

The Brunner Investment Trust PLC

Factsheet

31 July 2014

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global markets receded in July as market volatility returned, driven by geopolitical issues and the possibility of interest rate increases. European stocks led the poor performance due to the conflict in Ukraine, weakening economic data and the emergency bailout of Banco Espirito Santo in Portugal. The US lost ground as concerns over a rise in interest rates grew, leading to a sharp increase in stock volatility. In spite of this, fundamentals appeared robust as profits across the S&P 500 increased 7.5% on average year-on-year. Emerging markets outperformed, despite a weaker Russian equity market and another debt default by Argentina. Stronger economic data from China led to improved market sentiment as GDP growth increased to 7.5%. In Japan, investors remained upbeat. The cabinet approved Prime Minister Shinzo Abe's revamped structural reforms, the centrepiece being corporate tax rate reform, although clarity on the final rate and timeline for cuts are unclear.

Portfolio Review

The Trust's NAV declined 1.13% over the month. Xchanging was the top positive contributor. The company's half year trading statement was positive and upbeat. There is some evidence of a positive mix shift in insurance services and growth momentum was reported in new businesses. Management is confident of a return to growth in 2015 and the company's valuation remains inexpensive, in our view.

Microsoft also contributed, delivering strong results for its core business excluding the recently acquired Nokia handset business. Impressively, the company's cash flow from operations grew 61% year-on-year. We believe Microsoft is capable of continuing to deliver strong performance, driven by innovation and financial discipline.

Recruitment business Hays PLC was the top detractor, its shares declining after management lowered earnings expectations. However, staffing growth rates in Europe and the UK remain healthy, while Australia is improving and Asia continues to be very strong. We remain positive on the prospects for further growth in Germany in particular and for a recovery in UK profitability.

Adidas also detracted. The company announced that its second quarter earnings would be lower than previously indicated, mainly due to weakness in Russia and the company's golf equipment business. We are evaluating how much of the shortfall is non-recurring, and therefore possibly a buying opportunity and how much may be structural if marketing expenditures need to rise meaningfully due to stiffer competition.

Outlook

Global economic data is surprising on the upside again, after a lull earlier in the year, in both developed and emerging markets, especially China. Data indicates an ongoing moderate economic recovery in US and also Europe, despite recent weakness in data in core member states of the European Union. We expect growth to be above potential in both regions.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	2.6	6.5	9.5	43.2	93.0
NAV	0.7	4.6	3.7	35.7	82.2
Benchmark	1.3	5.6	5.2	33.7	81.1

Discrete Performance (%)

From To	31.07.09 30.07.10	30.07.10 29.07.11	29.07.11 31.07.12	31.07.12 31.07.13	31.07.13 31.07.14
Share Price	16.7	15.4	-3.8	36.0	9.5
NAV	18.1	13.7	3.4	26.5	3.7
Benchmark	18.6	14.3	1.3	25.5	5.2

Source: Lipper, percentage growth, mid to mid, total return to 31.07.14.

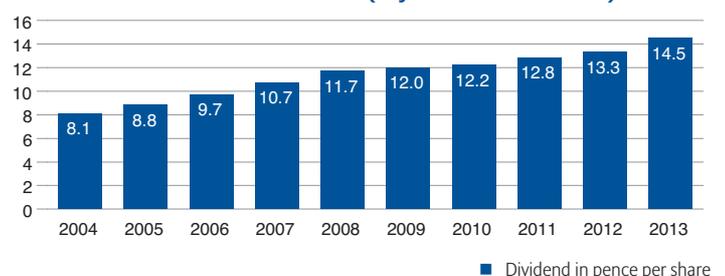
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

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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 31.07.14 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:	£319.2m
Gearing (net):	7.6%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price ¹ :	540.5p
Net Asset Value ² :	618.62p (592.32p – debt at market value)
Premium/-Discount to NAV ³ :	-13.6% (-9.7% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	2.70%

1. Source: Lipper as at 31.07.14, market close mid price.

2. Source: Datastream as at 31.07.14. 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:	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 ⁴ :	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

4. 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, 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 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.

Sector Breakdown (%)

Industrials	17.9
Financials	17.4
Oil & Gas	13.3
Health Care	12.8
Consumer Services	9.5
Cash	8.9
Consumer Goods	7.2
Technology	5.2
Basic Materials	4.1
Telecommunications	2.8
Utilities	0.9

Geographic Breakdown (%)

UK	44.9
North America	24.9
Europe ex UK	11.0
Cash	8.9
Pacific ex Japan	5.1
Japan	3.1
Latin America	2.1

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.5	Microsoft	2.0
HSBC	3.0	Roche	1.8
BP	2.6	Monsanto	1.7
GlaxoSmithKline	2.6	Rio Tinto	1.7
Vodafone	2.0	BG Group	1.6
Total Number of Holdings	89		

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
1st quarterly dividend	27.06.14	30.05.14	3.0p
final dividend	26.03.14	07.03.14	8.5p

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:

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website: www.brunner.co.uk

All data source Allianz Global Investors as at 31.07.14 unless otherwise stated.

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