

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

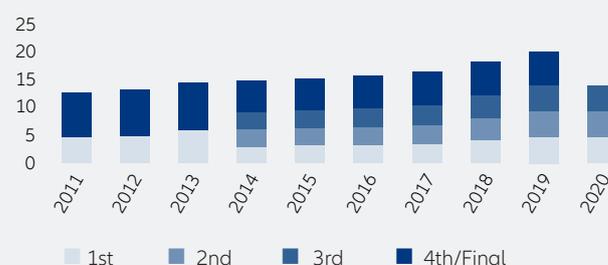
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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
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
28.02.2020	03.04.2020	6.00p	4th 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 £457.6m

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

Market Cap £367.6m

Share Price

861.0p

NAV per Share

999.0p

Premium/-Discount

-13.8%

Dividend Yield

2.3%

Gearing

6.1%

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 December on a strong note. Following November's robust gains, this advance meant many stock markets closed the year at or near all-time highs. COVID-19 infections continued to surge in many countries in the northern hemisphere. Despite this, stocks were buoyed by regulatory approval for several COVID-19 vaccines, additional US stimulus measures and relief that the UK and EU had managed to agree on a last-minute trade deal. At a sector level, Information Technology and Materials made the strongest gains, followed by Financials. The Real Estate and Utilities sectors were some of the weakest performers. In general, emerging markets outperformed developed markets, helped in part by a weaker tone to the US dollar.

Portfolio Review

The Trust's portfolio modestly outperformed over the month, as did the Trust's NAV, with both returning 2.8% vs the benchmark's 2.7%. Stock selection in the Health Care, Consumer Goods and Financials sectors outweighed a modest lag from weaker holdings in Industrials and Basic Materials.

TSMC made the strongest positive contribution to performance. The Taiwanese semiconductor manufacturer continued to rally thanks to strong demand for the iPhone 12, in which its chips are used, as well as news that it would stop offering volume discounts to its largest customers. After successive results which beat and raised expectations, TSMC has been one of 2020's best performers. TSMC's new 3nm chips, its technological lead over competitors and a new cycle of 5G telecoms infrastructure underpin our long-term investment horizon.

“ the Trust's balanced portfolio, with an emphasis on quality, provides reassurance

Adidas also boosted returns. Having reported above expectation Q3 results in November, which saw online sales growth of over 50%, the shares have now recovered to pre-pandemic levels. In December, Adidas also confirmed its intention to sell Reebok. The disposal is unsurprising, as the brand has been margin dilutive for some time. Having grown its direct-to-consumer business and made substantial efficiency gains from digitalisation, the company is one of a handful to come out of the crisis stronger.

Ecolab made the weakest contribution to performance. Having rallied strongly on the initial vaccine news, shares in the provider of water solutions pulled back in the face of new lockdown restrictions. The stock is likely to experience continued volatility as Covid-19 disrupts some of its key hospitality and leisure end-markets. However, demand for its hygiene solutions is likely to be stronger than ever in the long-term and the strength of its distribution operations means Ecolab is well placed.

DCC also detracted from returns. DCC is a conglomerate with a number of businesses in the distribution industry. The shares have de-rated on concerns the company's exposure to fuel distribution positions it poorly for the energy transition. However, the majority of DCC's fuel exposure is in gas for heating, where demand is likely to be resilient for a long time to come. In the meantime, the company has a number of other growth avenues.

Market Outlook

The New Year is typically a time for fresh beginnings. With the UK entering its third lockdown and much of Europe in a similar position, it is easy to feel that this January is in fact an extension of the seemingly interminable 2020. Thankfully, this time there is light at the end of the tunnel.



Matthew Tillet, Portfolio Manager

The Brunner Investment Trust is managed by Matthew Tillet. Having been deputy manager of Brunner since 2016, Matthew Tillet 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.

Covid-19 vaccine rollouts are proceeding apace. The UK is now the first country to have two, with the launch of AstraZeneca and Oxford University's jab a few days ago. Vaccine rollout has been slower in the European Union (EU), but this is partially due to a lengthier approval process. And scientists are confident existing vaccines will be effective against the more contagious Covid-19 variants which have recently emerged.

The fractious political environment of 2020 also looks set to improve from here. In the US, a more moderate centrist President is about to take office. Even though a Democratic victory in Georgia increases the chances of left-wing policies being enacted, in practice these are unlikely to resemble the socialist overhauls certain commentators present. Closer to home, Britain's departure from the EU is as conclusively resolved as one could hope for, setting the scene for a more stable political environment going forward.

