Allianz Global Investors

The Brunner Investment Trust PLC

A GLOBAL EQUITY INVESTMENT TRUST

Annual Report, 30 November 2023

aic DIVIDEND HERO

The Brunner Investment Trust PLC

A GLOBAL EQUITY INVESTMENT TRUST

Capital growth and dividends

The Brunner Investment Trust PLC ('Brunner') aims to provide growth in capital value and dividends for investors over the long term through investing in a portfolio of global and UK equities.

The Key Performance Indicators (KPIs) on page 14 show how effective the company has been in delivering its strategy.

'All-weather' portfolio

The company provides a balanced solution for investors looking for a global and UK portfolio of equities and a quarterly dividend. The company's investment policy is set out in the Strategic Report on page 9.

Independence

Brunner has an independent board of directors and no employees. Like many other investment companies, it outsources investment management and administration to an investment management company – Allianz Global Investors – and other third parties to provide shareholders with an efficient, competitive, cost-effective way to gain wide equity investment exposure through a single investment vehicle.

Risk and gearing

A statement explaining how the assets have been invested to spread risk and how gearing is managed is included under Investment Policy on page 10.

Benchmark

For the year under review the benchmark against which the portfolio is measured was a composite of 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Association of Investment Companies

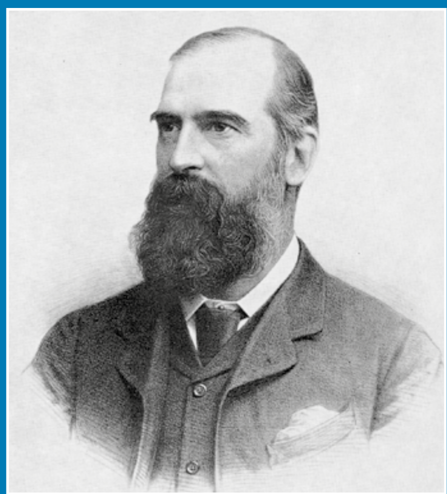
Brunner is a member of the Association of Investment Companies (AIC) and the company's shares are recognised by the AIC as suitable for retail investors. AIC Category: Global.

A family investment from the beginning...

Like many long-established investment trusts, Brunner's name reflects its history rather than its investment strategy. Johannes Brunner was born in Canton Zürich and migrated to Lancashire in 1832. His son, Sir John Brunner, Bart, was one of the most successful industrialists of the nineteenth century, and in politics an influential radical Liberal MP until well into the twentieth century. In 1873 he and the scientist Ludwig Mond founded Brunner, Mond and Co, the largest of the four companies which came together to form ICI in 1926. The following year the Brunner family chose to sell its ICI shares and establish a broad, long-term investment vehicle – so in 1927, The Brunner Investment Trust was formed.

John Brunner was a passionate campaigner, including for welfare reforms and free trade, and used his wealth for philanthropic purposes. Jim Sharp, a director of the company, is connected to the Brunner family by marriage and continues the link between board and family. Brunner family share ownership information is included on pages 64 and 71.

Brunner, Mond & Co. factory, worker cottages and Co-operative Society



Sir John Brunner

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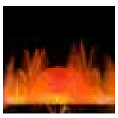


The photograph of fountains in Barcelona on the cover of this report is inspired by the Arms of the Brunner family. The family originated from Switzerland and 'Brunnen' is German for fountain.

Financial Highlights

For the year ended 30 November 2023

Seattle, Washington, USA, is home to Microsoft, the portfolio's largest holding at year end.

Net asset value total return Debt at fair value[2] +8.7% 2022 +3.0%	Net asset value total return Debt at par[2] +8.2% 2022 +0.8%	Benchmark total return index[4] +5.5% 2022 +1.4%
Net assets per ordinary share[1] Debt at fair value[2] 1,258.6p 2022 1,178.7p +6.8%	Net assets per ordinary share[1] Debt at Par[2] 1,237.2p 2022 1,164.4p +6.3%	Share price total return[2 5] +6.6% 2023 1,065.0p 2022 1,020.0p
Earnings per ordinary share 26.4p 2022 22.7p +16.3%	Dividend per ordinary share[3] 22.7p 2022 21.5p +5.6%	Revenue reserves per ordinary share for the year 29.6p 2022 25.9p
Discount - average in the year[2] 11.5% 2022 10.3%	Consumer price index +3.9% 2023 131.7 2022 126.7	

All figures are UK GAAP unless they are stated to be Alternative Performance Measures. (Glossary page 119).

[1] All references to NAV in our commentary and the Strategic Report are to NAV with debt at fair value since this is the measure that the board considers best reflects the value to shareholders. However, NAV with debt at par value is reported above and in the Performance – Review of the Year on page 8. [2] Alternative Performance Measures (APM). See Glossary on page 119. [3] The dividend per ordinary share includes the proposed final dividend of 6.05p. [4] The Benchmark Index of 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. [5] Share price total return is based on the movement in share price including dividends reinvested.

1973
Britain joins the European Community

1973
Yom Kippur war

1974
Bear Market

1976
Britain borrows money from the IMF

1979
'Winter of Discontent'

1982
Economic recession leads to high unemployment in the UK

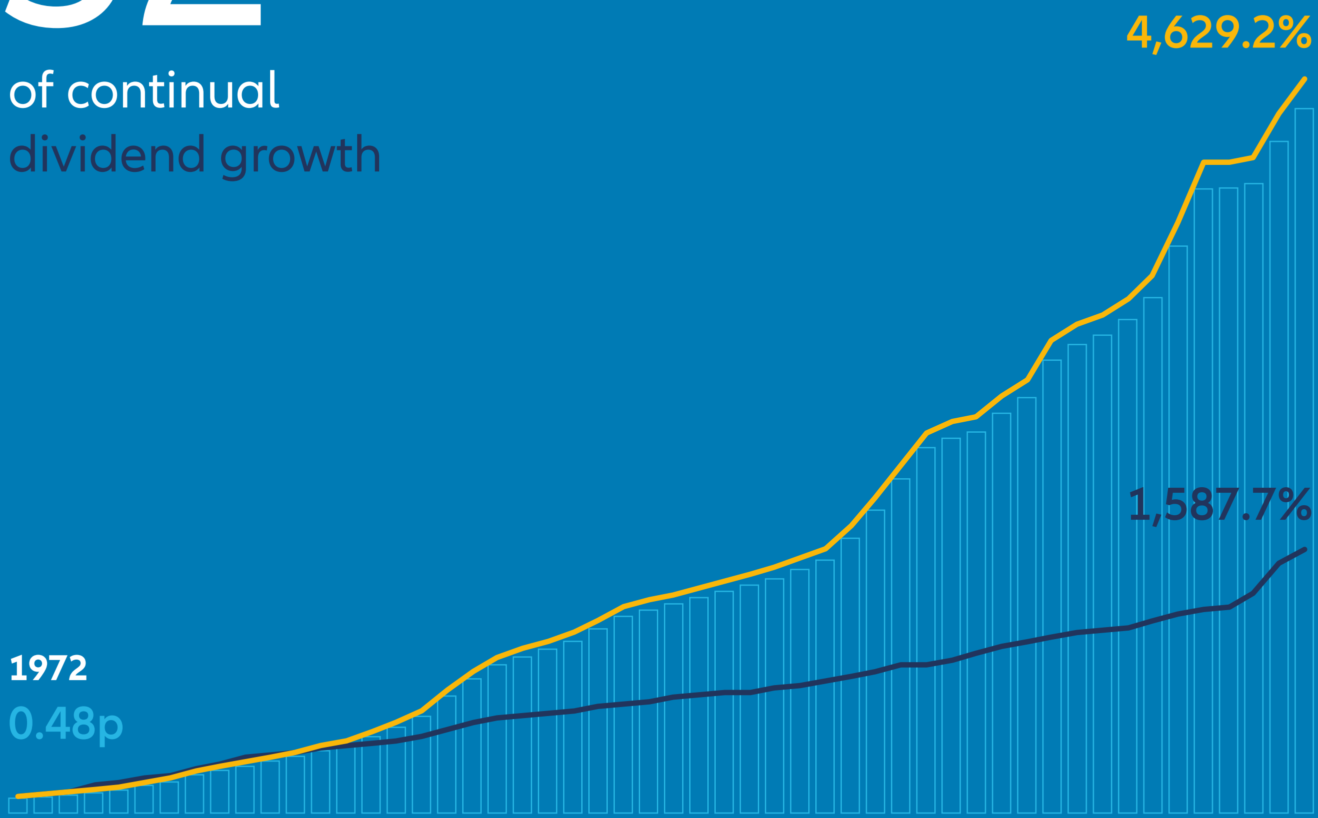
1984
12-month Miners' Strike

1986
'Big Bang' enhances London's status as a financial capital

52 yrs

of continual dividend growth

2023*
22.70p



- Inflation growth of 1,587.7% over the period. RPI 1972-1986. CPI 1987-2023.
- Brunner dividend growth of 4,629.2% over the period
- Total dividend: from 0.48p to 22.70p over the period * Final dividend for approval at the 2024 AGM

1987
'Black Monday'

2000
Beginning of the end of the dot-com boom

2001
9/11

2003
The Second Gulf War

2008
Financial crisis

2016
Brexit vote

2020
COVID-19 pandemic

2022
Invasion of Ukraine

Chair's Statement

Dear Shareholder,

Review of the 2023 Financial Year and Performance

2023 was another year of difficult and volatile stock markets in uncertain economic conditions. The sheer pace and reach of how news now travels round the world, coupled with the amount of short-term trading done in markets by maths models, may mean that this is how most years will look in the future.

Global equities climbed out of a dip through December 2022 and January 2023, but over February and early-March gave back most gains. It was a repeating picture over the remainder of the year as gains from March to August were largely given back up to a point in October which was barely above the start of the year. From that point though markets rallied to finish the calendar year strongly ahead. Our financial year reporting period is from 1 December 2022 to 30 November 2023 and therefore captures only a proportion of the gains from the 2023 year-end rally, but the strong December will be in our 2024 fiscal year.

Globally inflation continued to be more persistent than expected, subduing only towards the end of the year. This allowed central banks to make more optimistic statements about future cuts in interest rates, spurring the year end stock market rally.

In geopolitical terms we are approaching the second anniversary of the war in Ukraine and are in the middle of another war in the Middle East; neither conflict has a clear end in sight. Our thoughts remain firmly with all those affected by conflicts and political instability around the world, as well as those affected by the many natural disasters seen in 2023.

In environmental terms, global temperatures broke new records and COP-28 saw nations further galvanise behind the movement away from fossil fuels, though how that is achieved remains unclear.

The development and scale of implementation of Artificial Intelligence dominated headlines through the year. The mega-capitalisation companies – dubbed 'The Magnificent Seven' (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) were significant beneficiaries of this. AI offers both opportunity and concern from the perspective of humanity. Whilst that debate is not one to have here, from an investment perspective it will be crucial to understand if regulation will be imposed and if it will ultimately help or hinder those firms at the cutting edge.

Against this volatile backdrop, Brunner once again beat its benchmark over the year to 30 November 2023. Brunner's Net Asset Value (NAV) per ordinary share total return (calculated on a net dividends reinvested basis with debt at fair value) was +8.7%, versus +5.5% for the composite benchmark (70% FTSE World Ex. UK / 30% FTSE All-Share). This marks the 5th consecutive year of outperformance of the benchmark by the trust. As we are only relatively

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> Brunner should be viewed as an 'all weather global equity portfolio'. Over time we aim to demonstrate the substance of this claim, providing solid outperformance through a variety of market and macroeconomic conditions.

small holders of the noted stocks that led markets forward, the board is particularly happy to report this consistent progress to shareholders.

The four largest contributors to performance were Microsoft, Jumbo SA (a Greek listed retailer), Novo Nordisk and Munich Re, demonstrating the variety of companies and sectors the manager selects to meet the company's performance and risk objectives.

Brunner should be viewed as an 'all weather global equity portfolio'. Over time we aim to demonstrate the substance of this claim, providing solid outperformance through a variety of market and macroeconomic conditions.

The portfolio is constructed with a focus on high quality companies that are expected to perform well over the long term. The managers do not look to build a portfolio that will perform on a particular economic condition or trigger – rather they remain aware of these external factors and review how they might impact the individual companies within the portfolio. You can read more about the portfolio managers' analysis of what happened to the portfolio during the period on pages 23 to 58. The portfolio managers also observe that stock market returns bear little resemblance to economic factors or drivers over time. "Over time" is of course the important factor there as markets can be over-sensitive to news flow and economic data. "Over time" perfectly describes a key tenet of our investment philosophy though – thinking about performance over longer time periods, not trying to time or profit from short-term market movements.

Environmental, Social and Governance (ESG)

Whilst the strategy of the trust does not aim to meet any specific sustainability criteria, the board considers that it is in shareholders' interests to be aware of and consider environmental, social and governance factors when selecting and retaining investments. Active stewardship is a key task of any responsible asset owner.

Understanding the manager's approach to ESG and how it has been integrated within the investment process has continued to be a focus for the board over the past year. We take account of our performance in this area against our objectives using both the manager's internal analysis and external measures and benchmarks.

We give a full and clear account of ESG considerations within this report (see page 21). We also have a page on our website that describes the manager's ESG processes in more detail. Since the beginning of 2020 we have included quarterly updated ESG measurements on our monthly factsheet, showing the rating of the Brunner portfolio on ESG risks and combined ESG risk measurements compared to the rating of the benchmark, however imperfect that comparison may still be.

We are pleased to see continued efforts by regulators and the industry in general to harmonise nomenclature and measurement, the latest just at the end of 2023 coming from the FCA. We see this as a further step forward towards more universal descriptions and reliable measurement for the benefit of all investors.

Earnings per Share

Over the past year most companies have been able to continue paying dividends at or above previous levels and there has been a contribution from special dividends. This meant the portfolio's generation of income and earnings grew once more through 2023, with earnings per share for the year rising by 16.3%, from 22.7p to 26.4p. This has put Brunner in the strong position once again to be able to cover our increased dividend payment to shareholders and still put a sizeable amount into revenue reserves for a future 'rainy day'.

Dividend

The proposed final dividend of 6.05p, if approved by shareholders, will be paid on 4 April 2024 to shareholders on the register on 1 March 2024. In line with board's dividend policy, which is outlined on page 14, the total dividend for 2023, including the proposed final dividend, will be 22.7p. This represents an increase of 5.6% over the 2022 dividend of 21.5p and means Brunner has now reached 52 years of consecutive dividend increases, cementing its place near the top of the AIC's "Dividend Heroes" list.

Revenue reserves will remain strong at 29.6p after the payment of the proposed final dividend.

Board Succession

As noted in the previous report, Elizabeth Field joined the board at the start of the financial year on 1 December 2022. In addition, Andrew Hutton was appointed as Senior Independent Director at the Annual General Meeting in 2023, succeeding Peter Maynard who stepped down.

Portfolio Management Team

At the Annual General Meeting at the end of March 2023, Julian Bishop became Co-lead Portfolio Manager alongside Christian Schneider. Christian who was Deputy CIO for AllianzGI's Global Growth franchise has since been promoted to the CIO role, leading that team. Simon Gergel, AllianzGI's CIO UK Equities, continues his involvement with the portfolio, having worked closely on the management of Brunner for many years.

The Brunner Investment Trust will continue to be managed as an all-weather portfolio appropriate for a multitude of different market conditions with its balanced approach to portfolio construction and strong focus on valuation.

Marketing and Discount

Promoting Brunner to as wide an audience as possible remains a priority and the board supports the manager's marketing efforts to further that aim. The trust's balanced nature means it is a long-term holding that can, in our view, form the cornerstone of an investor's diversified portfolio. Attracting more investors, particularly individual investors, generally has the effect of improving liquidity of the trust's shares.

As noted in previous reporting, in 2022 we agreed that we should refer to Brunner as "An all-weather global equity portfolio". We would like to think that Brunner has been "doing what it says on the tin". It is something of an obvious 'line' given the prevailing economic and fiscal conditions. Anyone can claim to be 'all-weather': we believe we have been living and breathing it for a long time; the consistent results achieved are the proof.

Despite the strong performance noted, Brunner traded at a larger than average discount through most of the period. Some of this is sector-wide – investment trusts in general have had a difficult year as investors shied away in the prevailing macro environment. The AIC's statistics for 2023 show the impact on average discounts. Although not within the reporting period, as I write at the beginning of 2024 it has been pleasing to see the investment trust sector rally from 2023 lows.

We have seen the discount of Brunner relative to its peers begin to narrow which we believe is a reflection of the portfolio's out-performance and the effectiveness of our marketing campaign. As a board, we are disappointed that a trust that has delivered 5 consecutive years of outperformance over one of the most volatile periods in stock market history, trades at a discount and continue our strenuous efforts in marketing, sales and investor relations to gain greater investor knowledge. We have been heartened by the steady increase in ownership from private investors achieved.

Outlook

2024 will likely be another significant year in terms of 'headline' events with 64 countries plus the European Union holding elections. Associated 'news' is likely to be rampant. Along with two major conflicts, the geopolitical landscape remains dangerous.

Markets have been acutely concerned with inflation and second-guessing central bank's rate rhetoric. Inflation appears to be more under control but events in the Middle East have the potential to disrupt that.

Not all economies are built equally, and we have already seen divergence in economic performance. As you will read in the Portfolio Manager's Review on pages 24 to 39, the portfolio managers are largely agnostic to where a stock happens to be listed. A large proportion of world class businesses derive their revenues from a diverse range of locations around the globe, often unconnected with where their stock is listed. The managers also argue in their report that the 'macro' factors, which undoubtedly move markets (possibly dramatically) in the short term, ultimately have limited impact on the long-term outcomes for individual businesses and thus for stock market returns over the long term.

As ever this scenario provides a good hunting ground for stock pickers who can look past the immediate noise and focus on the long-term opportunities available from individual businesses, crafting a balanced portfolio of such opportunities.

Annual General Meeting

At our 2023 Annual General Meeting in March, it was a pleasure to introduce our now co-lead manager Julian Bishop to the audience. The event was well attended by shareholders, with an interesting range of questions and discussion. We look forward to welcoming shareholders once again this year to the AGM which is to be held at Trinity House, Trinity Square, Tower Hill, London, EC3N 4DH, at 12 noon on Monday 25 March 2024. Attending shareholders will receive a presentation from the portfolio managers before the formal business takes place. We would be delighted to meet with all those shareholders who are able to attend.

Shareholders can send any questions to be answered at the AGM by the board and manager care of the company secretary at investment-trusts@allianzgi.com or in writing to the registered office (further details are available on page 113) and we will publish questions and answers on the website after the meeting. We encourage all shareholders to exercise their votes in advance of the meeting by completing and returning the form of proxy.

Carolan Dobson
Chair
13 February 2024

Performance – Review of the Year

Review of the Year

Revenue

Year ended 30 November	2023	2022	% change
Income available for ordinary dividend	£11,251,047	£9,673,972	+16.3
Earnings per ordinary share	26.4p	22.7p	+16.3
Dividends per ordinary share	22.7p	21.5p	+5.6
Consumer price index	131.7	126.7	+3.9

Assets

As at 30 November	2023	2022	Capital return % change	Total return[1] % change
Net asset value per ordinary share with debt at fair value	1,258.6p	1,178.7p	+6.8	+8.7
Net asset value per ordinary share with debt at par	1,237.2p	1,164.4p	+6.3	+8.2
Share price	1,065.0p	1,020.0p	+4.4	+6.6
Total net assets with debt at fair value[2]	£537,307,615	£503,217,127	+6.8	-
Total net assets with debt at par	£528,209,759	£497,096,963	+6.3	-
Ongoing charges[3]	0.64%	0.63%	-	-

Net Asset Value with Debt at Fair Value[4] Relative to Benchmark[5]

	Capital return	Total return[1]
Change in net asset value	+6.8%	+8.7%
Change in benchmark	+2.7%	+5.5%
Percentage point performance against benchmark	**+4.1**	**+3.2**

A Glossary of Alternative Performance Measures (APMs) can be found on page 119.

1 Total return is based on the capital net asset value, including dividends reinvested. (APM).
2 Total net assets with debt at fair value. (APM).
3 The ongoing charges percentage is calculated in accordance with the explanation given on page 119. (APM).
4 The board prefers to measure performance using net asset value with debt at fair value in line with industry practice, as demonstrated in the Chair's statement on page 5. (APM).
5 For the financial year under review the benchmark was 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Strategic Report

Pharmaceutical and biotechnology specialist Novo Nordisk was a top contributor to performance. The company is headquartered in Copenhagen, Denmark.

Introduction

Purpose

Our purpose is to provide the company's shareholders with growth in capital value and dividends over the long term through investing in a portfolio of global and UK equities. The company aims to achieve a return higher than that of our benchmark, after costs, and to achieve steady dividend growth in real terms.

Strategy Review

We hold an annual strategy meeting outside the normal timetable of board meetings. At the most recent meeting the topics covered included:

- Investment strategy and balancing the Brunner portfolio
- Threats and opportunities for investment trusts
- Marketing strategy and the focus for 2024.

Business Model

The Brunner Investment Trust PLC carries on business as an investment company and follows the investment policy described below.

By pursuing our investment objective we aim to appeal to a broad range of investors and to ensure that the company's shares are attractive to new investors and investor groups, particularly individuals with smaller portfolios held either directly or in self-invested pension plans for whom we can provide a balanced solution for equity investment. It is also our objective to provide good value for shareholders and ensure that the costs of running the company are reasonable and competitive. Information on Revenue and Invested Funds in the year is summarised on page 63.

Brunner has an independent board of non-executive directors and no employees or premises of its own. Like other investment companies, it outsources investment management, accounting, company secretarial and other administration services to an investment management company – Allianz Global Investors UK Ltd – and to other parties, including HSBC Bank plc as depositary and custodian, and Link Group as registrar. This enables Brunner to provide shareholders with a competitive, cost-effective way to gain wide investment exposure through a single investment vehicle.

The company has a main market listing on the London Stock Exchange. In addition to annual and half-yearly financial reports, the company announces net asset values per share daily and provides further information monthly to the market, in order for investors and market professionals to compare its performance with its peer group. The investment manager also issues a monthly update on investment performance which is posted on the company's website and is available by email.

Manager's Investment Style

The essence of the investment style which we ask the investment manager to follow is to select the best stocks in a 'bottom up' approach, before any sector or country consideration. The portfolio is concentrated into 60 stocks at 30 November 2023 (62 stocks in 2022). Within that concentration modest gearing - employing the company's borrowings to invest - is within guidelines set by the board.

Investment Policy

Investment Objective

The Brunner Investment Trust PLC aims to provide growth in capital value and dividends for investors over the long term through investing in a portfolio of global and UK equities.

The benchmark against which performance is measured is 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Risk Diversification

The company aims to achieve a spread of investments across geographies and sectors. The maximum holding in any single stock is limited to 10% of gross assets at the time of investment and the portfolio will consist of at least 50 stocks. The company will not invest more than 15% of its gross assets in other UK listed investment companies.

Gearing

The company seeks to enhance returns over the long term through appropriate gearing. The board monitors the gearing, which is employed within the guidelines set from time to time by the board. Gearing in any case will not exceed 20% of net assets at the time of borrowing.

*In the investment policy above, **gross assets** means the company's assets before deduction of all debt and other obligations, **net assets** means the company's assets after deduction of all debt and other obligations based on the fair value of the long-term debt and preference shares.*

Section 172 Report

Engagement with Key Stakeholders

The company's shareholders are its primary stakeholders. Other stakeholders include service providers and the companies in which it invests. The board's strategy is facilitated by the manager reporting interaction on its behalf with a wide range of stakeholders through meetings, seminars, presentations and publications and through contacts made through our suppliers and intermediaries.

