Global investment solution rich in family history

The Brunner Investment Trust PLC

Factsheet

30 June 2018

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

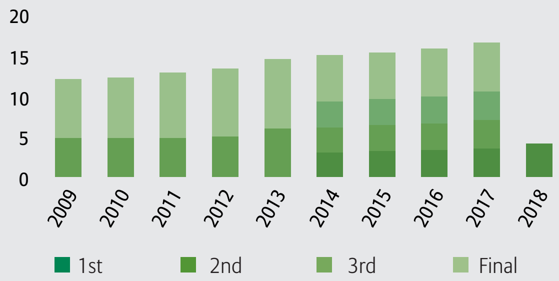
Brunner aims to provide its shareholders with growing dividends and capital growth by investing in a portfolio of global equities. It is an independent company listed on the London Stock Exchange and, although past performance is no guide to the future, has paid increasingly higher dividends to its shareholders year on year for the last 46 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

Ten Year Dividend History

aic DIVIDEND HERO

Dividend Record in Pence per Share

to year end 30 November



Last Four Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
22.06.2018	27.07.2018	4.05p	1st Quarterly
14.02.2018	29.03.2018	6.00p	Final
03.11.2017	14.12.2017	3.50p	3rd Quarterly
18.08.2017	20.09.2017	3.50p	2nd Quarterly

Past performance is not a reliable indicator of future results.

Morningstar Rating™ ★★★ Bronze

A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

Total Assets £390.7m **Shares in Issue** 42,692,727 (Ordinary 25p) **Market Cap** £335.6m

Share Price	NAV per Share	Premium/-Discount	Dividend Yield	Gearing
786.0p	853.8p	-7.9%	2.2%	8.7%

Source: Lipper

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.

Allianz Global Investors

All data source Allianz Global Investors as at 30.06.18 unless otherwise stated.

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

Fund Manager's Review

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.

Market Review

Global equities retreated over the month, as President Trump's escalating trade war weighed on investor sentiment. Regionally, US equities have performed best recording slight gains, followed by euro-zone equities on slight losses, and emerging markets which declined the most.

Industrials stocks – which are most affected by the trade tariffs – recorded the weakest returns while higher yielding, defensive sectors, such as Consumer Staples and Utilities, performed the best.

Globally, yield curves continued to flatten, with the spread between US two and ten year yields touching 0.30%, its lowest level in a decade. Economic data highlighted the US and euro zone's continuing divergence, pushing the Federal Reserve to raise rates by 0.25%, to a range of 1.75 -2.00%. Conversely, the European Central Bank and Bank of England kept rates on hold, although chances of a rate rise in August were seen to increase.

Portfolio Review

The Trust's NAV returned -0.66 per cent in June, against a benchmark return of +0.29 per cent. While this has predominantly been driven by stock selection, as per the investment process, the Trust has also weathered a moderate rotation into more defensive sectors like Consumer Services. Stock selection in the Financials and Industrials sectors has helped to offset this, with Sthree standing out in particular. Conversely, stock selection in Technology and Consumer Goods has weakened portfolio returns.

Iberdrola boosted performance. The energy provider has rallied over the last quarter and is focusing on high-quality grid and renewable investment, as well as cost efficiencies. The company has also benefitted from strengthening hydro output in June. While we expect some volatility as markets adjust to shifting bond yields, Iberdrola currently offers considerable potential upside, as well as a dividend yield of 4.6 per cent.

> "At a style level, we retain our preference for stocks which display earnings momentum, rather than straightforward Growth, as they should be most resilient in the face of macroeconomic headwinds.

Sthree also made a strong contribution. Shares in the science, technology, engineering and mathematics recruiter had struggled to recover since the Brexit vote. However, this month SThree reported an 11 per cent rise in gross profit for the first half of 2018, as strong growth in continental Europe and the United States offset UK weakness. Indeed, the company has purposefully focused on markets outside of the UK, and now generates more than 80 per cent of its profit from business outside the UK.

Jiangsu Expressway was the worst performing stock in the portfolio. The operator of toll roads in China's Jiangsu province has been hit by softer expectations for the Chinese economy, as well as President Trump's trade tariffs. Moreover, the company is facing a structural challenge as the proportion of (typically less profitable) personal vehicles looks set to increase. Nevertheless, management believe they have sufficient operating cash flow to fund investments.

United Internet also detracted from returns. This underperformance was largely driven by a research note anticipating that significantly higher costs for the German telecoms operator will bring earnings down by almost 5 per cent. In particular, the note highlights the potential for Telefonica Deutschland's low-frills 'Blau' offering to erode United's customer base, as well as the need for large fibre investment and costly 5G spectrum auctions. However, we believe United's customer acquisition strategy is sufficiently differentiated from Telefonica's and the estimated long-term costs are exaggerated.

Significant Transactions

We sold Equiniti, the provider of administration and pensions services. Organic growth in the Pensions Solutions division has been weak and we have concerns this could weigh on the overall performance of the business. Given that there is substantial room for a de-rating, we chose to realise our profits.

