

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

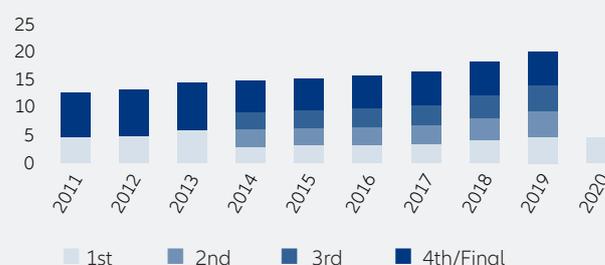
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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
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
09.08.2019	19.09.2019	4.66p	2nd Quarterly

Past performance is not a reliable indicator of future results.



Morningstar Rating™



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 £405.6m

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

Market Cap £333.0m

Share Price

780.0p

NAV per Share

865.4p

Premium/-Discount

-9.9%

Dividend Yield

2.6%

Gearing

6.5%

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 May on a strong note. As the epicentre of the COVID-19 pandemic moved to Latin America, European economies started to reopen and lockdown measures were also eased in the US. Rising hopes that Europe and the US were over the worst, together with promising signs for a vaccine and treatments for COVID-19, lifted sentiment, helping investors overcome concerns about heightened tensions between the US and China.

While economic data was uniformly weak, there were signs that the worst may be over in both China and some European countries.

All sectors gained over May. Technology companies remained in favour, and cyclical sectors, such as industrials and materials, also performed well. Oil prices recovered on the back of supply cuts and a demand recovery in some parts of the world. This helped the energy sector recover strongly, although some of these gains were relinquished towards the end of the month. Defensive sectors, such as consumer staples, also advanced, but they lagged the broader market rally.

Portfolio Review

The Trust's portfolio outperformed in May. Stock selection drove the bulk of performance, with contributions in the Consumer Goods, Industrials and Health Care sectors all delivering impressive returns. Holdings in Consumer Services and Technology performed less well. The Trust's NAV returned 7.7% over May, ahead of the 6% return of the benchmark.

Agilent made the largest positive contribution. Having withdrawn its earnings guidance in April, the maker of bio-analytical and electronic

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measurement tools released a Q2 update in May which beat expectations. Revenues have proved more resilient than feared and the company has suggested COVID-19 may actually boost its activities in testing and therapeutics.

Stock Spirits Group (SSG) also performed well following an impressive set of results. Following significant investments into its brands in recent years, the Central and Eastern European drinks company saw a healthy increase in profits, raising its interim dividend over 5% as a result. COVID-19 has had a limited impact on operations or consumer demand.

AIA Group made the biggest negative contribution to performance. Shares in the Asia-Pacific focused insurance and financial services company fell sharply as political conflict in Hong Kong escalated.

TSMC also detracted from performance due to US/China tensions. The maker of semiconductors is directly impacted by a new US regulation to restrict Chinese telecoms company Huawei's access to equipment used or made by the US. TSMC has said this rule should not affect 2020 earnings and is confident of substituting the demand. TSMC also announced plans to build a factory in Arizona. While the construction itself may be margin dilutive, the political gesture may have longer-term benefits. Fundamentally, over the longer term we expect TSMC to continue to benefit from digitalisation trends, a key driver of the investment thesis.

Market Outlook

Since late March global equity markets have rallied at a rapid rate. A tidal wave of central bank liquidity, combined with government lifelines, has kept all but the most structurally challenged companies afloat. Steady easing of lockdowns in developed markets, regular news of a developing



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.

COVID-19 vaccine and perceived pent-up demand all boosted markets further.

Such equity market optimism defies several headwinds. Absent a COVID-19 vaccine, the threat of a "second wave" means some form of social distancing – and suppressed economic activity – is likely to endure. Already elevated unemployment numbers may thus be compounded further when government-funded furlough schemes end. US geopolitics also have the capacity to surprise negatively, whether domestically in the form of racial tensions or internationally through disputes with China.

This disconnect has resulted in sharp multiple expansions. Moreover, the rally has disproportionately benefited defensive growth industries, such as Information Technology and Health Care, while cyclical sectors like Energy and Financials remain underwater. COVID-19 has thus extended a decade-long divergence between growth (companies delivering consistently strong earnings growth) and value (companies which look cheap relative to their fundamentals).

