

The Brunner Investment Trust PLC



Factsheet

31 May 2015

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global equities continued to post modest gains, despite a sell off in European and US bond markets. In local currency terms, Japan led the way higher, followed by the US and UK.

Emerging markets declined as the surge in Chinese stocks moderated. Small Caps and growth stocks outperformed while commodities lagged. Corporate activity continued to boom with first quarter global M&A at its highest level since 2007.

Early in the month the Conservative party won a surprise Parliamentary majority, leading to a post-election rally for UK equities and sterling. Attention soon turned to the planned referendum on whether the UK should remain in the European Union, which is to be held by the end of 2017. May retail sales rose 1.1% after falling in April.

Eurozone 1Q GDP was mixed with disappointing German growth of 0.3% quarter-on-quarter offset by better-than-expected growth from France and Italy. The European Central Bank boosted sentiment by announcing that the bank would frontload bond purchases due to low market liquidity in the summer months. Although Greece did meet a EUR 750mn payment due to the IMF, the stalemate in its talks with creditors to implement meaningful economic reforms in order to obtain concessions on its debt obligations continued to be a concern and may not yet be sufficiently priced into the market.

In the US weaker first quarter corporate earnings announcements initially weighed on equities, but they soon recovered as the decline was primarily due to the stronger dollar and lower oil prices.

Portfolio Review

The Trust's NAV gained 1.3% and outperformed the benchmark. Mothercare was the top contributor. The shares have performed well since last year's rights issue and the turnaround strategy in the UK seems to be starting to bear fruit. The international business continues to do well and growth is expected to accelerate as new territories are added. UBS also performed strongly. The company released better-than-expected results with all divisions ahead of forecasts.

Oil stocks EOG Resources and Anadarko Petroleum were the most significant detractors. While lower oil prices are a headwind for the industry, both companies are demonstrating good cost controls and solid production growth at the same time. A recent meeting with EOG confirmed that their business model is robust and efficiency gains will continue to drive unit costs lower for another 3-5 years. Anadarko is a good explorer and has a high quality diversified portfolio which allows them to invest capital on a more selective basis depending on where we are in the oil cycle. Q1 results were solid with higher-than-forecast production and lower costs across the board. We remain positive on both.

Outlook

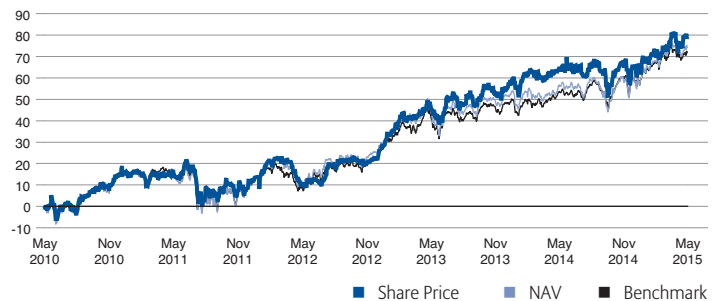
The ongoing rise in asset prices continues unabated, supported by abundant liquidity and receding concerns over the pace, size and impact of US Federal Reserve tightening. Yet this steady build-up in valuations is occurring against a backdrop of uncertainty over the strength of the global economy, weak earnings growth, significant political noise and rising concerns over central banks' exit strategies from quantitative easing. As such, some caution is warranted. To the extent that interest rates eventually rise as a result of improving global economic momentum, markets are likely to grow into current valuations through higher corporate earnings. This implies that market gains over the near term are likely to be muted and that active management and dividend growth are required to augment returns.

All data source Allianz Global Investors as at 31.05.15 unless otherwise stated.

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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 (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	4.5	6.4	9.1	61.8	78.8
NAV	3.8	8.8	11.4	56.1	74.0
Benchmark	2.7	6.8	12.1	57.1	71.5

Discrete Performance (%)

From To	31.05.10 31.05.11	31.05.11 31.05.12	31.05.12 31.05.13	31.05.13 30.05.14	30.05.14 29.05.15
Share Price	16.9	-5.4	32.5	11.9	9.1
NAV	15.6	-3.5	29.5	8.2	11.4
Benchmark	16.9	-6.6	29.8	8.0	12.1

Source: Lipper, percentage growth, mid to mid, total return to 31.05.15.

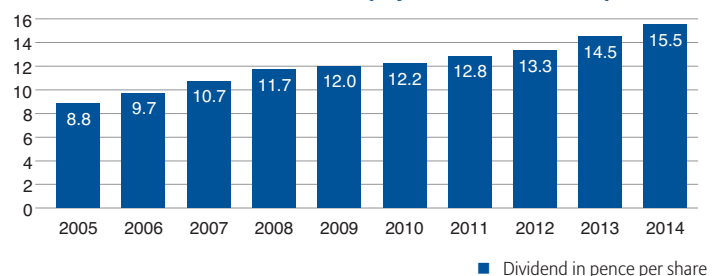
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

Allianz **Global Investors**

Capital Structure

Total Assets:	£350.2m
Gearing (net) ¹ :	6.2%
Shares in Issue:	43,022,418 (Ordinary 25p)
Share Price ¹ :	569.5p
Net Asset Value ² :	687.7p ³ (659.2p ⁴ – debt at market value)
Premium/-Discount to NAV:	-17.2% (-13.6% – debt at market value)
NAV Frequency	Daily
Dividend Yield ⁵ :	2.63%

¹Gearing in form of two long-term debentures.

1. Source: Lipper as at 31.05.15, market close mid price.

2. 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.

3. Capital net asset value per ordinary share based on the par value of the company's long term debt and preference shares.

4. Capital net asset value per ordinary share based on the fair/market value of the company's long term debt and preference shares. This allows for the valuation of debt at fair value or current market price, rather than at final repayment value.

5. Source: Datastream as at 31.05.15. Calculated using the latest full year dividend divided by the current share price.

Key Information

Launch Date:	December 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 ⁶ :	0.79%
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 (Senior Independent Director), Carolan Dobson, Peter Maynard, Jim Sharp

Company Secretary	Kirsten Salt
Investment Managers	Lucy Macdonald & Jeremy Thomas
Codes:	RIC: BUT.L SEDOL: 0149000

6. Source: AIC, as at the Trust's Financial Year End (30.11.2014). 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.

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.

Sector Breakdown (%)

Industrials	20.0
Financials	19.5
Health Care	10.3
Consumer Services	10.2
Oil & Gas	10.1
Cash	9.1
Consumer Goods	7.3
Technology	6.1
Basic Materials	3.5
Telecommunications	3.2
Utilities	0.7

Geographic Breakdown (%)

UK	42.9
North America	26.2
Europe ex UK	12.2
Cash	9.1
Pacific ex Japan	5.2
Japan	3.0
Latin America	1.4

Top Ten Holdings (%)

HSBC	2.7	Microsoft	2.1
Royal Dutch Shell "B" Shares	2.5	GlaxoSmithKline	1.7
Vodafone	2.4	Roche	1.7
Mothercare	2.3	AbbVie	1.6
BP	2.2	UBM	1.6
Total Number of Holdings	88		

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

Net Dividends

	Pay Date	Record Date	Payment
1st quarterly dividend	30.06.15	12.06.15	3.2p
4th quarterly dividend	26.03.15	06.03.15	5.7p
3rd quarterly dividend	19.12.14	21.11.14	3.2p
2nd quarterly dividend	22.09.14	22.08.14	3.1p

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, JISA, SIPP 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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website: www.brunner.co.uk

All data source Allianz Global Investors as at 31.05.15 unless otherwise stated.

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