

# The Brunner Investment Trust PLC



Factsheet

31 October 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. The strategy of the Trust is designed to meet the requirements of those seeking a single investment in a diversified and professionally managed portfolio.

## Fund Managers' Review



**Lucy Macdonald & Jeremy Thomas**

### Market Review

Global equities rallied in October, boosted by better than expected corporate earnings, an interest rate cut in China and hopes that the European Central Bank and Bank of Japan will take further steps to stimulate their economies.

US equities enjoyed their strongest month in four years and European stocks their best month since July 2009. The euro weakened and emerging market currencies benefited from rising risk appetite. In the UK, the FTSE 100 rallied 5.17% over the month. The UK remains one of the fastest growing developed economies and in the three months to August the unemployment rate fell to a seven-year low of 5.4%, while UK retail sales jumped in September, boosted by the Rugby World Cup. The Bank of England held interest rates steady for the 79th month running.

### Portfolio Review

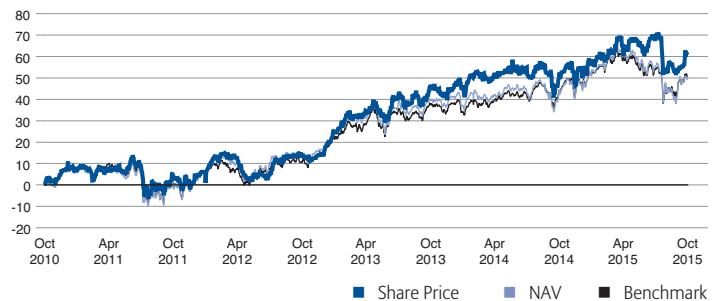
The Trust's NAV returned 6.13% over the past month versus 5.29% for the benchmark. Insurance outsourcer Xchanging was the top contributor to performance as the company confirmed that it was in talks with two potential financial buyers at a significant premium to the prevailing market valuation of its shares. The board has recommended a 160p cash offer by Capita but remains in discussions with the other potential buyer over a potentially higher price. In either case, the takeover price will crystallise the value that we identified embedded in Xchanging's and validate our investment case.

Oil and gas exploration and production company Petroceltic International was the largest detractor. The shares have been depressed by lower oil prices and the company is now focused on funding proven assets such as its giant gas field in Algeria as opposed to undertaking further exploration activities. The next news on their portfolio will be a farm down of onshore Italian acreage that is very prospective and has surrounding infrastructure thus giving a high potential return in a success case.

### Outlook

Global monetary policy will need to remain accommodative and cautious as central banks navigate their way through the current fragile global growth environment. The stalled US interest-rate hike and the extra monetary stimulus from Japan and Europe bear this out. The last decade has seen over-investment in many industrial sectors and this has led to significant overcapacity, thus causing pricing deflation. Bonds and cash offer little prospective return, and neither do plain-vanilla index products, because policy and political uncertainties will sustain a higher level of volatility. Active equity management remains paramount in generating the additional returns investors require. Our stock picking approach based on fundamental research and identifying high return growth companies that are undervalued relative to their long-term prospects has served our clients well and should continue to do so going forward.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-4.4	-2.4	6.0	42.3	60.9
NAV	-4.2	-6.7	3.3	32.1	49.0
Benchmark	-2.7	-4.9	4.0	36.1	50.3

## Discrete Performance (%)

From To	29.10.10 31.10.11	31.10.11 31.10.12	31.10.12 31.10.13	31.10.13 31.10.14	31.10.14 30.10.15
Share Price	3.0	9.7	28.5	4.6	6.0
NAV	0.3	12.5	23.4	3.7	3.3
Benchmark	0.6	9.8	24.3	5.3	4.0

Source: Lipper, percentage growth, mid to mid, total return to 31.10.15.

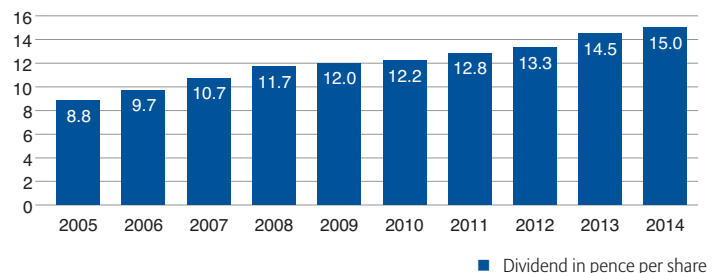
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

All data source Allianz Global Investors as at 31.10.15 unless otherwise stated.

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

**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.**

**Allianz** **Global Investors**

## Capital Structure

Total Assets:	£323.7m
Gearing (net) <sup>1</sup> :	7.8%
Shares in Issue:	43,012,418 (Ordinary 25p)
Share Price <sup>1</sup> :	542.3p
Net Asset Value <sup>2</sup> :	627.4p <sup>3</sup> (604.3p <sup>4</sup> – debt at market value)
Premium/-Discount to NAV:	-13.6% (-10.3% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>5</sup> :	2.82%

<sup>1</sup>Gearing in form of two long-term debentures.

1. Source: Lipper as at 31.10.15, 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 31.10.15. 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 <sup>6</sup> :	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 (%)

Financials	22.0
Industrials	18.6
Health Care	10.3
Consumer Services	9.9
Oil & Gas	9.3
Cash	9.1
Technology	6.7
Consumer Goods	6.5
Basic Materials	3.9
Telecommunications	3.1
Utilities	0.6

## Geographic Breakdown (%)

UK	40.2
North America	27.5
Europe ex UK	13.8
Cash	9.1
Pacific ex Japan	5.3
Japan	3.0
Latin America	1.1

## Top Ten Holdings (%)

Microsoft	2.5	BP	2.0
HSBC	2.4	GlaxoSmithKline	1.8
Royal Dutch Shell "B" Shares	2.3	Mothercare	1.8
Vodafone	2.2	Roche	1.7
Xchanging	2.0	Walgreens Boots Alliance	1.7
<b>Total Number of Holdings</b>	<b>89</b>		

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

## Net Dividends

	Pay Date	Record Date	Payment
3rd quarterly dividend	16.12.15	13.11.15	3.2p
2nd quarterly dividend	21.09.15	21.08.15	3.2p
1st quarterly dividend	30.06.15	12.06.15	3.2p
final dividend	26.03.15	06.03.15	5.7p

## 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:

**0800 389 4696**

e-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)

website: [www.brunner.co.uk](http://www.brunner.co.uk)

All data source Allianz Global Investors as at 31.10.15 unless otherwise stated.

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