

# The Brunner Investment Trust PLC

Global investment solution rich in family history



## 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

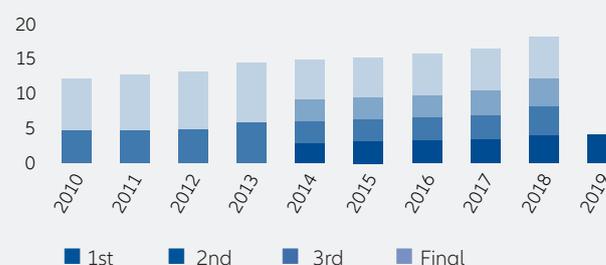
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 47 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

## 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
21.06.2019	25.07.2019	4.66p	1st Quarterly
01.03.2019	05.04.2019	6.00p	Final
09.11.2018	14.12.2018	4.05p	3rd Quarterly
10.08.2018	21.09.2018	4.05p	2nd Quarterly

Past performance is not a reliable indicator of future results.



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

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**Total Assets** £415.7m

**Shares in Issue** 42,692,727 (Ordinary 25p)

**Market Cap** £355.2m

Share Price

**832.0p**

NAV per Share

**901.5p**

Premium/-Discount

**-7.7%**

Dividend Yield

**2.3%**

Gearing

**8.0%**

**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.

## Fund Manager's Review

### Market Review

Global equities rallied strongly over June. Stocks initially rose on news that the US and Mexico had reached a deal to curb immigration, averting fears that the US would impose tariffs on Mexican goods. A series of dovish statements from key central banks provided further fuel for the rally throughout the month, countering concerns over rising geopolitical risks in the Middle East. Information technology stocks outpaced the broader market, with chipmakers rebounding from earlier weakness.

Economic news indicated that the US/China trade dispute may be starting to weigh on US economic activity, with job growth missing expectations in May and inflation easing. The US Federal Reserve kept rates on hold at its June meeting but signalled it would "act as appropriate to sustain the expansion", citing "rising uncertainties" about the economic outlook. This more dovish outlook was mirrored by the European Central Bank (ECB), with ECB president Mario Draghi stating that the central bank had "considerable headroom" to restart its quantitative easing programme if required.

Sterling weakened as Theresa May resigned as leader of the Conservative Party, starting a leadership contest in which Boris Johnson was the clear leader. Mr Johnson has stated many times that he would be prepared to leave the EU without a deal on 31 October and investors continue to signal via sterling their lack of enthusiasm for this outcome.

### Portfolio Review

The Trust's NAV returned 6.6% against a benchmark return of 5.1%. Stock selection in the Consumer Goods sector has been particularly strong,

“ Our central case on trade is that some deal between US and China will emerge, though long term tensions will remain around state subsidies, technology transfer and cyber security.

with companies like **Estee Lauder** and **Richemont** continuing to generate strong revenue growth, notably in Asia.

Our holding in the **Cooper Companies** has made the largest positive contribution to performance this month, following a strong set of results at the end of May. The majority of Cooper's business is the manufacture and sale of soft contact lenses under the CooperVision brand. Market growth is driven by increased myopia in the young, rising longevity, geographic penetration and a shift to one day lenses. Cooper is also gaining market share.

Stock selection in Financials has also been positive, with our position in **AIA Group** significantly boosting performance. The Asian insurance and investment company has significant potential to grow as the Chinese market deregulates further, given the wide protection gap there currently. AIA's high quality agency distribution, market leading products and strong brand name give a strong platform for expansion.

Tainting the overall strong result this month were a couple of stock specific laggards.

**AbbVie**, a US pharmaceutical company, made the largest negative contribution to performance relative to the benchmark index, after announcing the acquisition of Allergan, the manufacturer of Botox. Although some strategic move was expected to address the approaching patent expiry of Abbvie's main profit driver, Humira, the strategic fit and price tag of Allergan were greeted with scepticism. Our judgement is that the stock weakness is overdone. While we agree that the main synergies of the deal are cost driven, the premium paid by Abbvie is on a depressed



### 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.

share price. At this valuation, Abbvie offers a 6 per cent dividend yield, and strong free cash flow. The stock is held mainly for its yield characteristics and these are intact.

**Senior** has also weakened the Trust's returns. Shares in the UK-based manufacturer of specialist engineering products fell following publication of an analyst report that the supplier's known exposure to Boeing's troubled 737 Max model was higher than previously suggested. Our subsequent engagement with the company has highlighted some discrepancies in the published report on expected build rates, and the 2019 forecasts have been confirmed.

### Market Outlook

After the strong rebound in the first half of the year, equity markets have rerated against a background of deteriorating growth. Without the stimulus of corporate tax cuts, the US Composite Purchasing Manager Index has fallen steadily since February, and is approaching contraction territory. The US yield curve is now inverted, a historic recession indicator.

