

## **Brunner Investment Trust PLC**

### **Annual General Meeting**

**30 March 2021**

#### **AGM Questions & Answers**

The board decided, with regret, that shareholders could not attend the AGM in person due to the COVID-19 restrictions in place. The board regards the AGM as an important opportunity to engage with shareholders and therefore encouraged them to submit questions before the AGM. The investment manager, Matthew Tillett recorded a presentation which is on the website. Questions received, and responses, edited for length, can be found below.

**Qs: Does the mandate given to the portfolio managers at AllianzGI limit their skills? Is achieving dividend yield / growth limiting the universe the fund manager can invest in? Why does the annual report have over twice as many words on dividend and dividend growth compared to how the trust has performed against benchmarks?**

A: The trust has two clear objectives – total return (defined as outperformance of the benchmark) and an attractive yield (defined as a yield in line with the benchmark that grows ahead of inflation). If the annual report gave the impression that we are prioritising yield then this was not the intention and is definitely not the way the portfolio is run. Over nearly all time periods short and long term the trust has delivered on both of these objectives. Whilst it is true that any additional objectives such as income, ESG, exclusions, etc., will involve some extra restrictions, the trust's income objective is specifically set not to be too onerous to ensure that the managers are not constrained.

**Q: Why have there been no share buybacks when the trust has traded at a wide discount?**

A: Historically the board has been active in the use of share buybacks to help manage volatility in the level of the discount and believes in that aim they have been successful but the board has not observed any evidence that these share buy backs had any long term effect of the level of the discount.

Over the last year the board has focused a lot of attention on how best to support the level of the discount in the face of it widening from the lower levels reached at the beginning of 2020. Discount management has been a subject in every board meeting and there have been several additional meetings to discuss the best way forward with the managers and professional advisers. The board's conclusion is that there is a temporary imbalance between supply and demand as a large institutional seller lowers their shareholding. The board has responded by increasing the company's marketing and promotional activity and has been encouraged by the steady increase in demand from individual shareholders and wealth managers. The board believes this imbalance is likely to be temporary and will continue to actively promote the merits of the trust.

Timing is a key element of success in the investment world and the board will continue to keep under active review whether the timing is such that buying back shares will be in the long term interests of shareholders.

**Q: Has the Board any desire to change the investment style and/or have a discount management policy of say 10% discount to get more investors interested in Brunner?**

A: The board does not plan to publish a level at which it will buy back shares.

The managers have actively engaged with wealth manager firms and investment platforms to promote interest in the trust, to raise the profile of Brunner and to provide an informed understanding of the benefits of investing in the trust for a one stop access to a growing income and longer term total return.

The corporate brokers do what they can to increase the flow of stock, reduce the trading spread and encourage liquidity in the market for Brunner shares. The board's continuing aim is for the trust to be appealing to individual shareholders, both directly on the register and through wealth managers and investing through platforms, and we believe it is very important to communicate by providing information about the portfolio managers' views on the investment process and outlook in the press, in advertising to the private investor, through investment forums, and on our website.