

The Brunner Investment Trust PLC

Factsheet

31 December 2013

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global equities continued to move higher in December, propelled by improving economic data, low interest rates and an increase in risk appetite. For the year, the FTSE All Share rose 20.8% and global equities had their best performance since 1999.

Robust US economic data led to increased confidence in the durability of the recovery. Unemployment slipped to 7%, industrial production accelerated above pre-crisis levels for the first time and the housing market continued to improve. In response, US Federal Reserve officials announced a decrease in monthly bond purchases from \$85 billion to \$75 billion and stated that further tapering in the coming months was likely.

In the UK, a strong job market and rising home prices fuelled speculation that interest rates could rise sooner than expected. In Europe, the European Central Bank unexpectedly cut its interest rates to 0.25% in November. ECB policy was supported by low inflation and high unemployment in the euro zone, which remained above 12%.

In Asia, Japan's stock market extended its upward momentum on the back of continued currency weakness and improved earnings prospects for exporters. The yen touched its lowest level against the US dollar since 2008.

Portfolio Review

The Trust's NAV increased by 1.58%, ahead of the benchmark, which rose by 1.25%. Petroceltic was one of the top performers due to growing optimism over the prospects of oil drilling success in Kurdistan. The company also has a major stake in a large gas asset in Algeria. We consider the shares to be cheap on both a Net Asset Value and cash flow basis and think the stock could have material upside if the company's exploratory efforts are successful.

Abbie also outperformed. The company has a strong franchise in the treatment of psoriatic arthritis and psoriasis. In addition, the product pipeline looks quite promising. We continue to hold the stock although we think valuations now more closely reflect fundamentals.

Anadarko Petroleum and CNOOC, two of the portfolio's Energy holdings were among the top detractors. However, we remain constructive on both as we think they have attractive resource portfolios with meaningful potential to add to reserves and increase production.

Outlook

The global economic outlook continues to improve. There appears to be growing confidence in the sustainability of the US economic recovery. The Eurozone has moved out of recession and the recovery in the UK is gathering pace. In Japan, monetary and fiscal stimulus is having a positive impact on corporate sentiment. Although the picture for emerging markets remains mixed, economic news flow has started to improve for some countries.

Nevertheless, we see central bank monetary support continuing in developed world economies for the foreseeable future. Inflation does not appear to be an issue in these territories due to spare manufacturing capacity, moderate demand, and muted wage pressures. Therefore, interest rates overall should remain relatively low. Emerging markets may face some cyclical headwinds but overall we believe they are valued at a discount to developed markets anyway.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	5.0	10.8	26.5	34.8	97.5
NAV	5.8	10.2	22.2	33.5	90.8
Benchmark	5.3	8.8	21.8	30.1	87.3

Discrete Performance (%)

From To	31.12.08 31.12.09	31.12.09 31.12.10	31.12.10 30.12.11	30.12.11 31.12.12	31.12.12 31.12.13
Share Price	28.2	14.3	-2.4	9.2	26.5
NAV	26.3	13.1	-4.6	14.5	22.2
Benchmark	24.5	15.7	-4.8	12.2	21.8

Source: Lipper, percentage growth, mid to mid, total return to 31.12.13.

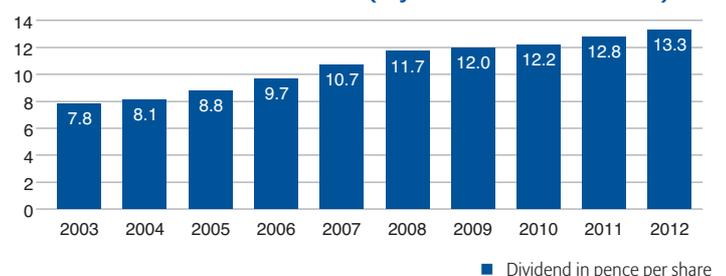
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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 2012)



Past performance is not a reliable indicator of future results.

All data source Allianz Global Investors as at 31.12.13 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:	£323.4m
Gearing (net):	5.3%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price ¹ :	514.5p
Net Asset Value ² :	623.0p (597.9p – debt at market value)
Premium/-Discount to NAV ³ :	-17.4% (-13.9% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	2.78%

1. Source: Lipper as at 31.12.13, market close mid price.

2. Source: Datastream as at 31.12.13. 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:	January 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
On-going Charges ⁴ :	0.78%
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	March, August
Price Information:	Financial Times, The Daily Telegraph, www.brunner.co.uk

Board of Directors:
Keith Percy (Chairman), Ian Barlow (Chairman of the Audit Committee), Sir William Worsley (Senior Independent Director), 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 (30.11.2012). On-going 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 in the form of long-term debentures. Gearing 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.

Sector Breakdown (%)

Financials	17.6
Industrials	15.4
Health Care	12.1
Consumer Services	11.6
Cash	11.3
Oil & Gas	10.9
Consumer Goods	6.9
Telecommunications	4.7
Technology	4.5
Basic Materials	4.0
Utilities	1.0

Geographic Breakdown (%)

UK	45.2
North America	21.4
Europe ex UK	11.9
Cash	11.3
Pacific ex Japan	5.7
Japan	3.4
Latin America	1.1

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.2	Reed Elsevier	2.0
Vodafone	2.9	Rio Tinto	1.6
BP	2.9	AbbVie	1.5
GlaxoSmithKline	2.8	BHP Billiton	1.5
HSBC	2.8	UBM	1.4
Total Number of Holdings	93		

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

Net Dividends

	Pay Date	Record Date	Payment
Interim dividend	30.08.13	02.08.13	6.0p
Final dividend	22.03.13	22.02.13	8.3p

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:

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website: www.brunner.co.uk

All data source Allianz Global Investors as at 31.12.13 unless otherwise stated.

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