

Global investment solution rich in family history

# The Brunner Investment Trust PLC

Factsheet

30 June 2017

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

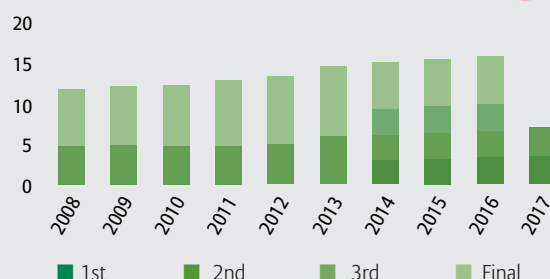
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## Ten Year Dividend History

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
18.08.2017	20.09.2017	3.50p	2nd Quarterly
09.06.2017	30.06.2017	3.50p	1st Quarterly
24.02.2017	24.03.2017	5.90p	Final
11.11.2016	14.12.2016	3.30p	3rd Quarterly

Past performance is not a reliable indicator of future results.

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

**Total Assets** £398.8m    **Shares in Issue** 42,692,727 (Ordinary 25p)

Share Price

**703.5p**

Source: Lipper

NAV per Share

**786.6p**

Premium/-Discount

**-10.6%**

Dividend Yield

**2.3%**

Gearing

**6.4%**

**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 30.06.17 unless otherwise stated.

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## Fund Manager's Review

### Market Review

Global equities made solid progress throughout the second quarter, with many markets touching record highs amid growing optimism over the outlook for global growth. Emerging market equities led the rally, closely followed by Japan. In contrast, UK equities delivered only slight gains, reflecting growing political uncertainty. Most sectors advanced, with the healthcare and information technology sectors posting the strongest performance.

As widely expected, the US Federal Reserve raised interest rates by 25 basis points again in June and maintained its forecasts for further rate rises. In the Eurozone, the European Central Bank dropped its easing bias, and raised speculation that it was considering tapering its bond-buying programme. In the UK, growth slowed as higher prices impacted consumer spending. Minutes of June's Bank of England Monetary Policy Committee meeting revealed that the Bank had come close to raising rates amid concerns that inflation was taking hold in the UK economy. Meanwhile, the Bank of Japan kept its policies unchanged.

The euro strengthened through the quarter, helped by reduced political risk and ongoing signs that the Eurozone economy was improving. In contrast, the dollar weakened, reflecting the moderation in US economic growth and easing inflation.

Oil prices weakened steadily throughout the quarter. In June, Brent crude touched US\$45 a barrel, its lowest level so far this year, amid ongoing concerns that a global supply glut would outweigh production cuts agreed by OPEC (Organization of the Petroleum Exporting Countries).

“ **The portfolio outperformed the benchmark significantly over the second quarter primarily driven by stock selection in Information Technology, Financials and Consumer Staples.** ”

### Portfolio review

The Trust's NAV returned -0.5% compared to a benchmark return of -0.7%. The portfolio outperformed the benchmark significantly over the second quarter primarily driven by stock selection in Information Technology, Financials and Consumer Staples. The underweight in Energy was positive for performance, as well as stock selection in the US and the overweight in China.

Tencent Holdings was the top contributor. Its online game products show positive traction and the restructuring of the digital content operation and distribution allows high-traffic products to increase user engagement.

United Internet outperformed after announcing the merger with Drillisch enabling them to gain strength in the telecom sector in Germany. This deal represents significant synergies and is a solution for the issue of credible 4G wholesale access for United Internet.

Amadeus continues to take share in the competitive Distribution market and still has scope for additional growth opportunities such as Hotel IT, Payments and Airport IT.

Nielsen was the worst contributor for performance. First quarter results came slightly below expectations as the company continued to experience weakness in its 'Buy' segment. However, we maintain our belief that Nielsen is one of the better positioned companies within the media sector, particularly given its leading position in the evolving and steadily growing 'Watch' segment.

Walgreens Boots also underperformed due to speculation that Amazon is looking to enter the pharmacy market and that could represent market disruption in the retail pharmacy business.

Energy stocks retreated as oil prices slid to their lowest levels this



### 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.

year and EOG was also among the top detractors. EOG has grown mostly through internally generated projects over the last 5 years, only recently announcing their acquisition of Yates Petroleum. Given the potential of its portfolio, we still see it as a compelling investment.

During the quarter, we started a new position in Criteo. The company provides web advertising services and offers a range of solutions such as click per cost and online banner displays. We believe Criteo is well positioned to benefit from the shift in display ads toward Real-Time Bidding (RTB) and programmatic buying.

