

# The Brunner Investment Trust PLC

An 'all-weather' global equity portfolio

**Allianz**   
Global Investors

## 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

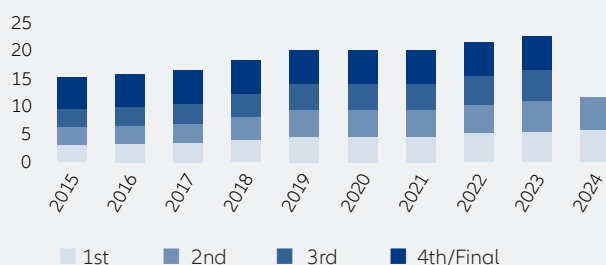
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 52 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
02.08.2024	12.09.2024	5.90p	2nd Interim
14.06.2024	25.07.2024	5.90p	1st Interim
01.03.2024	04.04.2024	6.05p	Final
27.10.2023	12.12.2023	5.55p	3rd Interim

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>	0.64%
Year End	30 November
Annual Report	Annual 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   Kelly Nice
Investment Managers	Julian Bishop and Christian Schneider
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2023). 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.

This is a marketing communication. Please refer to the Key Information Document (KID) before making any final investment decisions.



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** £620.0m

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

**Market Cap** £559.3m

Share Price

**1310.0p**

NAV per Share

**1415.1p**

Premium/-Discount

**-7.4%**

Dividend Yield

**1.8%**

Gearing

**6.4%**

## Fund Manager's Review

Dear Fellow Shareholder,

Political headlines dominated in June. Overseas, European elections early in the month saw strong gains for far-right parties. These were particularly acute in France where President Macron responded to strong polling from the National Rally party by calling an early national election in a high-risk gambit to pull the country back to the political centre. In the US, Trump continues to poll strongly in most key swing states. A disastrous performance by Joe Biden in the first presidential debate has led to open calls for his replacement as the Democratic candidate this November.

In contrast, the UK election campaign was less eventful. Labour maintained their strong lead, with Reform UK's recent success further eating into the Conservative vote. New Prime Minister Sir Keir Starmer has successfully persuaded the City that he is sufficiently centrist to represent no threat to business and UK markets have responded to his election with a Gallic shrug. The same could not be said in France, however, where markets were shaken by the possibility of a more extremist government. Liberal democracy suits markets well and changes to the status quo can be unnerving.

As Liz Truss found out to her cost, markets can brutally enforce fiscal discipline, limiting the scope of any politician no matter their colours. We note that the US, the UK and France are all running material budget deficits already; in other words, all their governments are living beyond their means. The conflicting political demands of lower taxation and better services will remain a source of tension for the indefinite future. Presidential-candidate Trump and Sir Keir are united by their view that economic growth is needed to solve this problem.

With political events in Europe renewing concerns around the stability of the EU project, local markets were weak. In sharp contrast, US markets continued their ascent. Artificial Intelligence (AI) stalwart Nvidia added \$1trillion to its market capitalisation in just 30 days, briefly making it the

**“ Equities are long duration assets. It is not what happens this year or next but what happens over the long run that truly matters**

world's most valuable company. In finance we become inured to large monetary sums but this is by any metric an inordinate amount of money; considerably more than the GDP of Switzerland or the entire value of 93 year old Warren Buffett's Berkshire Hathaway. Looking at index returns over the month, the US beat Europe, growth beat value, dividend stocks under-performed and technology beat everything. These statements are connected and show that a narrow cohort of enormous US listed tech stocks are propelling the whole global stock market.

The Brunner Investment Trust underperformed during the month, largely because we do not hold all of this cohort. The Trust's Net Asset Value (NAV) total return was 1.34%, behind the 1.82% of the benchmark. Whilst we have substantial positions in Microsoft, Alphabet (the parent company of Google) and AI silicon proxies Taiwan Semiconductor and ASML, we don't hold Nvidia nor Apple, where shares were excited by talk of a strong iPhone cycle later this year when they launch an AI enabled device.

Large index stocks such as these present us with a dilemma. We have proactive enthusiasm for all our holdings, as you would expect. In our search for the best investments for the portfolio, we consider many possibilities – we turn over a lot of stones, kiss a lot of frogs. Many names we actively reject but for many we simply find the scales too finely balanced. We don't buy them because we don't like them, but because we can't find reasons to get over the line. However, when stocks like this grow and become large weights in the market we inadvertently adopt an actively negative position relative to our benchmark. The dilemma is therefore



**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.

whether to buy something for which we have muted enthusiasm simply because it is large.

