

# 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.

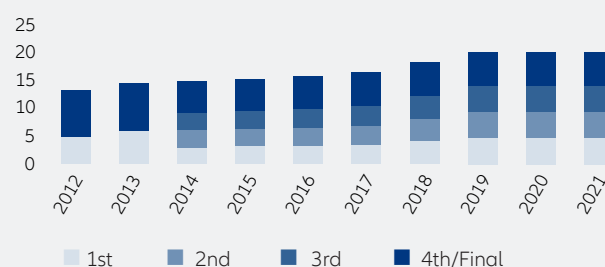
## Trust Benefits

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 50 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
25.02.2022	01.04.2022	6.05p	Final
29.10.2021	10.12.2021	4.70p	3rd Interim
06.08.2021	16.09.2021	4.70p	2nd Interim
18.06.2021	22.07.2021	4.70p	1st Interim

Past performance is not a reliable indicator of future results.

Consideration of Environmental, Social and Governance (ESG) factors is fully integrated into The Brunner Investment Trust's investment process. Visit [www.brunner.co.uk/en-gb/about-us/esg](http://www.brunner.co.uk/en-gb/about-us/esg) for more information.

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** £511.1m

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

**Market Cap** £437.6m

Share Price

**1025.0p**

NAV per Share

**1140.6p**

Premium/-Discount

**-10.1%**

Dividend Yield

**2.0%**

Gearing

**7.1%**

**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

Global equities fell again in April. With no clear end in sight to the conflict between Russia and Ukraine, rising prices of energy, food and raw materials, continued to drive existing inflationary pressures. Market sentiment weakened further as central banks indicated they will continue tightening monetary policy, sparking fears of a global recession. Lockdowns in China (which is pursuing its zero-Covid policy) are further obstructing supply chains.

At a sector level, investors rotated into defensives, particularly high-quality dividend-paying stocks. Consumer Staples were a rare bright spot, with Energy and Utilities also outperforming. Meanwhile, the IT sector continued to be hurt by fears that higher interest rates would undermine the value of their future earnings. Consumer Discretionary stocks were also weak on cyclical concerns.

After two months of sharp gains, commodity prices were relatively steady in April. Despite briefly slipping below USD 100 a barrel, oil prices rose slightly over the month, with Brent crude ending just above USD 105 a barrel. Natural gas was also volatile as Russia cut off gas supplies to Poland and Bulgaria.

### Portfolio Review

The Trust's equity portfolio modestly outperformed the benchmark. The NAV total return was -2.6% compared to the benchmark's -2.7%.

UnitedHealth Group made the strongest positive contribution to returns. Shares touched a record high after the medical insurance giant posted

“ **many high quality, high growth companies are now more attractively valued than they have been for many years**

better than expected results and lifted full year revenue guidance, driven by strong performances at both its UnitedHealthcare insurance and Optum health-services units. UnitedHealth's growth is increasingly fuelled by providing medical care directly to patients, and these defensive characteristics have supported the stock in recent months.

HomeServe also boosted returns. The provider of domestic insurance and related services had already rallied 21% in March, following a bid from Brookfield Infrastructure. The shares rallied further on news that HomeServe had entered formal talks with Brookfield.

Charles Schwab made the worst active contribution to performance. The brokerage firm reported revenues and Earnings per Share (EPS) that were modestly lower than expected, driven by a slightly weaker net interest margin. The shares now trade at an historic discount to the broader US market and, in terms of our portfolio investment case, fail to account for the longer-term resilience of the business model.

Adidas also weakened returns. The Chinese government's zero Covid policy is limiting sales in the country, whilst supply chain issues continue to persist. Recent company guidance for 2022 revenue growth was taken lower. However, in terms of our portfolio investment case, we believe the company remains very well positioned for the long term, with an attractive relative and absolute valuation.

### Significant Transactions

We initiated a new position in Atalaya, a copper miner. The company's principal asset is the famous Rio Tinto mine in Spain, which has been operational since Roman times. This is a high quality mine, with local expansion potential, in a relatively safe jurisdiction. Copper is an attractive



### Matthew Tillett, Portfolio Manager

The Brunner Investment Trust is managed by Matthew Tillett, supported by portfolio managers Marcus Morris-Eyton and Christian Schneider. Matthew joined AllianzGI in 2006. He graduated from Bristol University with a first class degree in Economics and Economic History. He also holds a masters (with distinction) in International Political Economy from the London School of Economics. Matthew holds the IMC designation and is a CFA® charterholder.

commodity, essential to renewable power generation and electricity storage and transmission, which are driving the energy transition away from fossil fuels. With strong structural growth and limited new mine capacity, the long-term prospects for the copper price look well underpinned. We were able to buy Atalaya shares at substantial discount to the prevailing price, as a large shareholder needed to place their shareholding to strengthen their own financial position.

