

# The Brunner Investment Trust PLC

An 'all-weather' global equity portfolio



## 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

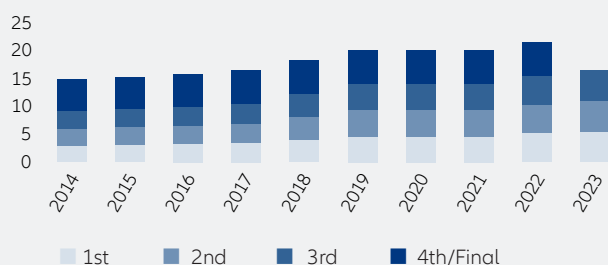
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 51 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
27.10.2023	12.12.2023	5.55p	3rd Interim
04.08.2023	15.09.2023	5.55p	2nd Interim
16.06.2023	25.07.2023	5.55p	1st Interim
24.02.2023	04.04.2023	6.05p	Final

Past performance is not a reliable indicator of future results.

## Key Information

Launch Date	December 1927
AIC Sector	Global
Benchmark	70% FTSE World ex-UK Index; 30% FTSE All-Share Index
Annual Management Fee	0.45%
Performance Fee	No
Ongoing Charges <sup>1</sup>	0.63%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March
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 Managers	Julian Bishop and Christian Schneider
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2022). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses, which include the annual management fee, incurred in the running of the company but excluding financing costs.



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** £536.8m

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

**Market Cap** £452.5m

Share Price

**1060.0p**

NAV per Share

**1221.3p**

Premium/-Discount

**-13.2%**

Dividend Yield

**2.1%**

Gearing

**6.1%**

## Fund Manager's Review

Dear Shareholder,

After a period of reassuring downward moves, the prospect of inflation reared its head again in September. Economic conditions have remained surprisingly resilient and the oil price, specifically, has rallied hard. Combined with a great deal of debt issuance by the United States, where the treasury is running a sizeable budget deficit that requires funding, yields pushed higher, with almost 5% now available on 5, 10 and 30 year Treasury bonds – the highest in 20 years. This higher 'risk-free' rate means more competition for equities and impacts the discount rate used to value a company's future cash flows. As such, the flagship US equity benchmark S&P500 finished the month down 4.8% in dollar terms. Brunner was largely protected from this by a commensurate weakening in the value of Sterling, which means our dollar denominated holdings are now worth more once translated into British Pounds. This cushioning has been a recurring feature of the past year and has acted to buffer Brunner from some of the volatility in overseas markets. Brunner's Net Asset Value (NAV) total return for September was flat at a shade above zero (0.04%), roughly in line with the benchmark index return in Sterling terms of 0.08%.

We have been busy on the trading front this month, with several months of discussions culminating in a series of investment decisions. Firstly, we added small amounts to several UK names which we think had fallen to compelling levels. The underperformance of the UK market has been well documented and has been particularly acute amongst companies beyond the larger multinationals. As such we added to names like SThree, a leading supplier of skilled contract workers to the STEM sector with a terrific record of value-creative growth. Names like these have been amongst our smaller holdings and we determined that current valuations meant that as portfolio holdings they deserved to be pushed up the register. These companies typically operate in more competitive industries than many of our largest holdings, but they are good at what they do and generate substantial free cash flow.

**“ We have been busy on the trading front this month, with several months of discussions culminating in a series of investment decisions ”**

We also took new positions in two world class growth companies. The first is Netherlands based ASML. ASML makes some of the most advanced semiconductor manufacturing equipment on the planet. The pinnacle of their business is their unique capability in extreme ultra violet (EUV) lithography machines. The largest, most complex semiconductors comprise circuits featuring billions of transistors. Simplistically, the pattern of the circuit is made by projecting light through a negative onto chemicals deposited on a silicon wafer (hence the term lithography, or 'stone writing').

