

The Brunner Investment Trust PLC

Factsheet

31 May 2013

Fund Managers' Review



Lucy Macdonald & Jeremy Thomas

Market Review

Global capital markets were more volatile in May on growing uncertainty over the outlook for US monetary policy. This was triggered by comments from the US Federal Reserve Chairman Ben Bernanke that a tapering of quantitative easing would be justified if economic data continued to improve. Equity and bond markets sold off in response but managed to remain in positive territory. The FTSE All-Share index gained 2.9% and the FTSE World ex-UK index increased 2.6%. Sovereign bond yields rose sharply and the US Dollar rallied.

Macroeconomic data early in the month was mixed. China's manufacturing sector grew more slowly, due to weak export demand. On the positive side, US unemployment claims declined to a five-year low. The S&P 500 and German DAX indices reached record highs and in Japan the Nikkei index rose above 14,000 for the first time in almost five years. Italian, Spanish and US high yield yields fell to multi-year lows. Risk appetite was unaffected by disappointing US manufacturing and industrial order data, weaker leading indicators in China or negative European economic growth.

Markets reversed direction in the last week of the month as Bernanke's comments shifted attention to a potential earlier-than-anticipated exit by the Federal Reserve from providing liquidity support and suppressing interest rates. Japanese shares and US Treasuries experienced their biggest one day falls in two years. Other equity markets saw profit-taking and bond yields in the UK, Germany and Japan also moved higher.

Portfolio Review

The Trust's NAV increased 1.9%, compared with a 2.7% gain for the benchmark. Among our top contributors were inter-broker dealers ICAP and Tullet Prebon, both of which have underperformed in the past couple of years. We believe the recent upward move in interest rates and increased foreign exchange volatility are potential catalysts for improved trading. Indeed, ICAP reported strong May electronic volumes, especially in US Treasuries. Regulation remains an uncertainty but could also present opportunities.

Allergan, which has been a positive long-term contributor, was a detractor for the month. The company announced that it would conduct further phase 2 trials for its treatment of age-related macular degeneration (a condition which causes a gradual loss of central vision) instead of progressing to phase 3 as had been widely expected. However, other franchises are performing well and we continue to hold the stock.

Outlook

Market gyrations have not changed our positive outlook for global equities. It is far from clear that the US Federal Reserve will remove monetary support any time soon and even if we do see a tapering of bond purchases the implication would be that the US economy was healing in a sustainable way. In Europe the economic data remains uninspiring but it is heartening to see that the euro zone has begun to emphasise growth over austerity, which should ease some of the social pressures that have been building up in some countries. In Japan, there appears to be a fundamental shift in sentiment that could end the debilitating deflationary spiral that the country has been mired in for so long. Finally, China's pivot from export-led growth to domestic consumption will take time, but ultimately should be instrumental in addressing global demand imbalances.

Last month we indicated that equities could see some profit-taking. We continue to view market weakness as an opportunity to add to high conviction portfolio holdings, particularly quality companies capturing growth opportunities and offering attractive dividend yields.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	5.1	21.3	32.5	46.4	27.0
NAV	3.8	17.3	29.5	44.4	26.1
Benchmark	5.1	17.4	29.8	41.8	40.4

Discrete Performance (%)

From To	30.05.08 29.05.09	29.05.09 31.05.10	31.05.10 31.05.11	31.05.11 31.05.12	31.05.12 31.05.13
Share Price	-27.3	19.3	16.9	-5.4	32.5
NAV	-29.8	24.4	15.6	-3.5	29.5
Benchmark	-21.1	25.5	16.9	-6.6	29.8

Source: Lipper, percentage growth, mid to mid, total return to 31.05.13.

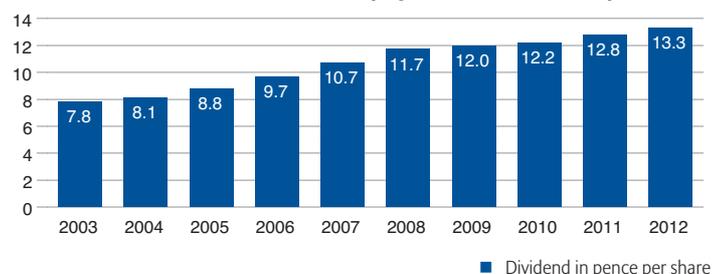
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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 31.05.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

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:	£312.3m
Gearing (net):	7.3%
Shares in Issue:	43,101,918 (Ordinary 25p)
Share Price ¹ :	492.8p
Net Asset Value ² :	605.3p (577.9p – debt at market value)
Premium/-Discount to NAV ² :	-18.6% (-14.7% – debt at market value)
NAV Frequency	Daily
Dividend Yield ³ :	2.70%

1. Source: Lipper as at 31.05.13, market close mid price.

2. Source: Datastream as at 31.05.13. 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 All-World ex UK Index
Annual Management Charge:	0.45%
Performance Fee:	No
On-going Charges: ⁴	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, 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	17.3
Industrials	13.9
Health Care	11.9
Consumer Services	10.8
Oil & Gas	10.7
Cash	10.2
Consumer Goods	9.1
Basic Materials	5.0
Technology	4.9
Telecommunications	4.6
Utilities	1.6

Geographic Breakdown (%)

UK	43.2
North America	21.9
Cash	10.2
Europe ex UK	10.1
Pacific ex Japan	8.6
Japan	4.4
Latin America	1.6

Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.3	Reed Elsevier	1.9
GlaxoSmithKline	3.3	Unilever	1.4
HSBC	3.2	Rio Tinto	1.3
BP	2.9	Centrica	1.3
Vodafone	2.5	Tesco	1.3
Total Number of Holdings	104		

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

Net Dividends (Financial Year to Date)

	Pay Date	Record Date	Payment
interim dividend	31.08.12	03.08.12	5.0p
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:

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website: www.brunner.co.uk

All data source Allianz Global Investors as at 31.05.13 unless otherwise stated.

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