Engagement with the company's stakeholders enables the company to fulfil its strategies and to promote the success of the company for the benefit of the shareholders as a whole. In the year we were pleased to hold the Annual General Meeting (AGM) as an in-person event which was well attended and we hope to see and meet with more shareholders in 2024. Set out below are some examples of the ways in which Brunner has interacted with key stakeholders to demonstrate how the board and its agents have considered stakeholders in pursuit of the success of the company and the promotion of that success for the long-term:

Stakeholders and how they are taken into account	Activity in the year
Shareholders are identified as the primary stakeholders as the investors in the company. The company's objective is to provide growth in capital value and dividends for investors over the long term and the company's strategy is to provide shareholders with the desired returns by diversifying to take into account risk appetite.	Participation in investor conferences and webinars, together with videos and podcasts on the website informs shareholders of the investment management activity and performance of the company. The increasing use of new presentation styles to engage investors such as audio (podcasts), video and the Turtl platform to distribute information to shareholders and the wider investment community, including in shorter, more digestible formats. Jim Sharp is related to the Brunner family shareholders which provides further insight for the board into the views of investors to be used for the advantage of all.
Outcome: The investment team with co-leads Julian Bishop and Christian Schneider has extended its recognition with shareholders, journalists and industry commentators. The investment team has multiple skill sets (including Income, Growth, Global and UK) has an increasing profile in the investment trust arena. Both the company's market rating (reflected in the discount) and the liquidity of the company's shares have continued to be steady over the year as shown in the KPI reporting on page 15. The discount, one of the company's KPIs, stabilised in 2023 and averaged 11.5% in the year, as shown on page 15.	

Readers of communications including shareholders and other investors, look for information about the company on the website and online media coverage.	The user experience on the website has been further developed during the year. The manager has worked with other publications, such as Citywire, to provide more information about the trust online.
Outcome: Continual enhancements and improvements to the website including both helpful background and educational material as well as new and current information providing updates for shareholders and other investors.	

Stakeholders and how they are taken into account	Activity in the year
Public Relations and media – the company continues to work with public relations advisers to ensure information about the company, its strategies and performance can reach a wide audience to update shareholders and potential investors through press articles and online media coverage.	There is an Integrated PR programme and both Julian Bishop and Christian Schneider, the co-lead investment managers, provide interviews, presentations and record podcasts to inform and educate. We work with a third party, Lansons Communications, and the campaign work is aligned with AllianzGI's marketing activity.

Outcome: PR activity (generating exposure in consumer finance titles and the national press) is crucial for the platform market. Reports to the board show there is a direct correlation between press articles appearing and spikes of interest and purchases of the company's shares.

Following feedback that people want bite-sized, shorter presentations, the majority of content for engagement is in short form, with longer form content accessible for those that want to delve deeper.

Service providers – as well as the management company, the board has appointed a depositary, a custodian and a registrar to provide specialist services. The board and these stakeholders need to be assured of good governance and controls in the company.	In addition to regular contact and assurance testing that sound and effective controls are in place from all of these service providers, there is a rolling programme of due diligence visits to suppliers of third party services by the AllianzGI's investment trust team to ensure that the company is getting good quality services with robust and fit for purpose internal controls. A due diligence review of AllianzGI's supplier of investment trust fund administration services followed issues that had arisen during the year, some areas for improvement were identified and remediation was agreed. AllianzGI's investment trust team and supporting operations also receive detailed due diligence assessments by direct suppliers, for example, looking at NAVs and the pricing process and on general controls, by HSBC, the company's depositary and custodian. The latest took place in January 2024, with HSBC's now annual assessment of the AllianzGI UK Ltd entity as the new AIFM, and no issues were raised.

Outcome: Assurances from direct service providers on their internal controls are given formally to the company twice yearly but day-to-day contact with the investment trust team ensures that issues are quickly identified and acted upon and that remedial action can take place. A NAV pricing issue arose during the year from an external provider of fund administration services. The manager responded with a due diligence exercise, resulting in enhanced controls and procedures.

Improvements continued to be made in client reporting to Brunner following the fund administration due diligence.

<table>
<tr><th>Stakeholders and how they are taken into account</th><th>Activity in the year</th></tr>
<tr><td> Potential new investors are an important stakeholder group and getting key information to the investment market so that investors both current and prospective can make informed investment choices is a significant activity. Research platforms and distribution partnerships are employed to reach a wider audience of investors. </td><td> The marketing team also works on events and campaigns with other research and marketing companies, including Edison and Kepler. Additional resources were allocated by the board during the year for publishing research and event participation. ‘Direct to consumer’, for self-directed investment, is primarily driven by platforms. Platforms essentially give convenient access to the majority of the investment universe for investors. The board has encouraged activity to increase recognition by those operating the platforms through influencers (including through PR, video recordings with Asset TV and the company’s digital marketing strategy). ‘Influencing’ activity involves sponsored content, advertising and client events, targeting the platforms themselves alongside the key research platforms. In the year the board described the trust as an ‘all-weather’ global equity portfolio, setting out clearly what Brunner offers its investors. </td></tr>
<tr><td colspan="2"> Outcome: Analysis is in the form of detailed investor group feedback and in considering the metrics of key activity over the year: in particular the board can see the effectiveness of communicating with investors by monitoring daily traffic on the website and investment through ‘spikes’ of investment on platforms after publications and events throughout the year. The board continues to believe that the best approach for Brunner is to follow a steady path and to be an ‘all-weather’ global equity portfolio for investors, aiming for long-term stability of capital return and provision of a steadily rising dividend to shareholders. </td></tr>
</table>

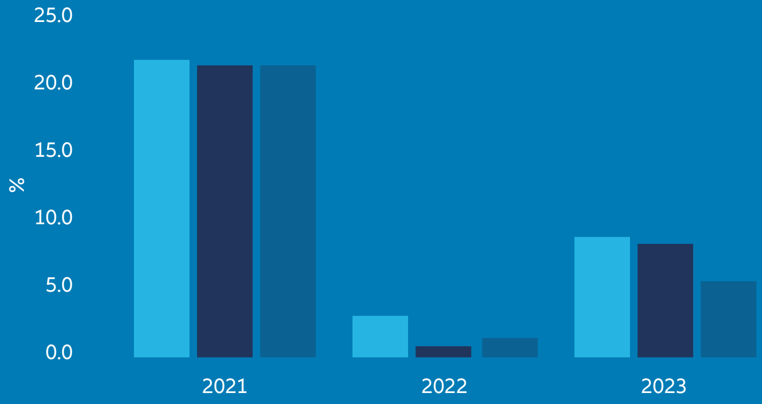
Key Performance Indicators

The board uses the following Key Performance Indicators (KPIs) to monitor and evaluate the performance of the company in executing its strategy.

Performance against the Benchmark Index

Net Asset Value Total Return with Debt at Fair Value and Debt at Par

	Debt at fair value	Debt at par	Benchmark	Percentage point relative return	Percentage point relative return
2023	+8.7%	+8.2%	+5.5%	+3.2	+2.7
2022	+3.0%	+0.8%	+1.4%	+1.6	-0.6
2021	+21.5%	+21.1%	+21.1%	+0.4	0.0

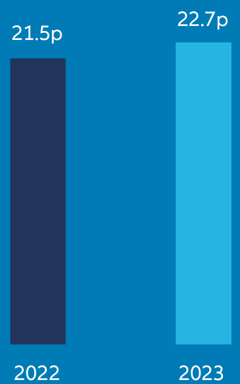


Source: AllianzGI/Thomson Reuters DataStream. Benchmark: 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. Alternative Performance Measure (APM). See Glossary on page 119.

This is the most important KPI by which performance is judged. The principal objective is to achieve a return higher than that of the benchmark index over the long term, after absorbing costs. For this indicator, we measure the performance against the benchmark using NAV with debt at fair value, in line with industry practice. We have also disclosed here the performance against the benchmark using NAV with debt at par value for information purposes. Capital returns are shown on page 8 and in the Chair's Statement.

Dividends

Annual dividend

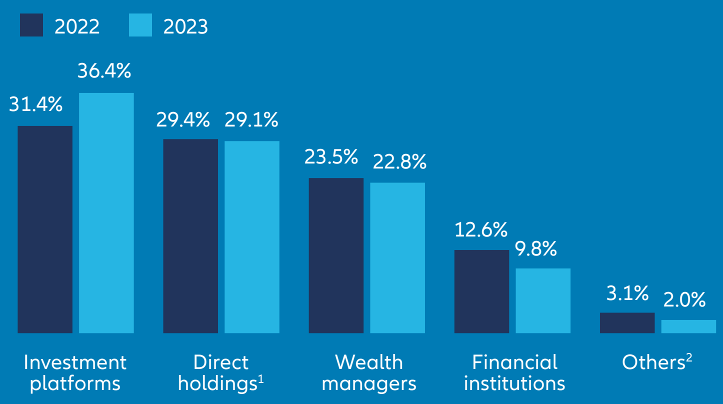


Includes the proposed final dividend.

The board aims to pay an increased dividend each year, taking into account inflation and the ability to achieve this subject to general earnings growth and dividends received in the portfolio. Dividends paid in the past ten years are set out in the Historical Record table on page 58, and in the graphic on page 4, which show that dividends have risen in every year since 1972 and have increased by 5.6% this year.

Share Ownership

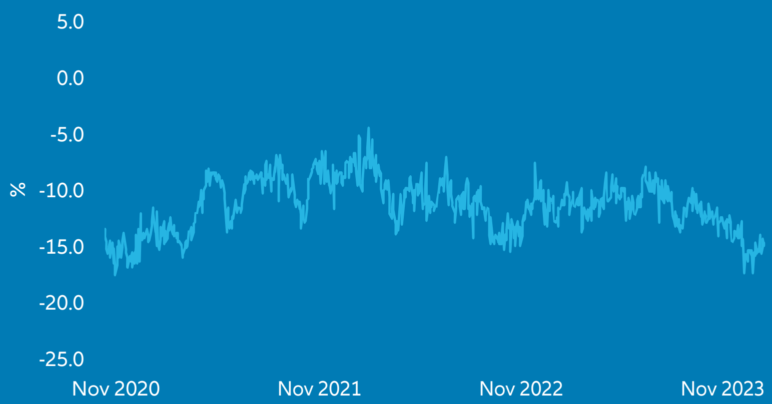
Percentage of issued capital held by wealth managers and investment platforms



The marketing programme targets both professional and retail investors and aims to create ongoing and sustained demand for Brunner shares. A successful marketing strategy stands to benefit all of the company's shareholders by increasing liquidity. We look at the growth of share holdings of clients of wealth managers and of investment platforms to see the impact of retail demand for the company's shares.

[1] including Brunner family members
[2] including beneficial owners not known

Discount



The company's shares currently trade at a discount to the net asset value per share. The share price depends on a number of factors, including sentiment towards the company and towards investments in equities in general. The board monitors the discount with the aim in normal markets of being not out of step with comparable trusts in the sector. The board gives the manager authority in certain circumstances to buyback and either cancel the shares or hold them in treasury, which would be likely to result in a temporary narrowing of the discount.

Ongoing Charges

Ongoing charges are operating expenses incurred in the running of the company, whether charged to revenue or capital but excluding financing costs. The ongoing charge is calculated in accordance with the AIC's recommended methodology (See Glossary on page 119). This figure does not include costs incurred from trading activities, as these are capitalised within the investment valuation (Note 8 on page 100) which amount to a further 0.05% of net assets (2022 - 0.04%). Ongoing charges are published by the AIC.

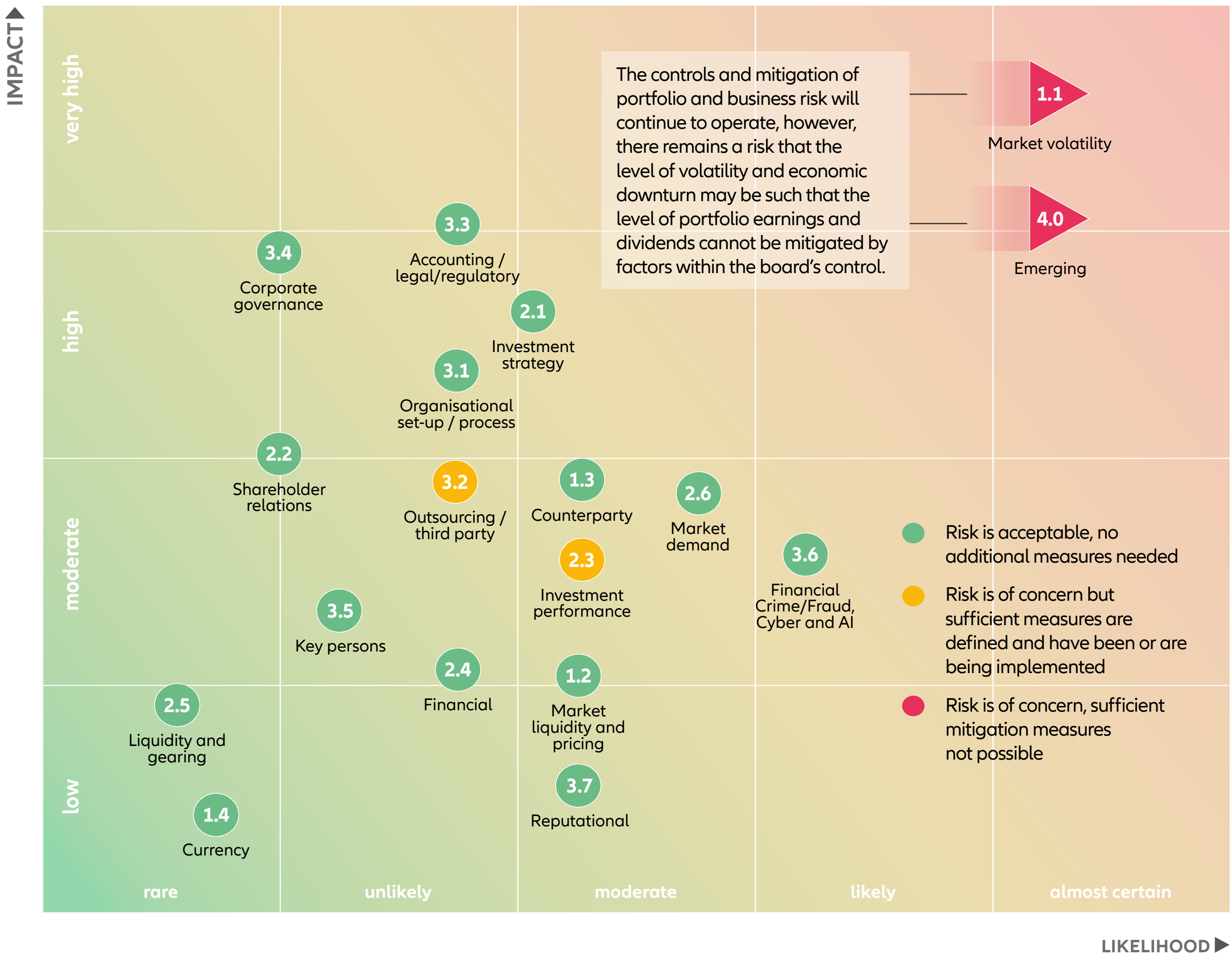
Risk Report

As reported to shareholders in the half-yearly report in 2023, the economic backdrop continues to stress test the business models of all companies.

The board has maintained its close contact with the manager and other third party service providers to understand their responses to the macroeconomic and geopolitical situation and in particular actions taken to mitigate the effects of these risks on the company and its business. The likelihood of both 'Market volatility' and 'Emerging' risks have been moved from 'likely' to 'almost certain' from this time last year.

Risk Management Policy

The board operates a risk management policy to ensure that the level of risk taken in pursuit of the board's objectives and in implementing its strategy are understood. The principal risks identified by the board are set out in the tables on pages 17 to 19, together with the actions taken to mitigate these risks. The process by which the directors monitor risk is described in the Audit Committee Report on page 78, and includes a review of a more detailed version of these tables, in the form of a risk matrix, at least twice yearly.



Risk Appetite

The directors assess the likelihood of occurrence and perceived impact of each risk after mitigating actions and consider the extent to which the resulting residual risk is acceptable, which is defined as the board's risk appetite. The results of this exercise are shown in the heat map on page 16.

Investment and Portfolio Risks

Principal Risks identified	Controls and mitigation
1.1 Market volatility Significant market movements may adversely impact the investments held by the company increasing the risk of loss or challenges to the investment strategy, reduction of dividends across the market affecting the portfolio yield and the ability to pay in line with dividend policy. Macroeconomic factors could also cause significant market falls, unexpected volatility, threat to income or increase in gearing.	The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines that are monitored and reported on by AllianzGI. The board monitors yields and can modify investment parameters and consider a change to dividend policy. Macroeconomic factors and their causes may mean mitigation may not be possible for significant market movements caused by factors outside the board's control.
1.2 Market liquidity and pricing Failure of investments.	The board receives reports from the manager on the stress testing of the portfolio at least twice each year and contact is made with the Chair and board if necessary between board meetings.
1.3 Counterparty risk Non-delivery of stock by a counterparty.	The manager operates on a delivery versus payment system, reducing the risk of counterparty default.
1.4 Currency Exposure to significant exchange rate volatility could affect the performance of the investment portfolio.	Currency movements are monitored closely and are reported to the board.

Business and Strategic Risks

Principal Risks identified	Controls and mitigation
2.1 Investment Strategy An inappropriate investment strategy e.g., asset allocation or the level of gearing may lead to underperformance against the company's benchmark index and peer group companies, resulting in the company's shares trading on a wider discount.	The board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the board receives reports at every meeting. The board monitors the implementation and results of the investment process with the investment managers, who attend all board meetings, and reviews data which shows risk factors and how they affect the portfolio. The manager employs the company's gearing tactically within a strategic range set by the board. The board also meets annually specifically to discuss strategy, including investment strategy.
2.2 Shareholder relations The investment objectives, or views on decisions such as gearing, discount management, dividend policy, of existing shareholders may not coincide with those of the board leading investors to sell their shares.	Reports on shareholder sentiment are received from the manager and brokers and reviewed by the board. Shareholders are actively encouraged to make their views known.

2.3 Investment performance Persistent poor performance against benchmark or peers leads to decline in attractiveness of the company to investors.	The investment manager attends all board meetings to discuss performance with the directors. The board manages these risks by giving investment guidelines which are monitored at each meeting. The board reviews the investment performance of the company against the benchmark and peer group.
2.4 Financial Range of risks including incorrect calculation of NAV, inaccurate revenue forecasts, incorrectly calculated management fees, issues with title to investment holdings.	A rolling income forecast (including special dividends), balance sheet and expenses are reviewed at every board meeting. Reporting from the custodian covering internal controls in place over custody of investments and over appointment and monitoring of sub-custodians is produced and reviewed at least annually. The board's investment restrictions are input in trading systems to impose a pre-trade check.
2.5 Liquidity and gearing Insufficient income generated by the portfolio and due to stock market falls, gearing increases to levels unacceptable to shareholders and the market which in extreme circumstances results in a breach of loan covenants.	The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis. Investment restrictions and guidelines are monitored and reported on by AllianzGI. Regular compliance information is prepared on covenant requirements.
2.6 Market demand The level of discount of the share price to the NAV moves to unacceptable levels, threatening confidence in the company's shares.	The board regularly reviews the level of premium and discount and existing shares can be bought back by the company when the board considers this expedient.

Operational Risks

Principal Risks identified	Controls and mitigation
3.1 Organisation set up and process Failure in the operational set up of the company, through people, processes, systems or external events could result in financial loss to the company or its inability to operate.	The manager and the other key service providers report on business continuity plans and the resilience of their response to extreme situations. Third party internal controls reports are also received from these service providers.
3.2 Outsourcing and third party Risk of inadequate procedures for the identification, evaluation and management of risks at outsourced providers including AllianzGI and its outsourced administration provider, State Street Bank & Trust Company, HSBC Bank plc (Depositary and Custodian) and Link Group (Registrar).	AllianzGI carries out regular monitoring of outsourced administration functions, which includes compliance visits and risk reviews where necessary. Results of these reviews are monitored by the board. And since the pandemic the board has been obtaining additional assurances on business resilience and cyber security. Agreed Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) are in place and the board receives reports against these.
3.3 Regulatory Failure to be aware of or comply with legal, accounting and regulatory requirements which could result in censure, financial penalty or loss of investment company status.	The board maintains close relations with its advisers and makes preparations for mitigation of these risks as and when they are known or can be anticipated.
3.4 Corporate governance Weak adherence to best practice in corporate governance can result in shareholder discontent and potential reputational damage to the company.	The board is highly experienced and knowledgeable about corporate governance best practice and includes directors who are board members of other UK plcs and other investment companies. The board takes regular advice on best practice.

3.5 Key person Departure of the portfolio manager, certain professional individuals, and/or board members, may impact the management of the portfolio, the achievement of the company's investment objective and/or disruption to its operations.	Manager and board succession plans are in place. Cover is available for core members of the relevant teams of the manager, and work can be carried out by other team members should the need arise.
3.6 Financial crime, fraud, cyber security and AI That the company and the manager's firm, its employees, or clients are subject to financial crime or breach elements of the Bribery Act. Risk of increased cyber attacks. Risk from traditional and generative Artificial Intelligence (AI) in respect of malicious AI, its rapid growth and the lack of regulation.	AllianzGI has anti-fraud, anti-bribery policies and robust procedures in place. The board is alert to the risks of financial crime and threat of cyber attacks and reviews how third party service providers handle these threats. These reports confirm that all systems are secure and are updated in response to any new threats as they arise. The board asks for and receives assurance from key suppliers on information security and AI developments and threats.
3.7 Reputational Association with poor governance in portfolio companies and operational issues in service providers which can affect the reputation of the company.	The portfolio management team is in constant interaction with AllianzGI's Environmental, Social and Governance (ESG) and Stewardship function and actively engages with investee companies on ESG issues and makes investments incorporating ESG factors in the decision process. Service providers are monitored and the manager provides oversight.

Emerging Risks

Principal Risks identified	**Controls and mitigation**
4.0 Emerging Geopolitical uncertainties including the Israel - Gaza war, the supply chain issues in the Red Sea, the ongoing invasion of Ukraine by Russian armed forces and tension between the US and China, any of which could cause significant market falls, threat to income or increase in gearing. Impact of AI on the investment portfolio.	The board carries out horizon scanning by keeping informed through its manager and advisers on the political, economic and legal landscape, and reviews updates received on regulatory changes that affect the company. The board has asked the manager to report on its own careful consideration of AI developments and threats within its own organisation and in its oversight of investments. The board maintains close relations with its advisers (auditors, lawyers and manager) and will make preparations for mitigation of emerging risks as and when they are known or can be anticipated.

Going Concern

The directors have considered the company's investment objective and capital structure both in general terms and in the context of the current macroeconomic background. Having noted that the portfolio, which is constructed by the portfolio manager on a bottom up basis, consists mainly of securities which are readily realisable, the directors have also continued to consider the risks and consequences of such external factors on the operational aspects of the company and have concluded that the company has the ability to continue in operation and meet its objectives in the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

The company held some short term debt as a current liability as at 30 November 2023, in the form of a Revolving Credit Facility (RCF), which is renewable within one year. While the company is in a net current liability position as at 30 November 2023, if an obligation arose investments could be sold to raise cash.

Viability Statement

Brunner is an investment company and has operated as an investment vehicle since 1927 with the aim of offering a return to investors over the long term. The directors have formally assessed the prospects of the company for a period of longer than a year. The directors believe that five years is the suitable outlook period for this review as there is a realistic prospect that the company will continue to be viable whilst seeking to achieve its aim to provide growth in capital value and dividends over the long term. This reflects the longevity of the company and the expectation that investors will want to hold on to their shares for some time. The board also notes that as a high conviction investor, the portfolio manager has a five year view on stocks in the portfolio.

The board has assessed the long-term viability of the company against the principal risks faced by the company, outlined in the reporting under Risk Management Policy on page 16. Many of these matters are subject to ongoing review and the final assessment, to enable this statement to be made, has been formally reviewed by the board.

