

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

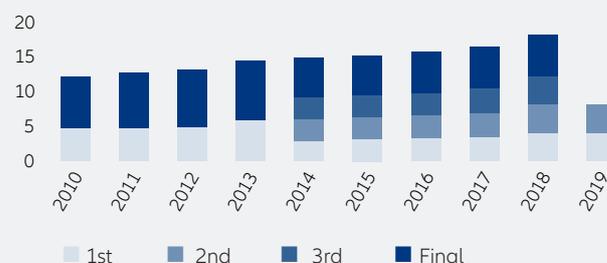
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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
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
09.11.2018	14.12.2018	4.05p	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 £415.6m

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

Market Cap £350.5m

Share Price

821.0p

NAV per Share

895.7p

Premium/-Discount

-8.3%

Dividend Yield

2.3%

Gearing

8.3%

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 retreated over August amid growing fears of a recession. The re-escalating US/China trade war, further US yield curve inversion (often seen as a sign of approaching recession) and continuing weak economic data all contributed to worsening market sentiment. At a sector level, higher yielding, defensive sectors like Consumer Staples and Utilities performed best, while Energy, Financials and Materials stocks were weakest.

At the start of the month the US announced it would impose tariffs on a further USD 30 billion of Chinese goods. The US also branded China a currency manipulator after the Renminbi weakened through the psychologically important rate of RMB 7 per USD. In response, China announced tariffs on another USD 75 billion of US goods, including agricultural products, crude oil and small aircraft.

The British pound weakened still further on the increasing likelihood of a no-deal Brexit.

Oil prices, as measured by Brent crude, touched a seven-month low of USD 56 a barrel.

Portfolio Review

The Trust's NAV fell by 3.2% over the month, against a benchmark return of -2.2%. This lag was due to some weaker stock selection in Health Care and Industrials, which outweighed positive contributions in Technology and Basic Materials.

The negative contributor within Industrials was **Brambles**, the supply

“...with expectations of any US-China deal at rock bottom, even a modicum of progress could generate relief.”

chain logistics company. Full year results delivered lower margins than expected. Our post results meeting with management explained that margin growth is deferred rather than removed as a result of accelerated investment in automation. While the outlook is not immune from slower economic activity globally, there will be a special dividend, capital return and buyback as a result of the sale of its IFCO business, a manufacturer of plastic food crates. The yield remains secure and we maintain our position.

Ashmore, an emerging market focused asset manager, also weakened in August. The shares suffered a derating due to the increasing uncertainty around global trade and the news that Argentina, to which Ashmore has some exposure in its portfolios, could have to restructure its debts. However, margins should be resilient due to the more flexible nature of Ashmore's remuneration policy and the fact that institutional investors (which make up c. 70 per cent of Ashmore's assets under management) tend to be long-term in nature. The stock has outperformed peers year to date and our investment case remains intact.

On the positive side, multinational cosmetics company **Estée Lauder** delivered another strong set of results. With revenues and earnings both ahead of consensus, it is the company's impressive sales in Asia, travel and online that continue to impress. Moreover, Estée Lauder issued uncharacteristically optimistic guidance for the year. It continues to be one of our highest conviction holdings.

Accenture has also performed well. Over the month, the consultancy firm announced four acquisitions: Fairway Technologies, a US-based software



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.

engineer; Insitum, a design company; Analytics8, an Australian big data consultancy; and Parker Fitzgerald, a UK risk consultant. All four deals reflect Accenture's core strategy of growing revenues through high margin digital consultancy, which it continues to execute well.

Market Outlook

Global growth is resolutely decelerating. Even in the US, August's manufacturing data signalled a contraction. As the cyclical environment deteriorates and US tax benefits are lapped, corporate earnings are also softening.

This trend is being exacerbated by ongoing US-China trade tensions. Despite the several false dawns, which have buoyed markets in 2019, tariff increases against sustained allegations of currency manipulation and cyber warfare will remain a key source of volatility. Nonetheless, with expectations of any US-China deal at rock bottom, even a modicum of progress could generate relief.