### Market Outlook

Inflation and subsequent central bank rate hikes continue to be the biggest drivers of equity markets. This can partly be ascribed to Russia's invasion of Ukraine which has driven up the prices of energy, corn, wheat, and a range of industrial commodities. However, inflationary forces pre-date the conflict, due to recovering demand and supply shortages made worse by the pandemic.

To date, most companies are passing on cost pressures through higher prices, but eventually this will have an impact on end demand. This is a particular risk for the consumer discretionary sector, as spend is reallocated to costlier essentials such as energy and food. 'Reopening luxuries' such as holidays, dining out and entertainment may prove more resilient, as people seize the chance to indulge themselves for the first time in two years.

In this environment, fundamentals provide the best solace. Negative sentiment has indiscriminately compressed Price-to-Earnings (P/E) multiples across the market, such that many high quality, high growth companies are now more attractively valued than they have been for many years. Barely six months ago, we were reducing many of the portfolio's high growth holdings on valuation concerns. The speed and extent of the de-rating that has occurred in recent months has brought most back into buying territory again, as well as throw up new ideas, such as the portfolio's purchase of Adobe earlier in the year.

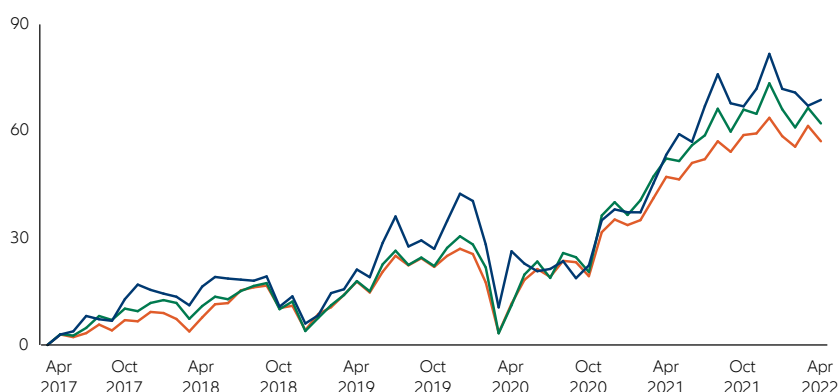
Our strong bias towards quality makes us confident that most of the Trust's holdings can offset inflationary pressures. This characteristic is currently underappreciated by the market, but we believe will become more apparent as inflation continues to work its way through the system.

**Matthew Tillett**  
24 May 2022

**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	-1.8	1.1	10.1	39.3	68.8
NAV (debt at fair value)	-2.4	-2.3	6.9	38.0	62.8
Benchmark	-0.9	-1.1	6.8	33.4	57.2

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

	2022	2021	2020	2019	2018
Share Price	10.1	21.4	4.2	4.1	16.4
NAV (debt at fair value)	6.9	37.1	-5.7	6.3	10.9
Benchmark	6.8	31.9	-5.3	9.4	7.7

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.04.22. Copyright 2022 © 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\* (%)

Sector	Percentage (%)
Industrials	20.3
Financials	19.0
Health Care	18.7
Information Technology	13.7
Consumer Discretionary	13.3
Energy	4.1
Materials	3.5
Consumer Staples	3.3
Utilities	3.1
Real Estate	1.0

### Geographic Breakdown\* (%)

Region	Percentage (%)
North America	43.7
Europe ex UK	25.6
UK	23.9
Pacific ex Japan	4.0
Japan	2.8

### Top Twenty Holdings (%)

Microsoft	4.9
UnitedHealth Group	4.8
Visa - A Shares	3.6
Adidas	2.9
Roche	2.8
Taiwan Semiconductor	2.5
Muenchener Rueckver	2.4
Novo Nordisk	2.3
Shell	2.2
Schneider Electric	2.2
Microchip Technology	2.1
Cooper Cos	2.0
Itochu	2.0
Accenture	2.0
AMETEK	2.0
Unilever	1.9
National Grid	1.9
TotalEnergies	1.9
AIA Group	1.9
AbbVie	1.8

Total number of holdings 63

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.

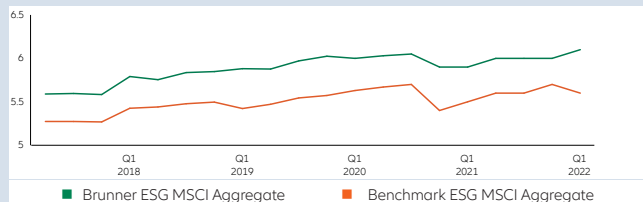
This is no recommendation or solicitation to buy or sell any particular security.

\*Excludes Cash

## Environmental, Social and Governance (ESG)

AllianzGI has a dedicated ESG research team working with the portfolio managers to integrate 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 three 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.

## 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 Manager	Matthew Tillett
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2021). 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.

## Board of Directors

Carolán Dobson (Chairman)  
Amanda Aldridge (Chair of the Audit Committee)  
Andrew Hutton  
Peter Maynard (Senior Independent Director)  
Jim Sharp

## 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**

**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.



**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.

**All data source Allianz Global Investors as at 30.04.22 unless otherwise stated.**

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