The factors considered at each board meeting are:

- The company's investment strategy and the long-term performance of the company, together with the board's view that it can continue to provide attractive returns to investors;
- As an investment company Brunner is able to put aside revenue reserves in years of good income to cover a smooth payment of growing dividends in years when there are challenges to portfolio revenues;
- The financial position of the company, including the impact of foreseeable market movements on future earnings and cash flows. The board monitors the financial position in detail at each board meeting and at least twice each year it stress-tests the portfolio against significant market falls;
- In the current environment the board is reviewing earnings prospects, gearing and debt covenants on a continuous basis with the managers; and
- The liquidity of the portfolio, and the company's ability to pay dividends and to meet the budgeted expenses, including interest payments, of running the company.

Based on the results of this assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their review.

The future

As we show in our page on the history of the trust on the inside cover of this document, the longevity of the trust and its importance to our investors continues to be a focus. The future attractiveness of Brunner as an investment proposition with relevance to a wide variety of investors is something we debate and evaluate continuously. We have to consider the investment environment and wider economic considerations, such as increasing inflationary pressures, and take soundings on the prospects for our markets, the returns on assets, economic growth and numerous other factors. Taking all this into account the board continues to believe that there is a place for Brunner in the range of options available to the investor and that the company remains viable for the five year period here under review.

The Strategy for the future

The development of the company is dependent on the success of the company's investment strategy against the economic environment and market developments. I give my view in the Chair's Statement on page 5 and the portfolio managers discuss their view of the outlook for the company's portfolio in their review on page 33.

On behalf of the board

Carolan Dobson
Chair
13 February 2024

Environmental, Social and Governance Issues

The board considers that it is in shareholders' interests to be aware of and consider environmental, social and governance factors when selecting and retaining investments. Details of the company's policy on ESG are set below.

Environmental, Social and Governance Research and Stewardship

Active stewardship is an integral component of our investment manager's investment approach. This can help to unlock potential in companies, as well as protect companies from downside risks.

AllianzGI's approach to ESG analysis

Brunner's portfolio managers follow AllianzGI's proprietary ESG methodology which is designed to enhance risk management by adding another dimension to existing investment processes across all asset classes. The main objective of integrating ESG analysis is to develop an assessment of the financially material ESG risks and opportunities within a broader investment case. AllianzGI's approach also fosters active engagement with company management.

How it works in practice

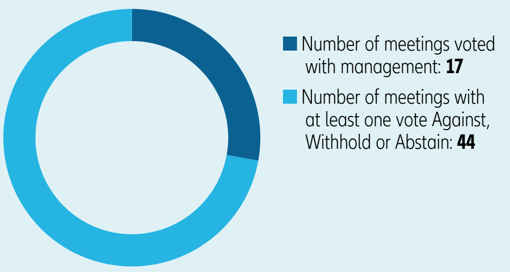
The process of integrating ESG analysis involves AllianzGI's investment professionals reviewing both ESG scores and financially material qualitative information for each holding or company of interest. The investment team then makes an assessment of the ESG risk or opportunity that supports the broader investment case. AllianzGI's investment professionals have access to both quantitative tools and qualitative ESG research. The investment manager has explained to us how AllianzGI uses the MSCI scoring system which expresses the level of ESG risk for a company through a numerical score for each of the E, S and G pillars on a scale of 0–10, whereby a score of 0–3 indicates potentially meaningful tail risk. If a company exhibits an elevated ESG risk profile or no ESG score, the portfolio management team needs to provide their risk-reward justification as a written commentary to their colleagues on the AllianzGI tool: the Global Collaboration Platform. The commentary must be provided prior to the purchase of any new stock.

Proxy voting 1 December 2022 to 30 November 2023

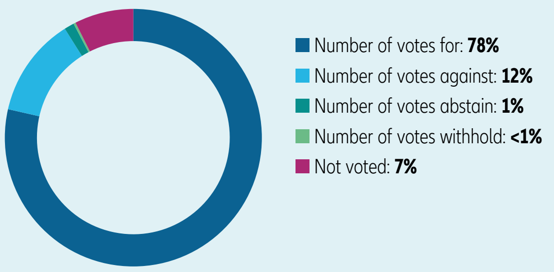
Active proxy voting engagement for clients is seen as a core element of fiduciary responsibilities and the manager provides total voting coverage. This active, global approach to the exercise of voting rights is aimed at improving governance standards.

In the year there were 63 shareholder meetings for companies in the portfolio and the manager voted on the company's behalf at 61 of these. This represents a total of 1,125 resolutions and the company voted on 91% of these. Source: AllianzGI.

Company meeting voting record



Vote distribution



AllianzGI's investment professionals generate in-depth research of companies they own or believe to be of interest and often closely follow these issuers over long periods of time. Therefore, they can engage actively with the companies that need it most. AllianzGI's Sustainability Research & Stewardship analysts further support the process by providing company, sector and/or thematic research. All ESG research and engagement notes are documented on AllianzGI's internal Global Collaboration Platform. This creates a high degree of transparency and provides portfolio managers with an easy way to monitor ESG risk in their portfolios.

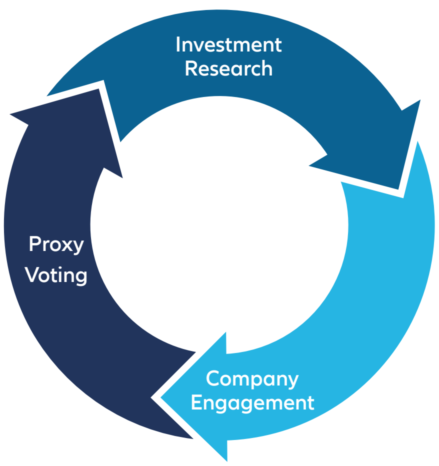
Sustainability

The portfolio managers talk about the importance of sustainability in the assessment of the quality of portfolio companies in their Investment Philosophy explanation on page 38.

Company Engagement

The investment manager conducts regular meetings with companies which:

- enriches investment analysis and decision making;
- helps assess company leadership and culture and build trust;
- facilitates active involvement from portfolio managers and sector analysts in company engagements;
- focuses on material issues in a case-by-case approach; and
- provides an organic link to Proxy Voting decisions.



Engagement success is part of delivering investment performance

More information can be found at:
https://uk.allianzgi.com/en-gb/our-firm/sustainable-investing

ESG Reporting

The board receives information on ESG scores for the portfolio and this is published in the company's monthly factsheets. This is also included on page 41.

A summary of the many engagements with portfolio companies on E,S and G matters is set out on page 40.

Brunner's ESG Policy and web links

A summary of the board's policy on ESG can be found with the company's details on the Association of Investment Companies' website, where there is also more information on ESG for investors:

https://www.theaic.co.uk/esg-and-investment-companies

Investment Manager's Review

Greek retailer Jumbo SA, headquartered in Moschato, Athens, was one of the top four largest contributors to performance.

Portfolio Managers' Report

Julian Bishop Christian Schneider

The Brunner Investment Trust PLC was formed when the Brunner family sold its interest in Brunner Mond & Co, the largest of the four companies which came together to form Imperial Chemical Industries (ICI) in 1927. Brunner Mond & Co itself was founded in 1873 and was best known for the efficient manufacture of soda ash, or sodium carbonate. This commodity, which has been manufactured since the time of the ancient Egyptians over 5,000 years ago, is an important industrial ingredient used in a wide range of applications, from the production of glass to detergents and lithium-ion batteries.

Today, it is mostly produced using the Solvay process in which salt (sodium chloride) is reacted with limestone (calcium carbonate) and coking coal in the presence of ammonia. Indeed, the reason Brunner Mond & Co was located in Northwich, Cheshire was due to the abundance of salt in the region.

Salt is one of those virtually invisible commodities that is rarely given a second thought. Despite being a hugely important chemical feedstock, its contribution to GDP and to stock market value is negligible. Similarly, many other commodities such as sand (without which there would be no concrete or semiconductors) and iron ore (without which there would be no cars, no machines, no large buildings) are hugely important in the physical world but, due to their relative abundance, are not in themselves particularly valuable. Ed Conway makes this point in his book 'Material World' in which he expounds upon the role commodities like sand, salt, iron ore, oil and lithium play in the modern economy. Similarly, academic Vaclav Smil calls steel (modified iron), ammonia (made from natural gas, used primarily as fertiliser), cement (the other feedstock of concrete) and plastic (largely derived from oil) the 'four material pillars of modern civilisation'. Without these products society literally couldn't function. Yet their direct contribution to global GDP and stock market value is negligible.

From the standpoint of the investor, the interesting but counter intuitive conclusion is that just because something is important doesn't mean it is valuable. This statement also works in reverse. It is extraordinary, for example, that the second most valuable company in Europe, Louis Vuitton Moet Hennessey (LVMH), derives the majority of its profit from the sale of something as frivolous as handbags.

This paradox is manifest throughout the stock market. For example, many stock market commentators obsess over trends in GDP, inflation and other macro-economic indicators. We find these datapoints interesting, but we believe they are less crucial than many think. Many long-term studies show the correlation between GDP performance and stock market performance is non-existent, or even negative. Given that GDP represents the ultimate pool from which firms can derive profits, this is counter intuitive, but in our view it reflects the reality that strong profitability and therefore stock market value regularly accrues in relatively obscure niches which make a relatively immaterial direct contribution to GDP.

There are numerous examples that can be used to demonstrate this. At the highest level, the US now accounts for 70% of the world stock market value despite the US only accounting for 25% of world GDP. Simplistically this is because, in aggregate, US firms have grown faster and with higher returns on invested capital (returns above the cost of capital are the definition of value creation) than those elsewhere in the world. In the US just two firms – Apple and Microsoft – now account for 14% of stock market value yet their collective revenues in the US account for just 1% of GDP. Would Microsoft be worth less if inflation was slightly higher or GDP slightly lower? At the margin, perhaps, but Microsoft's worth generally stems from attributes unrelated to general economic activity.

In a similar vein, it is instructive to note that Volkswagen's sales, and therefore direct GDP contribution, are actually higher than that of Microsoft, yet Microsoft's $2.8 trillion market value is more than forty times that of VW, which has a market cap of just $65bn despite its enormous sales base. Microsoft is hugely profitable, growing and well governed. By contrast, Volkswagen operates in perfectly competitive, mature market and its voting stock is controlled by the Porsche-Piech family and the Lower State of Saxony, for both of whom considerations beyond profit may dominate. Despite its size and importance, particularly to the GDP of Germany, the company, much like salt, has rarely created value despite its ability to create well engineered cars.

Many of Brunner's holdings, such as Microsoft, operate in profitable niches. We pay particular attention to the competitive environment and market structure as these tend to be key determinants of a company's ability to generate high returns. Businesses with unique assets or abilities are of particular interest. It is businesses such as these that can reinvest their cashflows at attractive rates of return, creating value for shareholders along the way.

During the year, we were saddened by the death of Charlie Munger. Charlie Munger was Warren Buffett's business partner at Berkshire Hathaway and his investment philosophy has had a huge influence on the Brunner investment team. Many prognostications about investment are a matter of opinion, but some are underpinned by sound mathematical logic. Here he expounds upon the importance of returns. It's simple but key to understanding the importance of quality when investing:

'Over the long term, it's hard for a stock to earn a much better return than the business which underlies it earns. If the business earns 6% on capital over 40 years and you hold it for that 40 years, you're not going to make much different than a 6% return – even if you originally buy it at a huge discount. Conversely, if a business earns 18% on capital over 20 or 30 years, even if you pay an expensive looking price, you'll end up with a fine result. So the trick is getting into better businesses'.

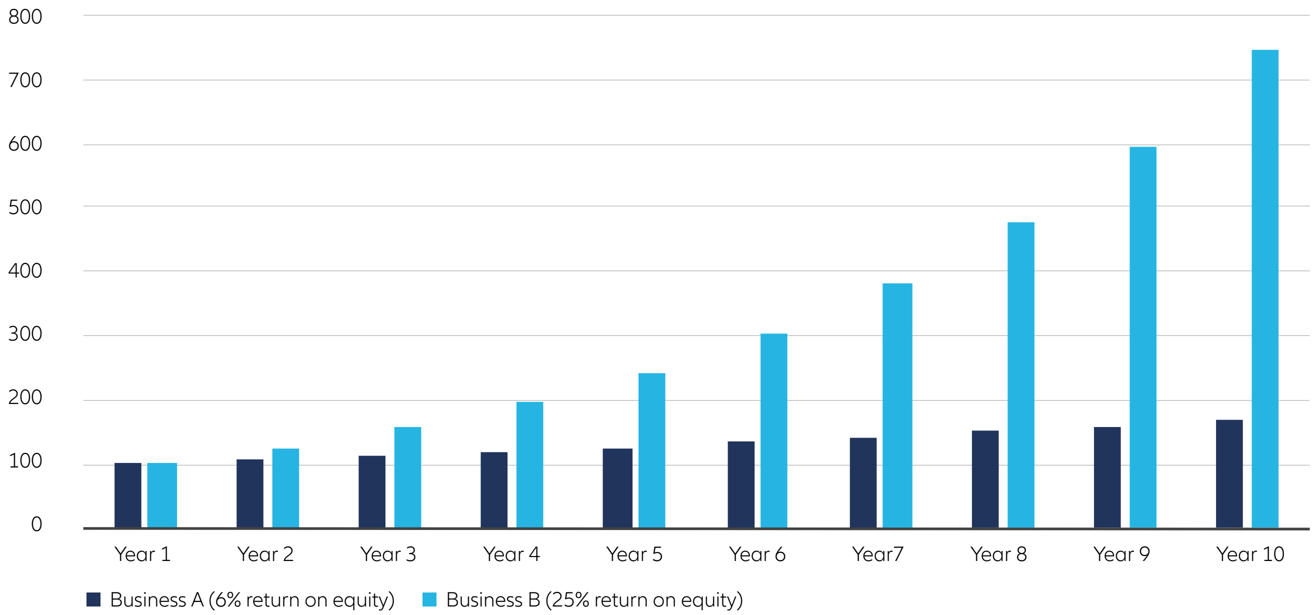
Return on capital is the key metric here, and one we use as a base for determining the quality of a business. Put simply, if a business can borrow money at 6% and invest it at a sustainable 18% return, that is the definition of value creation - imagine borrowing money from the bank at 6% and being able to put it into another account at 18%. If the business can then take the 18% it earns on its investment and reinvest that at 18% again and so on, that is when the power of compounding really starts to work its magic.

Albert Einstein reputedly called compound interest the eighth wonder of the world. We can demonstrate its power using two hypothetical businesses: Business A and Business B. Business A earns just 6% on its invested capital and reinvests all the cash it generates back into the business. After 10 years profits will have grown from an assumed 100 at the start to 169 by the end.

Business B has a return on capital of 25% and also reinvests all the cash it generates back into the business. We assume that at the start of the period they also generate profits of 100. By the end of the same ten-year period profits will have grown to 745. After twenty years Business B's profits will have grown to over 6,900, while Business A's profits will have just passed 300. Truncating this growth by insisting on premature dividends would be unwise. One of the reasons we don't exclusively target high dividends is that our strong preference is for businesses that can reinvest at high returns on capital for an extended period of time, creating value as demonstrated.

Virtually all of the world's great equities have been Business Bs. It is these businesses that generate most equity performance over time. A study by Hendrik Bessembinder, a finance

Earnings comparison



Source: AllianzGI.

professor at Arizona State University, found that half of all wealth generation by US stocks between 1926 and 2019 came from fewer than 100 stocks: a tiny fraction of the overall universe. It is the combination of high returns and growth that helps explain why a small subset of extraordinary businesses has been able to deliver incredible stock market performance and why that small subset of businesses has come to dominate stock market value in a way that does not necessarily correlate with their real-world importance. Value accrues in niches. Most businesses, like salt and cars, are prone to competition that keeps profitability in check. Brunner is proud to have owned many of the great businesses of our time, those that have delivered exceptional results for shareholders. Companies like Microsoft and United Health in the US, LVMH, Novo Nordisk and ASML in Europe and TSMC in Asia have all married high returns with growth, to outstanding effect. Our investment approach continues to hunt for these rare entities, whilst always remaining mindful of valuation and never veering into speculative territory. We believe this is a timeless way of running money and one that will continue to pay literal dividends over the long term.

Market Review

Measured in Sterling, global equity markets rose about 7% over the twelve months to Brunner's year end at the end of November 2023. In dollar terms, the return was almost twice that, with US, Japanese and European markets all delivering strong results in local currency that were partially lost once translated back into pounds. Sterling has continued to strengthen after the lows associated with the Truss/Kwarteng 'mini budget' of autumn 2022, creating a headwind for the value of overseas assets. Over the longer term, however, weaker Sterling has been clearly beneficial for the UK investor with global exposure.

Looking beneath the surface, there was a huge divergence in performance between differing types of equities. In aggregate, growth stocks roared ahead whilst value stocks retreated. This was a perfect inversion of what we saw in 2022, which was itself a perfect inversion of what was seen in 2021. This inversion was mirrored at the sector level. After a torrid 2022, technology stocks were very strong once more, whereas the lowly rated financials and energy names that fared so well in 2022 resumed their longstanding underperformance.

In the US, the narrowness of the market has been particularly notable. Famously, the performance of the 'magnificent 7' (Amazon, Apple, Google parent Alphabet, Facebook parent Meta, Microsoft, Nvidia and Tesla) accounted for the majority of the S&P500's performance. It only takes one Microsoft to perform well, with its near $3 trillion market cap, more than the entire FTSE 100, to mask mediocre performance amongst dozens of other smaller companies. Probabilistically, this made it a hard market to outperform. We are pleased with our strong performance in this context.

The resumption of tech outperformance is associated with three factors. Firstly, the correction of 2022 bought valuations down from exuberant to palatable levels. Secondly, interest rates stabilised. Higher interest rates lower the present value of more distant predicted future profits, on which growth stocks tend to be disproportionately dependent. Thirdly, and perhaps most importantly, was the emergence of a new growth narrative, centred on artificial intelligence (AI).

Investor Jim Grant once said: 'to suppose that the value of a common stock is determined purely by a corporation's earnings discounted by the relevant interest rates and adjusted for the marginal tax rate is to forget that people have burned witches, gone to war on a whim, risen to the defence of Joseph Stalin and believed Orson Welles when he told them over the radio that the Martians had landed. That's always been the case. And it always will be the case. Every investment price, every market valuation, is just a number from today multiplied by a story about tomorrow'.

This somewhat hyperbolic comment is refreshingly honest. Every business school, every financial analysis course, parrots as fact that a company or stock is worth the present value of its future cash flow. Whilst the theory behind the discounted cash flow model is hard to quibble with (why else would stock have value, aside from the cash it can ultimately generate?) the way it is taught neglects to mention the reality that no one knows, with any precision, what those future cash flows will be. That is particularly true for the intellectual property rich, physical asset light businesses that dominate today's markets. All valuation work is a forward-looking assessment of a company's profitability and that is inherently uncertain. As physicist Carlos Rovelli said: 'we can't be sure about anything'. This statement related to the spirit of ongoing scientific enquiry and was intended to remind us that the concept of a 'scientific fact' is an oxymoron. This is even more so in equity investment, where uncertainty and educated guesswork is implicit in every piece of valuation work undertaken.

Hence a narrative, a story, can be a powerful driver of short-term investment performance. Indeed, most financial bubbles have been driven by an initially plausible premise. In the longer run, of course, operational results need to justify heightened expectations, but at present the technology sector is basking in the rays of possibility.

Excitement relating to artificial intelligence began in earnest in November 2022 when OpenAI launched an early demo of ChatGPT, a natural language processing tool that provides linguistically fluent and logically sophisticated answers to prompts and questions. This was followed in May 2023 by an exceptional set of financial results from Nvidia, the semiconductor company which dominates the market for the graphic processing units (GPUs) used in artificial intelligence applications. Rarely have sales and profit forecasts for a large company been so heavily underestimated.
Over the course of the financial year shares in Nvidia rose 176% as earnings

expectations for the company in 2024 rose from $4.36 per share to over $12. Categorically, Nvidia is in the realms of the great, a Business B that combines high returns with growth. Only time will tell if the company's barriers to entry are sufficient to maintain their profitability.

General interest in artificial intelligence is very high indeed and we have no doubt that its eventual impact will prove enormous. Nevertheless, judging the winners and losers at this early stage is difficult. If history is any guide, a few fortunes will be made but many will be lost. We remain happy with our participation in this nascent theme via our holdings in Microsoft, Adobe, Accenture and TSMC, amongst others. Microsoft partially owns OpenAI and hosts many processing intensive AI models in its Azure cloud computing division. The company is developing a useful 'Copilot' for users of its widely used Office product suite. A small incremental fee charged for each of their 300m+ subscribers could be incredibly lucrative. Adobe is using AI to make its suite of software products used by creative professionals more inventive and easier to use. Accenture will win business deploying AI applications on behalf of its corporate clients. TSMC are a semiconductor 'foundry' that has near 100% share manufacturing the most sophisticated GPUs on behalf of Nvidia et al. In each instance we believe we are appropriately agnostic as to the precise winners in the AI space and that they should flourish no matter how the technology evolves. All are also extraordinary quality businesses which are reasonably valued and generate plentiful free cash flow; quintessential Brunner holdings.

Events in the financial sector were dramatic as the industry adjusted to rapid increases in interest rates from very low levels. Problems first emerged in March at Silicon Valley Bank (SVB), an American regional bank based in California serving corporate clients in the technology industry. During the pandemic, these clients raised vast amounts of cash from venture capital firms keen to invest in the digital economy, which they then deposited at SVB for future use. When VC funding dried up in early 2022, many of these tech clients began burning through their cash balances, as unprofitable technology start-ups are wont to do. In an error of judgement, SVB management had invested many of these deposits in relatively long dated bonds in order to boost income. These bonds fell in value due to rising interest rates. Selling them to meet the deposit outflows crystallised significant losses, eating into the bank's equity cushion. A poorly communicated effort to raise additional equity to cover these losses caused a full blown, digitally enabled bank run with devastating

Contribution to Investment Performance Relative to the Benchmark

	Top ten positive contribution	Performance impact %	Top ten negative contribution	Performance impact %
Overweight (holding larger than benchmark weight)	Microsoft	1.0	Charles Schwab	-0.7
	Jumbo	0.9	St James's Place	-0.6
	Novo Nordisk	0.9	Estee Lauder	-0.6
	Munich Re	0.8	Agilent Technologies	-0.6
	Partners Group	0.6	Roche Holdings	-0.5
	Adobe	0.5	AIA	-0.4
	Baltic Classifieds	0.4		
	Schneider Electric	0.4		
	Itochu	0.4		
	Arthur J. Gallagher & Co.	0.3		
Underweight (zero holding or weight lower than benchmark weight)			Nvidia	-0.9
			Meta	-0.6
			Apple	-0.5
			Amazon	-0.5

consequences. This crisis of confidence then spread across the US regional banking sector, with several other banks failing before confidence was restored. In Europe, Credit Suisse was rescued by UBS in a deal brokered by the Swiss government after another crisis of confidence.

These events were a timely reminder of the inherent fragility of the fractional banking system. Put simply, not all depositors can have their deposits back at once, as they have been lent to others. Banks rely on trust and loss of trust can be fatal. In most markets, regulators reinforce trust by insuring deposits (up to £85,000 in the UK). In the instance of SVB, most deposits belonged to businesses not individuals and most balances were therefore way beyond the insured level. It was perfectly rational, therefore, for venture capital firms to insist that their investee companies withdrew their funds from SVB the moment rumours of their problems began. In the old days, depositors had to queue outside the branch as they did in the movie 'It's a Wonderful Life'. These days withdrawals can take place at the click of a button, lowering the associated friction to negligible levels.

At Brunner, we believe we are appropriately cautious when it comes to our small investments in banks. We are mindful that banks' balance sheets are generally in better shape than they have been for many decades, which should make them safer and allow for very generous levels of cash returns going forwards. However, they are rarely value creative in the way we described earlier. A bank loan is a bank loan is a bank loan. Borrowers do not pay a premium for a mortgage from Lloyds over a mortgage from Nationwide for example. Opportunities to eke out a competitive advantage tend to be meagre and, as the SVB case shows, the risks are higher than they are for most businesses.