A return to some level of economic and political normality by the middle of 2021 therefore seems feasible. However, what this means for financial markets is less clear. Normally a favourable economic and political environment would be positive for risky assets, including equities. But these are not normal times. Most major stock markets have already recovered all their losses. Some regions such as the US are trading at near record valuations – despite the difficult economic environment – and with some signs of speculative excess emerging in certain areas. Of course, valuations may increase even further, but the higher they go, the greater the downside risk in the event of a disappointment.

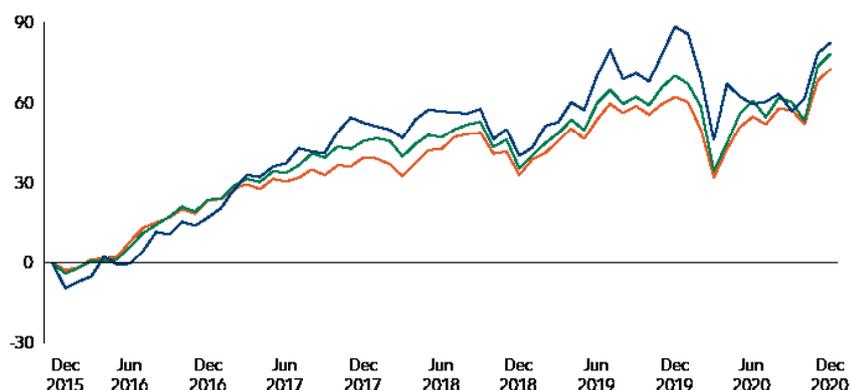
Against this backdrop, it is our aim that the Trust's balanced portfolio, with an emphasis on quality, provides reassurance. Although valuations have risen for many of the portfolio's holdings – particularly high growth companies – this is not universally true. Many of the Trust's holdings are valued in line with or below broader market levels, despite attractive quality and long-term growth characteristics. We anticipate short term market conditions to remain volatile during 2021, but our focus remains on the long-term, ensuring that the businesses we own can continue to prosper and grow in the post-Covid era.

Matthew Tillet
18 January 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	16.3	14.4	-3.1	19.6	82.8
NAV (debt at fair value)	12.4	13.5	7.3	25.3	82.9
Benchmark	9.7	11.5	6.5	23.8	73.0

Discrete 12 Month Returns to 31 December (%)

	2020	2019	2018	2017	2016
Share Price	-3.1	34.4	-8.2	30.6	17.1
NAV (debt at fair value)	7.3	25.6	-7.1	18.1	23.6
Benchmark	6.5	21.9	-4.7	13.2	23.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.12.20. 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* (%)

Health Care	20.9	
Industrials	19.7	
Financials	17.4	
Technology	13.4	
Consumer Goods	10.8	
Consumer Services	5.4	
Utilities	4.8	
Basic Materials	4.3	
Oil & Gas	2.8	
Telecommunications	0.5	

Geographic Breakdown* (%)

North America	46.4	
Europe ex UK	28.0	
UK	17.7	
Pacific ex Japan	5.2	
Japan	2.7	

Top Twenty Holdings (%)

Microsoft	4.3
UnitedHealth Group	3.8
Taiwan Semiconductor	3.3
Roche	3.0
Accenture	2.9
Muenchener Rueckver	2.9
Agilent Technologies	2.8
Cooper Cos	2.8
Visa - A Shares	2.8
AbbVie	2.5
AlA Group	2.4
Estée Lauder	2.3
Ecolab	2.3
Schneider Electric	2.3
Microchip Technologies	2.2
Enel	2.1
Itochu	2.0
Adidas	1.9
AMETEK	1.9
Partners Group	1.9

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.

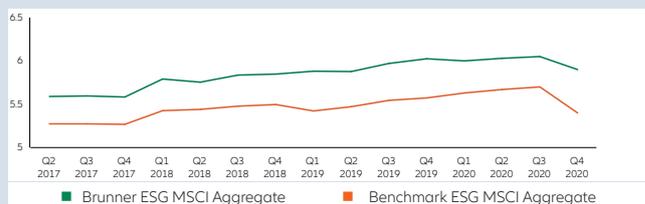
This is no recommendation or solicitation to buy or sell any particular security.

*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.



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All data source Allianz Global Investors as at 31.12.20 unless otherwise stated.

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