

The Brunner Investment Trust PLC

Global investment solution rich in family history



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

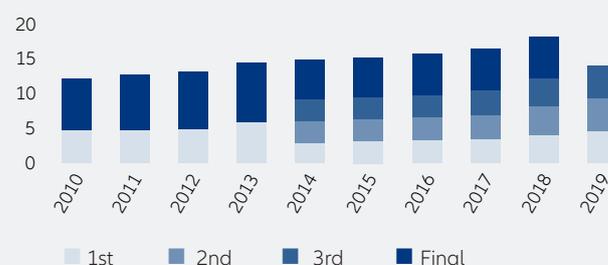
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 47 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
01.11.2019	12.12.2019	4.66p	3rd Quarterly
09.08.2019	19.09.2019	4.66p	2nd Quarterly
21.06.2019	25.07.2019	4.66p	1st Quarterly
01.03.2019	05.04.2019	6.00p	Final

Past performance is not a reliable indicator of future results.



Bronze



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 £422.9m

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

Market Cap £355.2m

Share Price

832.0p

NAV per Share

910.9p

Premium/-Discount

-8.7%

Dividend Yield

2.3%

Gearing

8.7%

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

In aggregate, global equities made modest gains in September, recovering from their steep August decline. Once again, interest rate cuts from the US and European central banks, as well as signs that US-China trade relations might be improving, helped to improve investor sentiment. However, global economic data remained lacklustre, with US manufacturing notably slipping into contraction territory.

At a sector level, Financials performed the best, helped by rising bond yields. There was also a marked shift in investor positioning: stocks which had performed consistently well year-to-date saw pullbacks, while stocks valued at lower multiples rallied strongly. This rotation out of momentum stocks into value names has largely happened as repositioning within individual sectors rather than a wholesale shift out of higher momentum sectors, although the lower-momentum Energy and Utilities sectors also outperformed.

Such moves are often driven by sharp improvements in economic sentiment, yet this remains weak. Sterling strengthened over September, following parliament's move to block a 'no deal' departure from the European Union on 31 October.

An attack on two oil plants in Saudi Arabia oil caused prices to surge 20% as a result, with Brent crude peaking at 70 USD a barrel. This later eased to under 60 USD, as Saudi Arabia pledged to restore output by the end of the month.

Portfolio Review

The Trust's NAV rose 1.63% against a benchmark return of 1.61%. This

“ active stock selection continues to be the main long-term driver of returns, despite recent headwinds

outperformance was driven by strong stock selection in the Industrials and Health Care sectors, offsetting moderately weaker stock picking in Consumer Goods and Consumer Services.

As well as being the portfolio's best-performing Industrials stocks, **Tyman** and **Sthree** made the largest positive contributions to returns overall. Both companies benefitted strongly from the market's rotation towards more lowly-valued stocks, rallying almost twenty per cent. We saw particular benefit from our position in Tyman, to which we had added, following an excessive price move after soft H1 results.

In addition, SThree delivered a solid Q3 trading update. The STEM (science, technology, engineering and mathematics) focused recruiter has been overly punished for its UK exposure, but with strong fee growth in Europe and the USA, this is an increasingly small part of the business. By focusing on contract workers in a specialist niche, SThree is able to weather tougher conditions better than peers.

UnitedHealth Group has made the largest negative contribution to returns. The US-based provider of integrated health care has suffered as a result of vocal support for Universal Healthcare from a range of Democratic Presidential candidates. However, current valuations are pricing the roll-out of this policy as an almost certain event. Given the previous difficulty of passing "Obamacare", we view this discount as excessive and maintain our position.

The **Cooper Companies** have also eroded returns. The maker of contact lenses and specialist healthcare items reported Q3 revenues which came in moderately below expectations, as well as softer full year guidance. Underlying demand trends remain strong and we have added to our position as a result.



Lucy Macdonald, Portfolio Manager

The Brunner Investment Trust is managed by Lucy Macdonald. Lucy is the Chief Investment Officer of Global Equities and a member of the European Management Committee. The Global Equity team is responsible for international mandates from clients around the world.

Significant Transactions

Our conviction in **Covestro** has weakened as the specialist plastic manufacturer's growth targets become less certain. As a result, we have used the recent share price rally to sell our holding.

We have initiated a position in **International Flavors & Fragrances**. IFF operates in an oligopolistic industry with stable growth, high returns and a yield of 2.5%. The company has de-rated as a result of slower growth and the expensive acquisition of Frutarom, which has given an attractive entry point.

Market Outlook

October's weak US manufacturing data mean the US now joins China and Europe in a global industrial contraction. Having previously bucked the trend, the trade war's effects are now being felt at home. The slowdown is already weighing on Industrials and Materials stocks, but a sustained manufacturing downturn may spread to as yet resilient Service sectors.

In the face of this, central banks are attempting to stimulate demand. September saw the US Federal Reserve and the European Central Bank cut rates by 0.25% and 0.5%, respectively. President Trump castigated Chair Powell's relative restraint, but Mario Draghi's own message was clear: "Now is the time for fiscal policy to take charge". With the Federal Reserve suggesting further cuts are unlikely, there are genuine question marks over what more monetary policy can achieve.

