

Global investment solution rich in family history

# The Brunner Investment Trust PLC

Factsheet

31 August 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
18.08.2017	20.09.2017	3.50p	2nd Quarterly
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

Past performance is not a reliable indicator of future results.

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**Total Assets** £415.2m    **Shares in Issue** 42,692,727 (Ordinary 25p)

Share Price

**723.0p**

Source: Lipper

NAV per Share

**833.5p**

Premium/-Discount

**-13.3%**

Dividend Yield

**2.2%**

Gearing

**7.3%**

**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 cum income 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 31.08.17 unless otherwise stated.

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## Fund Manager's Review

### Market Review

Positive economic news throughout August meant global equities ended August with flat returns overall, despite major headwinds. The latter included heightened tensions between the US and North Korea, a terrorist attack in Spain, the human and economic cost of Hurricane Harvey, as well as further political upheaval in the White House. In general, developed equity markets retreated slightly, whereas emerging market equities rose modestly.

At a sector level, information technology stocks continued to be the strongest gainers, whilst utilities and miners also showed solid advances. Energy and telecoms companies suffered the largest losses. Chinese equities performed well globally, boosted by hopes that the pace of reform in state-owned enterprises will accelerate.

Higher prices for specific commodities added to the positive emerging market picture, even as commodities delivered mixed returns overall. In particular, gold rallied due to its safe haven status, while hopes of increased Chinese demand boosted prices for industrial metals like copper, which reached a three-year high. Conversely, oil prices fell for much of the month, until fears that Hurricane Harvey would disrupt US production reversed the trend.

At a macroeconomic level, Japan made headlines. August's figures showed the country's GDP (Gross Domestic Product) expanded by 4.0% on an annualized basis in the second quarter. This is Japan's sixth consecutive quarter of growth and its longest unbroken streak of growth in more than a decade. Driven by household spending and business investment, it has been seen by some as a vindication of Prime Minister Shinzō Abe's 'Abenomics' program. Elsewhere,

“ At a sector level, information technology stocks continued to be the strongest gainers, whilst utilities and miners also showed solid advances.

second-quarter GDP growth in the US and euro-zone came out at an annualized rate of 3.0% and 2.2%, respectively. However, with inflation remaining relatively subdued, there was little indication that major central banks are about to tighten monetary policy.

### Portfolio review

The Trust's NAV returned 3.2% against the benchmark return of 2.3%. Overall, the portfolio also outperformed the benchmark this month. This was primarily driven by stock selection in the Health Care, Industrial and Consumer Goods sectors. Our decision to be overweight China has also continued to benefit performance.

After a weak July, the global pharmaceutical company AbbVie was August's strongest contributor to portfolio performance. Growing sales of its Rheumatoid Arthritis drug, Humira, have led to solid Q2 results. Looking forward, this strength should allow the company time to develop its pipeline, including another key asset, Imbruvica, a cancer medication which already has a \$4 billion turnover.

Estée Lauder has also been a key performer. The company reported its strongest quarterly sales growth in three years, posting Q4 and full year net sales increases at 9% and 5%, respectively. This was primarily driven by a surge in sales of makeup, which accounts for the largest portion of Estée's revenues, as well as improvements in the skincare division, which accounts for the majority of its profits. Takeover rumours have caused some volatility in the share price, but these have been met with a firm denial, encouraging a swift recovery.

In contrast, after making a significant contribution to the portfolio the previous month, Nielsen reversed much of its gains in August. This is largely the result of structural headwinds affecting the advertising and marketing sectors, with their Fast Moving Consumer Goods clients reducing their spend in this space. While



### 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.

performance in the US has been weak, the rest of the company has a strong footing in Emerging Markets, as well as a resilient pipeline of digital innovation, which should stand it in good stead.

Priceline also detracted from performance, following softer than expected guidance for Q3. While Q2 results were solid, with strong EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) and EPS (Earnings Per Share) beats, the company's room night growth of 21% was only at the high end of guidance. Priceline has attributed this slower growth rate to the company's scale and tough comparators. Priceline's management has a tendency towards conservative guidance, so we believe the negative market reaction is somewhat overdone. However, the stock was probably due for some profit taking as it has been a strong performer this year.

