan the Central Bank has doubled its inflation target to 2% and a new, aggressive and permanent debt purchase programme is to replace the one which is running out in 2014. However, these policies are not without risks attached; it is clear that the authorities also want the yen to depreciate and the term "currency war" is already circulating.

Nonetheless, it appears that quantitative easing will remain in place for as long as it takes to reduce public debt burdens and re-ignite economic activity. This will continue to be supportive of equity returns both in terms of liquidity and relative to fixed income, where investment grade government real bond yields are negative.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	9.8	19.1	22.9	37.3	24.9
NAV	9.4	13.3	18.2	38.7	23.7
Benchmark	9.8	13.2	15.8	36.9	36.3

## Discrete Performance (%)

From To	31.01.08 30.01.09	30.01.09 29.01.10	29.01.10 31.01.11	31.01.11 31.01.12	31.01.12 31.01.13
Share Price	-29.2	28.6	17.4	-4.9	22.9
NAV	-32.0	31.1	18.7	-1.1	18.2
Benchmark	-23.3	29.9	19.4	-1.0	15.8

Source: Lipper, percentage growth, mid to mid, total return to 31.01.13.

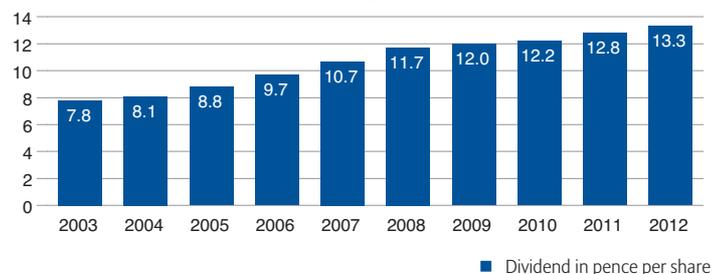
Benchmark: 50% FTSE All-Share Index; 50% FTSE All-World ex UK Index.

Past performance is not a reliable indicator of future performance. 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)



All data source Allianz Global Investors as at 31.01.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

**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:	£295.2m
Gearing (net):	3.4%
Shares in Issue:	43,206,918 (Ordinary 25p)
Share Price <sup>1</sup> :	455.0p
Net Asset Value <sup>2</sup> :	557.5p (519.4p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-18.4% (-12.4% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>3</sup> :	2.86%

1. Source: Lipper as at 31.01.13, market close mid price.

2. Source: Datastream as at 31.01.13. 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 All-World ex UK Index
Annual Management Charge:	0.45%
Performance Fee:	No
On-going Charges: <sup>4</sup>	0.78%
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	March, August
Price Information:	Financial Times, The Daily Telegraph, www.brunner.co.uk
Board of Directors:	Keith Percy (Chairman), Ian Barlow (Chairman of the Audit Committee), Sir William Worsley (Senior Independent Director), Vivian Bazalgette, Peter Maynard
Company Secretary	Kirsten Salt
Investment Manager	Lucy Macdonald, Jeremy Thomas,
Codes:	RIC: BUT SEDOL: 0149000

4. Source: AIC, as at the Trust's Financial Year End. On-going 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.

All data source Allianz Global Investors as at 31.01.13 unless otherwise stated.

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**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been, or will be, made or concluded, shall prevail.

## Sector Breakdown (%)

Financials	15.2	
Cash	14.2	
Industrials	13.6	
Health Care	10.3	
Oil & Gas	10.2	
Consumer Services	8.9	
Consumer Goods	8.8	
Basic Materials	6.9	
Technology	5.6	
Telecommunications	4.8	
Utilities	1.6	

## Geographic Breakdown (%)

UK	42.1	
North America	21.5	
Cash	14.2	
Europe ex UK	9.7	
Pacific ex Japan	8.4	
Japan	2.4	
Latin America	1.8	

## Top Ten Holdings (%)

HSBC	3.4	Diageo	1.9
Royal Dutch Shell "B" Shares	3.1	Reed Elsevier	1.8
BP	3.0	Rio Tinto	1.8
GlaxoSmithKline	2.9	Unilever	1.3
Vodafone	2.3	Centrica	1.3
<b>Total Number of Holdings</b>	<b>107</b>		

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

## Net Dividends (Financial Year to Date)

	Pay Date	Record Date	Payment
Interim dividend	31.08.12	03.08.12	5.0p
Final dividend	22.03.13	22.02.13	8.3p

## 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:

**0800 389 4696**

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