

# The Brunner Investment Trust PLC

Factsheet

29 November 2013

## Fund Managers' Review



**Lucy Macdonald & Jeremy Thomas**

### Market Review

Global equities continued to move higher in November supported by an improving macroeconomic backdrop. The US and China led the way higher while the FTSE All Share

Index declined.

UK economic data pointed to a stronger than expected recovery. Unemployment fell from 7.8% to 7.6% and manufacturing indicators pointed to above trend growth in production and new orders. Housing prices also rose.

US third quarter economic growth (as measured by GDP) accelerated to an estimated 2.8% and European economic data was also positive. The Eurozone's 0.1% increase in third quarter GDP confirmed expectations of slow but positive economic growth.

In Japan, Q3 GDP grew at an annualised rate of 1.9%. It is becoming increasingly likely that the Central Bank may have to provide additional monetary incentives as the economy remains fragile.

Chinese equities were boosted by the announcement of an economic reform plan which should help rebalance the global economy over the long-term.

### Portfolio Review

The Trust's NAV fell by 0.11%, albeit less than the benchmark which was down 0.54%. The top contributor to performance was Xchanging which announced slightly better than expected Q3 results. Priceline.com and biopharmaceutical company Celgene also contributed. Priceline.com continues to gain share in an expanding online travel market and Celgene is benefiting from strong sales of its multiple myeloma drug Revlimid and a promising product pipeline.

Balfour Beatty detracted from performance. The company issued a £250 million convertible bond in order to diversify its funding sources. The potential equity dilution caused the shares to weaken.

During the month we initiated a new position in Brazilian credit card issuer Cielo and eliminated Itau Unibanco Holding.

### Outlook

We think that very expansive monetary policy is likely to be with us for some time, even if the US Federal Reserve starts tapering its quantitative easing programme in the coming months.

Our view is that global inflation is likely to remain well-behaved in the coming one to two years. Longer-term, risks are for inflation to surprise on the upside as central banks maintain accommodative monetary policies longer than in the past, in order to ensure that the nascent global economic recovery is sustainable.

We believe that accommodative monetary policies, as well as improving global economic momentum, is likely to continue to favour equities, which stand to benefit from cheap liquidity, moderate valuations, strong cash flows and growing dividends.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	3.7	4.3	26.5	42.5	108.7
NAV	4.7	3.6	21.5	41.0	100.1
Benchmark	4.8	3.4	21.4	37.6	98.9

## Discrete Performance (%)

From To	28.11.08 30.11.09	30.11.09 30.11.10	30.11.10 30.11.11	30.11.11 30.11.12	30.11.12 29.11.13
Share Price	33.7	9.6	0.4	12.2	26.5
NAV	28.7	10.2	0.8	15.1	21.5
Benchmark	28.7	12.3	1.1	12.2	21.4

Source: Lipper, percentage growth, mid to mid, total return to 29.11.13.

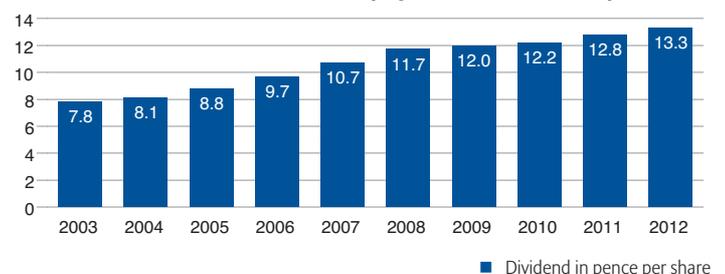
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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 29.11.13 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:	£319.0m
Gearing (net):	5.3%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price <sup>1</sup> :	508.0p
Net Asset Value <sup>2</sup> :	613.3p (586.5p – debt at market value)
Premium/-Discount to NAV <sup>3</sup> :	-17.2% (-13.4% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>3</sup> :	2.81%

1. Source: Lipper as at 29.11.13, market close mid price.

2. Source: Datastream as at 29.11.13. 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, Carolan Dobson, 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	17.7
Industrials	15.4
Health Care	11.9
Consumer Services	11.9
Cash	11.5
Oil & Gas	10.7
Consumer Goods	6.9
Telecommunications	4.6
Technology	4.5
Basic Materials	3.9
Utilities	1.0

## Geographic Breakdown (%)

UK	44.6
North America	21.2
Europe ex UK	11.8
Cash	11.5
Pacific ex Japan	6.1
Japan	3.5
Latin America	1.3

## Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.1	Reed Elsevier	2.2
HSBC	3.0	Rio Tinto	1.6
GlaxoSmithKline	2.9	UBM	1.5
BP	2.9	BHP Billiton	1.5
Vodafone	2.8	AbbVie	1.4
<b>Total Number of Holdings</b>	<b>94</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 29.11.13 unless otherwise stated.

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