### Market Outlook

Equity markets around the world are priced for increased growth. Yet the favourable economic data underpinning them is set against a background of geopolitical tensions and economic uncertainty.

US equities continue to look expensive as President Trump's highly anticipated growth policies look like they will remain out of reach for some time. By comparison, strong economic and survey data from Europe mean that the region's equities still appear attractively valued. Britain remains the exception. In the UK, a weak sterling is set to continue driving inflation up and household consumption down, while Brexit-related uncertainty hampers investment.

In emerging markets, several risks remain despite continuing cyclical improvements. Expansionary activity in China and the rest of the continent is being accompanied by dramatic increases in private-sector debt and runaway real-estate prices. Equally, the threat of a North Korean conflict weighs increasingly heavy.

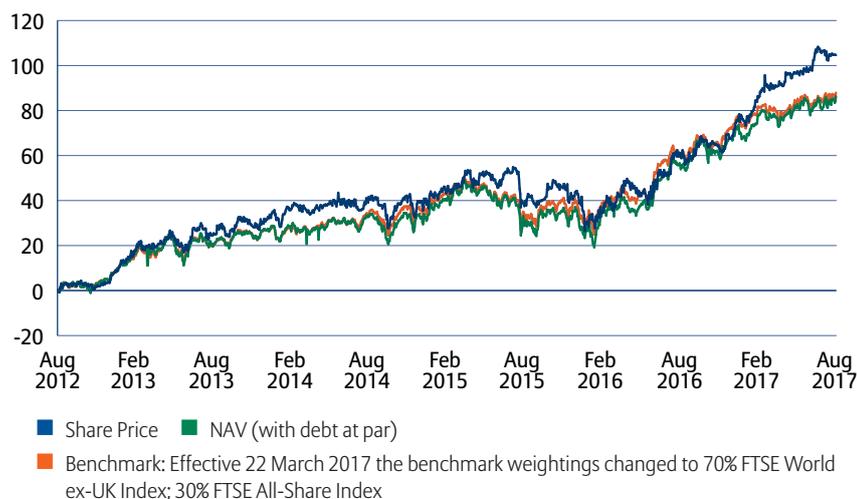
From a monetary policy point of view, both the US Federal Reserve and European Central Bank are under pressure to start tapering their balance sheets and pursue normalization. However, a combination of weaker global economic data and tighter monetary policy could cause equity markets to enter far choppier waters. As a result, picking truly quality stocks that are undervalued relative to their longer-term prospects remains a key priority for our clients.

*Lucy Macdonald  
7 September 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	4.2	11.3	27.1	47.2	104.9
NAV	4.7	8.7	21.8	42.8	89.5
Benchmark	2.7	5.4	17.4	40.6	88.5

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

	2013	2014	2015	2016	2017
Share Price	24.6	11.7	-0.1	16.0	27.1
NAV	19.6	11.0	0.2	17.0	21.8
Benchmark	19.7	12.0	0.3	19.5	17.4

Source: Lipper, percentage growth, mid to mid, total return to 31.08.17. 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 (%)



## Geographic Breakdown (%)



## Top Twenty Holdings (%)

United Health	2.5
Royal Dutch Shell 'B' Shares	2.5
Microsoft	2.5
Abbvie	2.4
Estee Lauder	1.9
Muenchener Rueckver	1.9
BP	1.9
HSBC	1.8
Visa	1.8
Roche Holdings	1.7
Microchip Technologies	1.6
Unilever	1.6
Apple	1.6
United Internet	1.6
Accenture	1.6
Iberdrola	1.5
GlaxoSmithKline	1.5
Priceline Group	1.5
Taiwan Semiconductor	1.5
Walgreens Boots Alliance	1.5

**Total number of holdings 79**

The data shown is not constant over time and the allocation may change in the future.

This is no recommendation or solicitation to buy or sell any particular security.

\*Cash includes funds set aside for repayment of debentures. The percentage of un-invested cash in the portfolio is 1.75%.

## 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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