

Global investment solution rich in family history

# The Brunner Investment Trust PLC

Factsheet

31 December 2015

## Aim

The Trust's objective is to increase its total return above the benchmark index of 50% FTSE All-Share and 50% FTSE All-World Index (ex UK sterling adjusted) over the long term, by investing in UK and international securities.

## 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 ICI in 1926. Today, Brunner shares are available for everyone to buy and are widely held by a mix of 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 43 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

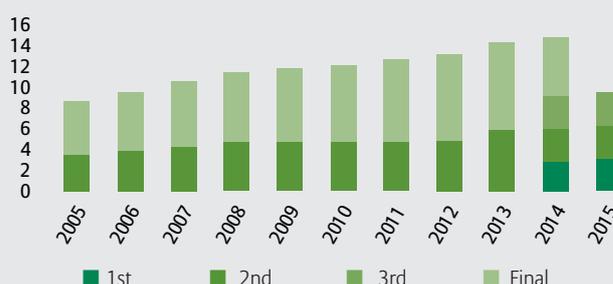
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## Ten Year Dividend History

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
13.11.2015	16.12.2015	3.20p	3rd Quarterly
21.08.2015	21.09.2015	3.20p	2nd Quarterly
12.06.2015	30.06.2015	3.20p	1st Quarterly
06.03.2015	26.03.2015	5.70p	Final (2014)

Past performance is not a reliable indicator of future results.

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

**Total Assets** £323.8m    **Shares in Issue** 43,012,418 (Ordinary 25p)

Share Price

**534.0p**

Source: Lipper

NAV per Share

**608.7p**

Premium/-Discount

**-12.3%**

Dividend Yield

**2.9%**

Gearing

**7.7%**

**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 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 31.12.15 unless otherwise stated.

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

## Fund Manager's Review

### Market Review

Global equities ended the month slightly lower, affected by further declines in the price of oil, which fell to an 11-year low. However, returns for UK investors were slightly positive due to GBP weakness.

The month marked the start of divergence in global monetary policy. Global bond yields rose as the US Federal Reserve raised interest rates for the first time since 2006. The Fed judged that conditions justified "lift off" in interest rates, but stressed that future increases would be "gradual". In contrast, the European Central Bank lowered interest rates and extended the duration of its quantitative easing programme. Japanese bonds defied the wider sell-off and advanced marginally over the month, helped hopes of further monetary easing by the Bank of Japan.

Commodity prices continued on a downward trend, with the Bloomberg Commodity Index falling to its lowest level since the Great Financial Crisis. Oil and natural gas prices fell to multi-year lows. In addition, industrial metals were weak amid fears of subdued global demand; copper, for example, touched a six-year low.

### Portfolio Review

The Trust's NAV returned 0.38% over the past month, outperforming its benchmark which fell by 0.39%.

“ Economic growth remains low and fragile, but we do not expect weakness in many emerging economies to drag the global economy into a recession.

Estee Lauder was a top contributor. The shares continued to move higher on last month's solid results and positive forward guidance for 2016. Organic sales rose 7.5% and the company also increased its dividend by 25%. We continue to like the company and expect continuing revenue growth and margin expansion as a result of operating leverage.

Microsoft was also strong, as the company's financial year third quarter results surprised on the upside. The company's transition towards cloud computing infrastructure and services, was particularly impressive, beating consensus forecasts by nearly \$1 bn. Overall, Microsoft is executing very well and consolidating its position as one of the leading cloud computing companies.

Oil & Gas companies were the most significant laggards. Petroceltic International has been hit hard by the steep decline in oil and gas prices and the company is now undergoing a strategic review of its assets. There is little doubt that Petroceltic's exploration portfolio is high quality and offers great potential and this asset could potentially be sold at a premium to the current market price.

Anadarko Petroleum and EOG Resources continued to be negatively impacted by lower energy prices. While we remain positive on EOG, our conviction on Anadarko has waned, mainly due to the company's relatively high level of debt. As a result, we have sold out of the stock and redeployed some of the proceeds into EOG.



### Jeremy Thomas and Lucy Macdonald, Co-Managers

Jeremy and Lucy co-manage The Brunner Investment Trust PLC. Lucy is the Chief Investment Officer of Global Equities at AllianzGI and a member of the European Management Committee. The Global Equity team is responsible for international mandates from clients around the world. Jeremy is a Senior Portfolio Manager, with specific responsibility for covering UK and European stocks in the Global Equity team.

### Outlook

Last year we anticipated higher volatility and muted equity returns, which indeed came to pass. 2016 is likely to bring more of the same.

