

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

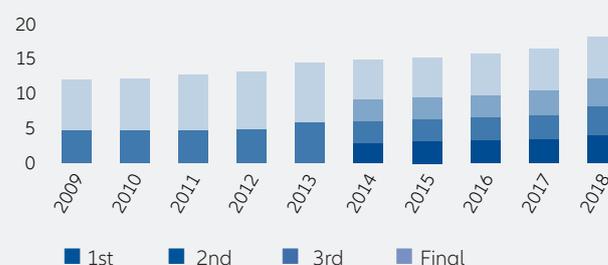
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 46 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 £370.6m

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

Market Cap £303.1m

Share Price

710.0p

Source: Lipper

NAV per Share

800.6p

Premium/-Discount

-11.3%

Dividend Yield

2.6%

Gearing

9.3%

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

After a weak end to 2018, global equities started 2019 on a stronger footing. Despite US allegations of Chinese corporate espionage, investor sentiment was ultimately lifted by the promise of trade talks. Markets also rallied in the wake of the US Federal Reserve's (Fed) more cautious approach to monetary policy tightening.

All major stock markets saw positive returns in January. US equities rallied strongly, recording their best monthly gain since October 2015. European equities also recovered in euro terms. In Asia, Chinese equities led the advance, despite a raft of disappointing economic news.

At a sector level, Real Estate stocks made impressive gains along with more cyclical Consumer Discretionary and Industrial sectors. Energy stocks also rebounded in line with oil prices, as Brent crude rose back above 60 USD a barrel. In contrast, defensive sectors, such as Consumer staples and Utilities, lagged.

Pound sterling advanced against all major currencies over January, boosted by hopes that a no-deal Brexit could be avoided. The euro and US dollar weakened, as economic data softened.

Portfolio Review

The Trust's NAV rose by 3.53% in January against a benchmark return of 4.34%. The lower relative return during the month was due to a more moderate recovery in Microsoft than Facebook, a significant holding and underweight in the Trust, respectively. On the positive side, stock selection in Health Care has been beneficial.

“ At a portfolio level, stocks will have to justify their valuations with fundamental earnings.

Senior made the largest positive contribution to the portfolio at a single stock level. The specialist engineering company had seen its share price weaken substantially towards the end of 2018 as a result of softer demand expectations and fears over the rising cost of new aerospace products. However, raw material price pressures are starting to decrease and management have detailed more clearly how 2019 expectations are going to be met.

Ameriprise Financial also boosted returns. The US-based financial services provider reported strong Q4 results, particularly in its advice and wealth management unit. Despite market volatility and asset management outflows of 12 billion USD, Ameriprise recorded positive fee growth and reduced costs. The company is also continuing to benefit from the impact of tax reform which, alongside a 436 million USD share buyback, has helped to drive earnings per share up 21 per cent.

AbbVie was the portfolio's worst performing stock in January. Initially, the health care company announced a four billion USD impairment charge related to the scrapping of Rova-T, its experimental cancer treatment. More concerning were Q4 results showing weaker than expected sales of its major arthritis drug, Humira.

United Internet also contributed negatively due to continuing concerns about participation in Germany's 5G spectrum auction.

Significant Transactions

We initiated a position in **St James's Place** having monitored the UK financial services company for some time. The shares have become increasingly cheap, in large part due to Brexit-induced weakness. However, the business has an exceptional growth record and there is



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.

substantial valuation support underpinned by its existing book of business alone.

The investment case for **Greene King**, a UK pub company, has weakened over time. Revenue growth has stalled and cost-base inflation is eroding margins. However, the shares rallied sharply following a strong Christmas trading statement, so we used the recovery to exit our holding.

We also took the opportunity to add to **TSMC**, which was trading at a depressed valuation with earnings starting to stabilise.

Market Outlook

The Fed's newfound cautiousness marks a clear hiatus in the quantitative tightening journey. However, the short-term support it provides for all asset classes, not just equities, will do little to shift economic fundamentals. Slowing growth, weaker corporate earnings and high debt levels will continue to shape equity valuations and, longer-term, drive a return to more historic levels of volatility.

