

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

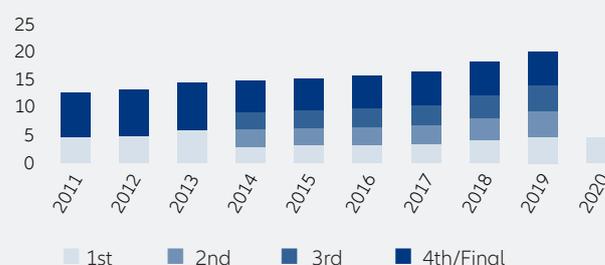
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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.

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
19.06.2020	23.07.2020	4.67p	1st Quarterly
28.02.2020	03.04.2020	6.00p	4th Quarterly
01.11.2019	12.12.2019	4.66p	3rd Quarterly
09.08.2019	19.09.2019	4.66p	2nd Quarterly

Past performance is not a reliable indicator of future results.



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 £412.8m

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

Market Cap £325.3m

Share Price

762.0p

NAV per Share

887.2p

Premium/-Discount

-14.1%

Dividend Yield

2.6%

Gearing

7.5%

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 closed June with solid gains. Growing optimism about the possibility of a meaningful economic recovery initially propelled the market higher, despite heightened tensions between the US and China. These gains were then tempered following gloomy forecasts from central banks and renewed outbreaks of COVID-19 in China, Australia and the UK, as well as the US 'Sun Belt'.

This reversal played out clearly at a sector level. Excitement about a meaningful economic recovery initially boosted the hitherto unloved Energy, Financial and Industrial sectors. However, as this enthusiasm waned, a more established pattern emerged once again, with Information Technology continuing its strong run of performance.

Similarly, oil prices rallied on speculation that the Organization of the Petroleum Exporting Countries (OPEC) and Russia would agree to extend their cuts to production, but then fell back, closing the month just above USD 40 a barrel. In a sign of broader concern as to the health of the economy and the financial system, gold surpassed USD 1,800 an ounce for the first time in more than seven years. The euro strengthened, as investors responded favourably to the Recovery Fund and to signs that the euro-zone economy may be over the worst.

Portfolio Review

The Trust's portfolio performed in line with the benchmark. Stock selection provided the main positive contribution to performance, particularly in the Utilities and Financials sectors. The main negative contributions came from stock selection in Basic Materials, as well as the portfolio's overweight allocation to Health Care, which lagged over the period. Against this backdrop, the Trust's NAV returned 3.1% over June, marginally ahead of the 2.6% return of the benchmark.

“many of the behavioural shifts observed during the pandemic are likely to have a permanent impact even once the world returns to “normality”

Munich Re made the largest positive contribution. Pay-outs related to COVID-19 are at manageable levels and should be digested in the next round of premium renewals. Longer-term, the company has a leading position in fast-growing cyber insurance and is less exposed to the motor industry than peers.

AIA Group also boosted returns. Having lagged broader equity markets in May, shares in the Asia-Pacific focused financial services company strengthened following regulatory approval to convert its Shanghai branch into a wholly-owned subsidiary. The approval paves the way for AIA to continue its expansion throughout China.

Cooper Companies made the largest negative contribution. The maker of contact lenses and surgical products released results in June which saw revenues down 20 per cent year on year. In Vision, social distancing measures have reduced contact lens demand while an effective halt to elective procedures has made a significant negative impact in Surgical.

Ecolab has also detracted from returns. Having recovered all of Q1's share price loss, renewed concerns about a return to normality, particularly amongst the company's hospitality and leisure markets, led to a pullback in the provider of water and hygiene solutions.

Significant Transactions

We have added **LVMH** and **Total** to the portfolio, while exiting **Richemont** and **Senior PLC**.

LVMH is the world's largest luxury goods group with some of the highest margins in the sector. The position is a direct switch from **Richemont**, a luxury peer whose smaller fashion brands and focus on the slower growing watch segment has acted as a drag on the shares.

Total is a French energy company with a broad mix of assets across liquids, gas and renewables. A conservative capital allocation framework



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 from Lucy Macdonald as the lead manager in May 2020 and is supported by portfolio managers Jeremy Kent and 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.

and an industry leading ESG focus positions the company well for the energy transition.

Our sale of **Senior**, a specialist engineering company, reflects our view on the aerospace sector which is the most important end market for the business. Although the shares are not expensive, with no dividend and poor growth prospects, we took the decision to recycle the capital into other ideas.

