

Global investment solution rich in family history

# The Brunner Investment Trust PLC

Factsheet

30 November 2016

## 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.

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

Morningstar Rating™



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## Ten Year Dividend History

Net Dividend Record in Pence per Share to year end 30 November



Last Four Net Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
11.11.2016	14.12.2016	3.30p	3rd Quarterly
19.08.2016	19.09.2016	3.30p	2nd Quarterly
10.06.2016	30.06.2016	3.30p	1st Quarterly
26.02.2016	29.03.2016	5.70p	Final

Past performance is not a reliable indicator of future results.

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**Total Assets** £366.9m    **Shares in Issue** 42,857,658 (Ordinary 25p)

Share Price

**591.8p**

Source: Lipper

NAV per Share

**710.3p**

Premium/-Discount

**-16.7%**

Dividend Yield

**2.6%**

Gearing

**7.0%**

**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 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.

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All data source Allianz Global Investors as at 30.11.16 unless otherwise stated.

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

## Fund Manager's Review

### Market Review

Global equities generated positive overall returns as investors speculated that Donald Trump's surprise victory in the US presidential election will eventually result in higher US economic growth. US equities made strong gains as economic data continued to indicate that the US economy was already accelerating. While Japan also moved higher, Europe showed mixed results as Trump's triumph raised fresh concerns over European political and economic stability. The prospects of higher growth and inflation accelerated the recent rotation into interest-sensitive and commodity-related sectors of the market, with financials, energy and industrials gaining and defensive sectors such as utilities, consumer staples and telecommunications declining. Lower quality value stocks also outperformed.

### Portfolio Review

The Trust's NAV returned -1.2% comparing slightly positively against the benchmark return of -1.4%. The portfolio's balanced risk profile was beneficial against the background of rotation into cyclical growth-sensitive sectors, leading to outperformance of the benchmark for the month and capping a positive year. Health care stock selection was positive and the significant underweight in consumer goods, where valuations for many companies had become stretched, also helped. Financials stock selection detracted as we have tended to avoid weaker banks which have rallied as a result of the steepening bond yield curve.

UnitedHealth Group was the top contributor. The company announced better than forecast third quarter 2016 results and

“ Global equities generated positive overall returns as investors speculated that Donald Trump's surprise victory in the US presidential election will eventually result in higher US economic growth.

raised its expectations for 2017. We continue to hold the stock but after a multi-year period of stellar performance and the prospects of significant changes to US public health care policy, we have begun to take profits. AbbVie, the maker of the world's top selling drug Humira, also did well as fears of biosimilar competition receded after three patent challenges were rejected in the US.

Estée Lauder was the top detractor as Q1 2017 results were slightly below consensus forecasts. US sales were the weak spot as the strong US dollar had an adverse effect on tourist traffic. However, we do not believe that the company's longer-term constant currency sales growth target of 6 - 7% has been compromised and management maintained guidance in that range for the first half of 2017. The market is clearly sceptical and we view the stock's risk-



### 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.

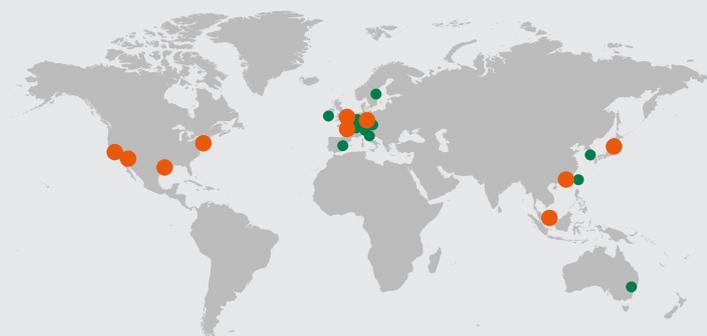
reward profile at current valuations as attractive.

### Outlook

We are cautiously optimistic for 2017. Overall, the global economic environment seems to be showing signs of improvement, with the emergence of positive corporate earnings momentum and possible US tax reform next year likely to provide an additional major boost. Our caution is linked to the current level of valuations, which look more stretched now that bond markets have fallen, plus the fact that modestly higher interest rates could hamper economic growth. However, on balance we anticipate modestly positive equity market returns overall for 2017 and, against that backdrop, expect plenty of opportunities to add value through stock selection. The Trust's current discount to NAV offers an opportunity to gain exposure to a high conviction, risk balance portfolio of global stocks at an attractive entry point.

Lucy Macdonald  
7 December 2016

**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.**



- Global centres of investment expertise
- Investment and client service offices

## About Allianz Global Investors

Allianz Global Investors is a diversified active investment company managing €427 billion (as at 30.09.15) in assets worldwide. AllianzGI employs more than 500 investment professionals in 24 cities in 18 countries and uses specialised in-house researchers around the world to carry out in-depth analysis across economic and industrial sectors. These analysts conduct over 5,000 meetings each year with companies that represent potential investments, feeding back their insights to the portfolio managers and their teams.

Portfolio managers also benefit from Grassroots<sup>SM</sup> Research, a global network of over 300 independent, experienced journalists and field force researchers, and over 50,000 industry contacts to identify stock and sector trends before our competitors do.

# 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	2.1	14.7	12.7	27.4	80.8
NAV	3.6	17.0	19.4	28.7	80.3
Benchmark	2.8	15.5	18.0	31.7	79.3

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

	2012	2013	2014	2015	2016
Share Price	12.2	26.5	10.1	2.7	12.7
NAV	15.2	21.7	6.7	1.0	19.4
Benchmark	12.2	21.4	9.6	1.8	18.0

Source: Lipper, percentage growth, mid to mid, total return to 30.11.16. Copyright 2016 © 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.

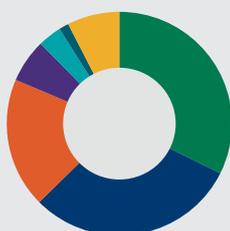
# Portfolio Breakdown

## Sector Breakdown (%)

Financials	22.3	
Industrials	19.0	
Health Care	10.8	
Oil & Gas	8.5	
Technology	8.4	
Consumer Services	8.3	
Consumer Goods	6.4	
Basic Materials	4.6	
Telecommunications	3.0	
Utilities	1.2	
Cash	7.5	

## Geographic Breakdown (%)

UK	32.3	
North America	30.3	
Europe ex UK	18.8	
Pacific ex Japan	6.3	
Japan	3.4	
Latin America	1.4	
Cash	7.5	



## Top Twenty Holdings (%)

Microsoft	3.1
United Health	2.8
Royal Dutch Shell 'B' Shares	2.8
Abbvie	2.2
Accenture	2.2
BP	2.2
Muenchener Rueckver	2.0
HSBC	1.9
Nielsen	1.8
Walgreens Boots Alliance	1.8
Roche Holdings	1.7
Covestro	1.7
GlaxoSmithKline	1.7
Estee Lauder	1.6
EOG Resources	1.6
Visa	1.5
Microchip Technology	1.5
Lloyds Banking Group	1.4
UBM	1.4
Priceline Group	1.4

**Total number of holdings 77**

## Key Information

Launch Date	December 1927
AIC Sector	Global
Benchmark	50% FTSE All-Share Index; 50% FTSE World ex-UK Index
Annual Management Charge	0.45%
Performance Fee	No
Ongoing Charges <sup>1</sup>	0.75%
Year End	30 November
Annual Financial Report	Final posted in February, Half-yearly posted in July
AGM	March
NAV Frequency	Daily
Dividends	March, June, 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 (30.11.2015). 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](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.



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**All data source Allianz Global Investors as at 30.11.16 unless otherwise stated.**

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