

Global investment solution rich in family history

The Brunner Investment Trust PLC

Factsheet

31 March 2018

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 46 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

Morningstar Rating™



Morningstar, Inc. All rights reserved. The information given here: (1) is protected by copyright for Morningstar and/or its content providers; (2) may

Ten Year Dividend History

Dividend Record in Pence per Share to year end 30 November



Last Four Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
14.02.2018	29.03.2018	6.00p	Final
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

Past performance is not a reliable indicator of future results.

not be reproduced or distributed; and (3) is not guaranteed to be accurate, complete or up-to-date. Neither Morningstar nor its content providers shall be liable for any losses or damage that result from use of this information.

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

Total Assets £385.4m **Shares in Issue** 42,692,727 (Ordinary 25p) **Market Cap** £315.9m

Share Price

740.0p

Source: Lipper

NAV per Share

810.1p

Premium/-Discount

-8.7%

Dividend Yield

2.2%

Gearing

9.1%

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.

Allianz 
Global Investors

All data source Allianz Global Investors as at 31.03.18 unless otherwise stated.

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

Fund Manager's Review

Market Review

Global equities continued on a downward trend in March. Sentiment was undermined by escalating fears of a global trade war and heightened geopolitical tensions following the poisoning of a former spy on British soil. All regions recorded negative returns, with US and Asian equities declining the most.

US equities added to the losses recorded in February, with President Trump's decision to impose tariffs on steel and aluminium imports sparking a sell-off, which gathered pace when the administration announced a 25 per cent tariff on US\$60 billion of imports from China. In addition, US market sentiment was dampened by a raft of changes in the White House, with moderate voices replaced by more nationalistic ones.

At a sector level, Information Technology stocks suffered the most. Revelations that data from around 50 million Facebook users had been used to shape political campaigns without their knowledge ended a long period of outperformance for the sector. In addition, the European Union (EU) also proposed measures to impose a "digital tax" on the tech companies' EU revenues. In contrast, Utility stocks performed best, as investors reacted to increased geopolitical tension and an improved outlook for the sector.

Portfolio Review

The Trust's NAV returned -4.13 per cent against a benchmark return of -3.27 per cent. This slight underperformance was driven mostly by stock selection in the Health Care sector. However, the Trust has outperformed over the quarter thanks to stock selection

“ After years of low and, in some cases, negative interest rates, monetary policy is steadily marching towards normalisation.

in Consumer Goods and a recent flurry of M&A activity. Moreover, our decision to take profits where valuations appear stretched, and no exposure to the largest and popular FANG (Facebook, Amazon, Netflix and Google) stocks has insulated the portfolio from the worst of the tech sell off.

Estée Lauder made the top contribution to performance, rallying strongly after the release of its Q1 2018 results and continuing its upward trajectory. Estée Lauder continues to do well on the back of rising Chinese demand, as well as its e-commerce initiative, which grew 33 per cent. At over thirty times price to earnings, Estée Lauder is richly valued and we have taken some profit.

Nex Group has also been a key contributor. Formerly the electronic brokerage arm of ICAP, Nex Group is a relatively recent addition to the portfolio. Its shares rallied over 40 per cent in the last two weeks of March following a share bid from CME Group. Both CME and Nex Group are targeting aggressive margin improvements. However, the company's single client interface also gives it a strong base for organic growth.

AbbVie has been the biggest detractor from performance. After a sustained period of outperformance, shares in the pharmaceutical company fell back to their October levels. This was caused by AbbVie's announcement that it would no longer be seeking an accelerated approval for its Rova-T lung cancer treatment. However, the company will continue with its trials and has a robust pipeline.

Covestro has also detracted from performance. However, shares in the plastics manufacturer have fallen in step with the wider sector and do not seem company-specific. Combined with the increasing wariness about industrial growth, the materials sector has been one of the most affected by President Trump's potential trade



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.

escalations, as it represents a significant percentage of global trade.

We added **Enel** to the portfolio. As well as having a 5.2 per cent dividend yield, the integrated utility company has a clear growth trajectory. Enel is executing its restructuring in Latin America, implementing efficiency savings across the group and has a strong renewables strategy.

Outlook

The recent jitters in global equity markets are a stark change from the relative tranquillity of 2017.

After years of low and, in some cases, negative interest rates, monetary policy is steadily marching towards normalisation. The arrival at 'Peak Liquidity' is important for all asset markets, not just equities.

At the same time, macroeconomic indicators like Purchasing Manager Indices and employment data are starting to top out. Figures for key industrial regions such as the US, the euro area and Japan have noticeably weakened. The data continues to be positive but does suggest slowing economic momentum will bring us to 'Peak Growth'.

Companies also face the prospect of lower profit growth in 2019, as the main benefit of US tax reform is captured this year. Thanks to the low interest rate environment, valuations are already high. With this passing, it seems that 'Peak Valuation' too has been reached. Combined with increasing geopolitical noise, these factors have brought volatility back to more normal levels.

