

# 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

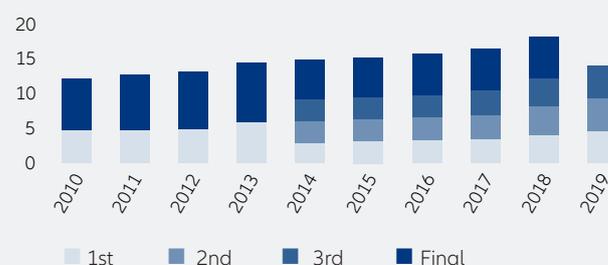
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private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

Morningstar Rating™



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** £431.6m

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

**Market Cap** £383.4m

Share Price

**898.0p**

NAV per Share

**932.9p**

Premium/-Discount

**-3.70%**

Dividend Yield

**2.1%**

Gearing

**8.20%**

**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

After the strong rally in global equity markets since mid-2019, January saw a modest correction. Early tensions between the US and Iran, and the emergence in China of a new strain of coronavirus caused a deterioration in sentiment and profit taking. The Federal Reserve (Fed) kept rates on hold and indicated it has no plans to change them this year.

Economic growth indicators remain mixed after the downward revisions experienced last year. In Europe, flash indications for January indicated that growth in Germany and France was positive but that, elsewhere in the euro zone, economic activity had slowed to a six-and-a-half year low.

Chinese economic activity, which had been showing signs of stabilisation, has been negatively impacted by the emergence of the coronavirus and the extensive action taken by the Chinese government to contain it. Growth expectations for the region have been downgraded, as have the profits of those companies producing, operating or selling in affected areas. Given the importance of China as circa 16% of world gross domestic product (GDP), this has also had an impact on global GDP forecasts.

As markets sold off, demand for safe-haven assets rose again, suppressing government bond yields. As a result, the high dividends across Utilities stocks made it the month's best-performing sector. Technology companies also advanced strongly, helped by positive fourth-quarter earnings from certain index heavyweights. Energy and Materials stocks declined the most, reflecting weaker expectations for global growth.

“ of particular importance to the Brunner portfolio, is how the low interest rate environment intensifies the search for reliable yield

### Portfolio Review

The Trust's NAV fell by 1.8% in January, lagging a fall in the benchmark of 1.2%, though the portfolio performed in line with its benchmark. Stock selection was positive in the Basic Materials and Financials sectors, offset by weaker picks in Industrials and Technology. While sector allocation is a by-product of our conviction in individual stocks, the portfolio's underweight allocation to the Oil and Gas sector boosted performance.

**Microsoft** made the largest positive contribution to returns, delivering strong results across every segment of its business. Most impressively, Microsoft's Azure cloud computing division grew revenues 64% year on year, an acceleration from the previous quarter. With only 3% of workloads currently on cloud services, Microsoft's established relationships with enterprise customers make it well-positioned to continue capturing this growing market.

**The Cooper Companies** also boosted returns. Shares in the maker of contact lenses and healthcare products had been overly discounted after the potential for a hard Brexit led to overstocking in the UK. As a result, we increased our position at the start of the year. The company has since provided investors with positive updates on its Misight myopia lenses. Given the increasing incidence of myopia in children, a successful global rollout could provide substantial long-term growth for the company.

**UnitedHealth Group** has been the portfolio's main detractor. Shares in the provider of managed healthcare have weakened as positive polling for the Democratic Presidential Candidate Bernie Sanders revives investor fears around universal healthcare. Combined with cases of coronavirus in the US, investors have begun fearing for United's longer-term profitability. However, we continue to view universal healthcare in the US as an unlikely



### 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.

eventuality and, given its value-based approach, United as one of the most resilient players to funding changes within the industry.

**Taiwan Semiconductor Manufacturing Company (TSMC)** was one of the strongest contributors to performance last year and in its Q4 results, the maker of integrated circuits beat high revenue and margin expectations and also guided positively. Longer term, the company expects 5G to be a multi-year catalyst across all its clients. There is a strong demand for TSMC's products and it has a relatively low factory count in China.

### Outlook

Monetary policy is expected to remain loose in the US and elsewhere, providing a support but no extra boost to asset prices. At the same time, the outlook for economic growth and corporate earnings is mixed. Signs of stabilisation in global data towards the end of the year, as well as the Phase One US-China trade deal, had improved business confidence.

However, for now any improvement looks likely to be delayed by the sharp deterioration in Chinese economic activity as a result of the coronavirus. Our view is that the disease will present a temporary delay in recovery for the global economy rather than derailing it completely. In the meantime, we will take advantage of any buying opportunities in good quality stocks with meaningful exposure to China and enduring growth potential.