We have positions in banks where we believe we are adequately compensated for the corresponding dangers and in all cases we look for banks we believe operate at the very lower end of the relative risk spectrum.

Our largest bank holding is DNB, the leading Norwegian bank, which operates within one of the strictest regulatory frameworks in the world. Capital levels (as measured by the amount of equity set aside to deal with losses) are higher than virtually any other major bank in existence. Another small holding, UK based Close Brothers, intentionally has longer dated deposits than loans (for example, it may borrow money from depositors for two years and lend it to borrowers for one year) essentially eliminating the possibility of a run entirely. We are not naïve about banks and feel that our cautious approach has been vindicated by recent events in the US and elsewhere.

After a couple of years dominated by the impact of the COVID pandemic, news flow in the healthcare sector focused on the success of a new class of anti-obesity drugs. The most prominent variant is called Wegovy and is manufactured by Novo Nordisk, a Brunner holding. Wegovy is administered via a weekly injection and clinical trials show that it leads to a 15% reduction in body weight after one year. This is a massive impact which has numerous health benefits. A subsequent trial found that those taking Wegovy had a 20% reduction in 'material adverse cardiovascular events' (i.e., heart attacks and strokes). A further litany of benefits is suspected. For example, in addition to the feeling of fullness and the reduction in appetite Wegovy induces, reduced cravings for alcohol have been reported, leading to a trial for alcohol use disorder.

At present, demand for Wegovy far outstrips Novo Nordisk's manufacturing capacity. Consensus expectations are for annual sales to peak later this decade close to $20bn, implying very widespread usage and making it one of the best-selling drugs of all time. The anticipated success of the drug at reducing health problems en masse led to a notable fall in the shares of many healthcare companies that treat the problems Wegovy et al may prevent. Companies which make devices to treat heart problems or sleep apnea (heavily associated with obesity) sank, as did shares in food companies like Mondelez (Oreos, Cadburys) and McDonalds. Calorific intake in the US is way above global averages and we would not be surprised to see food consumption there gradually fall, with the feeling of satiety induced by weight loss drugs contributing to that decline.

In the first half of the year, oil and gas prices fell from the peaks seen after the invasion of Ukraine but stabilised thereafter. Demand has rebounded and supply remains in check from a sector newly focused on capital discipline, partially at the behest of investors tired of profligate expenditure with scant regard to returns and partially at the behest of the ESG movement. Ironically, the reverse was seen in the renewables space, with returns for offshore wind projects, particularly, suffering from a toxic combination of cost overruns and higher financing rates.

As we noted earlier, just because something is important or growing does not make it profitable. We are hopeful that the sector will be restructured in a way to ensure the economic returns are sufficient to attract the massive amounts of investment the sector needs in order for society to meet its net zero aspirations. The 'electrification of everything' remains a capital-intensive must if the planet is to avoid the worst impacts of climate change.

It will be intriguing to watch this energy transition take place. It remains our belief that this will be frustratingly slow, multi-decade process, necessarily involving the mobilisation of trillions of dollars and vast amounts of physical, material assets. We suspect the industrial economy of the developed world will benefit from this unprecedented investment, in stark contrast to the deindustrialisation of the past fifty years as manufacturing etc has been offshored to China and elsewhere.

China finally reopened at the start of the year after lifting some of the most draconian COVID lockdowns imposed anywhere. Compared to other countries, the subsequent economic rebound has been lacklustre. Indeed, China appears to be struggling with both deflation and a moribund real estate sector. Real estate construction accounts for a worryingly high percentage of Chinese GDP, far higher than Ireland at the height of the property bubble that preceded the financial crisis, for example. Deflating a property bubble and weaning the economy off an unhealthy reliance on construction is not something many other economies have been able to achieve without serious pain. Time will tell if the Chinese authorities, with the tools available to a centrally planned economy, will fare any better.

In the West money supply is now falling year over year and the full impact of interest rate increases are starting to be felt. These contractionary policies are necessary to reduce inflation back to acceptable levels. Until that is achieved, central bank policy is likely to remain hawkish and real economic growth is likely to be poor. Towards the end of the year, concrete evidence of moderating inflation started to emerge. Markets reacted positively in anticipation of central banks cutting rates and, they hope, unleashing growth closer to potential. On a cautionary note, we highlight that equities can and have benefitted from inflation in certain instances, and that lower inflation isn't all good news. Looking into 2024, it is highly unlikely Nestle and many other businesses will be able to raise prices as much as they did in 2023, for example.

Markets are dynamic, constantly responding to visions of the future. The prices of securities are essentially the collision of two views. Every time someone buys a share, someone sells. The equilibrium price is a compromise between two contradicting opinions. We deeply believe that an approach that prioritises a consideration of how cash flows will develop over the long term is markedly superior to the broader market's obsession with the short term.

We often boast that Brunner has raised its dividend every year for over 50 years. However, this pales in comparison with some of the most storied equities. For example, Colgate Palmolive, maker of the eponymous toothpaste, has paid a dividend every year since Queen Victoria was on the throne. In the great scheme of things, what happens next quarter or next year rarely matters yet it is commentary on this that dominates the newswires of the City and Wall Street. We try our hardest to shut out this irrelevant cacophony and focus on what really matters for long term investment outcomes: company specific returns on invested capital, competition, barriers to entry, free cash flow, structural growth, the abilities of management, long term relevance, all considered within a prudent valuation framework.

Portfolio Review

In the financial year to the end of November 2023, Brunner provided a NAV total return of 8.7%, comfortably ahead of the benchmark (30% FTSE All Share/70% FTSE World ex UK). This marks our fifth consecutive year of outperformance. We are delighted with this outcome given the dramatic changes in market leadership over this period.

Netherlands-based semiconductor specialist ASML was a new addition to the portfolio.

PHOTO © ASML

Technology giant Microsoft ended the year as not just the portfolio's largest holding but also the top contributor to performance.

Attribution analysis shows that our underweight positions in Basic Materials, Consumer Staples and Real Estate contributed positively to relative performance. This was partially offset by our overweight in Health Care and Financials. Our modest underweight in technology also detracted from performance. At a geographical level our underweights in Japan and US were unhelpful, partially compensated for by our underweight in the UK which underperformed after a strong 2022.

As a reminder, we are stock pickers who do not allocate by region or sector. However, it can be illuminating to evaluate the composition of performance in this way. In aggregate, we note that whilst our sector and regional weightings were of positive consequence this year, they only account for a small portion of our outperformance. The vast majority of outperformance was attributable to individual stock selection; a pleasing outcome which is consistent with our 'all weather' investment objectives.

In short, we aim to outperform by carefully selecting the most promising individual stocks, rather than by making bets (the choice of word here is deliberate) on a smaller number of macro-driven outcomes.

Looking at individual stocks, the largest contributor to performance came from **Microsoft**, the trust's largest holding and one we added to early in the year. Results here continue to impress, with the company most recently reporting growth in earnings per share of 27% on revenue growth of 13%. Excitement around AI also led to a sharp re-rating in the shares. Whilst we are always vigilant about valuation, we are reluctant to sell what we consider a core holding, although we did reduce our position size towards the end of the year. We note that the company has a net cash balance sheet and good free cash flow, allowing the company to pay one of the only decent dividends amongst mega cap tech companies, in addition to buybacks. We also note that the accounts are very clean, particularly in comparison to other tech companies, with relatively little dilution from stock-based compensation – a common and under-analysed accounting abuse amongst many of their software peers.

The second largest contributor to performance was from an altogether smaller, more obscure stock. **Jumbo SA** is a Greek listed retailer which operates across Greece, Cyprus and Eastern Europe. Their stores are similar to a small IKEA in layout but focus on family-orientated categories such as toys, stationery and seasonal items, all sold at very keen prices. Recent sales growth and margins have been very strong leading to upward earnings revisions. The company has a large cash pile on its balance sheet, is enormously cash generative and traded at an exceptionally low starting multiple. During our financial year, it has paid €3.3 in dividends on a starting €13 share price – a 24% cash return in just twelve months, in addition to a 90% increase in the share price.

Intercontinental Hotels Group was another new addition to the portfolio.

PHOTO © IHG HOTELS & RESORTS

Other positive contributors include **Novo Nordisk**, the Danish pharmaceutical company with mastery of two important therapeutic areas: diabetes and obesity. As mentioned above, the success of Wegovy made headlines this year. Although the company is currently struggling to manufacture enough of this complex biological molecule to keep pace with demand, their sales still grew 39% in dollars in the most recently reported period.

Other names worth noting include **Munich Re**, the German reinsurer, which is enjoying a period of unusually strong pricing power. This pattern of improved pricing also helped **AJ Gallagher**, an insurance broker, into the trust's top ten. Elsewhere in the financial sector, **Partners Group**, a Swiss private markets investment manager, demonstrated that it can continue to see healthy inflows despite higher interest rates. **Schneider Electric** is seeing strong demand for electrical components and systems as the world embarks upon the journey to net zero. **Baltic Classifieds Group** cemented its status as the leading web portal for property and autos in Lithuania, Latvia and Estonia, with similar dominance to firms like Rightmove and Autotrader in the UK.

On the other side of the ledger, not holding **Nvidia** was the largest single negative detractor from relative performance. Not holding other large tech index stalwarts such as **Meta**, **Apple** and **Amazon** also hurt. This was in stark contrast to 2022, when our decision to avoid these names based on valuation and deteriorating fundamentals positively contributed to our relative performance. As noted in the review, these stocks drove much of the year's gain in US markets. They are all outstanding companies with bright futures, even though future growth is likely to slow. We regularly debate their suitability for Brunner. For the time being we are content with our existing technology holdings which tend to be, with the obvious exception of Microsoft, further down the size spectrum and, we believe, offer better value.

Of the names we actively hold, **Charles Schwab** was the most damaging. Charles Schwab is the largest US investment and savings platform, roughly analogous to Hargreaves Lansdown or AJ Bell in the UK. Unlike those UK proxies, however, Schwab makes most of its money from interest income rather than fees charged for trading etc. Much higher short term interest rates have caused clients to reallocate the cash balances in their savings accounts to higher yielding money market funds. Under normal conditions, the interest Schwab makes on those residual cash balances is a major contributor to profit so near-term estimates have fallen. We have added to the stock on weakness; in the long term we believe the company's competitive position to be outstanding.

St James's Place also performed poorly. The company found itself in the crosshairs of a sector-wide regulatory review of the wealth management industry which necessitated an overhaul of their charging structure. We sold the position shortly after year end. We generally avoid companies prone to regulatory interference and are not convinced that the company's competitive advantages are as robust as originally believed.

US beauty company **Estee Lauder** also had a tough year. The company had become reliant on the skincare category in Greater China, particularly super-premium brands such as La Mer, where a simple 100ml pot of moisturiser retails for over £400 in the UK. The company has run into problems with excess inventory in the country where, as noted, the economic rebound has been muted. It is difficult to get a good grasp of how long this situation will last and what the eventual growth rate will look like, but we find the ongoing strength of their brands reassuring. We are careful to reconsider our investment cases where the thesis has not evolved as anticipated, but thus far we are in the camp that this is a temporary problem that should be resolved in due course.

Significant Transactions

We are constantly reappraising the businesses we invest in. On occasion, we conclude there is an alternative that provides a better balance of quality, value and growth than an existing position. In other instances, the original investment case doesn't evolve as anticipated. Whilst we always buy with the intention of holding for a lengthy period, changes are sometimes necessary.

During the period, volatility in equity markets provided us with valuable opportunities to acquire some outstanding new businesses at what we believe are attractive prices. All of these new stocks reflect Brunner's balanced approach to quality, growth and value.

In our Half-Yearly report we provided details of the new stocks we added to the portfolio at the six month stage. All of them reflected Brunner's balanced approach to quality, growth and value. They were:

- **AJ Gallagher**, a US listed insurance broker
- **Diageo**, the world's leading premium spirits company with brands like Johnnie Walker and Tanqueray
- **Admiral**, the UK's leading UK motor insurer
- **DNB**, the largest bank in Norway
- **Rentokil**, the residential and commercial pest control business
- **Intercontinental Hotels Group**, one of the world's largest hotel franchise and management companies, whose stable of brands include Holiday Inn Express, Intercontinental and Six Senses.

These purchases meant we said goodbye to several familiar holdings. Sales included:

- **Adidas**, with whom readers will be familiar
- **Ecolab**, which makes cleaning products for commercial usage
- **International Flavours and Fragrances**, a US listed specialist ingredients company
- **Astellas**, a Japanese pharma company
- **Ashmore**, a UK specialist asset manager
- **SSP**, who operate restaurants in stations and airports
- **Intuitive Surgica**l, a maker of robotic surgical equipment

Please see the Half-Yearly report for further details of these transactions.

Since the halfway point we have added three more holdings. They are:

- **ASML**, the Netherlands based maker of semiconductor capital equipment
- **Thermo Fisher Scientific**, which makes a wide range of equipment for laboratories around the world
- **AENA**, an infrastructure company which owns Spanish airports.

Please see the 'Case Studies' section for further details of each.

During the second half of the year, we sold three holdings to fund these purchases. They were:

- **Paragon Banking Group PLC**
- **Agilent Technologies**
- **Yum China**

The sale of Paragon, a UK buy to let lender, reflected our collective preference for Close Brothers and DNB within the traditional banking space. The sale of Agilent reflected our preference for Thermo Fisher.

Yum China operates fast food restaurants such as KFC and Pizza Hut. Audit, accounting and legal standards in China can be less transparent than in the developed world, which means we require a higher risk premium/lower valuation before committing capital to the direct market. Combined with a deteriorating economic outlook, we believed the valuation of Yum! China no longer provided sufficient margin for error. We also believe that Intercontinental Hotels Group, which the trust purchased in the first half of the year, is a comparable but higher quality business model.

Suffice to say we believe the collective impact of all these trades has been a net improvement in the overall profile of the portfolio. Whilst Brunner has a long-term approach and relatively low turnover, there is still competition for capital. We see little merit in stubbornly clinging on to investments where the thesis has not developed as hoped, where valuations have reached unjustifiable levels, or where we see a better alternative.

The full list of purchases and sales made during the financial year is shown below.

Market Outlook

Commentary on financial markets inevitably turns to the dramatic, the extreme and the novel. We are as guilty of this as anyone. In the market review we discussed banking crises and the AI frenzy. As newspaper editors know, there is no interest in the mundane.

In reality, most of the businesses held in the Brunner portfolio go about their work and evolve gradually. Recessions inevitably come and go. Interest rates change. In the vast majority of instances, however, our investments continue to generate cash which is sensibly reinvested in value creative activities or returned to us as dividends and buybacks. We expect profits to grow at most of our holdings in most years. Over the long term, it is the combination of growth and cash remittances that drives equity returns.

Those returns take time to achieve. As the adage goes, it's time in the market, not timing the market, that allows one to grow wealth. As the wise know, get rich quick schemes are invariably flawed or fraudulent. Patience is key yet is at odds with the frenetic pace that dominates market activity and the financial press.

New holdings	Complete sales
Admiral	Adidas
AENA	Agilent Technologies
AJ Gallagher	Ashmore Group
ASML	Astellas Pharma
Diageo	Ecolab
Intercontinental Hotels	International Flavors and Fragrances
Rentokil	Intuitive Surgical
Thermo Fisher Scientific	Paragon Banking
	SSP
	Yum China
	UBS

We are therefore strong advocates of slowing down, reading, considering, thinking. As AA Milne said: 'Rivers know this: there is no hurry. We shall get there some day'.

If you are truly trying to ascertain or approximate the intrinsic value of a company, the short term is of mathematically little relevance. A good equity should provide cash flows for generations to come. Occurrences today can and do give important clues to the future, but a lot of news is simply noise and should be disregarded.

Good equity analysis focuses on the probable outlook for profits far into the future whilst acknowledging that is a fundamentally imprecise exercise. We know we can't be sure of anything. Nevertheless, over-analysing the short term, making incredibly precise forecasts about this quarter's or next year's profitability, loses sight of what actually matters. This brings to mind the tale of the man who's found searching for his keys under the streetlight. When asked if that's where he lost them he replies no, he lost them in the park, but this is where the light is.

Towards the end of the financial year, evidence of moderating inflation on both sides of the Atlantic started to mount, catalysing a dramatic and broad stock market rally. We suspect, as do large swathes of the market, that this should mean interest rates have peaked and that central banks would soon be able to adopt a more accommodative policy. Both the UK and US are likely to have elections in 2024. Many polls suggest that Sir Keir Starmer and Donald Trump are most likely to be our new leaders. Markets have concluded Starmer is sufficiently centrist not to be of concern to asset values, whilst Trump will presumably be as stimulative as he was when last in office. Both will have their power checked by other branches of the executive function. Modern liberal democracies are designed to prevent any one individual from wielding too much influence.

Frankly, we are not sure what any of this means for markets. Changes to interest rates or our political leaders are unlikely to determine whether companies such as Microsoft or Diageo prosper or flounder. We are more focused on long-term trends which we believe come with more visibility. We know that society will inevitably age, that the population of India and Africa will continue to grow, that Japan's will shrink. It seems probable the world will need more semiconductors, that people will travel more, that we will electrify our energy system to reduce carbon emissions. As we consistently aim to highlight, we prioritise thinking about the long term and we encourage our shareholders to share that vision. If you're in the for the long haul, economic cycles are an inevitable part of life, not a reason to panic. We deliberately select businesses that we expect to continue to flourish, whatever the weather.

We added laboratory equipment manufacturer Thermo Fisher Scientific to the portfolio in the second half of the year.

PHOTO © THERMO FISHER SCIENTIFIC

AENA, the Spanish airports-owning infrastructure specialist, was another new purchase.

PHOTO © AENA

Five years of benchmark outperformance

Analysing performance over a longer time period allows us to understand the investment decisions that have ultimately had the most impact. Given our long term investment horizon, this is more illuminating and relevant than looking at attribution over shorter timeframes.

Over the five years to the end of November 2023, the equity held within the Brunner Investment Trust returned 67% vs 54% for the benchmark; 13% outperformance.

We regularly remind shareholders that Brunner is run on a bottom up basis. We select investments in individual companies and do not allocate by region or sector. Nevertheless, as a result of our stock specific work, certain regional and sector biases can emerge.

Over the past five years, we have been underweight the UK market. Given the poor performance of the UK this has been the correct aggregate decision. We note that the performance of the UK market has been better over the past three years thanks particularly to strong relative performance in 2022. The board regularly considers whether the ongoing inclusion of the UK in our benchmark is appropriate and they have concluded that the UK market, with its low multiples, strong corporate governance and high dividend yields, acts a useful diversifier. Asides from the UK underweight, our country weights made no meaningful impact on performance over the past five years.

At the sector level, we have generally struggled to find ideas of interest in the telecoms and energy sectors. These are two notoriously low quality sectors which are typically capital intensive, levered and produce undifferentiated products subject to intense competition. We have also been underweight the consumer staples sector. Here there are some good companies with strong brands but growth has proven to be elusive. Given the valuations, this has led to poor investment outcomes.

Being underweight these sectors has contributed meaningfully to relative performance.

Conversely, our modest underweight to technology stocks over the period detracted slightly from performance. Technology stocks have performed exceptionally over the past five years. Many of the best performing tech companies pay no dividend, which means that funds with an income mandate have struggled to keep up. We have been slightly hampered in this regard.

Microsoft has been the single most important contributor to performance over the period, contributing over 4% of the total. This is now the trust's largest holding and has performed exceptionally well under CEO Satya Nadella. Taiwan Semiconductor, which manufactures the world's most complex chips for Apple, Nvidia, etc, has also been a great success for us. Accenture, the leading technology implementation firm, too. Within the tech sector these successes have been offset by our premature decision to sell Apple in 2019 and the absence of Nvidia (which makes graphics processing units used in computing applications) and Alphabet (parent of Google) from the portfolio.

Novo Nordisk, the Danish pharmaceutical maker of weight loss drug Wegovy, contributed 3% to performance. UnitedHealth also performed well. Other strong performers are varied. They include Munich Re (reinsurance), Schneider Electric (industrial components), Jumbo (a Greek retailer), Itochu (a Japanese trading company) and Totalenergies (which we bought at very depressed levels).

Beyond the tech names we don't own, a few companies stand out as being harmful to relative performance. Adidas was a particularly poor investment, plagued with problems beyond their control and of their own making during our ownership. Other detractors include Senior (engineering), Fresenius (diabetes management), St James's Place (UK wealth management, ironically), Bright Horizons (US pre school learning), Informa (UK publishing) and Marketaxess (bond trading platform). Whilst there is no apparent pattern to these we hope to learn from each mistake.

Understanding performance over a longer time period shows that just a few investment decisions drive most of the outcome. This is not unique to Brunner. In the managers' report we cite the work of economic analyst Henrik Bessembinder, which highlights how a relatively small number of companies drive the majority of stock market performance over time. Warren Buffett readily concedes that just a handful of investments have driven the bulk of outperformance at Berkshire Hathaway. 'Our satisfactory results have been the product of about a dozen truly good decisions – that would be about one every five years', he said in his 2022 letter.

The most important thing is to have a philosophy and process that maximises the chances of finding the long term winners. Some of our best decisions were allowing our holdings in Microsoft, Novo Nordisk etc to grow. One of our worst decisions was to sell Apple too soon. As disclaimers often state, past performance isn't a guide to the future, but there are persistent patterns in stock market history that show that momentum matters. In physics, momentum is a product of velocity and mass. In stock markets, long term returns have been dominated by a small cohort of large, exceptional companies that have continuously defied expectations. The investor who has studied the composition of returns understands this, and its implications, one of which is to temper the urge to sell something simply because it has gone up and vice versa. Often it is best to let the weeds wither and let the flowers bloom.

Five year portfolio performance attribution

1 December 2018 to 30 November 2023

Brunner portfolio	Benchmark (70% FTSE World Ex UK / 30% FTSE All-Share)	Percentage point performance against the benchmark
+66.6%	+54.0%	+12.6

Portfolio holdings

Top ten contributors	Performance impact (%)
Microsoft	4.1
Novo Nordisk	3.0
Munich Re	2.3
Taiwan Semiconductor	2.3
United Health	1.9
Schneider Electric	1.9
Accenture	1.7
Jumbo	1.6
Itochu	1.6
TotalEnergies	1.5

Top ten detractors	Performance impact (%)
Apple	-4.0
Adidas	-3.1
Nvidia	-1.9
Senior	-1.4
Fresenius	-1.2
Alphabet	-1.1
St James's Place	-1.1
Bright Horizons	-1.1
Informa	-1.0
Marketaxess	-1.0

ICB industry sectors

Top three contributors	Brunner relative weight	Sector absolute performance	Contribution to performance
Health Care	18.7%	24.5%	4.93%
Industrials	20.2%	16.9%	3.77%
Utilities	3.3%	80.2%	2.15%

Top three detractors	Brunner relative weight	Sector absolute performance	Contribution to performance
Consumer Discretionary	12.3%	-14.6%	-3.04%
Basic Materials	3.7%	-59.4%	-2.69%
Technology	14.1%	-7.3%	-0.73%

Source: AllianzGI. Capital returns.

Investment Philosophy and Stock Selection Process

Long-term focus

Our focus is on understanding how a business evolves and creates value over the long term. It is only over longer periods that the fundamental attributes of a businesses or industry reveal themselves. It is also over longer periods that the power of compounding takes place. A small cohort of high return, growth businesses are able to deliver exceptional outcomes for shareholders over time. Patience is a prerequisite for participation.

