

# 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

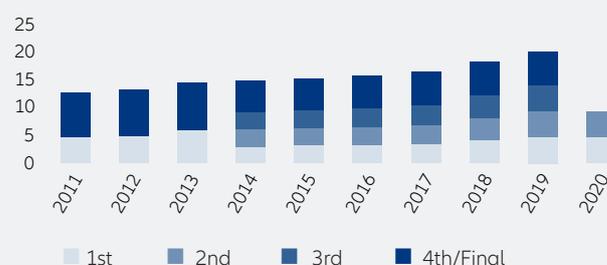
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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** £415.9m

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

**Market Cap** £330.9m

Share Price

**775.0p**

NAV per Share

**899.9p**

Premium/-Discount

**-13.9%**

Dividend Yield

**2.6%**

Gearing

**6.2%**

**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 mounted a formidable rally in August, fuelled by continued monetary easing and rising expectations for a COVID-19 vaccine. The US Federal Reserve continued its dovish stance by announcing it would allow inflation to periodically breach its long-term target of 2% to compensate for below-target periods. This "lower for even longer" monetary policy saw the US dollar weaken further, while gold surged to an all-time high. In Europe, several countries recorded sharp increases in COVID-19 cases, although hospitalisation rates remain low. With the US election approaching, President Trump stoked US-China tensions by issuing an executive order banning the Chinese-owned social media platforms TikTok and WeChat. At a sector level, IT continued its strong run, followed closely by Industrials. Energy stocks gained slightly on the back of stronger oil prices, but remain this year's weakest performers to date.

### Portfolio Review

The Trust's portfolio outperformed its benchmark during August, driven in particular by strong stock selection in the Financials and Consumer Services sectors. Against this backdrop, the Trust's NAV returned 4.6% over August, ahead of the 3.8% return of the benchmark.

Having been one of the weaker performers last month, August saw the childcare provider **Bright Horizons** make the portfolio's strongest contribution to returns. Results beat expectations substantially and management announced that it expects 85% of centres to be open by Q3. For most parents, lockdown has only underscored the importance of

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quality childcare. Even in an increased working from home environment, we believe the structural drivers underpinning the investment case will remain.

**Itochu** also boosted returns. The Japanese industrial conglomerate released robust Q1 results which included an increase to the dividend. August also saw Itochu announce it would take full ownership of the Family Mart convenience chain, providing scope for synergies in the provision of food, consumer goods and digital payments. The shares also received a boost on news that Warren Buffett's Berkshire Hathaway had purchased a 5% stake in the business.

Health care provider **Fresenius** released its Q2 results at the end of July citing stronger than expected headwinds from COVID-19 primarily due to the reduction in elective procedures. The majority of this revenue should be deferred rather than cancelled, and the structural drivers for quality health care around the world remain in place. That said, returns on capital at Fresenius have been declining in recent years and we are testing the conviction of our long-term investment case.

**Enel** also detracted from performance. Results at the end of July for the integrated utility company indicated weaker overall demand as a result of COVID-19, as well as fewer investments in new renewables capacity. The latter is a particular focus for Enel as it exits coal and other subscale markets.

### Significant Transactions

We initiated a new position in **IG Group**, the digital trading platform business. Operating in a highly regulated industry, IG has consistently maintained the very highest standards of technology, customer service and regulatory compliance, often at the expense of short term profitability. This focus has allowed the company to attract and retain the



### 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 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.

highest quality clients. The business model has delivered stellar financial results over the long term with consistently strong organic growth in client numbers, revenues and free cash flows.

Having reduced the position earlier in the year, we sold the Trust's remaining holding in the media and events company **Informa**. The rise of video-conferencing has raised questions about the long-term recovery of business conferences and exhibitions. Whilst there will be some recovery, the extent to which this happens is unclear and could take quite some time.

### Market Outlook

The unprecedented events of 2020 have sent the global economy and financial markets into uncharted territory resulting in an outlook that is highly uncertain, with a wide range of possible outcomes. The coming autumn and winter months should offer some clues as to the nature and shape of the economic recovery from the pandemic. Will the colder months lead to a resurgence of COVID-19 hospitalisations in Europe and the USA, making lockdowns necessary once again and prolonging the economic recovery? How will western economies respond once furlough and other income support schemes are unwound? Will further monetary stimulus be sufficient to support financial markets through a prolonged period of economic weakness?