While the overall economic background remains uncertain, there are long-term structural trends which offer more visibility for investors: The shift towards digitalisation is one we have discussed previously, and have exposure to in the portfolio, in names like Microsoft or Atlas Copco. A second structural shift is related to developing of a low carbon economy which is reflected through our ownership of renewable energy companies Enel and Iberdrola. Thirdly, and of particular importance to the Brunner portfolio, is how the low interest rate environment intensifies the search for reliable yield and dividend growth potential.

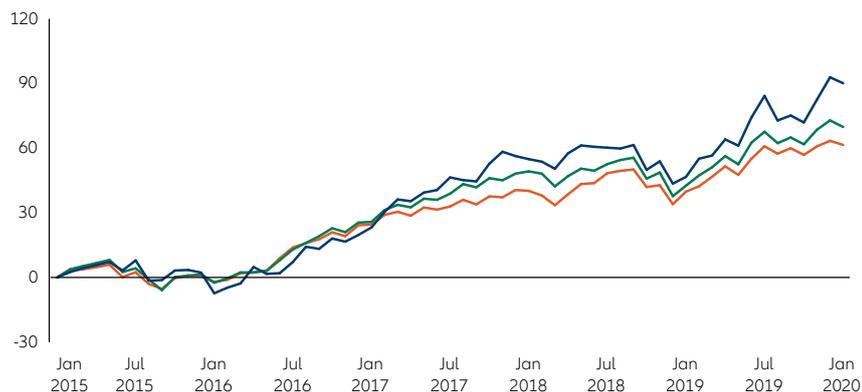
Overall therefore, the outlook for equity returns in 2020 remains modest. The liquidity environment remains supportive while economic activity is mixed. Global equity valuations are at the high end of historic ranges, but remain attractive relative to other assets with yields above most bond markets. Generating good performance will require active investment and avoidance of risk.

**Lucy Macdonald**  
13 February 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	10.6	3.2	29.7	54.3	90.1
NAV (debt at fair value)	5.0	1.4	19.2	35.1	69.9
Benchmark	3.0	0.4	15.5	29.6	61.5

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

	2020	2019	2018	2017	2016
Share Price	29.7	-5.3	25.7	33.0	-7.3
NAV (debt at fair value)	19.2	-4.5	18.6	28.9	-2.4
Benchmark	15.5	-0.3	12.5	27.2	-2.1

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.01.20. 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\* (%)

Financials	22.9	<div style="width: 22.9%;"></div>
Industrials	21.9	<div style="width: 21.9%;"></div>
Health Care	16.5	<div style="width: 16.5%;"></div>
Technology	11.2	<div style="width: 11.2%;"></div>
Consumer Goods	9.0	<div style="width: 9.0%;"></div>
Consumer Services	7.4	<div style="width: 7.4%;"></div>
Basic Materials	5.0	<div style="width: 5.0%;"></div>
Utilities	2.9	<div style="width: 2.9%;"></div>
Oil & Gas	2.5	<div style="width: 2.5%;"></div>
Telecommunications	0.7	<div style="width: 0.7%;"></div>

### Geographic Breakdown\* (%)

North America	44.0	<div style="width: 44.0%;"></div>
Europe ex UK	24.1	<div style="width: 24.1%;"></div>
UK	23.8	<div style="width: 23.8%;"></div>
Pacific ex Japan	5.3	<div style="width: 5.3%;"></div>
Japan	2.8	<div style="width: 2.8%;"></div>

### Top Twenty Holdings (%)

Microsoft	5.0
Cooper Cos	3.3
UnitedHealth Group	3.3
Muenchener Rueckver	3.2
Roche	3.2
Visa - A Shares	2.8
Accenture	2.7
Royal Dutch Shell - B Shares	2.5
Taiwan Semiconductor	2.3
Ecolab	2.3
Agilent Technologies	2.3
Estée Lauder	2.2
GlaxoSmithKline	2.1
Adidas	1.9
AIA Group	1.9
Schneider Electric	1.8
Itochu	1.8
Microchip Technologies	1.7
Bright Horizons	1.7
AbbVie	1.7

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 <sup>1</sup>	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, <a href="http://www.brunner.co.uk">www.brunner.co.uk</a>
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

Carolan Dobson (Chairman)  
Amanda Aldridge  
Ian Barlow (Chairman of the Audit Committee)  
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 31.01.20 unless otherwise stated.**

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