

# 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 48 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.



Morningstar Rating™



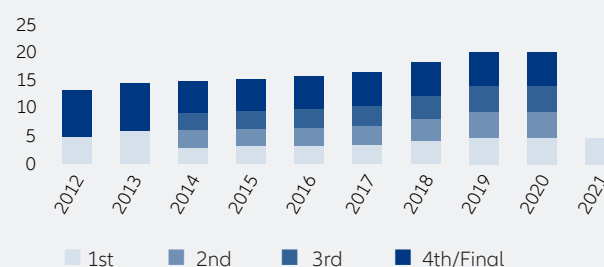
Consideration of Environmental, Social and Governance (ESG) factors is fully integrated into The Brunner Investment Trust's investment process. Visit [www.brunner.co.uk/Integrated-ESG/](http://www.brunner.co.uk/Integrated-ESG/) for more information.

A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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## 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
18.06.2021	22.07.2021	4.70p	1st Quarterly
26.02.2021	01.04.2021	6.05p	Final
30.10.2020	10.12.2020	4.67p	3rd Quarterly
07.08.2020	16.09.2020	4.67p	2nd Quarterly

Past performance is not a reliable indicator of future results.

**Total Assets** £492.5m

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

**Market Cap** £421.0m

Share Price

**986.0p**

NAV per Share

**1087.8p**

Premium/-Discount

**-9.4%**

Dividend Yield

**2.0%**

Gearing

**6.3%**

**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 advanced over May. European stocks were among the strongest performers as declining COVID-19 cases lifted hopes of a strong economic rebound. In contrast, Asian markets lagged as countries were forced to tighten restrictions. Inflation concerns moved to centre stage during the month after headline US consumer prices rose 4.2% year on year, marking the strongest inflation rate since 2008.

At a sector level, Energy and Materials outpaced the broader market amid a continued rise in commodity prices. Financials stocks were also strong, with higher inflation leading to expectations of interest rate rises. Consumer Discretionary, Technology and Utilities sectors were some of the weakest performers

Oil prices briefly moved back towards USD 70 a barrel as economies pick up steam. Industrial metals' prices also continued to strengthen. In general, input prices are rising globally due to supply-side constraints, with companies currently able to pass higher costs onto customers. While central banks are insisting that the uptick in inflation is temporary, speculation is growing that support measures may be tapered later in the summer.

### Portfolio Review

The Trust's equity portfolio was broadly in line with the benchmark in May, resulting in a NAV total return of -0.47% vs the benchmark's -0.49%.

**Adidas** made the largest boost to performance. Shares in the sports apparel manufacturer have been volatile due to a Chinese boycott of

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Western companies not using Xinjiang cotton. While Adidas had been optimistic about its resilience, May saw management formally raise full year sales guidance. The company did not address China directly, but cited good demand for new products. Having added to our position at the time, the stock remains a long-term holding.

For the second month running, **Tyman** made a strong positive contribution. Shares in the maker of window and door fittings rallied strongly following results which saw year to date revenues jump 31%, well ahead of 2019 levels, and suggesting that Tyman is firmly back into growth mode.

The **Cooper Companies** made the weakest contribution to returns. Shares in the maker of contact lenses and surgical instruments reached their highest level ever in May, yet retraced their path ahead of June results. The company's surgical division is expected to benefit from increased procedures following eased lockdown restrictions, while lenses have performed consistently. The results have borne this out and we see no challenge to our investment thesis.

**Accenture** also softened performance. The technology consultant has been one of the pandemic's success stories, thanks to the surge in demand for digital content. However, the sector is likely to face continued volatility as markets try to price in the dynamics of the reopening trade, inflation and expected interest rate rises. As such, the fundamentals of our investment case remain unchanged and the stock a long-term holding.

### Market Outlook

The recent US Consumer Prices Index (CPI) print of 4.2% has made it clear that inflation is here, at least for now. This is being driven in part by base



### Matthew Tillett, Portfolio Manager

The Brunner Investment Trust is managed by Matthew Tillett. Having been deputy manager of Brunner since 2016, Matthew Tillett took over as the lead manager in May 2020 and is supported by portfolio manager Marcus Morris-Eyton. 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.

effects as the economy annualises the period of widespread lockdown and depressed economic activity in 2020. In addition, the prices of raw materials and commodities have risen considerably, in some cases to all-time highs, whilst cargo and transport costs have also inflated.

The first driver is clearly temporary, but there is some debate as to whether input cost inflation may last into 2022 and beyond as the economic recovery takes hold. It is important to keep in mind that long-term trends such as digitalisation, ageing populations and the weight of global debt are clear countervailing structural forces that are, for the most part, deflationary in nature. It is logical to expect these forces to reassert themselves once economies and societies are back to normal.

We are keeping an open mind on this question, and this is reflected in the Trust's portfolio. Across the portfolio, our investments are focussed into companies that have pricing power, allowing them to deal with inflation effectively. Many are asset light in nature, making their capital reinvestment requirements in an inflationary environment less onerous than for capital intensive businesses.