The situation is similar in the UK. For now, sterling will bear the brunt of a 'no deal' departure's increasing likelihood, as well as a slowing economy. Yet legislative intercession from parliament or a General Election won by pro-European parties could see sentiment improve markedly.

Indeed, Federal Reserve Chair Jerome Powell highlighted both tariff wars and Brexit as "significant" risks to the global economy in his Jackson Hole speech. Mr Powell also stressed that, contrary to President Trump's insistence, more accommodative monetary policy is not an economic panacea. Even so, the scale of the recent bond rally combined with renewed easing from both the Fed and European Central Bank could be enough to spur a rebound in 'risk assets' such as equities.

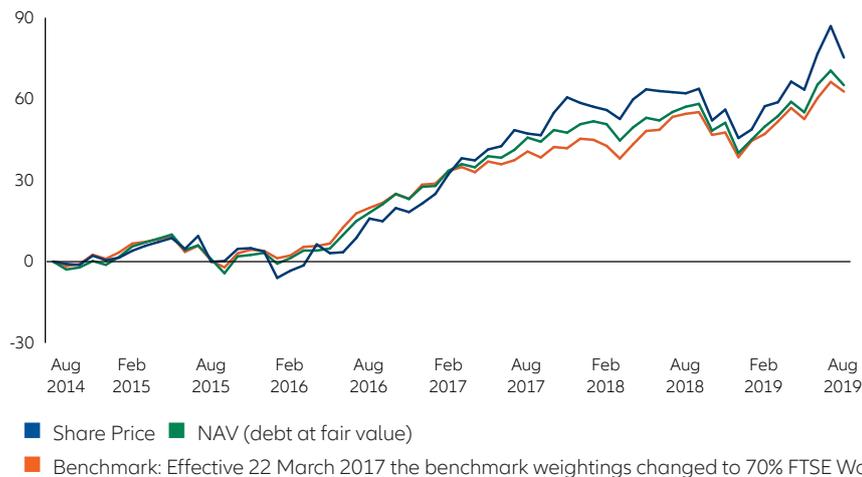
Over the course of 2019 we have consistently reduced our exposure to stocks with overextended valuations and added to those on more reasonable multiples. Similarly, we maintain a neutral approach to market direction, macro-economic risk and investment style at all times. While September often sees a pick-up in volatility after the calm of summer, our stance should mean a less volatile outcome than average, with active stock selection continuing to be the main driver of returns.

Lucy Macdonald
13 September 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 (%)



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	7.2	11.4	8.1	51.3	75.3
NAV (debt at fair value)	6.4	10.2	5.1	39.9	65.1
Benchmark	6.6	10.6	5.3	35.8	62.7

Discrete 12 Month Returns to 31 August (%)

	2019	2018	2017	2016	2015
Share Price	8.1	10.1	27.1	16.0	-0.1
NAV (debt at fair value)	5.1	7.8	23.5	17.0	0.9
Benchmark	5.3	9.9	17.4	19.5	0.3

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.08.19. 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	22.9	
Industrials	21.6	
Health Care	14.9	
Technology	11.8	
Consumer Goods	9.3	
Consumer Services	7.3	
Basic Materials	5.1	
Oil & Gas	3.4	
Utilities	2.9	
Telecommunications	0.8	

Geographic Breakdown* (%)

North America	43.4	
Europe ex UK	24.4	
UK	23.8	
Pacific ex Japan	5.9	
Japan	2.5	

Top Twenty Holdings (%)

Microsoft	4.9
UnitedHealth Group	3.1
Muenchener Rueckver	2.9
Roche	2.9
Accenture	2.9
Visa - A Shares	2.8
Ecolab	2.7
Cooper Cos	2.5
Estée Lauder	2.5
Royal Dutch Shell - B Shares	2.5
Taiwan Semiconductor	2.4
Agilent Technologies	2.2
GlaxoSmithKline	2.1
AIA Group	2.1
Adidas	2.0
Compass	1.8
Informa	1.8
Microchip Technologies	1.7
Schneider Electric	1.7
Unilever	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 31.08.19 unless otherwise stated.

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