Factually, most equities are long duration assets, whose present value is derived from cash flows expected well into the future. We therefore believe it is sensible to align our analytical timeframe with that reality. Our attention is skewed to factors such as returns on invested capital, sustainable competitive advantages, barriers to entry, long term growth rates, capital allocation policies and leverage. Ultimately, considerations such as these will determine the quantity, trajectory and riskiness of the cash flows that the trust will receive from its holdings. We believe the stock market remains excessively focused on the short term. Through detailed research and analysis focused on what truly matters, we seek to deliver superior investment returns.

A balanced, diversified portfolio

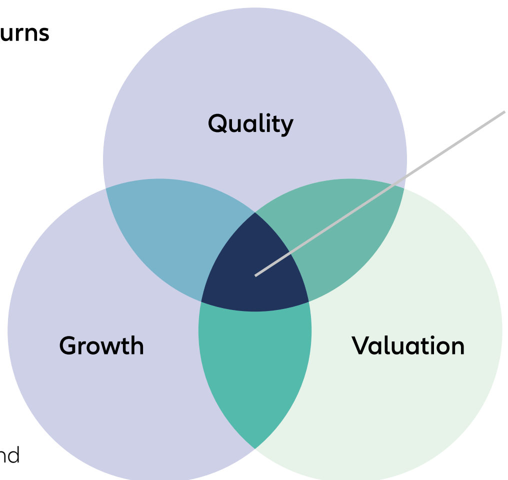
Drawing on the full resource of AllianzGI's global platform, we look across all industries and geographies to select the most attractive investment ideas for the trust's portfolio. We believe in building a balanced portfolio that is diversified across a wide range of idiosyncratic opportunities and risks. In this way the portfolio can be relied upon to deliver a steady and consistent capital and income return.

Research intensive, focus on cash flow

AllianzGI's research platform combines a large global team of equity and credit portfolio managers and analysts, environmental, social and governance specialists and our own Grassroots* market research organisation. Collectively, these provide Brunner's fund managers with thoughtful, high quality analysis of a wide range of businesses and industries, augmented by insights into structural and cyclical trends. Our research emphasises the analysis of sustainable company cash flows, which we believe provides the truest measure of corporate performance. (*GrassrootsSM is a division of AllianzGI)

Quality: Stable above average returns

- Long term competitive advantage
- Strong balance sheets
- High barriers to entry
- Management quality
- Stable/improving ROCE/RoE
- Sound on ESG issues



We seek to identify this universe through fundamental research

Secular growth

- Addressable market growth
- Sustainable growth – technology, brand
- Long term, through-cycle approach
- Avoid structural decline

Value, not just "cheap"

- Reverse Discounted Cash Flow
- Enterprise Value vs. Cash returns
- Price/Book vs. Return on Equity
- Dividends – an output not input

Stock selection – focus on Quality, Growth and Valuation

Our stock selection process blends assessments of business quality, long-term growth potential and valuation, resulting in a holistic view of a company, the risk factors and, ultimately, the drivers of shareholder value.

Quality is about understanding the intrinsic attributes of a business model. High quality companies are those with high returns on invested capital supported by long-term competitive advantages, shareholder friendly management teams, sound ESG and strong balance sheets.

Such companies tend to be highly profitable, generating substantial cash flow that can be used to fund further, value-creative growth or returned to shareholders as dividends or buybacks. Business quality can vary enormously across and within industries. Fortunately, as global investors with a large investible universe, we can afford to be highly selective.

To assess long-term **growth** potential, it is important to understand the secular forces that are shaping the economy and society, such as demographics, electrification and digitalisation. This provides the context in which to assess broader industry drivers as well as a company's position within the industry. Particular emphasis is placed on differentiating between structural and cyclical growth. Whilst we will invest in cyclical companies, a much greater value is placed on the structural element. The combination of a high-quality business model and long-term growth is a particularly powerful driver of shareholder value. Most of the world's truly great equities have enjoyed these twin attributes.

Company **valuation** seeks to determine whether there is sufficient upside to warrant investing. We look for companies where the quality and/or long-term growth potential is not fully appreciated. We want to anticipate rather than react and are careful not to overpay, for example by identifying companies with structural growth masked by a cyclical downturn or those where we believe business quality is improving. We employ a wide range of valuation tools, such as reverse DCFs (which allow us to determine currently discounted assumptions), free cash flow yields and relative multiples. At all times we are intellectually honest, recognising that the valuation of unknown future cash flows is inherently uncertain. We prefer to be directionally correct, rather than precisely wrong.

ESG considerations straddle these three factors. Good governance influences quality, for example. Environmental factors will present opportunities for growth and threats to terminal value. AllianzGI's sustainability research team is fully integrated into the broader investment research platform, allowing us to develop a deep understanding of these risks and opportunities. As long-term investors, these considerations are critical to our investment process.

Our ultimate goal is to provide a balanced portfolio, which optimises for aggregate quality, growth and value.

Selling stocks

Despite taking a long-term approach, we are still active managers. In general, there are three situations where stocks will be sold from the portfolio:

- Where there has been a material change to the investment case. Whilst we work hard to minimise mistakes, we recognise that we can make errors of judgement. Businesses can evolve in an adverse direction, despite our best efforts to avoid investments in those that do.
- Where the valuation has reached uncomfortably high levels and imply expectations that clearly exceed what we believe to be reasonable.
- Where a sale is required to raise cash for a superior investment opportunity elsewhere.

Portfolio construction

The portfolio consists of a minimum of 50 holdings that are selected on their individual merits whilst taking into consideration the exposure to individual industries, geographies, themes, factors and other idiosyncratic risk factors, ensuring that the overall portfolio remains well balanced and diversified.

The size of each individual holding reflects the level of conviction. Typically, this reflects our balanced judgement regarding the quality, growth and value of each investment, with additional considerations related to the likely range of outcomes (a proxy for risk) and liquidity.

At the portfolio level, the objective is to ensure that stock specific risk – the risk which results from our stock selection decisions – is the primary driver of the portfolio's returns. Residual risks such as currency, style, geography or macroeconomic are monitored and managed to ensure that they are not driving the overall portfolio's returns. Ultimately, the aim is to optimise the portfolio to achieve the dual objective of consistent benchmark outperformance combined with an attractive and growing income.

Company Engagement Activities

Our investment process does not end with purchases of shares. We believe that we have an important duty to engage with the boards and executive management teams of the companies in the portfolio. This is not purely about holding management to account, but also about influencing company strategy and promoting effective governance, to help improve long term performance. In particular, we focus on the sustainability of the business model and factors such as the environmental impact of the business, social policies and capital management. The table shows the number of our engagements with businesses last year, and breaks this down into different categories and by sector.

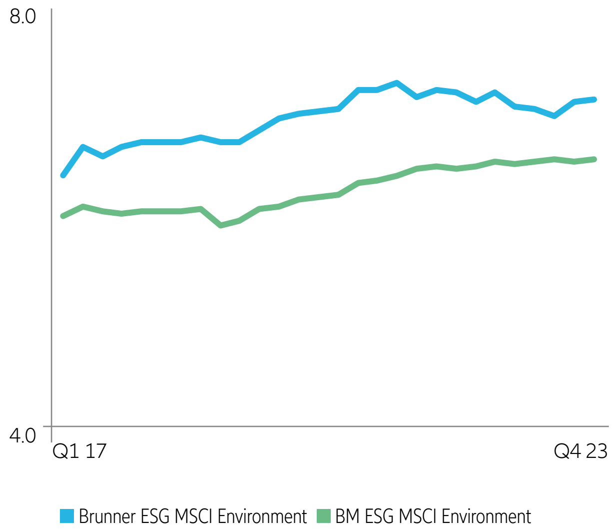
	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health	Industrials	Materials	Technology	Utilities	**Total**
Strategy or Business Model		●	●●	●				●		●●●	**8**
Audit & Accounting					●●						**2**
Corporate Governance	●		●	●	●●●●●	●●	●●●	●	●●	●●●	**19**
Environmental Risks or Impacts		●	●●	●●●●	●	●●	●	●	●	●●●●●	**18**
Financial Performance					●						**1**
Operational Performance								●			**1**
Risk Management				●	●					●	**3**
Social Risks or Impacts		●	●●	●	●●●	●●		●	●	●●	**13**
Transparency and Disclosure				●	●●●					●●	**6**

Several issues may be covered in each meeting.

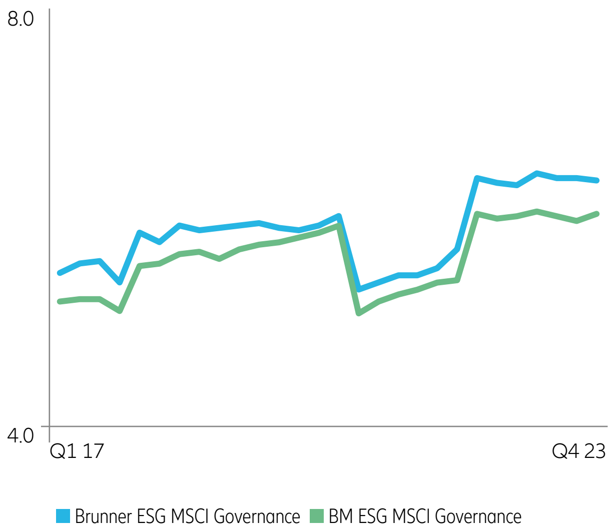
Environmental, Social and Governance performance

AllianzGI does considerable proprietary work in ESG analysis and at the moment also uses research provided by MSCI to help identify Environmental, Social and Governance factors that can impact the businesses of the companies in the portfolio. The charts below show that the Brunner portfolio's ESG ratings compare well against the benchmark's ESG ratings over the three year period under review. They show the rating of the Brunner portfolio on Environment, Social and Governance risks and combined ESG risk measurements compared to the rating of the Benchmark (70% FTSE World Ex UK Index and 30% FTSE All-Share Index) scored on a scale of 1-10 (where 10 is high) on a quarterly basis over the three years from 1 July 2019 to 31 December 2023.

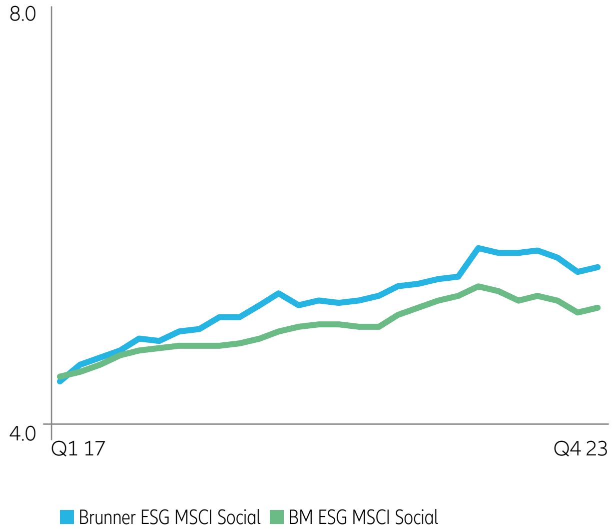
Environmental performance v benchmark



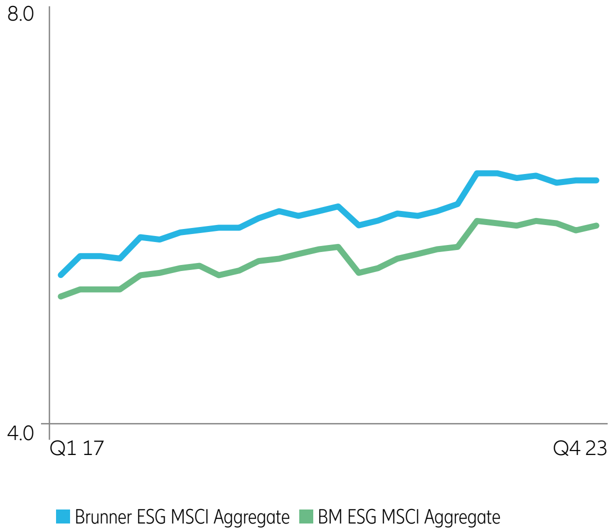
Governance performance v benchmark



Social performance v benchmark



ESG performance v benchmark



Source: MSCI/AllianzGI.

Top 20 Holdings

Microsoft

Sector: Software & Computer Services
Headquarters: North America
Value of holding: £37,146,255
Percentage of portfolio: 6.7%

Microsoft is one of the world's largest technology companies with a unique position in enterprise software. Since Satya Nadella took over as CEO in 2014, the company has moved away from its traditional 'on-premise' business to focus on its Azure cloud computing platform. Its Office software has over 400 million users and its Windows desktop operating system continues to dominate. The company is an early leader in artificial intelligence applications.

UnitedHealth

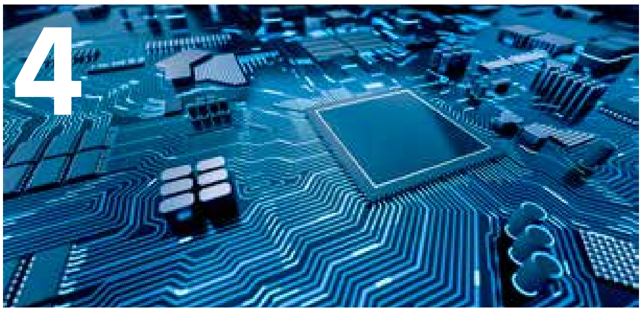
Sector: Health Care Providers
Headquarters: North America
Value of holding: £24,464,485
Percentage of portfolio: 4.4%

UnitedHealth Group is a leading health insurer, offering a variety of plans and services to employers, government programmes such as Medicare (US), and individuals in the US and internationally. The business operates two complementary businesses - UnitedHealthcare, which manages health benefits, and Optum which delivers cost-efficient care aided by technology and data. Together, the company plays a key role managing costs throughout the health care system.

Visa

Sector: Industrial Support Services
Headquarters: North America
Value of holding: £21,878,979
Percentage of portfolio: 4.0%

Visa operates the world's largest consumer payment system. The company's extraordinary network consists of 4.3 billion cards in circulation, issued by 14,500 banks and other financial institutions which can be used at over 130 million merchant locations across 200 countries. In the twelve months to the end of September 2023 Visa processed 276 billion transactions worth over $15 trillion dollars.



Microchip Technology

Sector: Technology Hardware & Equipment
Headquarters: North America
Value of holding: £15,995,821
Percentage of portfolio: 2.9%

Microchip Technology designs, manufactures and markets analog semiconductors, microcontrollers and other relatively basic, low cost chips used across a wide variety of industrial, consumer and computing end markets. The company's products play a key role in a variety of megatrends including the 'internet of things', the electrification of transportation, data centres, renewable energy and autonomous driving.

Shell

Sector: Oil, Gas & Coal
Headquarters: United Kingdom
Value of holding: £15,130,484
Percentage of portfolio: 2.7%

Shell is a leading global, integrated energy company. Its operations span the production and marketing of oil and gas, liquefied natural gas (LNG), chemical products and renewable energy production. By reallocating the proceeds of its legacy activities towards lower carbon solutions, Shell plays a key role in the energy transition. Its LNG plays an important role in reducing reliance on Russian gas and replacing the polluting coal still used to generate electricity in some countries.

Schneider Electric

Sector: Electronic & Electrical Equipment
Headquarters: France
Value of holding: £14,306,587
Percentage of portfolio: 2.6%

Schneider Electric offers electrical distribution, industrial automation and energy management products and services which are used in homes, offices, industrial buildings and infrastructure worldwide. The electrification of the global economy is a necessity if we are to replace fossil fuels with renewables and we therefore expect electricity usage to grow dramatically over the coming decades.

Partners Group

Sector: Investment Banking & Brokerage
Headquarters: Switzerland
Value of holding: £14,200,035
Percentage of portfolio: 2.6%

Partners Group is a leading private markets firm based in Switzerland, and one of the most valuable publicly listed alternative asset managers in the world. The company provides tailored solutions to around 800 institutional clients seeking investment expertise in private equity, infrastructure, real estate and credit. Partners Group has grown assets under management at more than 16% a year since 2006, and today manages over $142 billion.

Thermo Fisher Scientific

Sector: Medical Equipment & Services
Headquarters: North America
Value of holding: £14,166,513
Percentage of portfolio: 2.6%

Thermo Fisher Scientific is the world leader in serving the science industry, with annual revenue over $40 billion. With a mission to enable customers 'to make the world healthier, cleaner and safer', they provide a wide range of products and services that enable life sciences research. These range from relatively basic laboratory supplies to electron microscopes, CRISPR gene editing machines, clinical research services and the production of complex pharmaceutical ingredients.

Charles Schwab

Sector: Investment Banking & Brokerage
Headquarters: North America
Value of holding: £ 13,891,300
Percentage of portfolio: 2.5%

Charles Schwab is the largest discount brokerage in the US, serving both individual investors and registered investment advisors. Charles Schwab's vast size and extensive use of scalable technology results in low costs per customer, allowing it to offer lower fees than most competitors whilst still making a healthy profit. 35 million customers trust Schwab with $8.5 trillion of assets, and assets have grown at a rate of 11% a year since 2003.

Arthur J. Gallagher & Co.

Sector: Non-Life Insurance
Headquarters: North America
Value of holding: £13,204,751
Percentage of portfolio: 2.4%

Founded in 1927, Gallagher is today one of the world's leading insurance brokerage, risk management, and HR & benefits consulting companies. Gallagher has a particular strength in advising medium-sized clients, where competitors typically lack Gallagher's scale, industry expertise, and data and analytics capabilities. Organic growth combined with frequent acquisitions of smaller competitors has resulted in average revenue growth of 11% a year for the past 20 years.

Taiwan Semiconductor

Sector: Technology Hardware & Equipment
Headquarters: Taiwan
Value of holding: £13,059,369
Percentage of portfolio: 2.4%

Taiwan Semiconductor Manufacturing Company (TSMC) is the world's leading semiconductor 'foundry' with an exclusive focus on manufacturing products for companies like Apple, Nvidia and Qualcomm, including a virtual monopoly making the most complex, 'leading edge' semiconductors. In 2022, the company manufactured over 12,000 different products for over 500 customers. These products serve a broad set of diverse end markets, from smartphones to automotive.

TotalEnergies

Sector: Oil, Gas & Coal
Headquarters: France
Value of holding: £12,876,533
Percentage of portfolio: 2.3%

TotalEnergies is a multinational energy company based in France. The company has embarked upon a business transformation focused on achieving net zero by 2050 and reducing its broader environmental impact. To do this, Total is investing heavily in renewables and electricity whilst driving growth in LNG, the transition fuel which complements the natural intermittency of renewable sources of electricity and replaces more polluting coal generated power.

Munich Re

Sector: Non-Life Insurance
Headquarters: Germany
Value of holding: £12,500,544
Percentage of portfolio: 2.3%

Muenchener Rueckversicherungs Gesellschaft (Munich Re) is one of the world's leading insurance companies, with clients in more than 160 countries. It is the world's largest provider of reinsurance coverage (insurance for insurers), working with clients to manage and share the risk of losses from major events like natural catastrophes or cyber breaches. Munich Re also provides insurance directly to companies and consumers through its Germany-based ERGO subsidiary.

AMETEK

Sector: Electronic & Electrical Equipment
Headquarters: North America
Value of holding: £12,138,291
Percentage of portfolio: 2.2%

Ametek is a global manufacturer of electronic instruments and electromechanical devices serving a diverse range of niche markets and applications. Broad end market exposure reduces dependence of any single market, technology or customer and the focus on niches allows the company to differentiate via technology and innovation. Many of their businesses are aligned with secular growth trends including health care, energy, aerospace and industrial automation.

Intercontinental Hotels

Sector: Travel & Leisure
Headquarters: United Kingdom
Value of holding: £12,026,666
Percentage of portfolio: 2.2%

Intercontinental Hotels Group (IHG) is one of the world's largest hotel companies with 6,200 hotels open and a further 1,900 in the pipeline. The business model is asset light; it takes a franchise or management fee from hotel owners who licence its brands, which include Holiday Inn, Intercontinental and Six Senses. Low capital requirements mean it generates tremendous amounts of cash which can be returned to shareholders via dividends and buybacks.

Itochu

Sector: General Industrials
Headquarters: Japan
Value of holding: £11,411,833
Percentage of portfolio: 2.1%

Itochu is a Japanese trading company which owns a diverse range of businesses around the world. A large contributor to profit has been its iron ore joint venture with BHP Billiton in the Pilbara, Australia. The next largest business is the Japanese convenience store chain Familymart. The company also owns Kwik Fit, a UK-based chain of tyre retailers and mechanics. Itochu has a strong record of value creative growth and management is laser- focused on generating returns over the cost of capital.

ASML

Sector: Technology Hardware & Equipment
Headquarters: Netherlands
Value of holding: £11,295,883
Percentage of portfolio: 2.0%

Netherlands based ASML makes amongst the most advanced semiconductor manufacturing equipment on the planet. The pinnacle of their business is their unique capability in extreme ultra violet (EUV) lithography machines. These enable a critical step in the production of the most complex computer chips such as those used in the Apple iPhone or made by Nvidia for artificial intelligence applications. The company enjoys very high barriers to entry and a robust growth outlook.

Accenture

Sector: Industrial Support Services
Headquarters: North America
Value of holding: £11,186,407
Percentage of portfolio: 2.0%

Accenture is a leading global professional services company that helps customers accelerate growth. Over 740,000 employees serve more than 9,000 diverse corporate clients worldwide, including three quarters of the Fortune Global 500. Alongside strategy and consulting, Accenture has particular strength in technology where they deliver a comprehensive suite of services and solutions to a broad range of providers including Microsoft, Amazon Web Services, Adobe and IBM.

DNB Bank

Sector: Banks
Headquarters: Norway
Value of holding: £10,710,122
Percentage of portfolio: 1.9%

DNB is Norway's leading bank with high market share and profitability in a rational, consolidated and prudently regulated market. Norway is a stable, wealthy jurisdiction where banks are required to have high levels of capital, protecting them against adverse developments. DNB ranks as one of the world's safest banks with a credit rating of AAA (MSCI) and exceptional performance in the EU's most recent stress tests. The company pays a very generous dividend.

Atlas Copco

Sector: Industrial Engineering
Headquarters: Sweden
Value of holding: £10,399,381
Percentage of portfolio: 1.9%

Atlas Copco is a decentralised Swedish industrial conglomerate serving a wide variety of end markets around the world. It has strong market positions in compressed air solutions (used in industrial processes ranging from the production of food to wastewater treatment and LNG), vacuums (used in the production of semiconductors, for example), industrial power tools, assembly technologies and portable power.

Total value of top twenty holdings: **£301,990,239** Percentage of portfolio: **54.6%**

Case Studies

ASML

Sector: Technology Hardware & Equipment
Headquarters: Netherlands
Value of holding: £11,295,883
Percentage of portfolio: 2.0%

Netherlands based ASML are a world class growth company. Originally part of conglomerate Philips, they make some of the most advanced semiconductor manufacturing equipment on the planet, enabling Moore's Law (the observation that the number of transistors on a circuit doubles every two years) to march forward.