A US-China trade resolution therefore is one of few tangible sources of potential economic stimulus. Yet despite positive rhetoric, President Trump's actions have been consistently antagonistic. Recent reports suggest the US is now considering limiting investor flows into China, a substantial escalation beyond trade tariffs.

Even so, equity valuations remain close to all-time highs. Indeed, the recent value rally showed that investors had simply come to view these stocks as too cheap. However, the economic growth which would truly boost value stocks remains elusive, and valuation multiples continue to reflect a preference for non-cyclical growth.

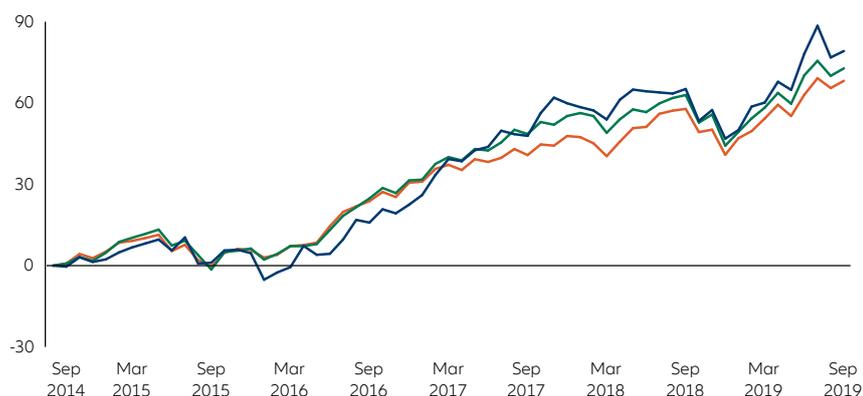
This contradiction between valuations and fundamentals will be a key driver of volatility over the coming months. We have positioned the portfolio accordingly, consistently reducing our exposure to stocks with overextended valuations and adding to those on more reasonable multiples. Consequently, active stock selection continues to be the main long-term driver of returns, despite recent headwinds.

Lucy Macdonald
15 October 2019

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	0.5	11.9	8.5	54.6	79.2
NAV (debt at fair value)	1.5	9.2	6.0	38.5	72.8
Benchmark	3.1	9.0	6.6	35.9	68.2

Discrete 12 Month Returns to 30 September (%)

	2019	2018	2017	2016	2015
Share Price	8.5	11.7	27.6	14.7	1.1
NAV (debt at fair value)	6.0	9.7	19.1	26.6	-1.4
Benchmark	6.6	12.1	13.7	24.4	-0.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.09.19. Copyright 2019 © 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* (%)

Financials	23.3	<div style="width: 23.3%;"></div>
Industrials	22.0	<div style="width: 22.0%;"></div>
Health Care	14.6	<div style="width: 14.6%;"></div>
Technology	11.7	<div style="width: 11.7%;"></div>
Consumer Goods	8.9	<div style="width: 8.9%;"></div>
Consumer Services	7.0	<div style="width: 7.0%;"></div>
Basic Materials	5.3	<div style="width: 5.3%;"></div>
Oil & Gas	3.5	<div style="width: 3.5%;"></div>
Utilities	2.9	<div style="width: 2.9%;"></div>
Telecommunications	0.8	<div style="width: 0.8%;"></div>

Geographic Breakdown* (%)

North America	43.7	<div style="width: 43.7%;"></div>
UK	24.7	<div style="width: 24.7%;"></div>
Europe ex UK	23.5	<div style="width: 23.5%;"></div>
Pacific ex Japan	5.7	<div style="width: 5.7%;"></div>
Japan	2.5	<div style="width: 2.5%;"></div>

Top Twenty Holdings (%)

Microsoft	4.9
Muenchener Rueckver	3.2
Roche	3.1
UnitedHealth Group	2.9
Accenture	2.8
Royal Dutch Shell - B Shares	2.7
Visa - A Shares	2.7
Taiwan Semiconductor	2.7
Ecolab	2.6
Estée Lauder	2.5
Cooper Cos	2.4
Agilent Technologies	2.3
Adidas	2.1
GlaxoSmithKline	2.1
AIA Group	2.0
Microchip Technologies	1.8
Compass	1.8
AMETEK	1.8
Schneider Electric	1.8
AbbVie	1.8

Total number of holdings 65

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

Key Information

Launch Date	December 1927
AIC Sector	Global
Benchmark	70% FTSE World ex-UK Index; 30% FTSE All-Share Index
Annual Management Charge	0.45%
Performance Fee	No
Ongoing Charges ¹	0.66%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March/April
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	Lucy Macdonald
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2018). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses incurred in the running of the company but excluding financing costs.

Board of Directors

From left to right: Peter Maynard, Ian Barlow (Chairman of the Audit Committee), Carolan Dobson (Chairman), Jim Sharp, Vivian Bazalgette (Senior Independent Director)



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.



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All data source Allianz Global Investors as at 30.09.19 unless otherwise stated.

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