In our opinion it would be arrogant to declare Nvidia, one of the most profitable companies in existence, as definitively overvalued. But we do believe that the scales are finely balanced. On one side, Nvidia is a very profitable business with high market share making something very useful for which there is abundant demand. Moreover, AI developers are tied in by their use of CUDA, Nvidia's proprietary programming language, which makes it hard for users to switch allegiance to a competitor. On the other side of the balance, the valuation, a multiple of forty times next year's very elevated profit forecast, is expectant of profits that grow and persist in perpetuity. Equities are long duration assets. It is not what happens this year or next but what happens over the long run that truly matters. At the moment, Nvidia has a near monopoly making GPUs for AI applications but history shows us that technology hardware companies rarely sustain their competitive advantages for long and that deflation is typical. Moreover, not many of the AI start ups that are today's ultimate users of GPUs are actually making any money. For those who remember the dotcom bubble, companies like Cisco made plenty of money supplying the requisite hardware only for their shares to collapse once their unprofitable customers ran out of cash.

Determinedly, our focus is always on the long-term prospects for any business. Amongst many other factors, this requires an assessment of demand patterns, the trajectory of pricing and the evolution of competition. At this point in time, we lack sufficient clarity on all these important considerations in relation to Nvidia. Collectively they are enough to prevent us from getting over the line at present.

There were no noteworthy trades in the portfolio during the month.

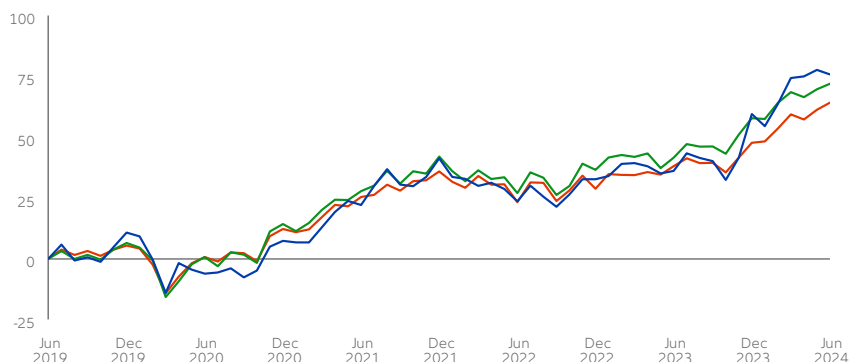
Yours sincerely,

**Julian Bishop & Christian Schneider  
18 July 2024**

**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. Past performance does not predict future returns.**

### 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	0.8	10.2	29.2	44.0	75.8
NAV (debt at fair value)	2.0	9.0	21.5	34.6	71.9
Benchmark	3.0	11.2	18.9	31.0	64.2

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

	2024	2023	2022	2021	2020
Share Price	29.2	10.1	1.2	30.1	-6.2
NAV (debt at fair value)	21.5	11.5	-0.6	26.9	0.6
Benchmark	18.9	12.0	-1.7	24.6	0.6

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.06.24. Copyright 2024 © 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\* (%)

Industrials	24.1	<div style="width: 24.1%;"></div>
Information Technology	23.5	<div style="width: 23.5%;"></div>
Financials	20.9	<div style="width: 20.9%;"></div>
Health Care	13.2	<div style="width: 13.2%;"></div>
Consumer Discretionary	6.9	<div style="width: 6.9%;"></div>
Energy	4.7	<div style="width: 4.7%;"></div>
Consumer Staples	3.6	<div style="width: 3.6%;"></div>
Utilities	2.3	<div style="width: 2.3%;"></div>
Materials	0.8	<div style="width: 0.8%;"></div>

#### Geographic Breakdown\* (%)

North America	44.3	<div style="width: 44.3%;"></div>
Europe ex UK	26.0	<div style="width: 26.0%;"></div>
UK	22.3	<div style="width: 22.3%;"></div>
Pacific ex Japan	5.3	<div style="width: 5.3%;"></div>
Japan	2.1	<div style="width: 2.1%;"></div>

#### Top Twenty Holdings (%)

Microsoft	7.0
Taiwan Semiconductor	3.8
UnitedHealth Group	3.6
Visa - A Shares	3.6
Microchip Technology	2.8
Schneider Electric	2.8
ASML	2.8
Shell	2.7
InterContinental Hotels Group	2.6
Thermo Fisher Scientific	2.5
Bank of Ireland	2.4
Charles Schwab	2.4
Partners Group	2.2
Gallagher	2.2
Alphabet - A shares	2.2
Itochu	2.1
AMETEK	2.1
TotalEnergies	2.0
American Financial Group	2.0
General Electric	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.

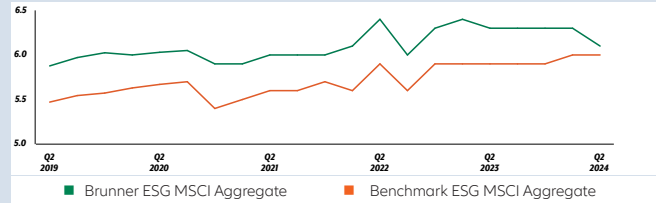
This is no recommendation or solicitation to buy or sell any particular security.

\*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

Carolyn 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 statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement. 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 30.06.24 unless otherwise stated.**

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