

Global investment solution rich in family history

The Brunner Investment Trust PLC

Factsheet

31 December 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
03.11.2017	14.12.2017	3.50p	3rd Quarterly
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

Past performance is not a reliable indicator of future results.

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Total Assets £423.9m **Shares in Issue** 42,692,727 (Ordinary 25p) **Market Cap** £330.9m

Share Price

775.0p

Source: Lipper

NAV per Share

850.1p

Premium/-Discount

-8.8%

Dividend Yield

2.1%

Gearing

6.2%

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 31.12.17 unless otherwise stated.

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Fund Manager's Review

Market Review

Global equities posted a strong finish to the year, with the US and UK markets touching fresh peaks. Economic data continues to show a global upswing, with both unemployment and inflation at historic lows. Mergers and acquisitions have also picked up, with Walt Disney acquiring Twenty-First Century Fox's entertainment and overseas assets for US\$52 billion.

Rising commodity prices and strong business sentiment contributed strongly to the performance of the Energy and Industrial sectors. Brent crude approached a two-year high of US\$67 a barrel and Purchasing Manager Index (PMI) surveys indicate global economic expansion.

By contrast, Information Technology stocks performed less well than in previous months. President Trump's tax reform plans are set to overhaul company profits and some investors have rotated into areas of the market with more to gain. However, much of this was already priced in.

December also produced visible progress in the Brexit talks. Confirmation that negotiations could proceed sent the pound to a six-month high against the dollar, although this later reversed. As widely expected, the US Federal Reserve raised interest rates by 0.25% to a range of 1.25-1.50 per cent. In Europe and Japan, rates remained on hold, although the European Central Bank raised its growth and inflation forecasts.

Portfolio Review

The Trust's NAV returned 2.15% against a benchmark return of 2.46%. This slight underperformance was driven by relative

“ The US has historically been a good indicator for the direction of global monetary policy. Strong economic performance should see the Federal Reserve continue to raise rates.

weakness in the portfolio's Basic Materials and Consumer Services holdings. However, stock selection in Financials and Industrials was positive.

Estée Lauder made the top contribution to performance, rallying strongly after the release of its quarterly results. Estée Lauder continues to do well on the back of rising Chinese demand, as well as its e-commerce initiative, which grew 33 per cent. At roughly thirty times price to equity, Estée Lauder is richly valued, in our view, and we have taken some profit.

Covestro also made a significant contribution to returns. Shares in the manufacturer of high performance plastics have risen since its Q3 results. Covestro is the dominant low-cost player and continues to benefit from tight supply and demand, as well as its investment in Research and Development. Consequently, its valuation remains highly attractive, with shares trading some 22% below peers.

Celgene was the portfolio's weakest performer over the final quarter of 2017, due to two developments. First, Celgene announced it would be halting development of its Crohn's disease drug GED-0301. The company then disappointed in its Q3 results due to the poor performance of its Psoriasis drug Otezla. Our investment case is based on the continuing strength of Revlimid, the leading Multiple Myeloma drug and positive expectations for Ozanimod, the multiple sclerosis drug. These drivers remain in place and we think the stock looks oversold.

Nielsen also underperformed. Although the market research company's Q3 results were mixed, management lowered its 2018 guidance to negative low single digits. Having promised more resilient performance, investors are frustrated that management seems unable to set attainable expectations. The company has a



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.

strong footing in Emerging Markets, a dominant market share and a resilient pipeline of digital innovation. While we are confident in the longer-term validity of the investment case, margin appreciation is taking longer than anticipated to improve due to accelerated upfront investment in digital platforms.

Significant Transactions

We sold our holdings in Hansteen, the commercial property real estate investment trust. The business sold its German assets at a very good price and delivered a sizeable capital return. We have also sold our holdings in SMC Corp following strong performance. Momentum at the manufacturer of pneumatic equipment has slowed, and we have increasing concerns about the board's independence. Looking at Centrica, its US Business Supply has disappointed, with competitive pressures and warm weather eroding earnings. Additionally, there is a high chance that the dividend is reduced, leading us to seek better opportunities elsewhere. Finally, following renewed concern over the developments in Intelligent Tracking Prevention (ITP), we sold our position in the online advertisement provider, Criteo.

Outlook

Strong market performance in 2017 was driven by low inflation, accommodative monetary policy and resurgent economic growth. As we enter 2018, the main question for investors is how much longer can these conditions last?

The US has historically been a good indicator for the direction of global monetary policy. Strong economic performance should see the Federal Reserve continue to raise rates. However, new Fed Chair Jerome Powell will have to gauge carefully the level at which interest rates start to weigh on share prices and the wider economy.

In the euro-zone, strong economic performance has not been matched by wage growth or inflation. As a result, the European Central Bank (ECB) will focus on gradually scaling back its bond-buying programme. Any signs that tightening could threaten a recovery will stay the ECB's hand. UK monetary policy will continue to be dictated as much by Brexit negotiations as economic conditions.

Underlying political risk is unlikely to abate in 2018. Already investors are looking ahead to March, when Italy goes to the polls and the UK expects to have concluded a Brexit transition deal. Elsewhere, the Middle East and Korean peninsula continue to be significant focal points.

Lucy Macdonald
11 January 2018

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	8.1	11.2	30.6	57.8	113.3
NAV	4.1	8.2	16.8	47.5	87.2
Benchmark	5.0	6.9	13.2	43.8	86.8

Discrete 12 Month Returns (%) to 31 December

	2013	2014	2015	2016	2017
Share Price	26.5	6.9	3.2	17.1	30.6
NAV	22.2	3.9	2.7	23.0	16.8
Benchmark	21.8	6.6	2.9	23.5	13.2

Source: Lipper, percentage growth, mid to mid, total return to 31.12.17. 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.

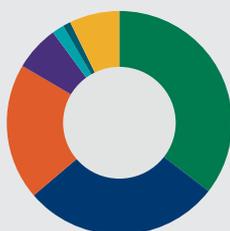
Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount 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 (%)

Royal Dutch Shell	2.9
Microsoft	2.7
Unitedhealth Group	2.6
Abbvie	2.5
BP	2.1
UBS Group	1.9
Estee Lauder Companies	1.9
Muenchener Rueckver	1.9
Schwab (Charles)	1.8
Visa	1.8
HSBC Holdings	1.8
United Internet	1.7
Accenture	1.7
Roche Holding	1.6
Apple	1.6
Iberdrola	1.5
Microchip Technology	1.5
Rio Tinto	1.5
Covestro	1.5
Taiwan Semiconductor	1.5

Total number of holdings 74

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 4.29%.

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	0.79%
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, 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 (30.11.2016). 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:

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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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