

The Brunner Investment Trust PLC

Factsheet

31 May 2014

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global equities rose broadly in May. The S&P 500 and the DAX reached new highs and the FTSE All Share finished less than one percent below its record set earlier this year. Japanese stocks were strong with the Topix gaining 3.8%. Bonds also rallied and the rate on 10-year US Treasury note briefly touched 2.4%, its lowest level in almost a year. US markets were supported by signs of economic acceleration against a backdrop of rising corporate earnings and continued monetary support from the US Federal Reserve. In Europe, investor's eyes were on the European Central Bank ahead of the announcement of new stimulus measures, including options that would further compress regional borrowing costs.

Portfolio Review

The Trust's NAV increased 2.4%, slightly above the benchmark return of 2.1%. Intercontinental Hotels was the top contributor. First quarter results were very strong with revenue per available room up 6.1%. The company also announced a special dividend and a strategic review of further asset sales.

Astellas Pharma was also amongst the top contributors to performance. The company reported a 15.2% increase in operating profit for the most recent quarter, driven by a 26.8% rise in sales of Xtandi, used for the treatment of prostate cancer. The company has a relatively strong product pipeline and its key five products are patent protected for the next five years. Balfour Beatty was weak during the month as the company issued a profit warning and removed its CEO. The UK business continues to suffer cost and execution issues and earnings guidance for this financial year was reduced by 15%. While there is a lot of uncertainty regarding what actions the company will take in order to turn the business around, there are a number of scenarios by which value could be unlocked through asset disposals and a renewed focus on the core construction and services business.

Vodafone also detracted from performance. Guidance for financial year 2015 was lower than anticipated with the company citing increased investments in Spain, Germany and Italy. The company has a new CFO and there may have been an element of resetting market expectations in order to improve the chance of positive earnings surprises going forward. In the meantime, the shares should be supported by a healthy 5% dividend yield and ongoing consolidation in the European telecommunications industry. We added to the position during the month.

Outlook

Equity markets over the last few years have benefitted from expansionary monetary policies, a global earnings recovery and a reduction in the equity risk premium. Current and future monetary policy will remain generally accommodative although not to the same extent as we have seen. Earnings are anticipated to still grow, albeit at a lower rate. Markets valuations look fair in absolute terms although they remain attractive compared to government bonds. Therefore, while we remain constructive on equities, our view is that market returns overall are likely to be lower than we have seen in the recent past and active management is required more than ever to augment pure beta performance. Volatility and correlations remain low, which is supportive of our stock-picking approach as share prices are primarily driven by company fundamentals.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	2.1	7.3	11.9	40.2	95.5
NAV	1.8	4.5	8.2	35.2	94.3
Benchmark	2.4	4.4	8.0	30.9	92.0

Discrete Performance (%)

From To	29.05.09 31.05.10	31.05.10 31.05.11	31.05.11 31.05.12	31.05.12 31.05.13	31.05.13 30.05.14
Share Price	19.3	16.9	-5.4	32.5	11.9
NAV	24.4	15.6	-3.5	29.5	8.2
Benchmark	25.5	16.9	-6.6	29.8	8.0

Source: Lipper, percentage growth, mid to mid, total return to 31.05.14.

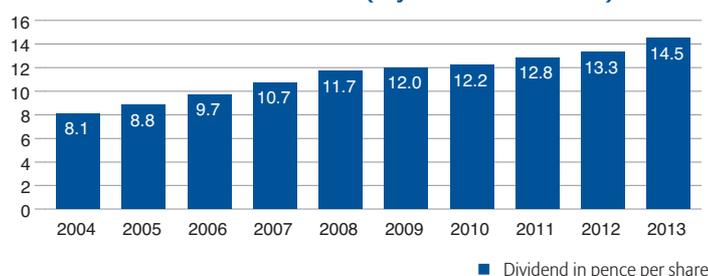
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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 31.05.14 unless otherwise stated.

Allianz Global Investors Europe 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):	7.8%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price ¹ :	533.5p
Net Asset Value ² :	629.1p (601.0p – debt at market value)
Premium/-Discount to NAV ³ :	-15.2% (-11.2% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	2.12%

1. Source: Lipper as at 31.05.14, market close mid price.

2. Source: Datastream as at 31.05.14. Calculated using the latest full year dividend divided by the current share price.

3. 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. In line with current industry best practice NAVs are now shown that take into account the 'fair value' of debt. This means NAVs are calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. NAVs with debt at market value provide a more realistic impact of the cost of debt, and thus a more realistic discount. It is the capital NAV that is shown, which excludes any income.

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 ⁴ :	0.77%
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, Carolan Dobson, Peter Maynard, Jim Sharp
Company Secretary	Kirsten Salt
Investment Managers	Lucy Macdonald & Jeremy Thomas
Codes:	RIC: BUT SEDOL: 0149000

4. Source: AIC, as at the Trust's Financial Year End (30.11.2013). 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Sector Breakdown (%)

Financials	16.8
Industrials	16.3
Oil & Gas	13.3
Health Care	13.1
Consumer Services	10.7
Cash	9.0
Consumer Goods	8.0
Technology	5.1
Basic Materials	3.9
Telecommunications	2.8
Utilities	1.0

Geographic Breakdown (%)

UK	44.7
North America	24.7
Europe ex UK	11.6
Cash	9.1
Pacific ex Japan	4.9
Japan	2.9
Latin America	2.1

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.5	Microsoft	1.9
HSBC	2.9	Monsanto	1.9
GlaxoSmithKline	2.8	Roche	1.8
BP	2.6	BG Group	1.6
Vodafone	2.1	AbbVie	1.5
Total Number of Holdings	88		

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

Net Dividends (dividends will be paid quarterly from June 2014)

	Pay Date	Record Date	Payment
1st quarterly dividend	27.06.14	30.05.14	3.0p
final dividend*	26.03.14	07.03.14	8.5p

*year ended 30.11.13

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 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

All data source Allianz Global Investors as at 31.05.14 unless otherwise stated.

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