

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

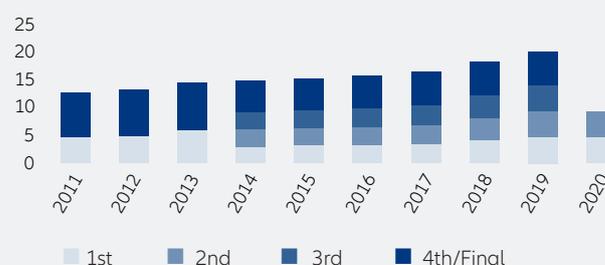
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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
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
01.11.2019	12.12.2019	4.66p	3rd 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 £399.6m

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

Market Cap £327.0m

Share Price

766.0p

NAV per Share

854.3p

Premium/-Discount

-10.3%

Dividend Yield

2.6%

Gearing

7.9%

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 continued to yo-yo higher during July, lifted by COVID-19 vaccine optimism and further stimulus measures, only to weaken again on second wave fears in Europe and parts of Asia Pacific. At a sector level, Consumer Discretionary and Materials stocks recorded the strongest gains, the latter helped by firmer commodity prices. By contrast, Energy stocks continue to languish, recording the only negative returns for the month. Gold was the standout within the commodity complex, touching \$2000 an ounce for the first time ever. Gold's rise reflects the weaker dollar as well as fear and uncertainty for the future as central banks and Governments embark on ever more adventurous monetary and fiscal policy experiments.

Portfolio Review

The Trust's portfolio underperformed the benchmark during July, largely explained by weakness amongst holdings in the Health Care and Consumer Services sectors. Against this backdrop, the Trust's NAV returned -3.7% over July, against the -1.8% return of the benchmark.

Ecolab made the largest negative impact. The supplier of water and hygiene technologies announced softer than expected Q2 results due to weakness in its institutional division, which includes restaurants, hotels and schools, with other areas holding up well.

Bright Horizons also detracted from performance. Shares in the provider of childcare services have been volatile with COVID-19 news flow; understandably given the requirement for close contact at day-care centres and the resulting need for site closures.

TSMC made the largest positive contribution to performance. The maker of semiconductors delivered earnings which beat expectations and

“ **Technological disruption is sure to continue. It will pay to be on the right side of these trends as it has done in recent years.** ”

managed to raise its full year sales growth guidance. We believe TSMC could have the opportunity to take more market share following its competitor Intel's setback in the latest generation of chip technology.

Intuitive Surgical also made strong gains. While COVID-19 is clearly weighing on procedure numbers and medical expenditure, Intuitive's market leading technology in robotic surgery suggests the company could be well placed to continue along its growth path. Indeed the company has recently pointed to an expanded set of uses for its technology as well as improved durability.

Significant Transactions

We initiated a position in **CME Group**, the world's largest derivatives exchange. Digitalisation of finance is a long term structural trend which CME has a track record of exploiting through organic and acquisitive growth.

We also bought **DCC**, a conglomerate business specialising in distribution businesses across a range of industries. Like CME, a longstanding management team demonstrates a track record of driving operational efficiencies and strong returns on capital.

Compass Group has been hit hard by COVID-19 as a result of its substantial exposure to shared spaces, including offices and schools. Whilst these end markets will eventually recover, the prospect of lower volumes and increased costs introduce a high degree of uncertainty as to the company's longer term margin profile.

Our investment thesis in **Wabtec** – a supplier of parts and services for the rail industry – has weakened following the poor execution of several large acquisitions. We have thus reallocated the funds to higher conviction holdings.



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.

Market Outlook

The market rally has surprised most market participants, leading to the widely held view that “the stock market is pricing in a V-shaped recovery.” Whilst there is some truth to this, as stock pickers looking across the whole market it is also clear that optimism does not exist everywhere. Many stocks in out of favour sectors such as banks and energy remain very depressed, whilst others have soared to record highs.

It would be more accurate to describe the stock market as reflecting investors' firmly held beliefs in a set of narratives, most notably that technological change will continue to disrupt the old economy, driving increasing returns for the winners at the expense of the losers, with COVID-19 having only accelerated this process. There is also great conviction in the power of the Federal Reserve to backstop the financial system and the equity market through unlimited asset purchases.

There is much that is true about these narratives. Technological disruption is sure to continue. It will pay to be on the right side of these trends as it has done in recent years. Similarly, COVID-19 has brought forward many behavioural changes that were likely to happen anyway. However, we should be careful in assuming that everything that has changed in recent months will stay this way. Many behavioural changes have been forceful rather than voluntary. Thus far monetary authorities around the world have reacted quickly and aggressively to support markets, but such actions may bring new risks further down the road, particularly as they come in combination with huge fiscal deficits.