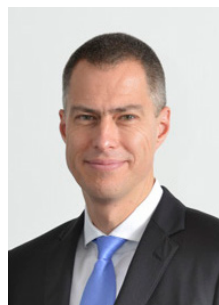
The science and physics of producing these chips is almost beyond comprehension. The A17 chip used by Apple in its latest iPhones has 19 billion transistors. The 'line width' of the circuit pattern is 3 nanometres (a millionth of a millimetre) across. This is how far a human toenail grows in three seconds. A human hair, for comparison, is a rotund 80,000 -100,000 nanometres wide.

Because 3 nanometers is some way short of the wavelength of light, it has become impossible to use anything on the normal spectrum to 'project' the pattern of the circuit onto the silicon. EUV has a far lower wavelength, overcoming this problem. Generating EUV light, alone, is an exercise of extraordinary complexity. In his book Chip War, Chris Miller summarises the process as follows: the 'best approach is to shoot a tiny ball of tin a thirty millionth of a meter wide through a vacuum at 200 mph then



**Julian Bishop,  
Co-Lead Portfolio Manager**

Julian Bishop joined Allianz Global Investors in November 2022. Julian has more than 25 years fund management experience. He joined AllianzGI from Tesco Pension Investment Ltd where he was an Equity Fund Manager managing a multi-billion pounds global equities portfolio. Julian graduated from Queens' College, Cambridge University in 1995 and has an MA (Hons) Cantab in Geography. He is an Associate of the CFA Society of the UK.



**Christian Schneider,  
Co-Lead Portfolio Manager**

Christian Schneider joined the Global Equity Fund Management Team as a portfolio manager in April 2000 and managed a US Equity strategy until 2002. Christian graduated with a Master's degree in Economics from the University of Giessen and is a CFA charter holder.

*striking it twice with a laser - the first pulse to warm it up, the second to blast it into a plasma with a temperature of around half a million degrees ie many times hotter than the surface of the sun. This process is repeated 50,000 times per second to produce EUV in the quantities required'*

The latest ASML lithography machines weigh 200 tonnes and cost several hundred million dollars. A recent downturn in the semiconductor market allowed us to buy the stock for what we believe was a very fair price. In our opinion, the economics of the business is outstanding and the balance sheet appears pristine. Unusually for a cutting edge tech company, they also pay a reasonable dividend.

The second company is US listed Thermo Fisher Scientific ('Thermo'). Thermo is a life sciences giant, and provides laboratories around the world with a wide range of products and services. These range from relatively basic supplies to the most advanced 'CRISPR' tools used in gene editing. The end market enjoys structural growth and management have proved exceptional, in our view. The stock has weakened considerably after COVID, where heightened lab activity boosted sales way above trend, meaning, again, we had an opportunity to buy into a superb company at a reasonable valuation.

Funding was provided by the sale of Yum! China, which operates fast food restaurants such as KFC and Pizza Hut, and Agilent. Audit, accounting and legal regimes in China can be less transparent than in the developed world, which means we require a higher risk premium/ lower valuation before committing capital to the direct market. Combined with a deteriorating economic outlook, we believed the valuation of Yum! China no longer provided us sufficient margin for error as a holding in the portfolio.

We also reduced our weightings in two-'star performers'; US software company Adobe and Greek retailer Jumbo.