At a style level, Quality and Growth stocks tend to outperform in this type of environment as the market awards a scarcity premium to those companies capable of maintaining earnings. Conversely, softening macro indicators suggest that we may be approaching the end of a cycle without having seen any pronounced outperformance from value stocks.

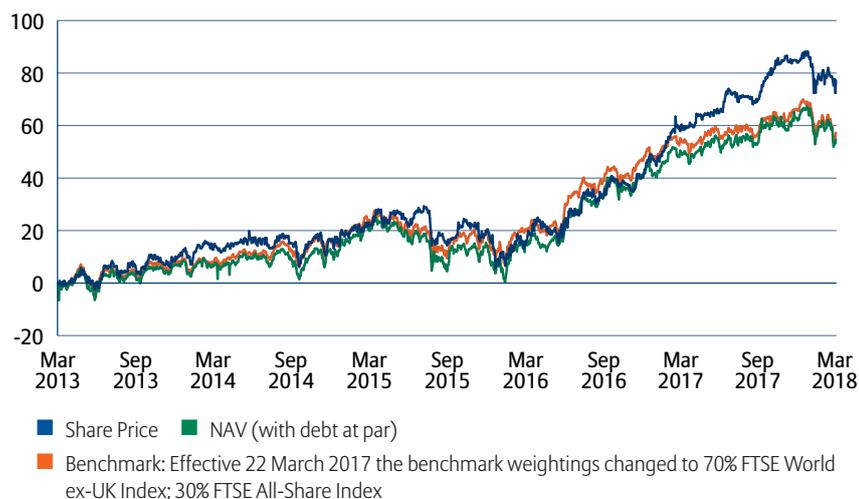
Overall, our investment philosophy of looking for businesses capable of growing independently from market trends remains the same. In the current market, we have been taking profits where valuations appear stretched and continue to search further afield for quality companies on more reasonable multiples.

Lucy Macdonald
11 April 2018

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	-3.7	4.1	10.5	44.2	77.2
NAV	-4.1	-0.2	5.3	31.1	57.1
Benchmark	-5.0	-0.3	2.3	28.6	57.6

Discrete 12 Month Returns (%) to 31 March

	2014	2015	2016	2017	2018
Share Price	14.9	7.0	-6.8	40.1	10.5
NAV	6.8	12.3	-3.9	29.5	5.3
Benchmark	8.3	13.1	-1.8	27.9	2.3

Source: Lipper, percentage growth, mid to mid, total return to 31.03.18. Copyright 2018 © 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.

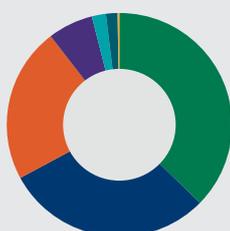
Portfolio Breakdown

Sector Breakdown (%)

Financials	24.5	
Industrials	20.6	
Technology	11.4	
Health Care	10.9	
Consumer Goods	7.7	
Consumer Services	7.5	
Oil & Gas	6.4	
Basic Materials	6.3	
Utilities	2.7	
Telecommunications	1.7	
Cash	0.3	

Geographic Breakdown (%)

North America	37.3	
UK	29.8	
Europe ex UK	22.4	
Pacific ex Japan	6.5	
Japan	2.0	
Latin America	1.7	
Cash	0.3	



Top Twenty Holdings (%)

Microsoft	3.1
Royal Dutch Shell - B Shs	2.9
UnitedHealth	2.8
Estée Lauder	2.4
AbbVie	2.3
BP	2.2
Muenchener Rueckver	2.1
Visa - A Shares	2.0
Schwab (Charles)	2.0
UBS	1.9
Accenture	1.8
Taiwan Semiconductor	1.8
HSBC	1.7
Microchip Technology	1.7
United Internet	1.7
Booking Holdings	1.7
Apple	1.7
Iberdrola	1.6
Amadeus	1.6
Adidas	1.6

Total number of holdings 74

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.

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	0.73%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March
NAV Frequency	Daily
Dividends	March/April, June/July, 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 (30.11.2017). 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.



Allianz 
Global Investors

Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail.

All data source Allianz Global Investors as at 31.03.18 unless otherwise stated.

This is a marketing communication issued by Allianz Global Investors GmbH, an investment company with limited liability, incorporated in Germany, with its registered office at Bockenheimer Landstrasse 42-44, D-60323 Frankfurt/M, registered with the local court Frankfurt/M under HRB 9340, authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (www.bafin.de). Allianz Global Investors GmbH has established a branch in the United Kingdom, Allianz Global Investors GmbH, UK branch, which is subject to limited regulation by the Financial Conduct Authority (www.fca.org.uk). This communication has not been prepared in accordance with legal requirements designed to ensure the impartiality of investment (strategy) recommendations and is not subject to any prohibition on dealing before publication of such recommendations.