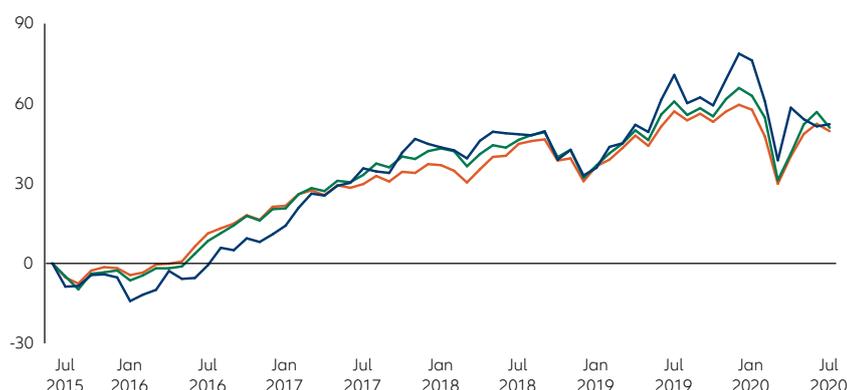
Against this uncertain backdrop, we believe Brunner's balanced approach to stock selection and portfolio construction makes the Trust well placed to navigate the months and years to come. A quality mindset means the portfolio has a bias towards resilient, financially sound companies. At the same time, we are not chasing the current market momentum for growth stocks that are doing well now, preferring instead to maintain a balanced exposure across a range of stocks and sectors, including those that may be struggling now but where we have confidence in the longer term outlook.

Matthew Tillett
14 August 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	-3.9	-13.6	-10.8	12.2	52.2
NAV (debt at fair value)	6.9	-7.3	-6.0	13.4	51.1
Benchmark	6.7	-5.1	-4.7	15.3	49.6

Discrete 12 Month Returns to 31 July (%)

	2020	2019	2018	2017	2016
Share Price	-10.8	15.0	9.4	36.6	-0.7
NAV (debt at fair value)	-6.0	9.8	9.9	22.9	8.4
Benchmark	-4.7	8.4	11.6	16.7	11.3

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.07.20. 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* (%)

Industrials	20.9	<div style="width: 20.9%;"></div>
Financials	18.8	<div style="width: 18.8%;"></div>
Health Care	18.4	<div style="width: 18.4%;"></div>
Technology	11.9	<div style="width: 11.9%;"></div>
Consumer Goods	10.5	<div style="width: 10.5%;"></div>
Utilities	5.7	<div style="width: 5.7%;"></div>
Basic Materials	5.5	<div style="width: 5.5%;"></div>
Consumer Services	5.4	<div style="width: 5.4%;"></div>
Oil & Gas	2.2	<div style="width: 2.2%;"></div>
Telecommunications	0.7	<div style="width: 0.7%;"></div>

Geographic Breakdown* (%)

North America	46.9	<div style="width: 46.9%;"></div>
Europe ex UK	28.3	<div style="width: 28.3%;"></div>
UK	16.8	<div style="width: 16.8%;"></div>
Pacific ex Japan	5.2	<div style="width: 5.2%;"></div>
Japan	2.7	<div style="width: 2.7%;"></div>

Top Twenty Holdings (%)

Microsoft	4.8
UnitedHealth Group	3.9
Roche	3.6
Taiwan Semiconductor	3.2
Muenchener Rueckver	3.2
Accenture	3.2
Agilent Technologies	2.9
Visa - A Shares	2.9
AbbVie	2.6
Enel	2.6
Cooper Cos	2.6
Ecolab	2.4
Schneider Electric	2.3
Estée Lauder	2.2
AIA Group	2.1
Microchip Technologies	2.0
Partners Group	1.9
Iberdrola	1.9
GlaxoSmithKline	1.9
Adidas	1.9

Total number of holdings 64

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.

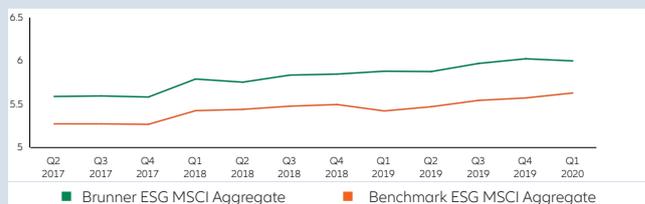
This is no recommendation or solicitation to buy or sell any particular security.

*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 31.07.20 unless otherwise stated.

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