We also sold Celgene. The pharmaceutical company continues to suffer from concerns about its longer-term product pipeline and over reliance on Revlimid (its leading multiple myeloma product).

Market Outlook

It is clear that the synchronised global upswing which characterised 2017 is now visibly fragmenting. On one hand, US economic data continues to impress, and should carry on doing so thanks to the Trump administration's tax reform. Yet in the rest of the world, growth momentum is moderating, with expectations in the euro-zone and Japan slowing in particular.

The topping out of cyclical momentum is a strong indication that we are entering the next stage of the business cycle, in which we should expect rising inflation against a backdrop of ever tighter labour markets and rising capacity utilisation. Yet the Trump administration's stance on trade has also significantly increased the potential for downside risks. There are already signs that these fears are dampening market sentiment. This further complicates the efforts of central banks struggling to normalise monetary policy without jeopardising economic growth.

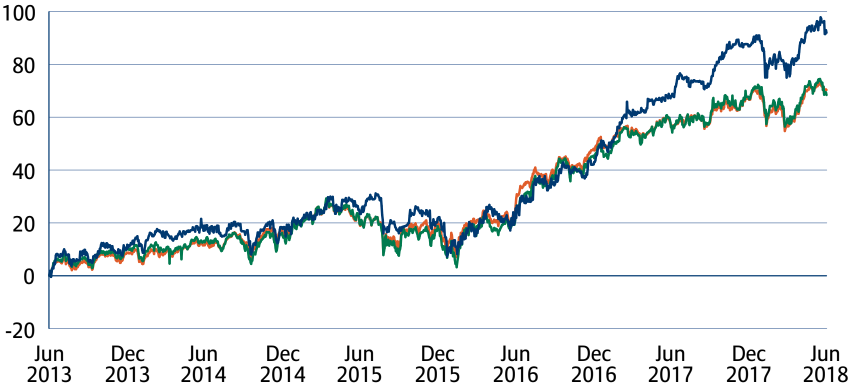
As a result, we expect volatility to continue rising to more historic levels. We are already beginning to see signs that investors are rotating away from sectors potentially exposed to tariffs, like Industrials, in favour of more defensive stocks like Consumer Staples. At a style level, we retain our preference for stocks which display earnings momentum, rather than straightforward Growth, as they should be most resilient in the face of macroeconomic headwinds.

Nevertheless, our investment philosophy of looking for quality businesses capable of growing independently from market trends remains the same. As long-term investors, we will continue to take advantage of these short-term movements, rather than be dictated by them.

Lucy Macdonald
12 July 2018

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 an down.

Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	6.8	2.8	14.3	55.6	92.0
NAV	3.1	-1.2	7.0	39.7	66.8
Benchmark	7.7	2.2	9.3	43.5	70.6

Discrete 12 Month Returns (%) to 30 June

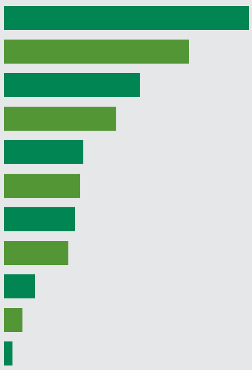
	2014	2015	2016	2017	2018
Share Price	17.1	5.3	-1.2	37.8	14.3
NAV	12.7	5.9	4.8	24.6	7.0
Benchmark	11.5	6.6	8.7	20.7	9.3

Source: Lipper, percentage growth, mid to mid, total return to 30.06.18. 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

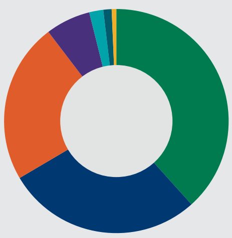
Sector Breakdown (%)



Financials	24.4
Industrials	18.4
Technology	13.6
Health Care	11.1
Consumer Goods	7.8
Oil & Gas	7.5
Basic Materials	7.0
Consumer Services	6.3
Utilities	3.0
Telecommunications	1.7
Cash	-0.7

Geographic Breakdown (%)

North America	38.9
UK	28.6
Europe ex UK	23.5
Pacific ex Japan	6.6
Japan	2.1
Latin America	1.2
Cash	-0.7



Top Twenty Holdings (%)

Microsoft	3.4
Royal Dutch Shell - B Shares	3.4
UnitedHealth	3.2
BP	2.6
AbbVie	2.4
Estée Lauder	2.0
Accenture	2.0
Visa	2.0
Muenchener Rueckver	2.0
Apple	1.9
Agilent Technologies	1.9
HSBC	1.8
Schwab (Charles)	1.8
Microchip Technology	1.8
Rio Tinto	1.8
Iberdrola	1.7
Amadeus IT Group	1.7
Booking Holdings	1.7
Unilever	1.6
GlaxoSmithKline	1.6

Total number of holdings 71

The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding.
This is no recommendation or solicitation to buy or sell any particular security.

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[1]	0.72%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March/April
NAV Frequency	Daily
Dividends	March/April, June/July, September, December
Price Information	Financial Times, The Daily Telegraph, www.brunner.co.uk
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 (30.11.2017). 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

E-mail: 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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