

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

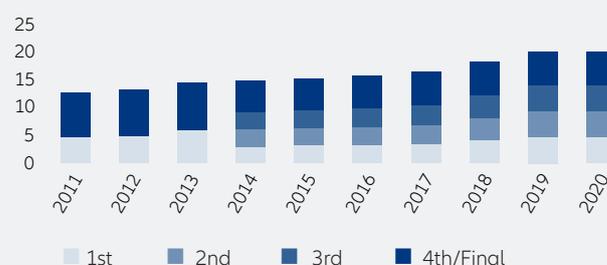
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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
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
19.06.2020	23.07.2020	4.67p	1st 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 £446.4m

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

Market Cap £365.4m

Share Price

856.0p

NAV per Share

974.9p

Premium/-Discount

-12.2%

Dividend Yield

2.3%

Gearing

5.8%

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 background

Stock markets began the new year on an optimistic note, encouraged by the prospects for a further wave of huge stimulus spending in the US following the Democratic party's victories in the Senate runoff elections in Georgia. Corporate reporting generally came in better than expected, whilst mass vaccination programmes got under way in Europe and the US.

The buoyant mood was tempered towards the end of the month by the emergence of new infectious strains of COVID-19 in the UK, Brazil and South Africa. Fears of stricter and lengthier containment policies and, in the worst case, a vaccine resistant strain, knocked sentiment and led to a pull back in markets.

Economic data was weaker than expected in the US and Europe, impacted by the renewed lockdowns and containment policies. In contrast, Asia and in particular China, saw a generally improving trend. Governments in Asia have been much more successful at suppressing the virus. Oil prices rallied, supported by continued OPEC (Organization of the Petroleum Exporting Countries) restraint, almost recovering to pre-pandemic levels. The UK finally left the EU with a last-minute trade deal agreed. The pound rallied and made further gains later in the month as the UK's vaccination programme accelerated.

Portfolio review

The portfolio underperformed the benchmark return of -1.2% by approximately 1% during January, with the Trust's NAV total return slightly further behind at -2.6%. Munich Re shares fell following somewhat disappointing reinsurance pricing at the January renewals. Pricing is still

“ the gulf between the corporate winners and losers has been enormous

improving though, which is a positive backdrop for the company. Visa shares were also weak. Renewed lockdowns and travel restrictions have delayed the recovery in transaction volumes in certain segments of the economy. This is merely a timing issue. Visa is a key beneficiary of the shift from cash to digital transactions. The shares remain a core holding in the portfolio.

TSMC was, once again, the portfolio's strongest contributor. TSMC is the largest semiconductor foundry business in the world, based in Taiwan and serving customers all around the world. The company has a technological lead over its peers in an industry that requires huge capital outlays to meet the ever-increasing technological demands of the semiconductor industry. Although we have trimmed the position, it remains a large holding for the Trust.

Microsoft and **Stock Spirits** were also positive contributors. Stock Spirits is a leading branded spirits company with large market shares in Poland, Czech Republic and Italy. The company has performed robustly throughout 2020 as strong trading in the off-trade has more than offset weakness in the on-trade. Excellent free cash flow generation and a very strong balance sheet even allowed the payment of a sizeable special dividend.

There were no new purchases or sales during January.

Outlook

Since the onset of COVID-19 last year, the gulf between the corporate winners and losers has been enormous. At one end of the spectrum, whole industries have been forced to close with revenues disappearing overnight



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.

and workers laid off. But other industries have seen business boom, in particular those benefiting from digitalisation trends. Lockdowns have revealed the critical importance of the digital economy in the functioning of everyday life. As a result, consumers have engaged more than ever with the digital world, whilst businesses have accelerated investments into digital capabilities. Is this a long-lasting trend, or is it temporary, a one-off uplift driven by the extraordinary circumstances last year?

Technology behemoth Microsoft – the Trust's largest holding – offered some clues when the company reported its quarterly results. Microsoft's products span both the consumer and business segments, as well as hardware, software and cloud services. The results far exceeded market expectations. Far from slowing down, Microsoft saw an acceleration of sales growth to 17% (from 12%), with all divisions performing strongly. Profitability also improved. Company guidance is for double digit revenue growth to continue through this year. For Microsoft, not only has the pandemic been a positive but the growth appears to be continuing as the company's products become further embedded into the digital economy.

Full year results from specialist recruitment firm SThree – one of the Trust's small cap holdings – revealed a similar picture. Recruitment is a cyclical industry and always suffers during economic contractions. However, SThree's performance during 2020 was notably better than its peers, in particular in the US where the company actually grew year-on-year.

These two examples illustrate how the Trust's investments are seeking to benefit from longer term structural trends, in this case the growth of the digital economy. Sometimes the companies we invest in are quite obvious, such as Microsoft – a giant company in the technology sector, dominant in its industry. But there are also less obvious examples. SThree is a small growth company in a cyclical and competitive industry not typically associated with technology, yet the company is capitalising on many of the same trends. Of course the cyclical nature of the business model means the risk profile is higher, but this is reflected in the valuation.

Matthew Tillett
17 February 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	12.2	13.1	-2.3	20.0	100.5
NAV (debt at fair value)	13.3	14.9	6.5	21.2	85.4
Benchmark	12.0	12.2	6.5	22.7	75.6

Discrete 12 Month Returns to 31 January (%)

	2021	2020	2019	2018	2017
Share Price	-2.3	29.7	-5.3	25.7	33.0
NAV (debt at fair value)	6.5	19.2	-4.5	18.6	28.9
Benchmark	6.5	15.5	-0.3	12.5	27.2

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.01.21. 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* (%)

Health Care	21.1	<div style="width: 21.1%;"></div>
Industrials	20.3	<div style="width: 20.3%;"></div>
Financials	17.4	<div style="width: 17.4%;"></div>
Technology	13.7	<div style="width: 13.7%;"></div>
Consumer Goods	10.5	<div style="width: 10.5%;"></div>
Consumer Services	5.1	<div style="width: 5.1%;"></div>
Utilities	4.8	<div style="width: 4.8%;"></div>
Basic Materials	4.3	<div style="width: 4.3%;"></div>
Oil & Gas	2.8	<div style="width: 2.8%;"></div>

Geographic Breakdown* (%)

North America	45.8	<div style="width: 45.8%;"></div>
Europe ex UK	27.8	<div style="width: 27.8%;"></div>
UK	18.7	<div style="width: 18.7%;"></div>
Pacific ex Japan	4.9	<div style="width: 4.9%;"></div>
Japan	2.8	<div style="width: 2.8%;"></div>

Top Twenty Holdings (%)

Microsoft	4.6
UnitedHealth Group	3.7
Taiwan Semiconductor	3.4
Roche	3.1
Agilent Technologies	2.9
Cooper Cos	2.8
Accenture	2.8
Muenchener Rueckver	2.6
Visa - A Shares	2.5
AbbVie	2.4
AlA Group	2.4
Schneider Electric	2.4
Microchip Technology	2.2
Ecolab	2.2
Estée Lauder	2.1
Enel	2.1
Itochu	2.0
Partners Group	1.9
AMETEK	1.8
Tyman	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	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)
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.



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 31.01.21 unless otherwise stated.

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