

Global investment solution rich in family history

The Brunner Investment Trust PLC

Factsheet

30 September 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 £411.3m **Shares in Issue** 42,692,727 (Ordinary 25p) **Market Cap** £307.4m

Share Price

720.0p

Source: Lipper

NAV per Share

816.8p

Premium/-Discount

-11.9%

Dividend Yield

2.3%

Gearing

7.9%

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 30.09.17 unless otherwise stated.

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

Fund Manager's Review

Market Review

Global equities rallied over the quarter, as economic optimism helped investors overcome heightened geopolitical tensions. Energy stocks rebounded as oil prices reached recent highs, and the information technology and materials sectors also posted strong gains. Stocks in more defensive, high yielding sectors, such as consumer staples, fared less well.

In the US, Q3 saw major indices touch fresh highs. This was due to positive earnings results and President Trump's announcement of a more detailed plan for corporate tax reform. This combination helped the US weather two major hurricanes and an increasingly tense war of words with North Korea.

Euro-zone equities also rose. In politics, Chancellor Merkel's re-election to a fourth term helped offset the unrest of Catalonia's independence referendum. UK equities posted only modest gains, despite news that Prime Minister Theresa May had proposed a two-year transition period for the nation's departure from the EU.

Positive economic news meant Japanese equities outperformed most other developed equity markets. Stocks also reacted positively to Prime Minister Shinzo Abe's decision to call a snap general election. Chinese equities also delivered double-digit gains off the back of stronger-than-expected GDP (Gross Domestic Product) growth and potential reforms for state-owned enterprises.

The euro was boosted by speculation that the European Central Bank would soon start to unwind its stimulus measures. Higher-than-expected inflation increased hopes the Bank of England would raise interest rates, causing the pound to rally. In contrast, the US

“ Energy stocks rebounded as oil prices reached recent highs, and the information technology and materials sectors also posted strong gains.

dollar touched a 33-month low in mid-September.

Portfolio Review

In August, the Trust's NAV returned -1.0% outperforming the benchmark return of -1/6% and additionally, the Trust has significantly outperformed its benchmark over the quarter. This was primarily driven by stock selection across the portfolio, with picks in the Industrials and Health Care sectors standing out in particular. Stock selection in the United States and United Kingdom was also beneficial to the portfolio. Stock selection in Consumer Services acted as a slight drag on performance.

Global pharmaceutical company AbbVie delivered the strongest contribution to the portfolio. Its Rheumatoid Arthritis drug, Humira, continues to drive an increasing share of revenue (currently 65%). Shares were also helped by news that the company had resolved its litigation with Amgen over a proposed biosimilar of Humira, Amjevita. This followed earlier enthusiasm over prospects for AbbVie's pipeline. Despite the strong performance, the extremely low starting valuation of the stock means that the multiple is still undemanding in the mid-teens.

Equiniti has also been a stand-out performer. The company provides administration and investor services, and is in the process of acquiring Wells Fargo's share registration arm. The deal will give Equiniti global scope and should be value accretive from day one. Consequently, the shares have rallied since the recent rights issue necessary to accomplish the deal completed. Once finalised, we expect to see interest rate synergies, new services and IT streamlining. With an expected ROE (Return on Equity) of 15% by year three, the shares still have potential upside to deliver.

Wabtec has been the portfolio's weakest performer over the quarter. The company is a global manufacturer and servicer of



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.

rail industry technology. Weak Q2 results brought the share price down significantly, with full year revenue guidance cut from \$4.1bn to \$3.85bn. Management attributes this to longer than usual lag from freight traffic growth to aftermarket spending, a weak OEM (Original Equipment Market), and the re-phasing of a signalling project. Having investigated the situation, we believe the market reaction is overdone. The one-off nature of these impairments means the company remains an attractive long-term investment case.

Greene King shares also underperformed. This has been driven by a series of trading updates that revealed faster declining sales than the wider market. The company blamed a 1.2 per cent sales drop on a disappointing British summer and weak consumer confidence. While the sector is suffering from reduced consumer spending, and competition from healthier, digital-enabled alternatives, Greene King remains one of the sector's most resilient and well-financed operators. We expect the shares to recover strongly over time as the company realises the full benefits of the Spirit transaction.