We also initiated new positions in Charles Schwab Corporation and Ecolab. Charles Schwab offers a variety of financial services to individual investors, independent investment managers, retirement plans, and institutions. The Company provides its clients with securities brokerage, banking, and related financial services through offices in the US, Puerto Rico, and the UK. We believe Schwab is a well-managed and highly valued company that trades at a premium to peers based on the potential to unlock the interest-rate-sensitive earnings as short-term interest rates rise.

Ecolab is a global provider of proprietary equipment and cleaning products for the hospitality, healthcare and industrial markets. We find the company very well positioned to benefit from the convergence of population growth, resource volatility and rapid industrialisation across the world.

### Outlook

Expectations of a continued economic upswing and the still very generous monetary policy of the leading international central banks should support equities. However, the reduction of the US Federal Reserve's balance sheet planned for 2018 might result in increased volatility.

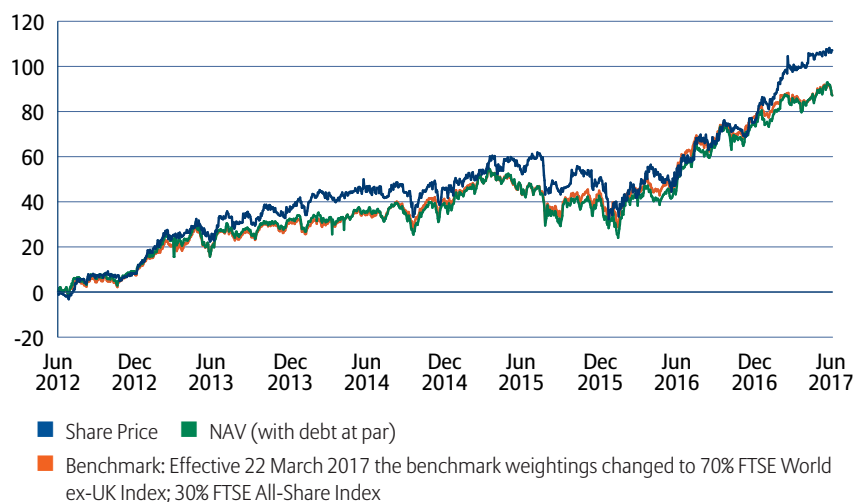
Overall, the momentum in the US appears to be slowing, whereas the Euro area becomes increasingly attractive. Uncertainties have receded, not least after the parliamentary elections in France, with the region becoming more attractive for international investors. At the same time, the unexpected outcome of the election in the UK has made it more difficult to forecast just how the Brexit negotiations might go. The economic data for the UK doesn't give any reason for relief either, as there are first signs that consumers are reacting to their loss of real disposable income. In contrast, the emerging markets should benefit from the most recent stimulus efforts in China and the favourable environment for global trade.

*Lucy Macdonald  
10 July 2017*

**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	3.2	17.4	37.8	43.4	107.4
NAV	1.5	7.9	24.6	38.4	87.2
Benchmark	0.8	5.9	20.7	39.9	87.7

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

	2013	2014	2015	2016	2017
Share Price	23.4	17.1	5.3	-1.2	37.8
NAV	20.0	12.7	5.9	4.8	24.6
Benchmark	20.3	11.5	6.6	8.7	20.5

Source: Lipper, percentage growth, mid to mid, total return to 30.06.17. Copyright 2017 © 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.

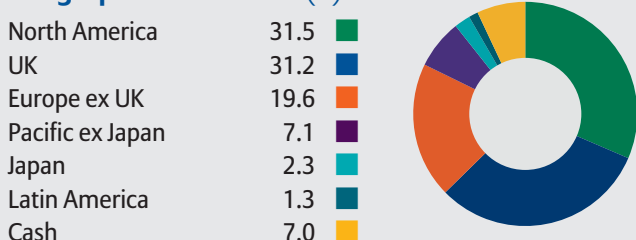
Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount 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 (%)



## Geographic Breakdown (%)



## Top Twenty Holdings (%)

Royal Dutch Shell 'B' Shares	2.5
United Health	2.4
Microsoft	2.4
Abbvie	2.3
BP	1.9
Muenchener Rueckver	1.9
HSBC	1.8
Estee Lauder	1.8
Roche Holdings	1.8
GlaxoSmithKline	1.7
Visa	1.7
Priceline Group	1.6
Unilever	1.6
Accenture	1.5
Iberdrola	1.5
United Internet	1.5
Microchip Technologies	1.5
Walgreens Boots Alliance	1.5
Neilsen	1.5
Apple	1.5

**Total number of holdings 79**

## 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>	0.79%
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, <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 (30.11.2016). 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.



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