

# The Brunner Investment Trust PLC

Factsheet

30 September 2013

## Fund Managers' Review



**Lucy Macdonald & Jeremy Thomas**

### Market Review

Global stock markets rallied strongly in September before trailing off slightly in the last week. Europe and Japan were particularly strong while the US lagged. From a sector perspective, Industrials and Consumer Services outperformed while Oil & Gas and Health Care lagged.

The US Federal Reserve (Fed) and tapering dominated investors' attention in the opening weeks. Mid-way through the month the Fed decided to delay tapering its \$85 billion-a-month asset purchase programme and global equity markets rallied sharply. The decision indicated that the Fed is still concerned about the health of the economy and wants to see lower long-term interest rates.

Investor relief was short lived though. Global equity markets ended the month on a downward trend as concerns over the US fiscal deadline resurfaced. Investors were unsettled by the lack of progress in negotiations over the US debt ceiling and budget. Worries over an extended government shutdown and potential technical debt default kept investors on edge.

### Portfolio Review

The Trust's NAV rose by 0.51% over the month while the benchmark rose by 0.78%. Recruitment specialist Hays was the top contributor. Results for the second half of its financial year were in line with expectations and the company indicated that market conditions were improving. The UK, while still in the early stages of a recovery, was seeing a slight pick-up in new hires. Germany, which is the largest contributor to profits, appears to have further growth potential, entering new industries and opening new branches. We continue to like the company although we recognise that the shares have performed strongly recently.

Balfour Beatty was another significant contributor, also benefiting from the early stages of a UK recovery. The company is seeing strong momentum in Hong Kong and the Middle East as well. We believe that the shares remain undervalued on both a sum-of-the-parts and discounted cash flow basis.

Property, land and construction company Henry Boot detracted for the month. The shares were likely caught up in the general underperformance of the house building sector as there did not appear to be any company specific news. However, we continue to like Henry Boot and its construction related businesses are exposed to any recovery in the UK construction market which appears to be happening.

### Outlook

The Trust aims to invest in high quality companies with superior growth and return profiles which are not fully reflected in share price valuations. More specifically, we aim to invest in companies that have the business models, products and/or services, management, financial strength, brand equity and distribution capabilities to profitably capture long-term secular growth opportunities. Over the last few years, these types of companies have done quite well, as reflected in the Trust's performance. We expect the above-average performance of these types of companies to continue.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	5.5	4.0	21.2	39.0	57.1
NAV	4.2	1.2	18.1	37.4	56.7
Benchmark	3.3	2.7	19.1	34.3	66.4

## Discrete Performance (%)

From To	30.09.08 30.09.09	30.09.09 30.09.10	30.09.10 30.09.11	30.09.11 28.09.12	28.09.12 30.09.13
Share Price	2.1	10.7	-2.1	17.1	21.2
NAV	4.4	9.2	-4.5	21.8	18.1
Benchmark	11.6	11.1	-4.1	17.6	19.1

Source: Lipper, percentage growth, mid to mid, total return to 30.09.13.

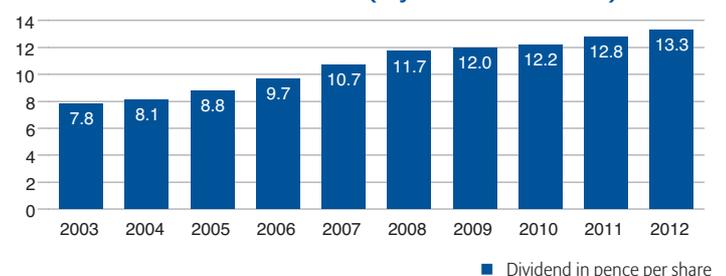
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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)



Past performance is not a reliable indicator of future results.

All data source Allianz Global Investors as at 30.09.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

**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:	£308.1m
Gearing (net):	5.9%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price <sup>1</sup> :	490.0p
Net Asset Value <sup>2</sup> :	589.0p (563.2p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-16.8% (-13.0% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>3</sup> :	2.92%

1. Source: Lipper as at 30.09.13, market close mid price.

2. Source: Datastream as at 30.09.13. 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: <sup>4</sup>	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, Peter Maynard

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	19.1
Industrials	14.8
Consumer Services	11.6
Cash	11.5
Health Care	11.3
Oil & Gas	10.4
Consumer Goods	6.3
Telecommunications	5.0
Basic Materials	4.6
Technology	4.2
Utilities	1.1
Other	0.1

## Geographic Breakdown (%)

UK	43.6
North America	21.3
Europe ex UK	11.8
Cash	11.5
Pacific ex Japan	6.5
Japan	4.2
Latin America	1.1

## Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.2	Reed Elsevier	2.1
HSBC	3.0	UBM	1.5
GlaxoSmithKline	2.9	Rio Tinto	1.4
Vodafone	2.8	AbbVie	1.4
BP	2.7	Tesco	1.4
<b>Total Number of Holdings</b>	<b>99</b>		

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:

**0800 389 4696**

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website: [www.brunner.co.uk](http://www.brunner.co.uk)

All data source Allianz Global Investors as at 30.09.13 unless otherwise stated.

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