

Global investment solution rich in family history

The Brunner Investment Trust PLC

Factsheet

30 September 2018

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

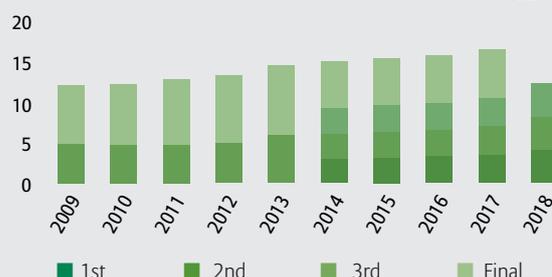
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 46 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
09.11.2018	14.12.2018	4.05p	3rd Quarterly
10.08.2018	21.09.2018	4.05p	2nd Quarterly
22.06.2018	27.07.2018	4.05p	1st Quarterly
14.02.2018	29.03.2018	6.00p	Final

Past performance is not a reliable indicator of future results.

Total Assets £402.9m

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

Market Cap £335.6m

Share Price

786.0p

Source: Lipper

NAV per Share

877.8p

Premium/-Discount

-10.5%

Dividend Yield

2.2%

Gearing

6.8%

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.

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All data source Allianz Global Investors as at 30.09.18 unless otherwise stated.

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

Fund Manager's Review

Market Review

Global equities continued to diverge in September. While markets rose in aggregate, this was driven almost entirely by the US, with Japanese equities making some contribution due to a weaker currency. In contrast, European equities were flat for the month and emerging markets softened further.

Global concerns over trade continue. In September, the US imposed tariffs on a further \$200 billion of Chinese imports – meaning that more than half of Chinese imports now carry tariffs. On a sector basis, Energy stocks outperformed as oil prices rose to their highest levels in four years. Higher yielding sectors like Utilities underperformed, weighed down by rising bond yields. The end of September marked thirteen weeks of continuous inflows into Healthcare funds, bringing them to \$10 billion of inflows since July.

Oil prices rallied over September, with Brent crude rising above \$82 a barrel, the highest level in four years. The advance was driven by concerns that US sanctions against Iran would curtail supply, as well as major oil producers' refusal to increase production.

Portfolio Review

The Trust's NAV rose by 0.68% in September against a benchmark return of 0.41%. As per our investment philosophy, stock selection drove the largest positive contribution to returns. This was particularly strong in Consumer Services and Financials.

Last month's purchase of **The Cooper Companies** was September's biggest positive contributor to returns. Shares in the maker of eye care and surgical products rallied following Q3 results, with revenues up 19% year on year. While earnings per share were

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moderately affected by currency headwinds, investors have focused positively on management's desire to increase spending with a view to growing sales. This move to corner markets more aggressively marks a notable escalation in strategy under Albert White, who took over as CEO in May this year.

EOG Resources also boosted performance, entirely reversing its weakness in August. As per its Q2 results, the US energy company has worked hard to improve its efficiency and is one of the clearest beneficiaries from higher oil prices. This month, EOG also agreed the sale of its UK assets to a private company called Tailwind Energy. Although a transaction price was not disclosed, the move reflects EOG's plan to divest non-core properties.

United Internet has been the largest detractor from performance due to two concerns: increased mobile competition and potential for uneconomic investment in 5G. At the start of the quarter, Telefonica Deutschland's low-frills 'Blau' offering suggested a more aggressive competitive stance. United's Q2 results appeared to confirm this, as it reduced its full year net additions targets from 1.2 to 1 million. Our view is that, though skirmishes will always remain a feature, the competitive environment is relatively stable.

Microchip also detracted from returns this month. The US semiconductor manufacturer has continued to suffer after revealing that the recently acquired Microsemi had inflated its sales figures ahead of purchase. While Microchip is confident that this issue is now resolved, President Trump's additional tariffs on China and the prospect of slower growth for the auto industry are placing further pressure on the stock.

Significant Transactions

We have sold our holdings in **BASF** and **Tencent**.



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.

Market Outlook

Markets appear firmly set on the divergent paths established earlier this year. Yet there are signs of movement within this divergence.

In the US, market sentiment is unerringly positive. September saw yet another record high for the S&P 500 index. But thanks to President Trump's fiscal stimulus, this economic supremacy has coincided with progressive trade confrontation.