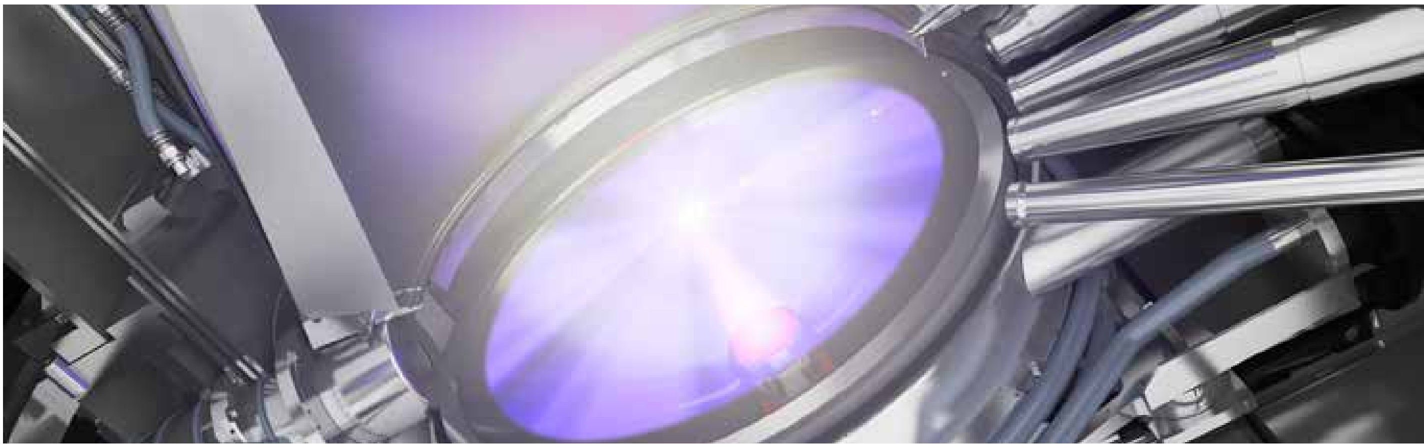
The pinnacle of their business is their unique capability in extreme ultra-violet (EUV) lithography machines. The largest, most complex semiconductors comprise circuits feature billions of transistors. Simplistically, the pattern of the circuit is made by projecting light onto chemicals deposited on a silicon wafer (hence the term lithography, or 'stone writing').

The science and physics of producing these chips is almost beyond comprehension. The A17 chip used by Apple it its latest iPhones has 19 billion transistors. The 'line width' of the circuit pattern is 3 nanometres (a millionth of a millimetre) across. This is how far a human toenail grows in three seconds. A human hair, for comparison, is a relatively rotund 80,000-100,000 nanometres wide.

Because 3 nm is some way short of the wavelength of light, it has become impossible to use anything on the normal spectrum to project the pattern of the circuit onto the silicon. EUV has a far lower wavelength, overcoming this problem. Generating EUV light, alone, is an exercise of extraordinary complexity. In his book Chip War, Chris Miller summarises the process as follows: the 'best approach is to shoot a tiny ball of tin a thirty millionth of a meter wide through a vacuum at 200 mph then striking it twice with a laser - the first pulse to warm it up, the second to blast it into a plasma with a temperature of around half a million degrees i.e. many times hotter than the surface of the sun. This process is repeated 50,000 times per second to produce EUV in the quantities required'.

This is but one example of the extraordinary technology within an ASML EUV machine. Another is the mirrors required to project the light onto the silicon wafer. Each mirror has over 100 layers of materials that are carefully selected to maximise the reflection of EUV light. To avoid distortions, flatness is crucial. The mirrors are polished to less than one atom's thickness. For perspective, if the mirrors were the size of Germany, the tallest 'mountain' would be just 1mm high.

The latest ASML lithography machines weigh 200 tonnes and cost hundreds of millions dollars. A recent downturn in the semiconductor market has allowed us to buy the stock for what we believe is a very fair price. The economics of the business is outstanding and the balance sheet is pristine. Unusually for a cutting-edge tech company, they pay a reasonable dividend. Over the long term, we expect sales to grow substantially, reflecting the world's insatiable appetite for computing power.



AENA

Sector: Industrial Transportation
Headquarters: Spain
Value of holding: £10,308,783
Percentage of portfolio: 1.9%

AENA stands for 'Aeropuertos Espanoles y Navegacion Aerea', or 'Spanish Airports and Air Navigation'. Unusually for Brunner, AENA is a state-controlled company; something we generally prefer to avoid. However, we believe the merits of the investment case were so compelling we decided to make an exception on this occasion.

AENA owns 46 airports across the Spanish mainland and Islands; every commercial airport in Spain, to all intents and purposes. Freehold ownership is actually unusual for an infrastructure company; most infrastructure companies operate under a time-limited concession model, which brings uncertainty, so AENA's model is an attractive rarity.

To prevent abuse of the company's de facto monopolist position on air travel in Spain, the profit they are permitted to make on the aeronautical side of the business (for example, the fees they charge to airlines) is determined and capped by a regulatory formula based on the value of their assets. This profitability is not particularly attractive in itself but provides a reliable income stream under most circumstances.

The more interesting part of the business is its commercial side, which accounts for roughly 60% of profit and is entirely unregulated, meaning profitability is uncapped. AENA acts as a landlord, renting out space to duty free retailers, restaurants, car hire firms etc at its airports. This is particularly valuable real estate, serving a captive audience of free-spending travellers who tend to have above average income.

Over time we assume a decent growth rate, driven by growth in passenger numbers, higher spend per passenger at the airport's shops and restaurants and higher rental take-rates. The company already generates lots of cash, most of which it returns to shareholders. We expect a generous and growing dividend in the years to come.

Some recent economic history and geography is relevant to the investment case. Spain invested a great deal in infrastructure prior to the financial crisis, meaning Spain generally has plentiful, modern airport capacity, negating the need for major expenditure in the near future. Additionally, the Spanish economy is heavily reliant on tourism, providing a supportive environment for air travel. Finally, domestic air travel is a material part of the passenger mix, largely composed of travel between the mainland and the Balearic and Canary Islands.

Overall, we believe AENA will prove to be a fine investment. The stock combines quality (high incremental returns on the commercial side, powerful barriers to entry, strong balance sheet), good value (a high dividend yield and unchallenging multiple) and reasonable growth underpinned by several drivers; a quintessential Brunner holding.

Thermo Fisher Scientific

Sector: Medical Equipment & Services
Headquarters: North America
Value of holding: £14,166,513
Percentage of portfolio: 2.6%

US based Thermo Fisher is the world's largest pure-play life science firm, selling instruments, services, tools, and related consumables to customers involved in scientific research. Their customer base includes the pharmaceutical and biotech industries, hospitals and clinical diagnostic labs, universities, research institutions and government agencies. Their products are also used in environmental, industrial, research and development, quality and process control settings.

The company operates in markets with strong secular tailwinds, including the impact of an aging population in the developed world which is driving increased healthcare demand, and ongoing scientific advances in life sciences research and techniques, such as developments around mRNA vaccine technology. Together, these secular tailwinds are expected to result in a life science market which grows approximately 5% a year.

Thermo Fisher is well positioned to outgrow the overall market, supported by an R&D function that includes 7,300 R&D scientists and engineers and costs $1.5 billion annually, as well as close commercial relationships and engagement with end customers. Management expect long-term organic growth of 7-9%.

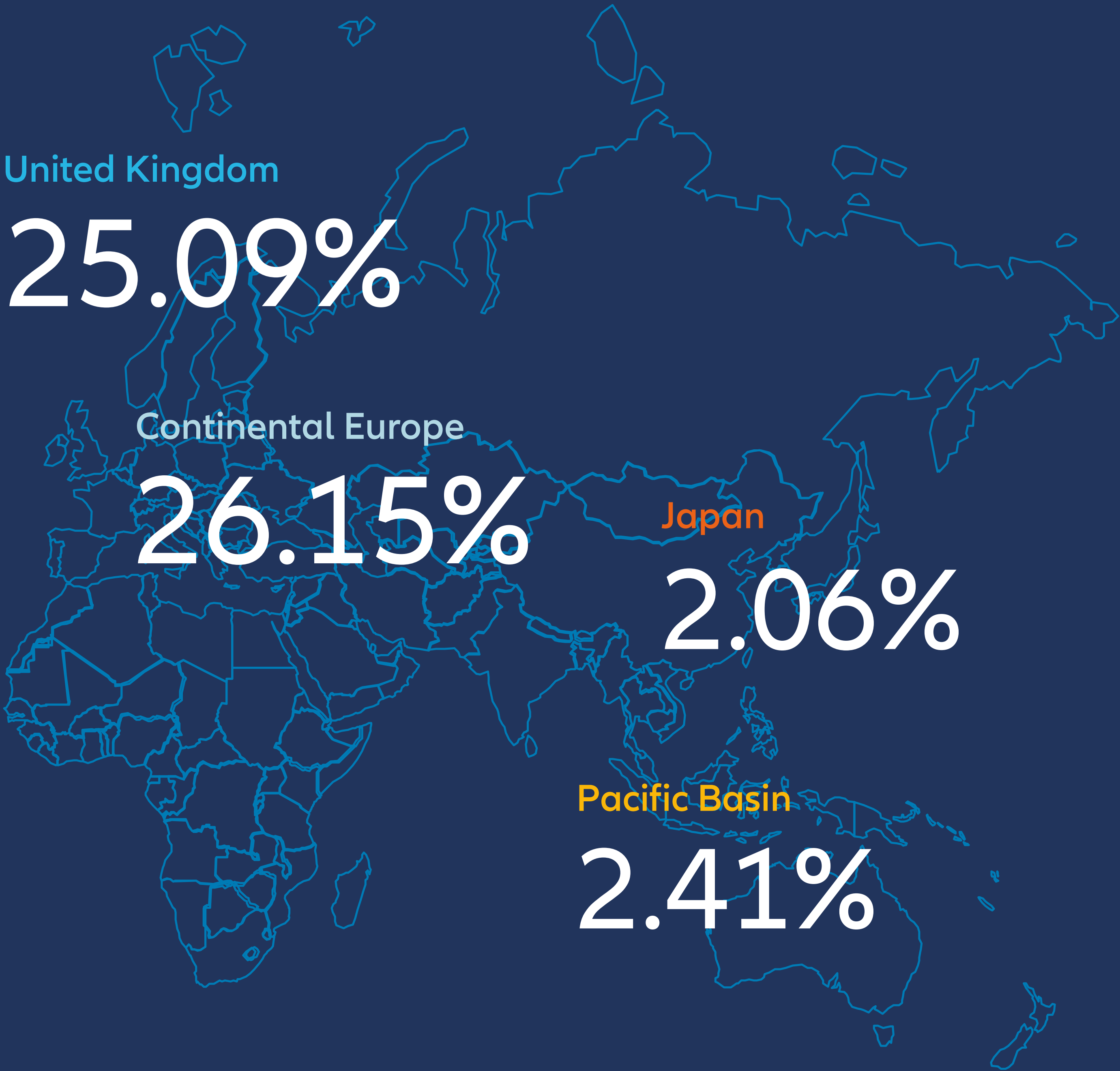
This organic growth will be supplemented by acquisitions. Since the merger of Thermo Electron and Fisher Scientific in 2006, Thermo Fisher has followed a strategy of consolidating a highly fragmented and inefficient life science industry, making approximately 100 acquisitions for a total consideration of $100 billion. Acquired businesses typically grow faster as part of the Thermo Fisher organisation, and profit margins typically increase as well. This acquisition strategy has delivered significant value for shareholders: Thermo Fisher has delivered 17% average annual growth in earnings per share over the past decade (2012-22).

Despite nearly two decades executing this acquisition strategy, the market remains highly fragmented, with the largest three players representing only around one-third of the market. Thermo Fisher expects to continue deploying the majority of its cash flow on M&A.

Thermo Fisher and many of its peers were beneficiaries of the global ramp up in infection testing and vaccine research and development that occurred during the Covid-19 pandemic. Organic revenue growth rates of 25% in 2020 and 17% in 2021 were far above sustainable levels. As the world normalised following the pandemic these relatively high-margin revenue streams fell away. Consequently, analysts expect organic revenue to have declined 5% in 2023 and to deliver no growth in 2024. We took advantage of other investors selling in response to these short-term headwinds to acquire a position in this leading global life science franchise at what we believe to be a very reasonable price.

Portfolio Breakdown

at 30 November 2023


United Kingdom
25.09%
Continental Europe
26.15%
Japan
2.06%
Pacific Basin
2.41%

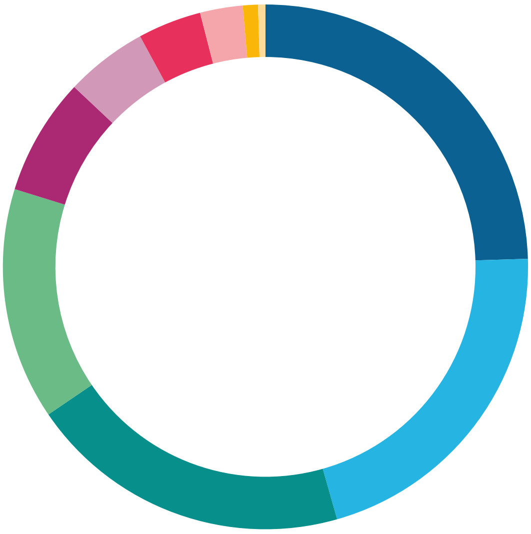
Name	Sector	Value (£)	% of Invested Funds
North America Listed Equity Holdings			
Microsoft	*Software & Computer Services*	37,146,255	6.71
United Health	*Health Care Providers*	24,464,485	4.42
Visa	*Industrial Support Services*	21,878,979	3.95
Microchip Technology	*Technology Hardware & Equipment*	15,995,821	2.89
Thermo Fisher Scientific	*Medical Equipment & Services*	14,166,513	2.56
Charles Schwab	*Investment Banking & Brokerage*	13,891,300	2.51
Arthur J. Gallagher & Co.	*Non-Life Insurance*	13,204,751	2.39
Taiwan Semiconductor	*Technology Hardware & Equipment*	13,059,369	2.36
AMETEK	*Electronic & Electrical Equipment*	12,138,291	2.19
Accenture	*Industrial Support Services*	11,186,407	2.02
Amphenol	*Technology Hardware & Equipment*	10,301,630	1.86
The Cooper Companies	*Medical Equipment & Services*	8,380,430	1.51
Intuit	*Software & Computer Services*	8,125,349	1.47
S&P Global	*Finance & Credit Services*	7,150,245	1.29
Adobe	*Software & Computer Services*	7,144,034	1.29
CME Group	*Investment Banking & Brokerage*	6,554,512	1.18
FleetCore Technologies	*Industrial Support Services*	6,460,258	1.17
MarketAxcess	*Investment Banking & Brokerage*	4,362,544	0.79
AbbVie	*Pharmaceuticals & Biotechnology*	3,571,858	0.65
Align Technology	*Medical Equipment & Services*	3,206,116	0.58
Estée Lauder	*Personal Goods*	2,741,687	0.50
		245,130,834	**44.29**

Name	Sector	Value (£)	% of Invested Funds
United Kingdom Listed Equity Holdings			
Shell	*Oil, Gas & Coal*	15,130,484	2.73
Intercontinental Hotels	*Travel & Leisure*	12,026,666	2.17
Admiral Group	*Non-Life Insurance*	9,990,000	1.81
Unilever	*Personal Care, Drug & Grocery*	9,893,625	1.79
SSE	*Electricity*	8,834,656	1.60
RELX	*Media*	8,661,150	1.57
Baltic Classifieds	*Software & Computer Services*	7,003,750	1.27
Redrow	*Household Goods & Home Construction*	6,936,472	1.25
SThree	*Industrial Support Services*	6,544,800	1.18
Haleon	*Pharmaceuticals & Biotechnology*	6,187,500	1.12
IG Group	*Investment Banking & Brokerage*	5,809,750	1.05
DCC	*Industrial Support Services*	5,609,100	1.01
Rentokil Initial	*Industrial Support Services*	5,286,352	0.96
Close Brothers	*Banks*	5,147,191	0.93
Rio Tinto	*Industrial Metals & Mining*	5,129,050	0.93
St. James's Place	*Investment Banking & Brokerage*	5,117,603	0.92
Tyman	*Construction & Materials*	4,895,675	0.88
GSK	*Pharmaceuticals & Biotechnology*	4,258,200	0.77
Diageo	*Beverages*	3,868,200	0.70
Helical	*Real Estate Investment & Services*	2,517,500	0.45
		138,847,724	**25.09**

Name	Sector	Value (£)	% of Invested Funds
Continental Europe Listed Equity Holdings			
Schneider Electric	*Electronic & Electrical Equipment (France)*	14,306,587	2.59
Partners Group	*Investment Banking & Brokerage (Switzerland)*	14,200,035	2.57
TotalEnergies	*Oil, Gas & Coal (France)*	12,876,533	2.33
Munich Re	*Non-Life Insurance (Germany)*	12,500,544	2.26
ASML Holding	*Technology Hardware & Equipment (Netherlands)*	11,295,883	2.04
DNB Bank	*Banks (Norway)*	10,710,122	1.94
Atlas Copco	*Industrial Engineering (Sweden)*	10,399,381	1.88
AENA	*Industrial Transportation (Spain)*	10,308,783	1.86
Assa Abloy	*Construction & Materials (Sweden)*	9,946,073	1.80
Roche Holdings	*Pharmaceuticals & Biotechnology (Switzerland)*	9,094,563	1.64
Nestle	*Food Producers (Switzerland)*	7,881,187	1.42
Novo Nordisk	*Pharmaceuticals & Biotechnology (Denmark)*	5,790,389	1.05
Iberdrola	*Electricity (Spain)*	5,717,646	1.03
LVMH Moet Hennessy Louis Vuitton	*Personal Goods (France)*	4,857,880	0.88
Jumbo	*Leisure Goods (Greece)*	4,771,495	0.86
		144,657,101	**26.15**
Pacific Basin Listed Equity Holdings			
Brambles	*General Industrials (Australia)*	5,339,904	0.96
AIA	*Life Insurance (Hong Kong)*	5,009,435	0.91
Australia & New Zealand Bank	*Banks (Australia)*	2,980,487	0.54
		13,329,826	**2.41**
Japan Listed Equity Holdings			
Itochu	*General Industrials*	11,411,833	2.06
		11,411,833	**2.06**
Total Invested Funds		**553,377,318**	**100.00**

Distribution of Invested Funds

at 30 November 2023



Breakdown of Equity Portfolio

Sector	% Held
Industrials	24.51
Financials	21.09
Technology	19.89
Health Care	14.30
Consumer Discretionary	7.23
Energy	5.06
Consumer Staples	3.91
Utilities	2.63
Basic Materials	0.93
Real Estate	0.45

Total Invested Funds - £553,377,318 (2022 - £522,829,082)

	United Kingdom %	North America %	Other Countries %	2023 Total %	Composite Benchmark Sector Weighting	2022 Total %
Industrials						
Aerospace & Defence	-	-	-	-	1.91	-
Construction & Materials	0.88	-	1.80	2.68	0.97	2.49
Electronic & Electrical Equipment	-	2.19	2.59	4.78	1.30	4.53
General Industrials	-	-	3.02	3.02	1.99	3.10
Industrial Engineering	-	-	1.88	1.88	1.09	1.66
Industrial Support Services	3.15	7.14	-	10.29	1.79	8.64
Industrial Transportation	-	-	1.86	1.86	3.48	-
	4.03	**9.33**	**11.15**	**24.51**	**12.53**	**20.42**
Financials						
Banks	0.93	-	2.48	3.41	6.81	1.63
Finance & Credit Services	-	1.29	-	1.29	0.97	1.78
Investment Banking & Brokerage	1.97	4.48	2.57	9.02	3.52	11.19
Life Insurance	-	-	0.91	0.91	1.34	1.94
Mortgage REITs	-	-	-	-	0.01	-
Non-Life Insurance	1.81	2.39	2.26	6.46	1.88	3.72
	4.71	**8.16**	**8.22**	**21.09**	**14.53**	**20.26**

	United Kingdom %	North America %	Other Countries %	2023 Total %	Composite Benchmark Sector Weighting	2022 Total %
Technology						
Software & Computer Services	1.27	9.47	-	10.74	10.05	7.77
Technology Hardware & Equipment	-	7.11	2.04	9.15	9.06	6.39
	1.27	**16.58**	**2.04**	**19.89**	**19.11**	**14.16**
Health Care						
Health Care Providers	-	4.42	-	4.42	1.22	4.92
Medical Equipment & Services	-	4.65	-	4.65	2.37	5.82
Pharmaceuticals & Biotechnology	1.89	0.65	2.69	5.23	7.70	8.43
	1.89	**9.72**	**2.69**	**14.30**	**11.29**	**19.17**
Consumer Discretionary						
Automobiles & Parts	-	-	-	-	1.97	-
Consumer Services	-	-	-	-	0.83	-
Household Goods & Home Construction	1.25	-	-	1.25	0.60	0.92
Leisure Goods	-	-	0.86	0.86	0.52	1.25
Media	1.57	-	-	1.57	1.95	1.26
Personal Goods	-	0.50	0.88	1.38	1.07	4.81
Retailers	-	-	-	-	4.18	-
Travel & Leisure	2.17	-	-	2.17	2.21	2.84
	4.99	**0.50**	**1.74**	**7.23**	**13.33**	**11.08**
Energy						
Oil, Gas & Coal	2.73	-	2.33	5.06	6.46	5.15
Alternative Energy	-	-	-	-	0.08	-
	2.73	**-**	**2.33**	**5.06**	**6.54**	**5.15**
Consumer Staples						
Beverages	0.70	-	-	0.70	1.95	-
Food Producers	-	-	1.42	1.42	1.35	1.65
Personal Care, Drug & Grocery	1.79	-	-	1.79	3.55	2.08
Tobacco	-	-	-	-	1.29	-
	2.49	**-**	**1.42**	**3.91**	**8.14**	**3.73**

	United Kingdom %	North America %	Other Countries %	2023 Total %	Composite Benchmark Sector Weighting	2022 Total %
Utilities						
Electricity	1.60	-	1.03	2.63	1.59	2.62
Gas, Water & Multi-Utilities	-	-	-	-	1.34	-
Waste & Disposal Services	-	-	-	-	0.18	-
	1.60	**-**	**1.03**	**2.63**	**3.11**	**2.62**
Basic Materials						
Chemicals	-	-	-	-	1.37	1.64
Industrial Materials	-	-	-	-	0.11	-
Industrial Metals & Mining	0.93	-	-	0.93	2.76	1.01
Precious Metals & Mining	-	-	-	-	0.32	-
	0.93	**-**	**-**	**0.93**	**4.56**	**2.65**
Real Estate						
Real Estate Investment & Services	0.45	-	-	0.45	0.47	0.76
Real Estate Investment Trusts	-	-	-	-	2.01	-
	0.45	**-**	**-**	**0.45**	**2.48**	**0.76**
Telecommunications						
Telecommunications Equipment	-	-	-	-	0.82	-
Telecom Service Providers	-	-	-	-	1.69	-
	-	**-**	**-**	**-**	**2.51**	**-**
Not classified	-	-	-	-	1.87	-
Total	**25.09**	**44.29**	**30.62**	**100.00**	**100.0**	**100.00**

Historical Record

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Total income (£000s)	9,031	8,735	9,996	11,000	10,968	11,505	9,195	11,487	12,623	14,426
Earnings per share	14.71p	14.09p	16.40p	18.40p	19.67p	21.66p	15.96p	20.35p	22.66p	26.35p
Dividend per share	15.00p	15.30p	15.80p	16.50p	18.15p	19.98p	20.06p	20.15p	21.50p	22.70p

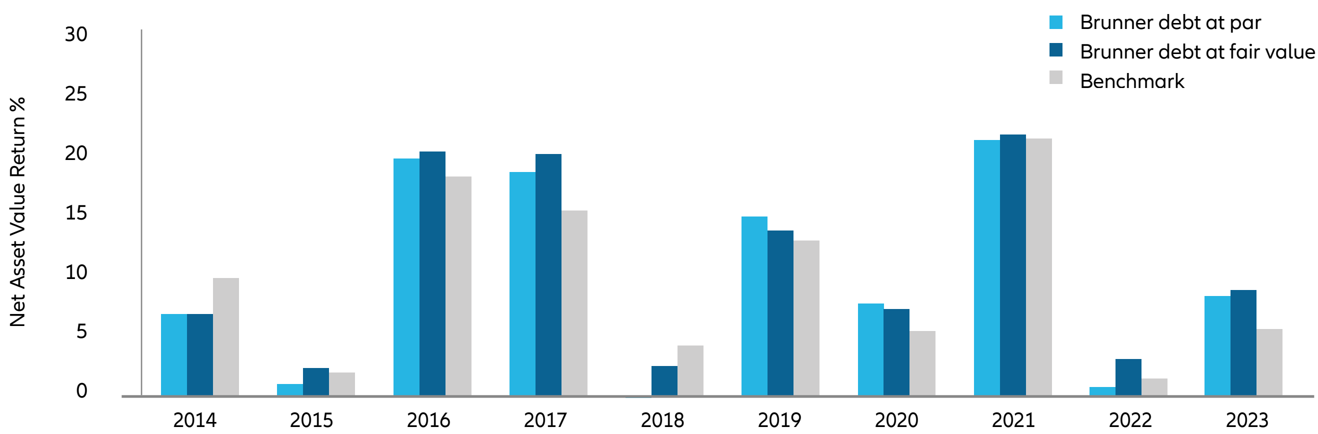
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital										
Total net assets (£ms)[1]	278.4	273.6	318.3	368.0	360.3	403.8	422.1	502.4	497.1	528.2
Total net assets (£ms)[2]	264.9	262.5	307.7	359.2	361.1	400.2	416.5	497.5	503.2	537.3
Net asset value per ordinary share[1]	646.0p	636.2p	742.8p	862.0p	843.9p	945.8p	988.7p	1,176.9p	1,164.4p	1,237.2p
Net asset value per ordinary share[2]	614.9p	610.3p	718.0p	841.4p	845.8p	937.4p	975.5p	1,165.4p	1,178.7p	1,258.6p
Share price	541.0p	540.5p	591.8p	785.0p	745.0p	862.0p	842.0p	1,050.0p	1,020.0p	1,065.0p
Year end discount %[2]	12	11	18	7	12	8	14	10	14	15

Geographical Disposition

% of Investment Funds at year end[3]	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
United Kingdom	47.0	42.1	35.0	30.8	26.4	24.7	17.5	20.4	22.0	25.1
Europe	13.6	16.0	20.4	20.8	21.6	23.3	27.9	27.5	27.1	26.1
Americas	30.7	32.5	34.1	37.5	42.7	41.3	43.7	43.1	42.2	44.3
Japan	3.0	3.4	3.7	2.6	2.1	2.6	2.7	2.4	2.9	2.1
Pacific Basin	5.7	6.0	6.8	8.3	7.2	8.1	8.2	6.6	5.8	2.4
Other Countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1] Debt at par. [2] Debt at fair value. [3] Excludes cash at bank and in hand and other receivables.