Significant Transactions

We initiated a position in Albemarle, a specialty chemical company with market leading positions in lithium, bromine and refining catalysts. Its peer-beating growth is fuelled by structural drivers that continue to warrant a premium valuation.

We sold our holding in Monsanto after the shares appreciated to our target price. While the Bayer transaction is yet to complete, the share price is not pricing sufficient upside to deliver further value.

Outlook

Equity markets are currently priced for a pick-up in global growth, and rising expectations on US tax reform are supporting this enthusiasm. However, markets are still not paying much attention to the risks. The greatest of these is the potential impact from the Federal Reserve unwinding its \$4.3trn balance sheet. It may also coincide with a change of Fed Governor.

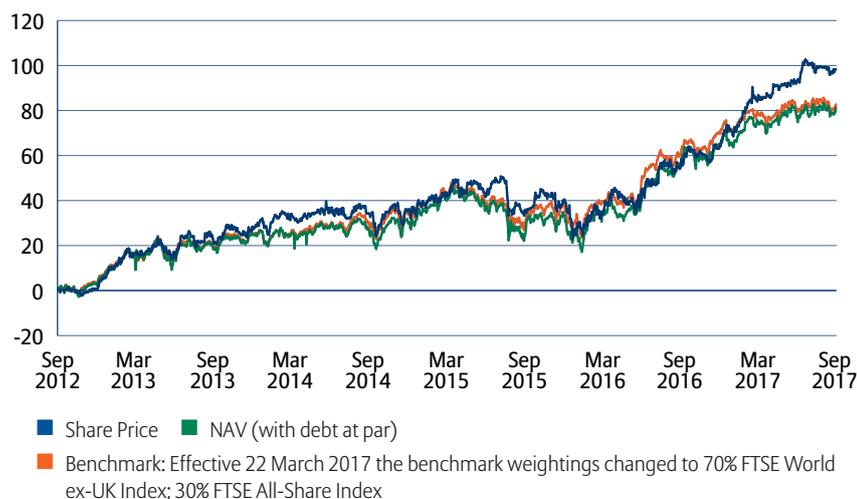
Internationally, European equities still appear attractively valued. And while the European Central Bank (ECB) may be more cautious than its US counterpart, we continue to expect a reduction in bond purchase volumes and a first rate hike in 2018. In the background, there remain continuing geopolitical tensions in North Korea and the ability of the US President to provoke volatility.

*Lucy Macdonald
10 October 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	2.8	6.1	27.6	47.9	98.5
NAV	4.3	6.1	19.1	48.6	97.1
Benchmark	1.8	2.6	13.7	40.8	83.3

Discrete 12 Month Returns (%) to 30 September

	2013	2014	2015	2016	2017
Share Price	21.2	10.7	1.1	14.7	27.6
NAV	23.6	7.3	-1.4	26.6	19.1
Benchmark	19.1	9.3	-0.5	24.4	13.7

Source: Lipper, percentage growth, mid to mid, total return to 30.09.17. 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.

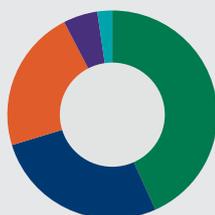
Portfolio Breakdown

Sector Breakdown* (%)



Geographic Breakdown* (%)

North America	34.3	
UK	31.1	
Europe ex UK	20.8	
Pacific ex Japan	7.9	
Japan	2.5	
Latin America	1.4	



Top Twenty Holdings (%)

Royal Dutch Shell 'B' Shares	2.7
Microsoft	2.4
United Health	2.4
Abbvie	2.4
BP	2.0
Muenchener Rueckver	1.9
Estee Lauder	1.9
HSBC	1.8
Visa	1.7
Roche Holdings	1.7
Microchip Technologies	1.6
United Internet	1.6
Unilever	1.6
Accenture	1.6
GlaxoSmithKline	1.5
Nielsen	1.5
Taiwan Semiconductor	1.5
Apple	1.5
Priceline Group	1.4
Senior	1.4

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.

*Excludes cash

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:

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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