The news that Canada has joined Mexico and the US to sign a renegotiated North American Free Trade Agreement (NAFTA) should appease markets. However, to his supporters, it will also validate the President's protectionist stance. Consequently, we expect the rhetoric to ratchet up further until after November's mid-term elections.

Equities in sectors heavily reliant on US imports or with a large exposure to Chinese manufacturing like Autos and IT Hardware, are already suffering. In addition, European stocks are reflecting softer business conditions. And, as Argentina and Turkey have shown, a strengthening US dollar is putting still more pressure on vulnerable emerging markets.

These dynamics are complicated further by rising inflation and expectations of tighter monetary policy. In the US, this is being driven by strong economic growth, with a fourth rate rise expected before the end of the year. Elsewhere, tariffs and rising oil prices are having the same effect.

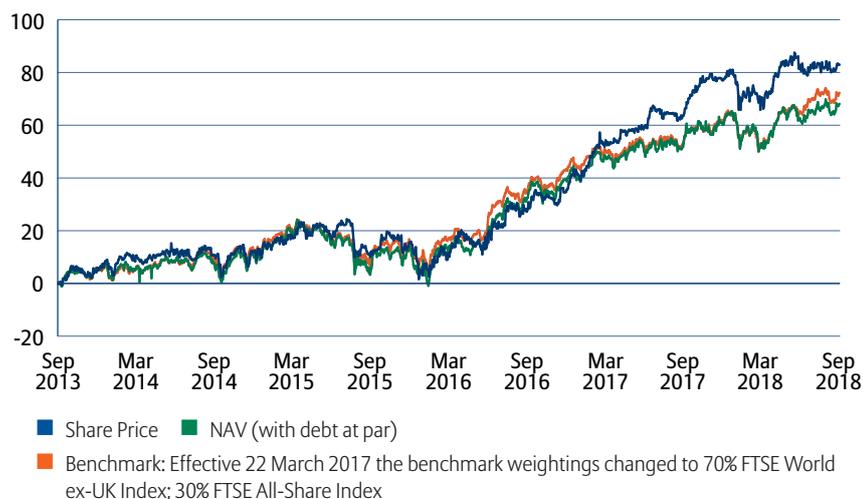
As long-term investors, we buy companies on the basis of their ability to outgrow markets over the long-term, regardless of short-term economic cycles. However, there are companies in the portfolio which are more likely to outperform in a more deflationary, value-driven environment. As such, we are starting to reduce some of our best performing positions in favour of the latter.

Lucy Macdonald
10 October 2018

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	0.5	7.3	11.7	63.4	82.9
NAV	3.9	7.1	6.8	58.2	66.3
Benchmark	4.4	12.4	12.1	58.5	72.5

Discrete 12 Month Returns (%) to 30 September

	2014	2015	2016	2017	2018
Share Price	10.7	1.1	14.7	27.6	11.7
NAV	7.2	-2.0	26.0	17.5	6.8
Benchmark	9.3	-0.5	24.4	13.7	12.1

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.09.18. Copyright 2018 © 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.

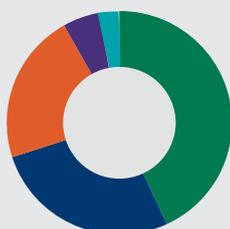
Portfolio Breakdown

Sector Breakdown* (%)



Geographic Breakdown* (%)

North America	43.4	
UK	27.1	
Europe ex UK	22.2	
Pacific ex Japan	5.3	
Japan	2.3	



Top Twenty Holdings (%)

Microsoft	3.9
UnitedHealth	3.5
Royal Dutch Shell - B Shs	3.1
BP	2.4
Apple	2.3
Visa	2.3
Cooper Cos	2.2
AbbVie	2.1
Agilent Technologies	2.1
Accenture	2.1
Muenchener Rueckver	2.1
Amadeus IT Group	2.0
Ecolab	2.0
GlaxoSmithKline	1.9
Taiwan Semiconductor	1.8
Estée Lauder	1.8
Charles Schwab	1.7
Roche	1.7
Amphenol	1.6
Booking Holdings	1.6

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 ¹	0.72%
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, 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 (30.11.2017). 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

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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