Net Asset Value Total Return with Debt at Fair Value and Debt at Par



Re-based to 100. Source: AllianzGI/Thomson Reuters DataStream. Benchmark: 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. Alternative Performance Measure (APM). See Glossary on page 119.

Governance

Schneider Electric was another notable contributor to performance. The electrical distribution, automation and energy management company is headquartered in Paris, France.

Directors, Manager and Advisers

Carolan Dobson BSc Chartered FCSI*†

Board Chair. Chair of the Management Engagement Committee and the Nomination Committee, Member of the Remuneration Committee.

Joined the board in December 2013 and has been Chair since the AGM in March 2016. She is also Chair of Baillie Gifford UK Growth Fund plc and BlackRock Latin American Investment Trust plc and a director of Aberdeen Standard Fund Managers Limited, M&G Securities Limited and Investment Trustee and Adviser Limited. Carolan was previously head of UK equities at Abbey Asset Managers, Head of Investment Trusts at Murray Johnstone and was the portfolio manager of two investment trusts.

Experience:
Carolan is an experienced fund manager and has held key roles in the investment management industry and in advisory roles and she chairs both investment trusts and other organisations.

Reasons for the recommendation for re-election:
Carolan's wise and effective leadership of the board and wide knowledge and experience of the industry.

Amanda Aldridge BSc FCA*

Chair of the Audit Committee, Member of the Management Engagement Committee, the Nomination Committee and the Remuneration Committee.

Joined the board in December 2019. Amanda is a non-executive director and audit committee chair of Impact Healthcare REIT plc and Staffline Group PLC. She also chairs the audit and risk committee of The Low Carbon Contracts Company and is a director of The Electricity Settlements Company. She was formerly a partner at KPMG LLP and during her career she was Head of the Retail Sector practice before becoming Head of Contract Governance in the Risk-Consulting Division. Amanda is a Fellow of the Institute of Chartered Accountants in England and Wales.

Experience:
Amanda brings senior experience in accounting practice, with specialisms including risk, and has non-executive director and audit committee chair experience on other public company boards.

Reasons for the recommendation for re-election:
Amanda has evident skills and experience both from her background as a chartered accountant and as an audit committee chair.

Elizabeth Field MA*

Member of the Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee.

Joined the board in December 2022. Elizabeth recently retired as a partner at Stephenson Harwood. Elizabeth was a corporate lawyer for 35 years with extensive experience of advising public and private companies on a wide range of corporate transactions across a variety of sectors, specifically including investment trusts.

Experience:
Elizabeth is a lawyer and has experience of providing legal and corporate governance advice to investment trusts, asset managers and investment trust sponsors.

Reasons for the recommendation for re-election:
Elizabeth's legal knowledge and negotiating skills are valuable to the board and she has wide knowledge of the industry.

* Independent of the manager.
† Independent on appointment as Chair.

Andrew Hutton MA, CFA*

Senior Independent Director, Chair of the Remuneration Committee, Member of the Audit Committee, the Management Engagement Committee, and the Nomination Committee.

Joined the board in April 2020. He is owner and director of A.J.Hutton Ltd, an investment advisory practice established in 2007. Andrew started his career in 1979 at J.P. Morgan where, over 18 years, he held investment and business management positions in London, New York, Singapore and Australia. He was subsequently head of investment management at Coutts Group and co-CEO of RBS Asset Management. Andrew has served as Senior Independent Director of Baillie Gifford UK Growth Fund and Chairman of JPMorgan Global Emerging Markets Income Trust.

Experience:
Andrew is an asset management professional with senior management and money management experience.

Reasons for the recommendation for re-election:
Andrew brings to the board a deep understanding of portfolio management.

Jim Sharp MA*

Member of the Management Engagement Committee and the Nomination Committee.

Joined the board in January 2014. He began his career in corporate finance with J.Henry Schroder & Co. Limited from 1992 to 2002 where he was a director. He is Chair of The Cotswold Company and is a non-executive director of James Cropper PLC.

Experience:
Jim has a background in financial services and in addition to experience in running businesses and insight into marketing and promotion he brings a connection to the largest group of shareholders.

Reasons for the recommendation for re-election:
Jim's broad commercial and operational experience and knowledge and understanding of marketing and promotion are valuable and his connection to a key stakeholder helps the board's understanding of the requirements of shareholders.

The Manager or Alternative Investment Fund Manager (AIFM)

Allianz Global Investors UK Limited (AllianzGI UK) is incorporated in the UK and its registered office is at 199 Bishopsgate, London EC2M 3TY. It is authorised by the Financial Conduct Authority (FCA).

Allianz Global Investors GmbH (AllianzGI) is an active asset manager operating across nineteen markets with specialised in-house research teams around the globe, managing assets for individuals, families and institutions worldwide.

As at 30 September 2023, AllianzGI had €516 billion of assets under management worldwide.

Through its predecessors, AllianzGI has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and as at 31 December 2023 had £2.8 billion assets under management in a range of investment trusts.

Website: allianzgi.co.uk

Head of Investment Trusts

Stephanie Carbonneil
Email: stephanie.carbonneil@allianzgi.com

Investment Manager

Julian Bishop and Christian Schneider, Co-Lead managers, representing Allianz Global Investors UK Limited, 199 Bishopsgate, London EC2M 3TY (the manager).

Company Secretary and Registered Office

Kirsten Salt ACG
199 Bishopsgate, London EC2M 3TY
Telephone: 020 3246 7513
Email: kirsten.salt@allianzgi.com

Registered Number

00226323

Bankers and Custodian

HSBC Bank plc

Depositary

HSBC Securities Services

Solicitors

Dickson Minto W.S.

Independent Auditors

PricewaterhouseCoopers LLP

Registrars

Link Group
(full details on page 113)

Stockbrokers

J.P. Morgan Cazenove

Directors' Report

The directors present their Report which incorporates the audited financial statements for the year ended 30 November 2023.

Share Capital

Details of the company's share capital are set out in Note 11 on page 102. There were no share buybacks during the year or since the year end.

A resolution to renew the authority to purchase shares for cancellation or holding in treasury is to be put to shareholders at the forthcoming annual general meeting and the full text is set out in the notice of meeting on page 115.

Independent Auditors

A resolution to approve the re-appointment of PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting, together with a resolution authorising the directors to determine the Auditors' remuneration.

Each of the directors at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the company's Auditors are unaware; and
2. the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Related Party Transactions

During the financial year no transactions with related parties have taken place which would materially affect the financial position or the performance of the company.

Management Contract and Management Fee

The main expense of the company and therefore the most significant element of the ongoing charges is the investment management fee and the board is keen to ensure this fee remains competitive.

The manager's performance under the contract and the contract terms are reviewed annually by the management engagement committee. The committee's report is on page 72.

During the year, the Company changed its Alternative Investment Fund Manager ('AIFM') from Allianz Global Investors GmbH, UK Branch ('AllianzGI GmbH') to Allianz Global Investors UK Limited ('AllianzGI UK'). AllianzGI UK is an affiliate of, and has the same ultimate parent company as, AllianzGI GmbH. There was no change to the portfolio management or fee arrangements. Under the Alternative Investment Fund Managers Directive (AIFMD) the company appointed AllianzGI UK as the designated Alternative Investment Fund Manager (AIFM) for the company on the terms and subject to the conditions of the management and administration agreement between the company and AllianzGI UK (the management contract).

AllianzGI UK is authorised and regulated by the Financial Conduct Authority with its registered office at 199 Bishopsgate, London EC2M 3TY.

The management contract provides for a management fee based on 0.45% per annum of the value of the company's assets after the deduction of current liabilities, short-term loans with an initial duration of less than one year and the value of the company's investments in any other funds managed by the manager. The contract can be terminated with six months' notice.

Revenue

The revenue earnings attributable to ordinary shareholders for the year amounted to £11,251,047 or 26.35p per share (2022 - £9,673,972, 22.66p per share).

The first two quarterly dividends of 5.55p (£2,369,446) were paid during the company's financial year to 30 November 2023 and the board declared a third quarterly dividend of 5.55p (£2,369,446) per ordinary share which was paid on 12 December 2023. The board recommends a final dividend for the year ended 30 November 2023 of 6.05p (£2,582,910), payable on 4 April 2024, making a total distribution for the year of 22.70p per ordinary share. The next quarterly dividend payment is expected to be made in July 2024.

Invested Funds

The market value of the Company's investments at 30 November 2023 was £553m (2022 - £523m). Sales of investments during the year resulted in net gains of £32.2m (2022 - losses: £3.7m). Provisions contained in the Finance Act 2010 exempt approved investment trusts from corporation tax on their chargeable gains.

Details of the total return of the company and the split between revenue and capital returns are shown in the Income Statement on page 90. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 94 under 'Investment management fee and administrative expenses' and on page 97 under 'Finance costs'.

The following disclosures are made in accordance with Part 6 of Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

Capital Structure

The company's capital structure is set out in Note 11 on page 102.

Listing Rule 9.8.4R

There are no matters requiring disclosure under this Rule.

Voting Rights in the Company's Shares

As at 12 February 2024, the company's capital consisted of:

Share class	Number of shares issued	Voting rights per share	Total voting rights
Ordinary shares of 25p	42,692,727	1	42,692,727
5% Cumulative preference shares of £1	450,000	0	0
Total	**43,142,727**		**42,692,727**

These figures remain unchanged as at the date of this report.

Common Reporting Standards (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the company to provide certain additional details to HMRC in relation to UK resident foreign investment holders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Link Group, have been engaged to collate such information and file the reports with HMRC on behalf of the company.

Interests in the Company's Share Capital

As at 12 February, the company was aware of the following interests in the company's share capital greater than 3%:

J Maitland (as trustee 14.17%); Sir Hugo Brunner (beneficial 2.32% – as trustee 11.96)%; TBH Brunner (beneficial 0.36% – as trustee 6.00%).

J Maitland acts as a co-trustee with TBH Brunner in respect of 1,707,180 ordinary shares (4.00%), which form part of TBH Brunner's trustee holding. J Maitland also acts as co-trustee with Sir Hugo Brunner in respect of 4,341,288 ordinary shares (10.17%) which form part of Sir Hugo Brunner's trustee holdings.

In addition, the company has notification of the following interest in the voting rights of the ordinary shares: Rathbones Investment Management Limited (4.98%) and 1607 Capital Partners, LLC (4.98%).

Internal Control

The directors have overall responsibility for the company's system of internal control. Whilst acknowledging their responsibility for the system of internal control, the directors are aware that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

The board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the company. This process has been fully in place throughout the year under review and up to the date of the signing of this Annual Report.

The key elements of the process are as follows:

- In addition to the review of the principal risks (see pages 16 to 19), the directors regularly review all the risks on the Internal Risk Matrix and every six months the board receives from the manager a formal report which details any known internal controls failures, including those that are not directly the responsibility of the manager.
- Allianz Global Investors UK Limited (AllianzGI UK), as the appointed manager, provides investment management, accounting and company secretarial services to the company. The manager therefore maintains the internal controls associated with the day-to-day operation of the company. These responsibilities are included in the Management and Administration Agreement

Corporate Governance Statement

The board reports against the AIC Code of Corporate Governance (AIC Code) 2019. As confirmed by the Financial Reporting Council, following the AIC Corporate Governance Guide enables investment company boards to meet their obligations under the UK Corporate Governance Code and Listing Rules.

Board Composition

There are five directors on the board. We aim to have two investment professionals, an accountant, a lawyer and a director with commercial expertise, one of which preferably has a connection with the Brunner family, to provide a balanced board. The optimum number of directors is therefore five, but the number could fall to four and go as high as six to cover periods of recruitment, transition and retirement.

The board has a plan for the retirement of directors to ensure that an orderly process of recruitment can take place and that the board's balance of skills and relevant experience is maintained. This may mean that directors might be on the board for longer than nine years to allow for continuity of experience and a smooth transition.

The biographies of the directors are set out on pages 60 and 61 together with the skills and experience each director brings to the board for the long-term sustainable success of the company.

No contracts of significance in which directors are deemed to have been interested have subsisted during the year under review. Contracts of employment are not entered into with the directors, who hold office in accordance with the company's Articles of Association.

Board Evaluation

The board and its committees were subject to an internally facilitated performance appraisal during the course of the year. This was conducted by means of a detailed questionnaire and the responses were collated into a report in which the respondents were anonymous. The Chair conducted the evaluation and it was found that the board is effective and that each director continues to be effective, has the appropriate skills and has demonstrated commitment and devoted the necessary time to his or her role. All directors attended all board and relevant committee meetings during the year. The directors all provide challenge in board meetings and each offers useful guidance from their own areas of expertise.

The Senior Independent Director conducted an appraisal of the Chair following a similar method to the board evaluation. This exercise confirmed that the Chair demonstrates effective leadership, makes an excellent contribution to the company and is assiduous in her engagements with the company's stakeholders.

Gender and Ethnic Diversity

The board is supportive of the FCA's recently updated Listing Rules (LR 9.8.6R(9)) to encourage greater diversity on listed company boards and has implemented the FCA's disclosure requirements. The board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the board. The board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment.

The board has chosen to align its diversity reporting reference date with the company's financial year end and proposes to maintain this alignment for future reporting periods. The company has met one of the targets on board diversity as at its chosen reference date, 30 November 2023 as at least 40% of the individuals on its board of directors are women. The board did not at the reference date and does not at the date of this report have any directors from a minority ethnic background. Further details on the company's appointment process can be found under Board Composition, above, and Succession on page 73. As required under LR 9.8.6R(10), further detail in respect of the targets outlined above as at 30 November 2023 is disclosed in the tables below.

As an externally managed investment company, the company has no executive directors, employees or internal operations. Therefore columns relating to executive management have been removed from the tables below. The roles of chief executive and chief financial officer are not applicable to the company, however, the company considers the roles of the Senior Independent Director and Chair of the Audit Committee to be senior board positions and the following disclosure is made on this basis.

As at 30 November 2023:

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and chair)*
Men	2	40%	1
Women	3	60%	1
Other	-	-	-
Not specified/prefer not to say	-	-	-

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and chair)*
White British or other White (including minority-white groups)	5	100%	2
Mixed/Multiple Ethnic Groups	-	-	-
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/prefer not to say	-	-	-

Since the reference date and the date that the Annual Report was approved no further changes have occurred.

As at 13 February 2024:

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and chair)*
Men	2	40%	1
Women	3	60%	1
Other	-	-	-
Not specified/prefer not to say	-	-	-

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and chair)*
White British or other White (including minority-white groups)	5	100%	2
Mixed/Multiple Ethnic Groups	-	-	-
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/prefer not to say	-	-	-

* The company only has two of the senior roles specified by the Listing Rules, that is the position of chair and SID. One of these roles is occupied by a man and one by a woman. However, the company considers that the chair of the audit committee, nomination committee and remuneration committee is a senior position. Of these three senior roles, two are performed by a woman and one by a man.

Conflicts of Interest

Under the Companies Act 2006 directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The board reports annually on the company's procedures for ensuring that its powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest relating to the company. These statements have been considered and approved by the board. The directors have undertaken to notify the Chair and Company Secretary of any proposed new appointments and new conflicts or potential conflicts for consideration, if necessary, by the board. The board has agreed that only directors who have no interest in the matter being considered will be able to participate in taking the relevant decision and that in taking the decision the directors will act in a way they consider, in good faith, will be most likely to promote the company's success. The board is able to impose limits or conditions when giving authorisation if it thinks this is appropriate. For example, a director with a potential conflict might be asked to step out of the meeting room, or will be permitted to remain in the room but not participate in the discussion or take part in a vote on a course of action.

The board confirms that its powers of authorisation are operating effectively and that the agreed procedures have been followed.

Directors' Indemnities

Directors' and Officers' Liability insurance cover is held by the company and was in place for the whole of the financial year. As permitted by the company's Articles of Association, the company has granted indemnities to the directors.

Board Committees

Audit Committee

The Audit Committee Report is on page 78.

Nomination Committee

The nomination committee meets as needed – at least once each year – and makes recommendations on board succession planning and the appointment of new directors and considers the composition and balance of the board. The committee is chaired by Carolan Dobson, the Chair of the board, and met once in the last year when it considered the re-election of directors at the annual general meeting and the plans for new recruitment to the board. The members of the committee met separately under the leadership of the Senior Independent Director to review the tenure of the Chair and consider the plans for succession. All directors serve on the nomination committee and consider nominations made in accordance with an agreed procedure.

It is the board's policy to use external agencies to draw up lists of candidates as part of the recruitment of new directors. The brief to the recruitment consultant includes the request that the shortlist should include a diverse range of candidates.

The Nomination Committee Report is on page 73.

Management Engagement Committee

The management engagement committee met once in the year to review the Management and Administration Agreement and the manager's performance and a report of management fees. It has defined terms of reference and consists of all the directors. It is chaired by Carolan Dobson, the Chair of the board.

The Management Engagement Committee Report is on page 72.

Remuneration Committee

The remuneration committee met once in the year and consists of all the directors. The committee is chaired by Andrew Hutton. The committee determines the company's remuneration policy and determines the remuneration of each director within the terms of that policy. The Directors' Remuneration Report is on page 74.

The terms of reference for each of the committees may be viewed by shareholders on request and are published on the company's website brunner.co.uk in the Information/Legal Documents section.

Board Attendance

Attendance by the directors at formal board and committee meetings during the year was as follows:

Director	Board	Board Strategy Day	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
No. of meetings	6	1	2	1	1	1
Carolan Dobson	6	1	2[1]	1	1	1
Amanda Aldridge	6	1	2	1	1	1
Elizabeth Field	6	1	2	1	1	1
Andrew Hutton	6	1	2	1	1	1
Peter Maynard[2]	2	1	1	1	1	1
Jim Sharp	6	1	2[1]	1[1]	1	1

[1] Invited to attend meetings, although not a committee member.
[2] Retired from the board on 31 March 2023.

between the company and the manager. The manager's systems of internal control are regularly evaluated by its management and monitored by internal auditors.

- There is a regular review by the board of asset allocation and any risk implications. There are also regular and comprehensive reviews by the board of management accounting information, including revenue and expenditure projections, actual revenue against projections and performance comparisons.
- Authorisation and exposure limits are set and maintained by the board.
- The board meets with senior representatives of AllianzGI and also receives an Internal Controls Report from the manager, together with a report on compliance with the manager's anti-bribery policy.
- The audit committee on behalf of the board reviews the Internal Controls Reports of other third party service providers, including those of AllianzGI and all other providers of administrative and custodian services to AllianzGI or directly to the company.

The directors confirm that the audit committee has reviewed the effectiveness of the system of internal control, which it has found to be appropriate.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is on page 81 and a statement of going concern is on page 20. The Independent Auditors' Report can be found on page 84.

The UK Stewardship Code and Exercise of Voting Powers

The board has delegated the exercise of voting powers on its behalf to discharge its responsibilities in respect of investments, including the exercise of voting powers on its behalf to the manager, AllianzGI, and receives regular reports on voting activity. There is more information on company engagement in the Strategic Report starting on page 9, and in the Investment Manager's Review on page 40.

TCFD

The board continues to look at the carbon footprint of the portfolio which is reported in the monthly factsheets. Whereas as an investment company we do not report following the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) we take an interest in how the portfolio compares against available indexed data. On page 41 we look at various ESG MSCI performance metrics against those of the benchmark.

In accordance with the requirements of the TCFD, AllianzGI UK as AIFM is preparing a product level report for the company. It is expected that the TCFD report for the company will be available in June 2024 on the company's website www.brunner.co.uk.

Greenhouse Gas Emissions

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, not does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ("SECR") regulations and therefore is not required to disclose energy and carbon information.

Modern Slavery Act 2015

The company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The directors therefore consider that the company is not required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

Bribery Act 2010

The board has a zero tolerance policy in relation to bribery and corruption and has received assurance through internal controls reporting from the company's main third party service providers that adequate safeguards are in place to protect against any such potentially illegal behaviour by employees or agents.

Annual General Meeting Business

Directors' Re-election

The plans for board succession, including the arrangements for the retirements of the directors with over nine years' service, are described on page 73. Carolan Dobson, Amanda Aldridge, Elizabeth Field, Andrew Hutton and Jim Sharp each retire in accordance with the board policy on the annual re-election of directors and offer themselves for re-election at the AGM in 2024. Biographical details of the directors are on page 60 together with the reasons why the board supports and recommends their re-election. Directors serving during the year and their interests in the share capital of the company as at 30 November 2023 are set out in the Directors' Remuneration Report on page 74.

The board's view is that each director who is retiring and offering themselves to be re-elected at the AGM continues to make a valuable and effective contribution and remains committed in the role. The board has also considered the number of boards on which each director sits and the other time commitments for each board member and is satisfied that each director has the capacity to devote all the time and attention needed to fulfil their role and duties to the company.

Adoption of new Articles of Association

Resolution 11, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Existing

Articles"). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation, developments in market practice and other developments since the Existing Articles were adopted.

The following principal amendments will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 11 is approved by shareholders at the AGM:

i. removing references to the Companies Act 1985 which is no longer in force;
ii. clarifying that the model articles contained in The Companies (Model Articles) Regulations 2008 (SI 2008 No. 3229) do not apply to the Company;
iii. clarifying and expanding upon the Board's ability to issue, and take steps to deal with, shares that are held in uncertificated form (i.e. in the CREST system), in particular in circumstances where the Company is entitled to enforce a lien over, or sell, transfer or forfeit, any of such shares in accordance with the Articles;
iv. clarifying that the Company is permitted to purchase its own shares and to reduce its share capital, any capital redemption reserve and any share premium account in any manner permitted by, and in accordance with, the Companies Act 2006;
v. removing the requirement to place advertisements in national newspapers in an attempt to trace shareholders in order to reflect modern best practice;
vi. removing the requirement to return the net proceeds of sale of shares belonging to untraced shareholders and any associated unclaimed dividends;
vii. including provisions which enable the Company to hold shareholder meetings across two (or more) physical locations in the event that all shareholders cannot be accommodated in a single physical location on the day of a meeting;
viii. removing references to routine business at an annual general meeting;
ix. inserting provisions which enable the Company to postpone a shareholder meeting in certain circumstances;
x. inserting provisions which enable the Board or the chair of a shareholder meeting to adjourn the meeting without the consent of the meeting where any physical or electronic facilities being used to host the meeting have

Statement of the Depositary's Responsibilities in Respect of The Brunner Investment Trust PLC provided by HSBC Securities Services, Depositary to the Company.