Economic growth remains low and fragile, but we do not expect weakness in many emerging economies to drag the global economy into a recession. Monetary policy is likely to remain extremely benign, with modest rate hikes in the USA in 2016 offset at a global level by potentially lower interest rates and more quantitative easing from Europe and Japan. Politics and geopolitics will add some additional volatility to the economic policy mix.

Our investment philosophy approach, which is predicated on seeking attractively valued, high return businesses with secular growth opportunities largely independent of the macroeconomic environment, has the potential to continue to deliver additional returns during a time when market returns may continue to be low.

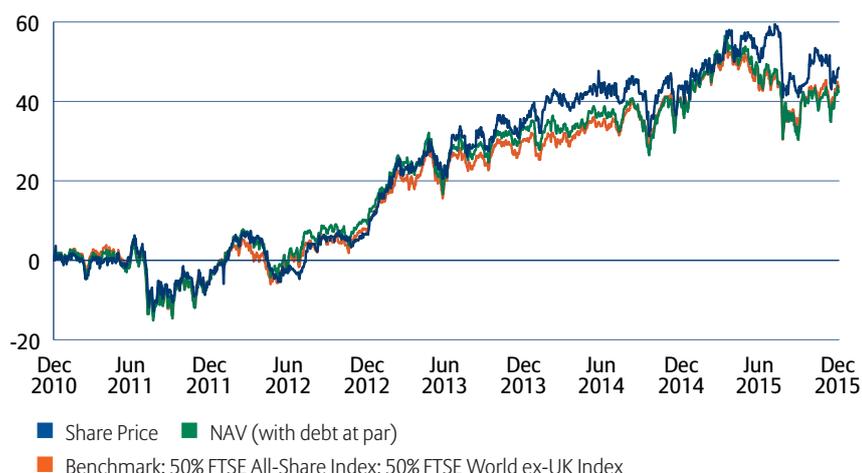
These companies tend to have decent growth visibility, high returns on investment and strong cash flow generation, which allows them to not only reinvest in their businesses but also, in many cases, return excess cash to shareholders through dividend growth. The recent uptick in volatility should provide opportunities to buy shares in some of these companies at more reasonable prices.

*Lucy Macdonald and Jeremy Thomas*  
11 January 2016

**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	3.5	-1.0	3.2	39.5	48.7
NAV	7.3	-1.6	2.7	30.3	42.3
Benchmark	6.3	0.5	3.0	33.9	43.4

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

	2011	2012	2013	2014	2015
Share Price	-2.4	9.2	26.5	6.9	3.2
NAV	-4.6	14.5	22.2	3.9	2.7
Benchmark	-4.6	12.3	21.8	6.7	3.0

Source: Lipper, percentage growth, mid to mid, total return to 31.12.15. Copyright 2015 © 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.

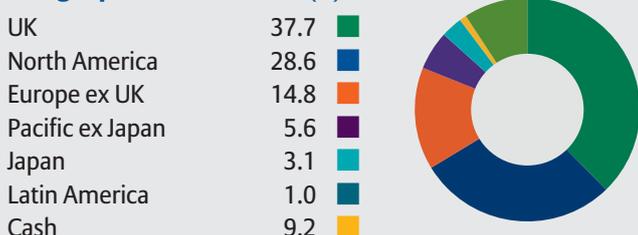
Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount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

Microsoft	2.7
HSBC	2.5
Vodafone Group	2.2
Nielson	2.1
Royal Dutch Shell 'B'	2.1
UnitedHealth Group	2.0
BP	1.9
Accenture	1.8
Roche	1.8
Estee Lauder	1.8
Walgreens Boots Alliance	1.8
GlaxoSmithKline	1.7
Muenchener Rueckver	1.7
Mothercare	1.6
UBM	1.6
Abbvie	1.6
Balfour Beatty	1.5
Visa	1.5
BG Group	1.5
United Internet	1.4

**Total number of holdings 87**

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 Government debt which is held for structural and not investment reasons.

## 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 <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 & Jeremy Thomas
Codes	RIC: BUT.L SEDOL: 0149000

1. 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.

## Board of Directors

**Left to right:** Ian Barlow (Chairman of the Audit Committee), Peter Maynard, Carolan Dobson, Vivian Bazalgette (Senior Independent Director), Keith Percy (Chairman), Jim Sharp



## How to invest

The Trust is a UK public limited company traded openly on the stock market and you can purchase shares through a stock broker. Shares in the Trust can be held within an ISA, JISA, SIPP and/or savings scheme. A number of providers offer this facility, a list of which is available on our website.

## 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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**All data source Allianz Global Investors as at 31.12.15 unless otherwise stated.**

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