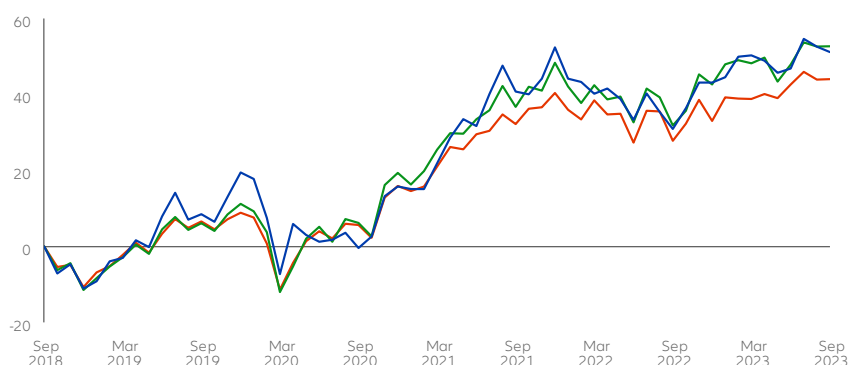
Yours Sincerely,

**Julian Bishop & Christian Schneider  
12 October 2023**

**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	2.9	0.6	15.5	51.8	51.2
NAV (debt at fair value)	3.3	3.0	15.8	43.8	52.7
Benchmark	1.0	3.8	12.7	36.3	44.0

### Discrete 12 Month Returns to 30 September (%)

	2023	2022	2021	2020	2019
Share Price	15.5	-7.0	41.3	-8.2	8.5
NAV (debt at fair value)	15.8	-3.6	28.8	0.1	6.1
Benchmark	12.7	-3.3	25.2	-0.9	6.6

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.09.23. Copyright 2023 © 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 does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount 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\* (%)

Sector	Percentage (%)
Industrials	22.8
Financials	22.3
Information Technology	18.3
Health Care	15.8
Consumer Discretionary	7.4
Energy	5.3
Consumer Staples	4.3
Utilities	2.4
Materials	0.9
Real Estate	0.5

### Geographic Breakdown\* (%)



### Top Twenty Holdings (%)

Microsoft	6.0
UnitedHealth Group	4.3
Visa - A Shares	3.8
Muenchener Rueckver	3.4
Microchip Technology	2.9
Shell	2.9
Schneider Electric	2.5
Thermo Fisher Scientific	2.4
TotalEnergies	2.4
Schwab (Charles)	2.4
Partners Group	2.3
Gallagher	2.3
Taiwan Semiconductor	2.3
AMETEK	2.2
InterContinental Hotels Group	2.2
DNB Bank	2.2
Novo Nordisk	2.2
Itochu	2.1
Accenture	2.0
Unilever	2.0

Total number of holdings 59

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.

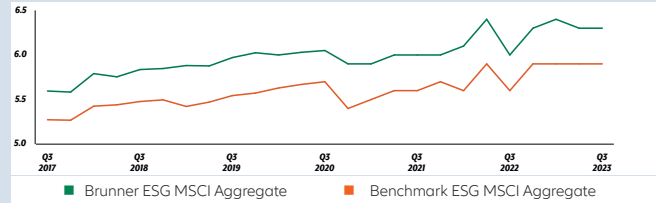
This is no recommendation or solicitation to buy or sell any particular security.

\*Excludes Cash

## Environmental, Social and Governance (ESG)

AllianzGI has a dedicated ESG research team working with the portfolio managers to incorporate ESG factors into investment decisions. The board supports AllianzGI's view that there is value in working with companies in the portfolio on environmental, social, governance and business conduct issues.

AllianzGI uses third party research provided by MSCI to help identify ESG factors that can impact the businesses of the companies in the portfolio. The chart below shows that the Brunner portfolio's ESG ratings compare well against the benchmark's ESG ratings over a five year period.



The chart above shows the rating of the Brunner portfolio on ESG risks and combined ESG risk measurements compared to the rating of the Benchmark (70% FTSE World ex-UK Index; 30% FTSE All-Share Index) scored on a scale of 1-10 (where 10 is high) on a quarterly basis.

## Board of Directors

Carolan Dobson (Chair)  
Amanda Aldridge (Chair of the Audit Committee)  
Elizabeth Field  
Andrew Hutton (Senior Independent Director)  
Jim Sharp

## Glossary

**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.

## 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:

0800 389 4696

[www.brunner.co.uk](http://www.brunner.co.uk)

**E-mail:** [investment-trusts@allianzgi.com](mailto: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.



**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail. For further information contact the issuer at the address indicated below.

**All data source Allianz Global Investors as at 30.09.23 unless otherwise stated.**

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