These expectations of interest rate cuts are now factored into bond markets and suggest a more severe economic outcome than we are currently anticipating. Outlook statements from company management teams are expected to highlight uncertainty from trade skirmishes, which are affecting pricing decisions, supply chain management and the direction and scale of capital expenditure.

Our central case on trade is that some deal between US and China will emerge, though long term tensions will remain around state subsidies, technology transfer and cyber security. The resumption of trade talks post G20 supports this assumption, although the nature of the discussions is likely to ensure trade remains a source of market volatility.

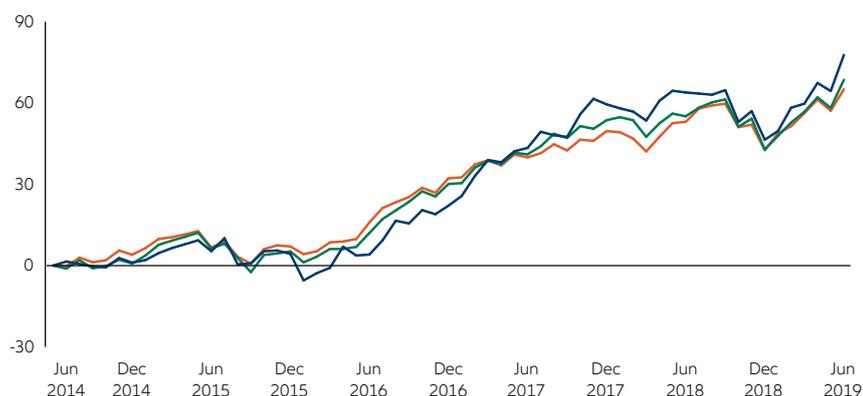
We continue to expect that 2019 will see moderate returns and higher volatility. Optimistic expectations around trade and interest rates appear increasingly priced in to equity markets, with valuations towards the upper end of historic ranges. By contrast, bond markets are more focused on decelerating earnings growth and weaker economic potential. In this environment, there is little reason to expect equity markets overall to deliver strong nominal returns. As a result, active stock selection with a focus on bottom-up analysis will be essential in order to provide additional upside.

Lucy Macdonald  
4 July 2019

**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 (%)



■ Share Price ■ NAV (debt at fair value)

■ Benchmark: Effective 22 March 2017 the benchmark weightings changed to 70% FTSE World ex-UK Index; 30% FTSE All-Share Index

## 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	11.3	21.4	8.4	70.8	77.7
NAV (debt at fair value)	7.5	18.0	8.7	50.4	68.6
Benchmark	5.7	15.7	7.9	42.4	65.1

### Discrete 12 Month Returns to 30 June (%)

	2019	2018	2017	2016	2015
Share Price	8.4	14.3	37.8	-1.2	5.3
NAV (debt at fair value)	8.7	9.9	25.9	5.4	6.4
Benchmark	7.9	9.3	20.7	8.7	6.6

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.06.19. Copyright 2019 © DataStream, a Thomson Reuters company. All rights reserved. DataStream 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.

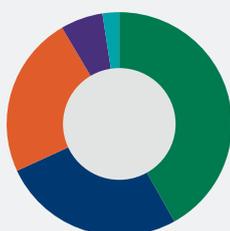
## Portfolio Breakdown

### Sector Breakdown\* (%)

Financials	21.9	
Industrials	21.0	
Health Care	14.4	
Technology	12.0	
Consumer Goods	8.8	
Consumer Services	6.8	
Oil & Gas	6.2	
Basic Materials	5.3	
Utilities	2.7	
Telecommunications	0.9	

### Geographic Breakdown\* (%)

North America	41.9	
UK	26.3	
Europe ex UK	23.4	
Pacific ex Japan	6.1	
Japan	2.4	



### Top Twenty Holdings (%)

Microsoft	4.6
UnitedHealth Group	3.1
Royal Dutch Shell - B Shares	2.9
Cooper Cos	2.7
Accenture	2.6
Visa - A Shares	2.6
Ecolab	2.4
Muenchener Rueckver	2.3
Roche	2.3
Estée Lauder	2.2
Taiwan Semiconductor	2.2
Agilent Technologies	2.2
AIA Group	2.2
BP	2.2
Adidas	2.0
GlaxoSmithKline	1.9
Schneider Electric	1.8
Amadeus IT Group	1.7
Informa	1.7
AMETEK	1.7

Total number of holdings 67

The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding.

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 <sup>1</sup>	0.66%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March/April
NAV Frequency	Daily
Dividends	March/April, June/July, 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
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2018). 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](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.



**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 30.06.19 unless otherwise stated.**

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