It is difficult at this stage to offer precise answers to these questions. There is a wide range of views amongst expert epidemiologists and statisticians as to the ongoing risk of COVID-19. More time and more evidence is needed before a firm consensus will emerge. There is a similar divide amongst economists and financial market strategists. Headline economic data is awful and unemployment is all but certain to go up considerably. On the other hand, the (hopefully) temporary nature of this economic shock means recovery could be quite rapid.

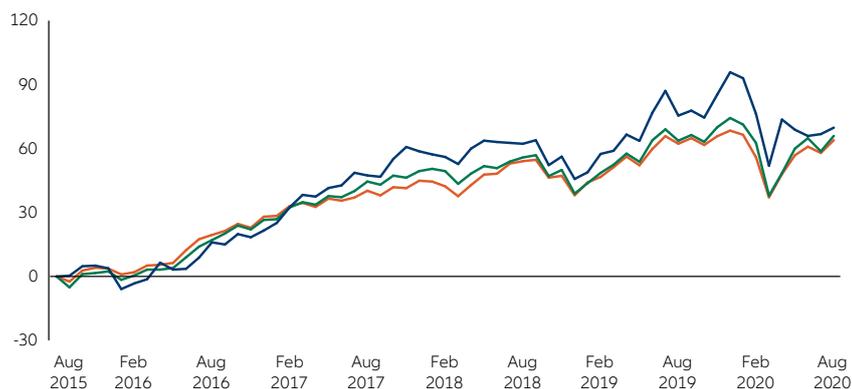
Given all of these unknowns, now is not a time for taking extreme views. The Trust's investments will remain focused on high quality companies, some defensive, others more cyclical, and broadly diversified across a range of industries, with stock picking being the primary driver of returns.

**Matthew Tillett**  
16 September 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	0.6	-3.6	-3.2	15.2	69.8
NAV (debt at fair value)	3.7	2.0	1.4	14.9	66.0
Benchmark	4.5	5.2	1.0	16.9	63.9

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

	2020	2019	2018	2017	2016
Share Price	-3.2	8.1	10.1	27.1	16.0
NAV (debt at fair value)	1.4	5.1	7.8	23.5	17.0
Benchmark	1.0	5.3	9.9	17.4	19.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.08.20. 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\* (%)

Sector	Percentage (%)
Industrials	20.7
Financials	20.0
Health Care	17.9
Technology	12.3
Consumer Goods	10.4
Basic Materials	5.5
Utilities	5.3
Consumer Services	5.0
Oil & Gas	2.2
Telecommunications	0.7

### Geographic Breakdown\* (%)

Region	Percentage (%)
North America	47.7
Europe ex UK	27.7
UK	16.3
Pacific ex Japan	5.4
Japan	2.8

### Top Twenty Holdings (%)

Microsoft	5.0
UnitedHealth Group	3.9
Roche	3.4
Muenchener Rueckver	3.3
Visa - A Shares	3.1
Accenture	3.1
Taiwan Semiconductor	3.0
Cooper Cos	2.7
Agilent Technologies	2.7
AbbVie	2.5
Enel	2.4
Ecolab	2.4
AIA Group	2.2
Schneider Electric	2.2
Estée Lauder	2.2
Microchip Technologies	2.0
Itochu	1.9
Iberdrola	1.8
Partners Group	1.8
AMETEK	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.

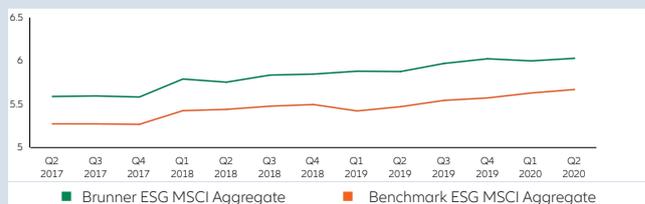
This is no recommendation or solicitation to buy or sell any particular security.

\*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 <sup>1</sup>	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, <a href="http://www.brunner.co.uk">www.brunner.co.uk</a>
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](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 31.08.20 unless otherwise stated.**

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