Looking forward, the question is to what extent economic and corporate fundamentals can sustain a rally primarily driven by liquidity. It is encouraging that most major economies have bounced from the April low point, however this is to be expected given the severity of the lockdown induced contraction. Corporate earnings expectations are becoming less negative, with some US companies guiding towards 2019 levels next year. In Europe, a Franco-German stimulus programme has boosted expectations that unified monetary policy will find a fiscal counterpart.

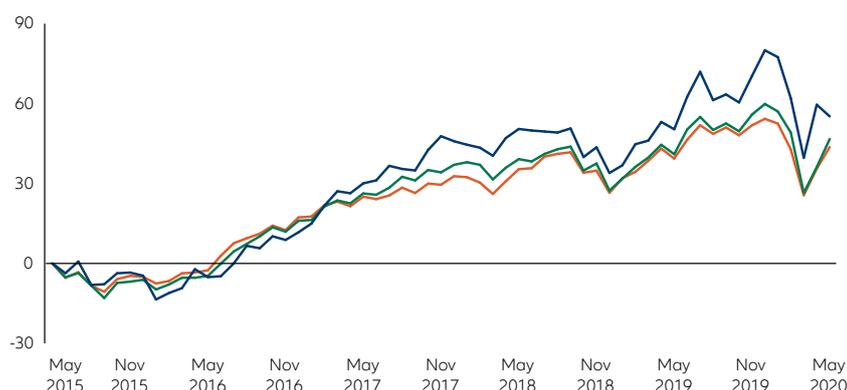
While it is far from certain, a meaningful and rapid economic recovery would be of most benefit to lower quality cyclical stocks, where cash flows and balance sheets have been severely strained during the lockdown. We are conscious that many such companies are lowly valued and therefore have the potential to rally significantly in this scenario. However such shifts tend to be short lived in nature, dwarfed in importance by longer term structural trends such as demographics and digitalisation. Where the Trust has exposure to cyclical companies, it is to business models that we believe are fundamentally high quality, resilient, and with the potential to emerge stronger once COVID-19 passes.

Matthew Tillett
17 June 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	-4.2	-8.9	3.2	19.3	55.2
NAV (debt at fair value)	-1.6	-5.9	4.1	16.2	46.8
Benchmark	0.6	-5.4	3.1	14.9	43.7

Discrete 12 Month Returns to 31 May (%)

	2020	2019	2018	2017	2016
Share Price	3.2	-0.1	15.7	37.1	-5.1
NAV (debt at fair value)	4.1	1.3	10.2	32.5	-4.7
Benchmark	3.1	3.0	8.2	28.4	-2.6

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.05.20. 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	21.0
Health Care	19.7
Financials	17.4
Technology	11.0
Consumer Goods	10.4
Consumer Services	7.0
Basic Materials	6.0
Utilities	5.0
Oil & Gas	1.8
Telecommunications	0.7

Geographic Breakdown* (%)

Region	Percentage (%)
North America	47.8
Europe ex UK	25.8
UK	18.2
Pacific ex Japan	5.2
Japan	3.0

Top Twenty Holdings (%)

Microsoft	4.7
UnitedHealth Group	4.1
Roche	3.8
Visa - A Shares	3.1
Cooper Cos	3.0
Accenture	3.0
Muenchener Rueckver	2.8
Ecolab	2.8
Agilent Technologies	2.7
AbbVie	2.7
Estée Lauder	2.3
Enel	2.3
Taiwan Semiconductor	2.1
GlaxoSmithKline	2.1
Schneider Electric	2.0
Microchip Technologies	1.9
Adidas	1.8
Itochu	1.8
Royal Dutch Shell - B Shares	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.

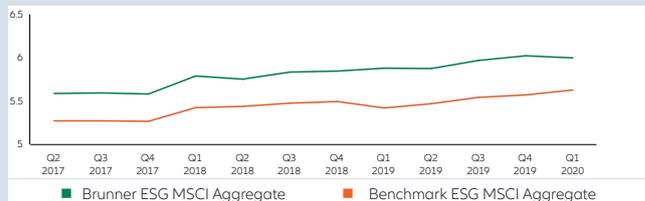
This is no recommendation or solicitation to buy or sell any particular security.

*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 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 31.05.20 unless otherwise stated.

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