Economic data continues to point towards a global slowdown. In China, January saw the release of weak economic growth figures. The impact of US trade sanctions is driving similar weakness in the euro-zone, where exports remain lacklustre. And while the US appears to buck the trend, the Fed's U-turn clearly reflects weaker long-term confidence.

This economic slowdown is being reflected at a corporate level. Over the course of 2018, earnings revisions declined across the US, Europe and Asia. Consequently, 2019 has thus far seen most companies beat estimates that were already lowered. Moreover, the margins by which they have done so are narrower, reflecting the fading impact of last year's tax cuts.

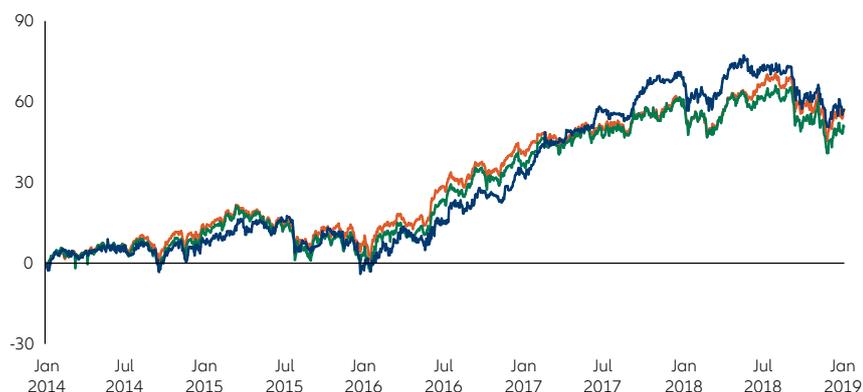
At a portfolio level, stocks will have to justify their valuations with fundamental earnings. At a sector level, the Fed's short-term support should reverse some of Q4's shift into more defensive stocks, (like Consumer Staples, Telecoms and Utilities) into more growth-oriented industries. As a team, we tend not to own overly cyclical businesses for their inability to generate sustainable growth regardless of economic conditions. Nevertheless, we may see some holdings excessively affected by sector level shifts, creating opportunities to increase our positions in stocks which have been oversold.

Lucy Macdonald
13 February 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 (%)



■ Share Price ■ NAV (debt at fair value)

■ Benchmark: Effective 22 March 2017 the benchmark weightings changed to 70% FTSE World ex-UK Index; 30% FTSE All-Share Index

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	-2.2	-8.5	-5.3	58.3	57.0
NAV (debt at fair value)	-2.2	-6.6	-4.5	46.1	57.0
Benchmark	-1.5	-5.8	-0.3	42.8	57.4

Discrete 12 Month Returns to 31 January (%)

	2019	2018	2017	2016	2015
Share Price	-5.3	25.7	33.0	-7.3	7.1
NAV (debt at fair value)	-4.5	18.6	28.9	-2.4	10.1
Benchmark	-0.3	12.5	27.2	-2.1	12.6

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.01.19. 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	23.4	
Industrials	18.8	
Health Care	14.3	
Technology	12.4	
Consumer Goods	7.5	
Consumer Services	7.2	
Oil & Gas	6.5	
Basic Materials	5.8	
Utilities	3.0	
Telecommunications	1.1	

Geographic Breakdown* (%)

North America	43.0	
UK	27.3	
Europe ex UK	21.9	
Pacific ex Japan	5.7	
Japan	2.1	

Top Twenty Holdings (%)

Microsoft	3.9
UnitedHealth Group	3.8
Royal Dutch Shell - B Shares	2.9
Agilent Technologies	2.4
Cooper Cos	2.4
Roche	2.4
Accenture	2.3
BP	2.3
Taiwan Semiconductor	2.2
Muenchener Rueckver	2.2
Visa - A Shares	2.2
Ecolab	2.1
GlaxoSmithKline	2.0
AbbVie	2.0
Rio Tinto	1.9
Estée Lauder	1.8
Apple	1.8
Charles Schwab	1.8
Amadeus IT Group	1.7
Adidas	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 ¹	0.72%
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, www.brunner.co.uk
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 (30.11.2017). 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:

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E-mail: 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.



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All data source Allianz Global Investors as at 31.01.19 unless otherwise stated.

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