

# The Brunner Investment Trust PLC

Factsheet

31 October 2014

## 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. The strategy of the Trust is designed to meet the requirements of those seeking a single investment in a diversified and professionally managed portfolio.

## Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

### Market Review

Global Equity markets gained slightly during October. Volatility rose sharply with the Chicago Board Options Exchange Volatility Index hitting a 28-month high, driven by concerns over weak Eurozone growth, the imminent end of Quantitative Easing (QE) in the US and the potential spread of Ebola. The US dollar continued to strengthen, particularly against the yen, which also fell versus the sterling and euro. Oil prices tumbled and the price of gold continued to slump.

### Portfolio Review

The Trust's NAV increased 0.8%. Health Care shares were the top contributors to performance. **AbbVie** led the way for the second consecutive month. The company decided not to proceed with the agreed takeover of **Shire PLC** due to the changes in US tax laws which made buying companies in lower tax domiciles unattractive. Our view was that **AbbVie's** prospects were attractive with or without **Shire**, driven primarily by its flagship product Humira, which is used for a wide range of treatments, including Crohn's disease and psoriasis. This was confirmed by the company's 3Q results which were well above consensus forecasts as sales of Humira rose almost 18% to \$3.3bn. Management also raised its full year guidance. The next catalyst for the stock should be impending FDA approval for the company's Hepatitis C drugs. The shares rose sharply on the results and we took some profits. We also reinitiated a position in **Shire**, which we sold a few months at much higher prices when the company agreed to the takeover.

Staffing company **SThree** was among the top detractors. Stock weakness in October was not related to company specific news flow but reflects a weaker confidence about the macro outlook in Europe in particular. The company plans to more than treble profits in five years from an admittedly low base with UK profits down 50% from the peak. The business profile now is very different with a much more diversified model by both geography and discipline. Energy and Life sciences are growing fast, both are global markets and between them they should make up 75% of the growth expected in a base case scenario, implying that very little recovery is forecast for the traditional markets and products. While these areas and certain new geographies are growing very fast indeed, the company is also seeing a cyclical recovery in more traditional areas, helped by an increase in their number of permanent recruiters. Overall, we believe the shares have an attractive risk-reward profile.

### Outlook

Equity markets have experienced some turbulence recently due to a weaker outlook for Europe, the end of US QE and increased geopolitical concerns. However, central bank monetary policies and the improving US growth trajectory remain supportive. However, equity markets have performed well over the last several years and further gains are likely to be muted in the short term. In this environment, stock picking and dividend income will remain important components in generating outperformance.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-2.1	0.4	4.6	47.4	75.9
NAV	1.0	1.8	3.7	43.9	68.7
Benchmark	2.2	3.6	5.3	43.7	70.0

## Discrete Performance (%)

From To	30.10.09 29.10.10	29.10.10 31.10.11	31.10.11 31.10.12	31.10.12 31.10.13	31.10.13 31.10.14
Share Price	15.9	3.0	9.7	28.5	4.6
NAV	16.9	0.3	12.5	23.4	3.7
Benchmark	17.6	0.6	9.8	24.3	5.3

Source: Lipper, percentage growth, mid to mid, total return to 31.10.14.

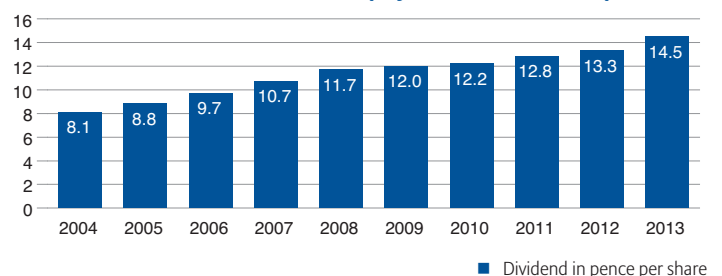
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

Copyright 2014 © 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.

## 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 31.10.14 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:	£322.3m
Gearing (net):	11.3%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price <sup>1</sup> :	526.0p
Net Asset Value <sup>2</sup> :	621.9p <sup>3</sup> (594.4p <sup>4</sup> – debt at market value)
Premium/-Discount to NAV:	-15.4% (-11.5% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>5</sup> :	1.77%

1. Source: Lipper as at 31.10.14, market close mid price.
2. 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.
3. Capital net asset value per ordinary share based on the par value of the company's long term debt and preference shares.
4. Capital net asset value per ordinary share based on the fair/market value of the company's long term debt and preference shares. This allows for the valuation of debt at fair value or current market price, rather than at final repayment value.
5. Source: Datastream as at 31.10.14. Calculated using the latest full year dividend divided by the current share price.

## Key Information

Launch Date:	December 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
Ongoing Charges <sup>6</sup> :	0.77%
Year end:	30 November
Annual Financial Report:	Final posted in February, Half-yearly posted in July
AGM:	March
Dividends:	March, June, September, December
Price Information:	Financial Times, The Daily Telegraph, www.brunner.co.uk
Board of Directors:	Keith Percy (Chairman), Ian Barlow (Chairman of the Audit Committee), Vivian Bazalgette, Carolan Dobson, Peter Maynard, Jim Sharp
Company Secretary	Kirsten Salt
Investment Managers	Lucy Macdonald & Jeremy Thomas
Codes:	RIC: BUT.L SEDOL: 0149000

6. Source: AIC, as at the Trust's Financial Year End (30.11.2013). Ongoing 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.

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 an down.

## Sector Breakdown (%)

Industrials	20.1
Financials	19.3
Health Care	13.8
Oil & Gas	11.5
Consumer Services	8.4
Consumer Goods	7.4
Cash	6.5
Technology	5.8
Basic Materials	3.5
Telecommunications	2.9
Utilities	0.8

## Geographic Breakdown (%)

UK	43.0
North America	27.9
Europe ex UK	10.8
Pacific ex Japan	6.6
Cash	6.5
Japan	3.3
Latin America	1.9

## Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.2	Vodafone	2.1
HSBC	3.0	Roche	1.9
GlaxoSmithKline	2.5	Monsanto	1.9
BP	2.4	AbbVie	1.7
Microsoft	2.3	Mothercare	1.7
<b>Total Number of Holdings</b>	<b>91</b>		

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

## Net Dividends (dividends payable quarterly from June 2014)

	Pay Date	Record Date	Payment
3rd quarterly dividend	19.12.14	21.11.14	3.2p
2nd quarterly dividend	22.09.14	22.08.14	3.1p
1st quarterly dividend	27.06.14	30.05.14	3.0p
final dividend*	26.03.14	07.03.14	8.5p

\*year ended 30.11.13

## 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, JISA, SIPP 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**

e-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)

All data source Allianz Global Investors as at 31.10.14 unless otherwise stated.

This is a marketing communication issued by Allianz Global Investors Europe GmbH, an investment company with limited liability, incorporated in Germany, with its registered office at Bockenheimer Landstrasse 42-44, D-60323 Frankfurt/M, registered with the local court Frankfurt/M under HRB 9340, authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (www.bafin.de). Allianz Global Investors Europe GmbH has established a branch in the United Kingdom, Allianz Global Investors Europe GmbH, UK branch, which is subject to limited regulation by the Financial Conduct Authority (www.fca.org.uk). Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded, shall prevail.