

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

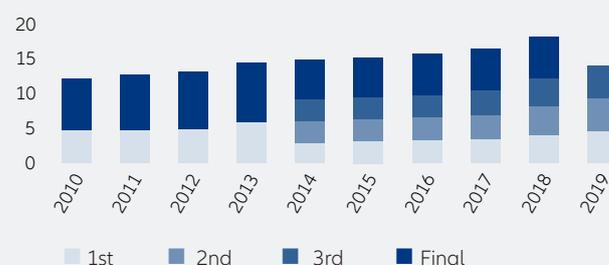
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 £411.1m

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

Market Cap £346.7m

Share Price

812.0p

NAV per Share

888.5p

Premium/-Discount

-8.6%

Dividend Yield

2.3%

Gearing

8.8%

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 recovered from a weak end to September, closing October with modest gains. In the US, the S&P 500 touched a fresh high, while European and Japanese equity markets reached their highest levels in over a year. Once again, the spur has been a combination of accommodative monetary policy and unflinching optimism around the prospect of recuperating US-China trade relations.

At a sector level, Health Care and Technology stocks rose the most, helped in part by a strong launch for Apple's iPhone 11. By contrast, higher yielding, defensive Consumer Staples and Utilities companies retreated. Energy stocks also weakened following less optimistic outlooks from large, integrated companies.

While Q3 economic growth in both the US and Europe surpassed expectations, optimism for the future remains weak. In China, the economy's rate of expansion has reached its slowest since 1992.

The British pound rallied strongly over October, boosted by hopes that Boris Johnson might pass a revised Withdrawal Agreement. While the bill failed, a no deal departure from the European Union now looks less likely, following an extension of the Brexit deadline to 31 January 2020.

Oil prices closed the month slightly higher, with Brent crude closing the month back above USD 60 a barrel.

Portfolio Review

The Trust's NAV with debt at fair value returned -1.92 per cent against a benchmark return of -1.94 per cent, after fees. Despite this flat

“ **Generating capital appreciation in this environment will therefore be determined by the active and early identification of undervalued growth.** ”

performance against the benchmark, stock selection continues to be the portfolio's main driver of returns. Good stock selection in Financials and Healthcare was offset by weaker picks in the Basic Materials, Industrials and Consumer Services sectors. The Trust has also benefitted from its long-standing, and recently increased, overweight to Oil & Gas.

Estée Lauder has been the largest negative contributor to returns. Following a particularly strong period for shares in the beauty and skincare conglomerate, they have weakened in line with investor repositioning towards stocks which appear more cheaply valued. Management also gave a less enthusiastic outlook for 2020. However, Q3 sales grew strongly. Any further profit taking in the stock by investors may provide opportunities to add to our position.

Accenture also weakened returns following sustained outperformance. As well as being affected by the recent rotation from growth to value, shares in the consultancy firm dipped after results raised questions about weaker consultancy billings. Since then, we have met Accenture's new CEO, Julie Sweet, who is confident consultancy billings will be more resilient given the firm is now more oriented to digital transformation, which requires continuous rather than sporadic investment.

On the positive side, **UnitedHealth Group** has made the largest positive return. Shares in the integrated healthcare provider had struggled due to – in our view excessive – concerns about Democratic Presidential candidate proposals for universal healthcare in the US. The shares have benefitted from the recent value/growth rotation and the company's release of positive results.

Taiwan Semiconductor Manufacturing Company (TSMC) has also



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.

boosted returns following the release of its Q3 results. The world's leading supplier of integrated circuits has performed consistently since August, thanks to increasing demand and better capacity run rates. TSMC now expects that, if the global penetration of 5G smartphones can reach 15 per cent in 2020, revenue may grow a further 10 per cent, comfortably ahead of peers.

Significant Transactions

We received and sold our shares in **M&G PLC** following its spin out from Prudential. Although the investment manager has an estimated yield of over 6 per cent, there is no clear path to growth. In contrast, we retain our holding in Prudential for its exposure to the rapidly growing Asian market.