Where we are not taking a strong stance is on cyclicity, in contrast to some commentators who have associated inflation with the outperformance of cyclical companies. Over the longer term, stock prices tend to follow earnings growth for most companies, the only exception being when near term valuations are extremely inflated. This holds true for both cyclical and defensive companies. The Trust holds many companies that are cyclical to some degree, but in all cases our investment rationale is based on more than just cyclicity. Indeed, we expect these companies to grow ahead of their competitors over the long term irrespective of the economic environment. The same holds true for the portfolio's more defensive holdings.

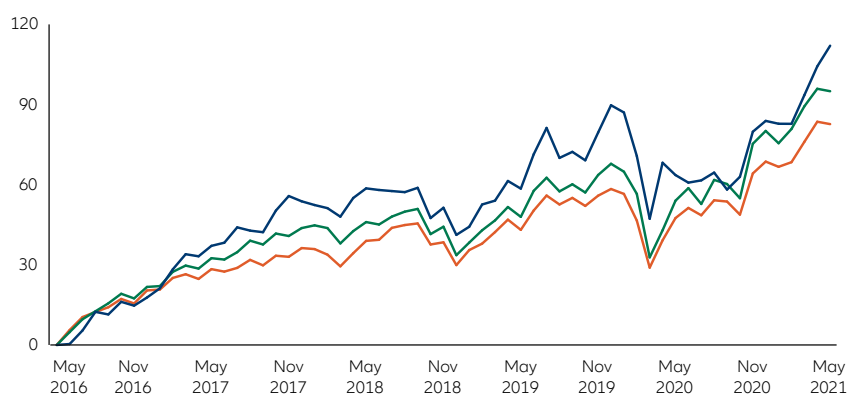
As the world slowly moves beyond COVID we anticipate a more stable stock market environment that is characterised less by wild rotations between cyclicals and defensives or growth stocks to value stocks and much more by underlying longer term fundamentals. This is the ideal market backdrop for our balanced, quality-oriented investment philosophy.

**Matthew Tillett**  
17 June 2021

**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	16.0	17.9	29.6	33.7	112.0
NAV (debt at fair value)	7.8	11.2	26.6	33.5	95.0
Benchmark	8.5	11.3	23.8	31.5	82.7

### Discrete 12 Month Returns to 31 May (%)

	2021	2020	2019	2018	2017
Share Price	29.6	3.2	-0.1	15.7	37.1
NAV (debt at fair value)	26.6	4.1	1.3	10.2	32.5
Benchmark	23.8	3.1	3.0	8.2	28.4

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.05.21. Copyright 2021 © 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\* (%)

Health Care	21.1	<div style="width: 21.1%;"></div>
Industrials	21.0	<div style="width: 21.0%;"></div>
Financials	17.4	<div style="width: 17.4%;"></div>
Technology	12.9	<div style="width: 12.9%;"></div>
Consumer Goods	11.6	<div style="width: 11.6%;"></div>
Consumer Services	5.0	<div style="width: 5.0%;"></div>
Utilities	4.4	<div style="width: 4.4%;"></div>
Basic Materials	3.9	<div style="width: 3.9%;"></div>
Oil & Gas	2.7	<div style="width: 2.7%;"></div>

### Geographic Breakdown\* (%)

North America	45.3	<div style="width: 45.3%;"></div>
Europe ex UK	27.4	<div style="width: 27.4%;"></div>
UK	20.1	<div style="width: 20.1%;"></div>
Pacific ex Japan	4.6	<div style="width: 4.6%;"></div>
Japan	2.6	<div style="width: 2.6%;"></div>

### Top Twenty Holdings (%)

Microsoft	4.4
UnitedHealth Group	4.0
Agilent Technologies	2.9
Taiwan Semiconductor	2.9
Accenture	2.8
Roche	2.7
Cooper Cos	2.7
Visa - A Shares	2.6
Muenchener Rueckver	2.5
Estée Lauder	2.4
AbbVie	2.4
AlA Group	2.3
Microchip Technology	2.3
Schneider Electric	2.2
Partners Group	2.2
Adidas	2.0
AMETEK	1.9
Itochu	1.8
Novo Nordisk	1.8
National Grid	1.8

Total number of holdings 62

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.

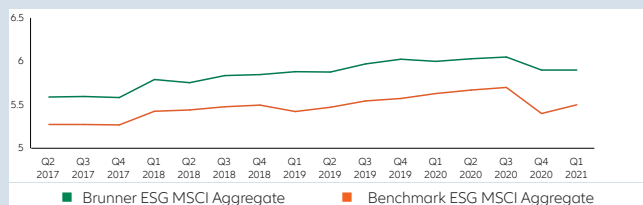
This is no recommendation or solicitation to buy or sell any particular security.

\*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 Charge	0.45%
Performance Fee	No
Ongoing Charges <sup>1</sup>	0.64%
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, <a href="http://www.brunner.co.uk">www.brunner.co.uk</a>
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 (30.11.2020). 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

Carolan 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](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.

**All data source Allianz Global Investors as at 31.05.21 unless otherwise stated.**

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