

# The Brunner Investment Trust PLC

Factsheet

30 April 2014

## Fund Managers' Review



**Lucy Macdonald & Jeremy Thomas**

### Market Review

In April, global equities experienced higher volatility but ended the month higher. US shares rose as warmer weather spurred a rebound in economic activity and first quarter corporate earnings beat analyst estimates. Boosted by a surge in energy and utilities shares, the S&P 500 Index notched up a 0.7% gain, its third in a row. In the UK, first-quarter growth (as measured by GDP) increased by 0.8%, slightly below consensus forecasts. In the euro area, sentiment brightened further and consumer confidence continued to rise. Asia Pacific equity markets performed largely in line with global counterparts with continued divergence between North Asia and Southeast Asia. Investors remained pessimistic towards China, leading to a continued underperformance in its equity market, despite the strong corporate earnings and depressed valuations. Japan raised its consumption tax from 5% to 8% and the Bank of Japan kept its ultra-loose monetary policy unchanged in its April policy meeting, despite data suggesting the economic recovery was weaker than expected.

### Portfolio Review

The Trust's NAV increased by 0.6% in April, slightly behind its benchmark which was up 0.8%. Allergan, the recipient of an unsolicited takeover bid by Valeant Pharmaceuticals, was the top performer. This in turn led to strong performance by another holding in the portfolio, Shire, on speculation that Allergan would bid for the company as a "poison pill" to ward off Valeant. While the eventual outcome is uncertain, we believe Allergan has an attractive franchise that could be of potential interest to other pharmaceutical companies and the quality and growth prospects of business support current valuations. The surge in M&A activity in the sector highlights the value that we have identified for some time.

Anadarko Petroleum also contributed. The company settled an outstanding environmental liability lawsuit which removed a financial and sentiment overhang, allowing investors to refocus on the company's strong fundamentals. We continue to like the company due to its global diversification, outstanding exploration track record, strong and improving US shale position, consistent operational execution and valuation discount to its peers.

SMC underperformed. The company is the global leader in pneumatic equipment and is benefiting from the secular trend of the automation of industrial production processes, particularly in China. The decline in the share price was a result of yen strength which we believe is unlikely to continue.

During the period we sold Vienna Insurance Group, F5 Networks and Genting Singapore and added to a number of holdings including Estée Lauder, Cielo and Monsanto.

### Outlook

In the current low interest rate environment, real returns are increasingly difficult to generate and investors need to ensure that they have sufficient equity exposure in order to meet their financial goals. While markets continue to be supported by valuations, Central Bank liquidity and corporate earnings growth, we are not anticipating returns to match those we saw last year. The Brunner Investment Trust combines active management with broad equity diversification, aiming to augment market returns with positive stock selection and rising dividend income.

All data source Allianz Global Investors as at 30.04.14 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.**

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	3.9	4.2	12.2	40.6	102.6
NAV	3.8	1.9	7.7	31.7	93.3
Benchmark	4.2	1.7	8.6	27.2	92.4

## Discrete Performance (%)

From To	30.04.09 30.04.10	30.04.10 29.04.11	29.04.11 30.04.12	30.04.12 30.04.13	30.04.13 30.04.14
Share Price	34.3	7.2	4.9	19.5	12.2
NAV	35.8	8.1	2.0	19.9	7.7
Benchmark	35.8	11.4	-2.3	19.9	8.6

Source: Lipper, percentage growth, mid to mid, total return to 30.04.14.

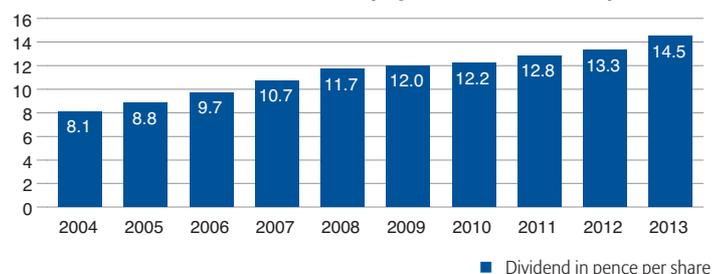
Benchmark: 50% FTSE All-Share Index; 50% FTSE World ex-UK Index.

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.

**Allianz**   
Global Investors

## Capital Structure

Total Assets:	£319.6m
Gearing (net):	7.2%
Shares in Issue:	43,089,418 (Ordinary 25p)
Share Price <sup>1</sup> :	530.0p
Net Asset Value <sup>2</sup> :	617.0p (589.6p – debt at market value)
Premium/-Discount to NAV <sup>2</sup> :	-14.1% (-10.1% – debt at market value)
NAV Frequency	Daily
Dividend Yield <sup>2</sup> :	2.74%

1. Source: Lipper as at 30.04.14, market close mid price.

2. Source: Datastream as at 30.04.14. 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:	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
Ongoing Charges <sup>4</sup> :	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 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 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	17.4
Industrials	16.4
Oil & Gas	14.0
Health Care	12.3
Consumer Services	10.3
Cash	10.1
Consumer Goods	6.8
Technology	5.0
Basic Materials	4.0
Telecommunications	2.6
Utilities	0.9
Other	0.2

## Geographic Breakdown (%)

UK	45.9
North America	22.9
Europe ex UK	10.9
Cash	10.1
Pacific ex Japan	5.4
Japan	2.7
Latin America	2.1

## Top Ten Holdings (%)

Royal Dutch Shell "B" Shares	3.9	Microsoft	1.9
BP	3.0	BG Group	1.6
GlaxoSmithKline	2.9	Reed Elsevier	1.6
HSBC	2.8	Rio Tinto	1.6
Vodafone	2.0	BHP Billiton	1.5
<b>Total Number of Holdings</b>	<b>90</b>		

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

## Net Dividends (dividends will be paid quarterly from June 2014)

	Pay Date	Record Date	Payment
final dividend	26.03.14	07.03.14	8.5p
interim dividend	30.08.13	02.08.13	6.0p

## 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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