Outlook

Global equity markets have been boosted by resilient corporate earnings, promising reports around a US-China trade deal and further central bank easing, which have led recession fears to recede. However, the extent to which these fundamentals can sustain further upside remains in question.

That this trinity is still capable of rallying equity markets reflects the absence of immediate negative catalysts. Monetary policy and currency moves have thus far helped to offset trade frictions. Manufacturing may be in a global recession but services remain resilient. At a corporate level, Q3 earnings have retreated slower than expected. November has also brought with it rumours of a "phase one" US-China trade deal, with tariffs potentially being removed in favour of intellectual capital protection.

Against this wave of optimism stand several unchanged facts. Despite rumours, concrete proposals around US-China trade remain unforthcoming. Economic data continue to deteriorate and even those which have rebounded, still point towards contraction. Central bankers voice ever louder concerns about the efficacy of monetary policy absent fiscal changes.

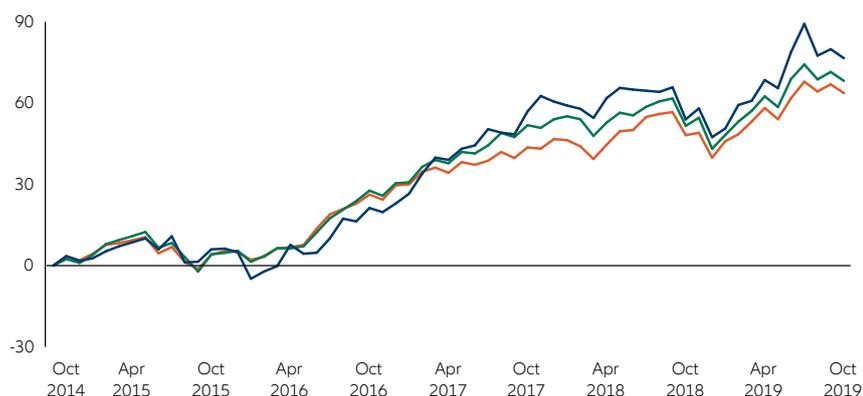
Generating capital appreciation in this environment will therefore be determined by the active and early identification of undervalued growth. Without a clear upward driver for corporate earnings, and against a background of uncertainty for growth, Quality will also become more important. On the margin, it will also mean taking advantage of greater volatility. Our philosophy and active approach should ensure we are well-positioned to benefit as superior fundamentals assert themselves.

Lucy Macdonald
13 November 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	-6.7	4.8	14.6	45.6	76.5
NAV (debt at fair value)	-3.4	3.6	11.0	31.8	68.3
Benchmark	-2.5	3.5	10.5	29.7	63.7

Discrete 12 Month Returns to 31 October (%)

	2019	2018	2017	2016	2015
Share Price	14.6	-1.9	29.4	14.4	6.0
NAV (debt at fair value)	11.0	-0.1	18.9	22.6	4.2
Benchmark	10.5	3.2	13.8	21.3	4.0

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.10.19. 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	23.6	
Industrials	21.9	
Health Care	15.3	
Technology	11.9	
Consumer Goods	8.6	
Consumer Services	6.8	
Basic Materials	5.0	
Oil & Gas	3.3	
Utilities	2.8	
Telecommunications	0.8	

Geographic Breakdown* (%)

North America	43.2	
UK	24.5	
Europe ex UK	23.9	
Pacific ex Japan	5.7	
Japan	2.7	

Top Twenty Holdings (%)

Microsoft	4.9
Muenchener Rueckver	3.2
UnitedHealth Group	3.2
Roche	3.1
Taiwan Semiconductor	2.8
Visa - A Shares	2.6
Accenture	2.6
Royal Dutch Shell - B Shares	2.5
Ecolab	2.4
Cooper Cos	2.3
Estée Lauder	2.3
Agilent Technologies	2.2
GlaxoSmithKline	2.1
Adidas	2.0
AIA Group	2.0
Compass	1.8
Schneider Electric	1.8
Microchip Technologies	1.8
AbbVie	1.8
AMETEK	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 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.



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 31.10.19 unless otherwise stated.

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