

# Brunner: the best of most worlds

## LUCY MACDONALD

Portfolio Manager of The Brunner Investment Trust

Longevity and long-term conviction are two attributes that Investment Trusts have demonstrated over time. As Portfolio Manager of The Brunner Investment Trust (and an investor in Investment Trusts myself), I know that investors considering future investment decisions find it reassuring to look back in time, since these are amongst the very oldest forms of investment vehicle. Established in 1927, Brunner has demonstrated not only longevity over its 92 years but also an ability to deliver long-term income and growth returns in a sustained manner even when market conditions are uncertain, as they have been recently.

Our priority for Brunner is to build a global equity portfolio of around 70 strongly financed companies with good long-term growth prospects that are trading on sensible valuations. As Brunner's objective is to deliver growth in both capital value and dividends, the companies we choose need to meet certain criteria. We prefer companies in growing industries that can grow through their own innovation. We believe these are the sorts of companies that will allocate surplus capital well and invest wisely in both business and management. But, we also need companies that can provide a decent yield, to keep a core part of the dividend coming through.

Brunner has increased its dividend for 47 consecutive years, something that's very important to our investors and a source of pride for us. The Trust is high on the list of the Association of Investment Companies' dividend heroes, an elite list of companies that have increased dividends for 20 years or more.

For the stocks we choose, we aim to discover future winners before the crowd. The current market environment provides a challenging backdrop of tightening liquidity, slowing global economic growth and trade friction. But, as a 'bottom-up'-driven fund manager, we are confident that our stock selection process can cope with these challenges. It's helpful that, since we focus on companies, the Brunner portfolio is diversified across a wide range of sectors and geographies, without being overly exposed to any one theme or sector. We think of it as 'the best of most worlds'. Moreover, our bias for high quality companies with strong cash flows and low levels of debt should be a source of relative return and lower risk in the current climate.



The Brunner  
Investment  
Trust PLC



Right now, technology is a sector where we think we can find stocks with structural growth potential. Digitisation is having a massive impact on industry and commerce and we are all familiar with the digital heavyweights that have become part of our daily lives.

Cloud computing, social networking, online travel and gaming are all represented in the Brunner portfolio. And looking ahead, as many industries continue the shift online, we think it will be our ability to differentiate between those companies that are leading, and profiting from, the digitisation trends in their industries, while at the same time avoiding the losers. This holds the key to the Trust's future performance potential, but we are confident that our stock picking approach will continue to serve our valued investors well in the future.

**To discover more about Lucy's investment approach, visit [www.brunner.co.uk](http://www.brunner.co.uk) where you can register for regular updates.**

**Lucy Macdonald is CIO of Global Equities at Allianz Global Investors and is portfolio manager of The Brunner Investment Trust PLC. Brunner aims to provide its investors with growing dividends and capital growth by investing in a portfolio of global equities. Although past performance is no guide to the future, Brunner has paid a rising dividend to shareholders for 47 consecutive years.**

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