Market Outlook

Looking forward, the second half of 2020 has all the ingredients for a return to higher volatility. Company results are likely to be weak as they reflect the full impact of the difficult recent trading environment. Government-funded furlough schemes are set to expire which could lead to a significant rise in unemployment. And of course a resurgence of COVID-19 during the colder winter months could upset any nascent recovery.

Every month that goes by, it is becoming increasingly clear that COVID-19 has rapidly accelerated pre-existing structural trends, such as the digitalisation of goods and services, the provision of health care to ageing populations and a shift to lower carbon economies. We have commissioned a number of surveys using our in-house Grassroots® Research unit to assess how behaviours are changing. Although we are still early in this process, preliminary findings indicate that many of the behavioural shifts observed during the pandemic are likely to have a permanent impact even once the world returns to “normality”.

Our job is to ensure the Trust's holdings benefit from these changes rather than being disrupted by them. We continue to expect strong growth from IT stocks that provide digitalisation's underlying infrastructure. Similarly, consumer brands whose online retail platforms are delivering strong growth at higher margins, should benefit at the expense of less agile players that have not invested into digital.

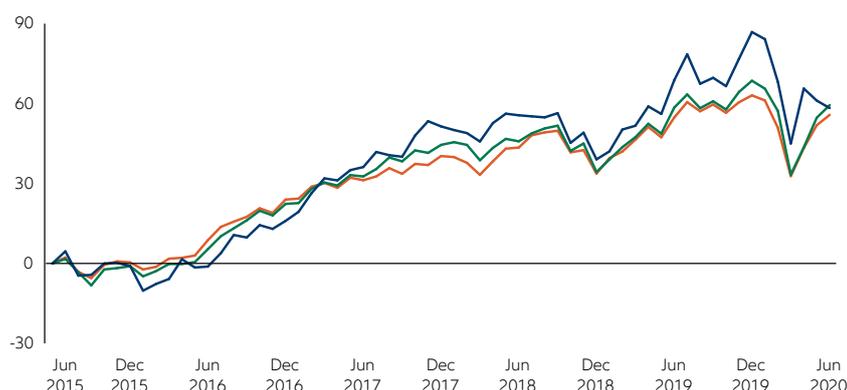
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Matthew Tillett
15 July 2020

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	9.2	-15.3	-6.2	16.3	58.3
NAV (debt at fair value)	19.5	-5.4	0.6	20.3	59.5
Benchmark	17.3	-4.5	0.6	18.7	55.8

Discrete 12 Month Returns to 30 June (%)

	2020	2019	2018	2017	2016
Share Price	-6.2	8.4	14.3	37.8	-1.2
NAV (debt at fair value)	0.6	8.7	9.9	25.9	5.4
Benchmark	0.6	7.9	9.3	20.7	8.7

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.06.20. Copyright 2020 © 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	20.6
Health Care	18.7
Financials	17.9
Technology	11.6
Consumer Goods	10.2
Consumer Services	6.8
Basic Materials	5.6
Utilities	5.5
Oil & Gas	2.4
Telecommunications	0.7

Geographic Breakdown* (%)

Region	Percentage (%)
North America	46.7
Europe ex UK	27.8
UK	17.2
Pacific ex Japan	5.5
Japan	2.8

Top Twenty Holdings (%)

Microsoft	5.1
UnitedHealth Group	3.9
Roche	3.7
Muenchener Rueckver	3.2
Accenture	3.1
Visa - A Shares	3.0
AbbVie	2.8
Agilent Technologies	2.7
Cooper Cos	2.7
Ecolab	2.6
Enel	2.5
Taiwan Semiconductor	2.3
Schneider Electric	2.2
AIA Group	2.2
Estée Lauder	2.2
Microchip Technologies	2.1
GlaxoSmithKline	2.0
Partners Group	1.9
Adidas	1.8
Itochu	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.

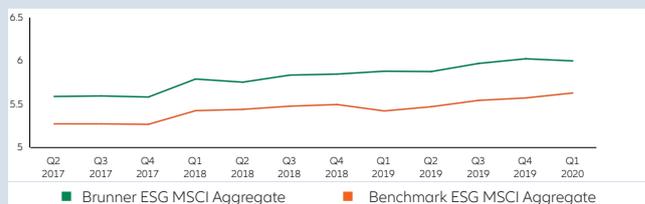
This is no recommendation or solicitation to buy or sell any particular security.

*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 Charge	0.45%
Performance Fee	No
Ongoing Charges ¹	0.67%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	27 May
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 (30.11.2019). 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)
Ian Barlow
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.



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All data source Allianz Global Investors as at 30.06.20 unless otherwise stated.

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