

# The Brunner Investment Trust PLC

Global investment solution rich in family history



## 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

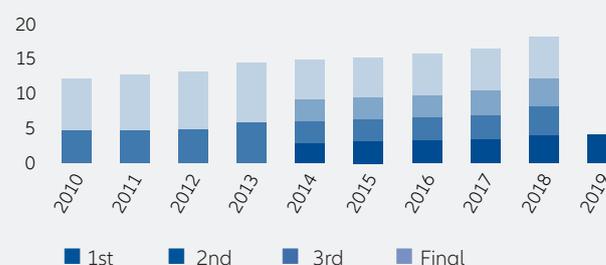
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 47 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
01.03.2019	05.04.2019	6.00p	Final
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

Past performance is not a reliable indicator of future results.



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

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**Total Assets** £395.0m

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

**Market Cap** £330.4m

Share Price

**774.0p**

NAV per Share

**850.0p**

Premium/-Discount

**-8.9%**

Dividend Yield

**2.3%**

Gearing

**8.2%**

**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.

## Fund Manager's Review

### Market review

Global equities retreated sharply over May, with many markets recording their weakest monthly returns so far this year. Sentiment was hurt by the reigniting of the trade war between the US and China, with both countries imposing higher tariffs on each other's exports. Technology stocks were particularly hit after the US administration effectively banned US companies from using equipment made by China's Huawei, raising fears that Beijing would target US tech companies that do business in mainland China.

Economic news was mixed. In the US, job growth remained robust and measures of consumer confidence were buoyant, but with indications that the tariff war was starting to have a negative impact on the economy. However, there was a growing perception that the US Federal Reserve would take steps to counter any slowdown in growth. In the euro zone, manufacturing activity weakened further but service sector activity continued to show a modest expansion.

The British pound depreciated against other major currencies during May. The currency was undermined by news of the ending of talks between the UK's two main political parties, aimed at finding a way to resolve the Brexit impasse. Theresa May's announcement that she would step down as prime minister in June led to further sterling weakness as the frontrunners for her replacement appear to favour leaving the EU without a deal. In contrast, the Japanese yen outperformed the US dollar and euro, boosted by its reputation as a safe-haven asset in times of market turmoil.

**“ Our expectation of more moderate returns with higher volatility is being borne out, with markets flat year-on-year despite considerable movement in between. ”**

Oil prices weakened, with Brent crude falling back under USD 65 a barrel. News that US stockpiles remained near their highest levels since mid-2017 and expectations that global oil demand would be lowered by the renewed trade war between the US and China outweighed some mid-month strength on the back of heightened geopolitical tensions between the US and Iran.

### Portfolio Review

The Trust's NAV fell by 2.4% over the month, outperforming the benchmark index which fell by 2.6%, as a result of positive stock selection, particularly in Consumer and Healthcare sectors.

Within Consumer, Adidas was the standout performer due to better than consensus results early in the month. This result aligned with our own research on discounting earlier this year, which suggested a stable competitive environment and relative pricing power being demonstrated by Adidas vs retailers.

Within Healthcare, UnitedHealth Group, Cooper and Roche were the strongest contributors.

UnitedHealth rebounded from concerns about the potential introduction of Medicare for All under a future Democratic administration. The current results are showing strong growth in premiums, services and products, with healthy medical loss ratios and good cost control.

Cooper, the contact lens manufacturer, posted strong Q2 results. The company continues to see healthy revenue growth, due to market demand and share gains. The good performance is driven by a shift to



### 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.

daily lenses, currently 25% of the total.

Within Healthcare, we have started a position in Intuitive Surgical, the manufacturer of the da Vinci surgical system. Growth is being driven by new product launches and increased adoption of robotic surgery in different procedures beyond its traditional areas of Gynaecology and Urology. Our research showed strong intent among Chinese hospitals to buy or upgrade their systems, and a growing awareness of the product among surgeons and patients. Elsewhere within the portfolio, we have trimmed our holding in Amphenol, a good long term holding, on caution towards its exposure to mobile devices and weakness in Europe and we continue to slowly build our position in Helical Bar.

### Outlook

US/China trade talks and tariffs are likely to stay high on the agenda for global investors, with the potential for further negative impacts on growth. At the micro level, the more uncertain operating environment for the corporate sector is increasingly hindering decision making and reducing visibility on demand. On balance, our base case assumption remains that some partial deal will be reached between the US and China, potentially rolling back some of the recently increased tariffs. We are, however, expecting long term friction to feature in the technology sector with ongoing tension around intellectual property and cyber security.

Growth has slowed globally in the last six months as the stimulus from US tax reform faded and the trade frictions hold back investment. The considerable stimulus being applied in China should lead to stabilisation later this year, but domestic demand is weaker in the meantime. Within Europe, the recent elections, with no further shift towards populism, have removed some risk but growth remains sluggish. Italy continues to be a long term source of instability, as now does the UK.

Our expectation of more moderate returns with higher volatility is being borne out, with markets flat year-on-year despite considerable movement in between. With monetary policy on hold, earnings growth decelerating and valuations towards the upper end of historic ranges, there is no reason to expect equity markets overall to deliver strong nominal returns. Therefore, an active approach such as ours, driven by superior stock selection, is going to be required to provide additional upside.

### Lucy Macdonald

11 June 2019

**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	3.9	4.7	-0.1	58.5	64.1
NAV (debt at fair value)	3.5	2.6	1.3	48.0	57.6
Benchmark	3.7	3.4	3.0	43.1	56.2

### Discrete 12 Month Returns to 31 May (%)

	2019	2018	2017	2016	2015
Share Price	-0.1	15.7	37.1	-5.1	9.1
NAV (debt at fair value)	1.3	10.2	32.5	-4.7	11.8
Benchmark	3.0	8.2	28.4	-2.6	12.1

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.05.19. Copyright 2019 © 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\* (%)

Financials	21.8	
Industrials	21.1	
Health Care	14.6	
Technology	12.2	
Consumer Goods	8.6	
Consumer Services	6.8	
Oil & Gas	6.2	
Basic Materials	5.2	
Utilities	2.6	
Telecommunications	0.9	

### Geographic Breakdown\* (%)

North America	41.7	
UK	26.8	
Europe ex UK	23.0	
Pacific ex Japan	6.1	
Japan	2.4	

### Top Twenty Holdings (%)

Microsoft	4.5
UnitedHealth Group	3.3
Royal Dutch Shell - B Shares	2.9
Accenture	2.6
Visa - A Shares	2.6
Cooper Cos	2.5
Ecolab	2.4
Muenchener Rueckver	2.4
Roche	2.3
Taiwan Semiconductor	2.2
BP	2.2
Estée Lauder	2.1
Agilent Technologies	2.1
AIA Group	2.0
Adidas	2.0
GlaxoSmithKline	1.9
AbbVie	1.8
Amadeus IT Group	1.8
Informa	1.7
Unilever	1.7

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 <sup>1</sup>	0.66%
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, <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 (30.11.2018). 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.



**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.

**All data source Allianz Global Investors as at 31.05.19 unless otherwise stated.**

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