"The Depositary must ensure that the company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, (the Sourcebook), the Alternative Investment Fund Managers Directive (AIFMD) (together the Regulations) and the company's Articles of Association.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the company and its investors.

The Depositary is responsible for the safekeeping of the assets of the company in accordance with the Regulations.

The Depositary must ensure that:

- the company's cash flows are properly monitored and that cash of the company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the company's assets is remitted to the company within the usual time limits;
- that the company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the AIFM) are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the company.

Report of the Depositary to the Shareholders of The Brunner Investment Trust PLC (the company) for the year ended 30 November 2023.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the company and as required by the AIFMD."

HSBC Securities Services
14 December 2023

Further information about the relationship with the Depositary is on page 112.

become compromised or no longer enable the meeting to be conducted as intended;

xi. inserting provisions which enable the Board or the chair of a shareholder meeting to direct that any person wishing to attend any shareholder meeting (including any virtual meeting) should submit to and comply with such searches or other security, access or safety arrangements or restrictions as the Directors or the chair of the meeting shall consider appropriate in the circumstances, including any arrangement or requirement to ensure the identification of those accessing or participating in the meeting and the orderly conduct of the meeting;

xii. removing the existing provisions relating to the retirement of Directors by rotation and inserting provisions which require all Directors to retire at each AGM (and, if they wish, to offer themselves for re-election) in line with the recommended corporate governance regime in the UK, and provisions dealing with the potential situation whereby no Directors are re-elected at an AGM;

xiii. expanding the provisions in the Existing Articles which allow the Board to immediately remove a Director from office;

xiv. increasing the cap on the aggregate of all fees which may be paid to Directors to £300,000 per annum. The proposed increase will provide headroom for the future. Both the Existing Articles and the New Articles allow for a higher amount to be approved from time to time by ordinary resolution of the Company;

xv. amending the provision in the Existing Articles regarding the minimum shareholding requirement of a Director so that a Director will be required to acquire and retain (for so long as he/she remains a Director) a minimum holding of shares having an aggregate nominal amount of £500 (rather than £1,000 as required under the Existing Articles), such minimum holding to be acquired within one year (rather than two months) from his/her date of appointment as a Director, to reflect the increase in the market price of the Company's shares in recent years;

xvi. expanding the provisions in the Existing Articles which enable the Directors to use electronic, digital and audio communications to convene and conduct board meetings, board committee meetings and other board business;

xvii. amending the provisions in the Articles which restrict the total amount of borrowings that the Company may have outstanding at any time so that the Company's borrowings are restricted to an amount equal to the total net assets of the Company as shown by the latest audited balance sheet of the Company prepared for the purposes of the Companies Acts. This amendment does not affect the Board's policy on gearing which forms part of the Company's investment policy; and

xviii. modernising the provisions relating to the payment methods for dividends, including inserting provisions which enable the Company to pay dividends by any approved funds transfer system (in addition to traditional bank transfers) and which enable the Company to specify which payment method(s) will be used by the Company in respect of any dividend.

Other proposed amendments which are of a minor, technical, typographical or clarifying nature, or which seek to remove duplicate provisions in the Articles, have not been summarised above.

The summary above is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. The summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection at the offices of Allianz Global Investors UK Ltd, 199 Bishopsgate, London EC2M 3TY between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), and on the Company's website, www.brunner.co.uk, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. The New Articles will also be available for inspection on the National Storage Mechanism located at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, from the date of the AGM Notice.

Allotment of New Shares

A resolution authorising the directors to allot new share capital for cash was passed at the annual general meeting of the company on 31 March 2023 under section 551 of the Companies Act 2006. The current authority will expire on 24 June 2024 and approval is therefore sought for the renewal of this authority, which will last until the conclusion of the annual general meeting in 2025 or 24 June 2025 if earlier.

This authority is limited to a maximum number of 14,230,908 ordinary shares, representing approximately one third of the existing ordinary share capital of the company as at the date of this report, provided that there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 25 March 2024.

Disapplication of Pre-emption Rights

A resolution was passed at the annual general meeting of the company held on 31 March 2023 under section 570 of the Companies Act 2006, to authorise the directors to allot ordinary shares for cash other than pro rata to existing shareholders. The current authority will expire on 24 June 2024 and approval is therefore sought for the renewal of this authority, which will last until the conclusion of the annual general meeting in 2025 or 24 June 2025 if earlier.

This authority is limited to a maximum number of 2,134,636 ordinary shares, representing approximately 5% of the existing ordinary share capital of the company as at the date of this report, provided that there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 25 March 2024.

Accordingly resolution 12 as set out in the notice of meeting on page 115 will be proposed as an ordinary resolution and resolution 13 will be proposed as a special resolution.

The directors do not currently intend to allot shares under these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it would be advantageous to the company's existing shareholders to do so. The directors confirm that no allotments of new shares will be made unless the lowest market offer price of the ordinary shares is at least equal to or at a premium to net asset value.

Share Buy Back Programme
The board is proposing the renewal of the company's authority under section 701 of the Companies Act 2006, to purchase ordinary shares in the market for cancellation. In addition to renewing its powers to buy back shares for cancellation, the board will seek shareholder authority to repurchase shares for holding in treasury for sale and reissue at a later date.

This authority will give the company the ability to reissue treasury shares quickly and cost-effectively (including pursuant to the authority under resolution 13, see above) and provides the company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are in the treasury. If the board exercises the authority conferred by resolution 14, which will be proposed as a special resolution, the company will have the option of either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue.

The board believes that such purchases in the market at appropriate times and prices may be a suitable method of enhancing shareholder value. The company would make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders and within guidelines set from time to time by the board. Additionally, the board believes that the company's ability to purchase its own shares should create additional demand for the ordinary shares in the market and that this should assist shareholders wishing to sell their ordinary shares.

Where purchases are made at prices below the prevailing net asset value of the ordinary shares, net asset value per share for the remaining shareholders is enhanced. It is therefore intended that purchases will only be made at prices below net asset value, with the purchases to be funded from the realised capital profits of the company (which are currently in excess of £297 million). The rules of the UK Listing Authority limit the price which may be paid by the company to 105% of the average middle market quotation for an ordinary share on the five business days immediately preceding the date of the relevant purchase. The minimum price to be paid will be 25p per ordinary share (being the nominal value).

Under the Financial Conduct Authority's Listing Rules, a company is permitted to purchase up to 14.99% of its equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authority which permits the company to purchase up to 14.99% of the ordinary shares, expires at the conclusion of the forthcoming annual general meeting. The board believes that the company should continue to have authority to make market purchases of its own ordinary shares for cancellation or additionally for holding in treasury. Accordingly, a special resolution to authorise the company to make market purchases of up to 14.99% of the company's issued ordinary share capital will be proposed. Provided there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 25 March 2024 such authority is equivalent to 6,399,639 ordinary shares.

The authority will last until the annual general meeting of the company to be held in 2024 or the expiry of 15 months from the date of the passing of this resolution, whichever is the earlier. The authority will be subject to renewal by shareholders at subsequent annual general meetings.

The Brunner Family

Since the establishment of the company in 1927, various members of the extended Brunner family have held shares in the company. Jim Sharp, director, is connected by marriage to the Brunner family.

Following discussions in 2013, agreement was reached with the Takeover Panel that for the purposes of the City Code on Takeovers and Mergers (the Code), Sir Hugo Brunner and Mr TBH Brunner, together with their children (and their spouses) and related trusts (the Connected Parties) will be treated as acting in concert for the purposes of the Code. The Connected Parties currently hold 9,709,522 shares, representing 22.74% of the ordinary share capital of the company. If the proposed buy back authority were to be used in full, the repurchase of ordinary shares could result in the Connected Parties holding 26.75% of the reduced ordinary share capital of the company (assuming that the Connected Parties did not sell any ordinary shares in connection with the exercise of the buy back authority).

The board and the Annual Report

Following the process reported in the Audit Committee Report, on page 78, the board is able to state that it considers that the Annual Report, taken as a whole, is fair, balanced and understandable.

By order of the board

Kirsten Salt
Company Secretary
13 February 2024

Management Engagement Committee Report

Role of the committee

The Management Engagement Committee reviews the investment management agreement and monitors the performance of the Manager for the investment, secretarial, financial, administration, marketing and support services that it provides under that agreement. It also reviews the terms of the agreement including the level and structure of fees payable, the length of notice period and best practice provisions generally.

Composition of the committee

All the directors are members of the committee. Its terms of reference can be found on the website at brunner.co.uk.

Manager evaluation process

The committee met once during the year for the purpose of the formal evaluation of the manager's performance.

For the purposes of its ongoing monitoring, the board receives detailed reports and views from the portfolio manager on investment policy and strategies, asset allocation, stock selection, attributions, portfolio characteristics, gearing and risk. The board also assesses the manager's performance against the investment controls set by the board.

The manager also reported to the board on its succession plans for the key individuals, including the members of the portfolio management team.

Performance information is set out on page 8.

AIFM

Details of the current AIFM are on page 112. The Board announced that with effect from 30 May 2023, the Company changed its Alternative Investment Fund Manager ('AIFM') from Allianz Global Investors GmbH, UK Branch ('AllianzGI GmbH') to Allianz Global Investors UK Limited ('AllianzGI UK'). AllianzGI UK is an affiliate of, and has the same ultimate parent company as, AllianzGI GmbH. There has been no change to the portfolio management or fee arrangements.

AllianzGI UK is authorised and regulated by the Financial Conduct Authority with its registered office at 199 Bishopsgate, London EC2M 3TY.

Manager reappointment

The annual evaluation that took place in November 2023 included a presentation from the portfolio managers and AllianzGI's Head of Investment Trusts. This covered the work done with the board on the provision of investment and support services, including the promotion and distribution of the trust, succession planning and the ambitions for 2024; the reporting of the ESG strategy; the dividend strategy; the investment strategy in some overseas markets; the sales and marketing activity, covering the work with investment platforms and wealth managers; and the relaunch of the website. The evaluation also considered the manager's fee in relation to the peer group. The committee met in a private session following the presentation and concluded that in its opinion the continuing appointment of the manager on the terms agreed was in the interests of shareholders as a whole and recommended this to the board.

Note 2 to the Financial Statements on page 96 provides detailed information in relation to the management fee.

Committee evaluation

The activities of the Management Engagement committee were considered as part of the board evaluation process completed in accordance with standard governance arrangements as summarised on page 65. The conclusion from the process was that the committee was operating effectively, with the right balance of membership and skills.

Carolan Dobson
Management Engagement Committee Chair
13 February 2024

Nomination Committee Report

Role of the committee

The Nomination Committee leads the process for board appointments and makes nomination recommendations to the board. The committee reviews and makes recommendations on board structure, size and composition, the balance of knowledge, experience, skill ranges and diversity and considers succession planning and tenure policy.

Composition of the committee

All directors are members of the committee and its terms of reference can be found on the website at brunner.co.uk

Activities of the committee

The committee met during the year and considered, in accordance with its terms of reference the structure, size and composition of the board and satisfied itself with regard to succession planning, making recommendations to the board. The committee reviewed the succession plan, as mentioned below, and recommended it to the board.

The committee also discussed the results of the board and committee evaluation exercise, which covered the structure and size of the board and its composition, particularly in terms of succession planning, and the experience and skills of the individual directors and the topic of board diversity and inclusion A table is shown on page 66 showing the current board composition.

Succession

Succession planning is considered regularly by the committee and the board was pleased that Elizabeth Field joined the Board on 1 December 2022.

The members of the committee met separately under the leadership of the Senior Independent Director to review the tenure of the Chair and consider the plans for succession. Notwithstanding her length of service on the board, the directors are unanimously agreed that Caroline Dobson continues to be a highly effective Chair with strong leadership of the board. Taking this into account and as the board has a majority of independent directors It was agreed that Caroline Dobson's tenure as the Chair of the board should continue for a further two years.

Committee evaluation

The activities of the Nomination Committee were considered as part of the board evaluation process completed in accordance with standard governance arrangements as summarised on page 65. The conclusion from the process was that the committee was operating effectively, with the right balance of membership and skills.

Carolan Dobson
Nomination Committee Chair
13 February 2024

Remuneration Committee Report

I am pleased to present my first report as Chair of the Remuneration Committee.

Composition

All the directors are members of the committee and its terms of reference can be found on the website at brunner.co.uk.

Role

The Remuneration Committee leads the process for fixing directors' remuneration and makes recommendations to the board.

Activities

The committee's activities are set out in the report from the committee which follows.

Directors' Remuneration Report

This is the Directors' Remuneration Report for the year. The report is submitted in accordance with Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended August 2013, for the year ended 30 November 2023.

An ordinary resolution for the approval of the Directors' Remuneration Policy Report was first put to a binding shareholder vote at the annual general meeting in 2014 and was placed before shareholders for approval at the AGMs in 2020 and 2023. It will next be put to shareholders at the AGM in 2026. The Directors' Remuneration Implementation Report is to be put to the AGM, annually, as an advisory shareholder vote.

The information provided in this part of the Directors' Remuneration Report is not subject to audit unless specified below.

The Board

The board of directors is composed solely of non-executive directors. The determination of the directors' fees is guided by the remuneration policy (see below) and the recommendations of the remuneration committee which is made up of the independent directors and is chaired by Andrew Hutton.

Directors' Interests (Audited)

The directors are required to hold 4,000 shares in the company under the company's Articles. Pursuant to Article 19 of the EU Market Abuse Regulations the directors' interests in the share capital of the company are shown in the table below.

Ordinary shares of 25p	2023 Beneficial	2023 Non-beneficial	2022 Beneficial	2022 Non-beneficial
Carolan Dobson	4,750	-	4,750	-
Amanda Aldridge	4,000	-	4,000	-
Elizabeth Field[1]	4,000	-	-[2]	-
Andrew Hutton	6,000	-	6,000	-
Peter Maynard[3]	4,000	-	4,000	-
Jim Sharp[4]	124,799	651,956	117,218	651,956

[1] Appointed 1 December 2022.
[2] The prior year table is restated as 4,000 shares were acquired after the end of the 2022 financial year.
[3] Retired 31 March 2023.
[4] A further 4,911 beneficial shares were acquired after the end of the financial year.

Directors retire and offer themselves for re-election annually. No director has a service contract with the company. The company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears. In accordance with the AIC Code of Corporate Governance, there are no long term incentive schemes and fees are not related to the individual director's performance, nor to the performance of the board as a whole. No exit payments are made when a director leaves the board.

Directors' Remuneration Policy

The board's policy, subject to the overall limit in the Articles, is to determine the level of directors' fees having regard to the level of fees payable to non-executive directors in the investment trust industry generally, the rate of inflation, the increasing requirements in the nature of the role that individual directors fulfil, and the time committed to the company's affairs. These requirements are particularly relevant to the Chair and the Chair of the Audit Committee. The board believes that levels of remuneration should be sufficient to attract and retain non-executive directors with the relevant experience and skills to oversee the company. The company's Articles currently limit the aggregate fees payable to the board of directors to a total of £250,000 per annum.

The company's Articles also provide that additional discretionary payments can be made for services which in the opinion of the directors are outside the scope of the ordinary duties of a director. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at meetings. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the company and its directors concerning compensation for loss of office.

This Directors' Remuneration Policy is the same in all material respects as that currently followed by the board and summarised in the last Directors' Remuneration Report and approved by shareholders at the annual general meeting held on 31 March 2023.

The company has no employees and consequently has no policy on the remuneration of employees.

The board will consider, where raised, shareholders' views on directors' remuneration.

Implementation Report

The policy is to review directors' fee rates from time to time, but reviews will not necessarily result in a change to the rates. In the year under review the directors were paid at a rate of £28,100 per annum and the Chair at a rate of £44,500 per annum, with an additional £6,400 for the Chair of the Audit Committee, and an additional £2,100 for the Senior Independent Director. The current fees have been effective since 1 December 2022.

The fees were reviewed during the year and the committee compared industry reports and other independent data. It was noted that fees had fallen against the market. With further board recruitment planned it was agreed that it was important to make relatively modest increases to remain competitive. It was determined that the following fees would apply with effect from 1 December 2023: Chair £47,000, directors £29,200, with an additional unchanged £6,400 to the Chair of the Audit Committee, and an additional unchanged £2,100 for the Senior Independent Director.

Directors' Emoluments (Audited)

The directors received directors' fees and no other remuneration or additional discretionary payments during the year and therefore the directors' emoluments during the year and in the previous year are as follows:

			2023			2022
	Base salary £	Taxable expenses £	Total*** £	Base salary £	Taxable expenses £	Total*** £
Carolan Dobson	44,500	6,386	50,886	42,000	931	42,931
Amanda Aldridge	34,500	-	34,500	32,500	-	32,500
Elizabeth Field*	28,100	-	28,100	-	-	-
Andrew Hutton	29,500	-	29,500	26,500	-	26,500
Peter Maynard**	10,066	-	10,066	28,500	-	28,500
Jim Sharp	28,100	-	28,100	26,500	-	26,500
Total	**174,766**	**6,386**	**181,152**	**156,000**	**931**	**156,931**

* Appointed to the board 1 December 2022
** Retired from the board 31 March 2023.
*** Taxable travel and subsistence expenses incurred in attending Board and Committee meetings, gross pre-tax amounts

	2023 £	% change from 2022 to 2023	2022 £	% change from 2021 to 2022	2021 £
Base Salary					
Board Chair	44,500	6.0	42,000	7.7	39,000
Audit Chair	34,500	6.2	32,500	1.6	32,000
Senior Independent Director	30,200	5.3	28,500	1.8	28,000
Independent Director	28,100	6.0	26,500	1.9	26,000
Expenses					
Carolan Dobson	6,386	585.9	931	311.9	226

Any increase in pay was effective from 1 December in any given year.

The requirements to disclose this information came into force for financial years on or after 10 June 2019 and the comparison will be expanded in future annual reports until such time as it covers a five year period.

Analysis of Pay against Distributions

A table showing actual expenditure by the company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the company on remuneration and distributions to the shareholders

	2023 £	2022 £
Remuneration paid to all directors	174,766	156,000
Distributions paid during the financial year	9,520,477	8,986,818

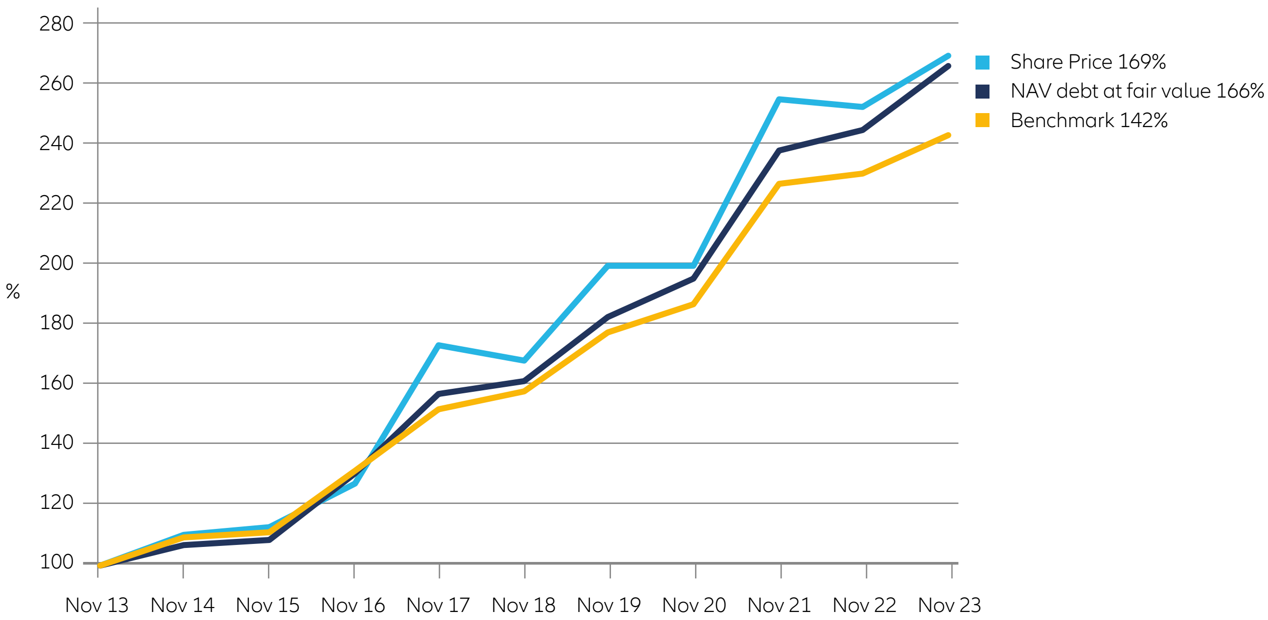
This disclosure is a statutory requirement. The directors, however, do not consider that the comparison of directors' remuneration with distributions to shareholders is a meaningful measure of the company's overall performance.

Performance Graph

The performance graph below measures the company's share price and net asset value performance on a total return basis against the benchmark index: 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. An explanation of the company's performance is given in the Chair's Statement and the Investment Manager's Review.

The Brunner Investment Trust PLC

30 November 2013 – 30 November 2023



Source: AllianzGI/Thomson Reuters DataStream

Andrew Hutton
Remuneration Committee Chair
13 February 2024

Audit Committee Report

As chair of the audit committee I am delighted to present the committee's report for the year ended 30 November 2023.

Composition

Andrew Hutton and Elizabeth Field served on the committee throughout the year, and Peter Maynard was a member of the committee until his retirement at the AGM in March. The Chair of the board and Jim Sharp are invited to attend audit committee meetings, as are representatives of the manager.

As you will see from my biography on page 60, I am a Chartered Accountant and until 2017, I was an audit and advisory partner, at KPMG, London. I also chair the audit committee of two other listed companies. During the year the board reviewed the composition of the audit committee and it considers that, collectively, its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

Role

The principal role of the committee is to assist the board in relation to the reporting of financial information, review of financial controls and management of risk. The committee has defined terms of reference and duties and the terms of reference are published on the company's website, brunner.co.uk. These include:

- responsibility for the review of the Annual Report and the half-yearly Financial Report;
- consideration of the nature and scope, independence and effectiveness of the external audit and of the Auditors' findings and recommendations; and
- review of the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them.

Activities

The committee meets twice each year. These meetings are attended by the auditors and also by representatives of the manager, including both risk and compliance officers. It is the practice of the committee to meet with the auditor without management present at least once each year.

At the scheduled meetings in respect of the year ended 30 November 2023 the committee reviewed the company's accounting policies and confirmed their appropriateness, and reviewed in detail the annual and half-yearly financial reports and in each case recommended them for adoption by the board. At the meeting for the half year the auditors presented the audit plan for the year ending 30 November 2023. In the meeting relating to the year end the committee considered the auditors' report on the annual financial statements.

At each meeting the committee received a report on the operation of controls relating to the company and the proper conduct of its business in accordance with the regulatory environment in which both the company and the manager operate. The committee has also received reports from the company's service providers on their continuing response to cyber security risks and related business continuity updates.

Risk

Although the board has ultimate responsibility for the management of risk, the audit committee assists by monitoring the formal reports from the manager and third-party service providers on risk and internal controls.

During the year the committee reviewed the risk management framework and concluded that existing processes were adequate to ensure that its assessment of risk is robust and of sufficient frequency, namely carried out at each committee meeting and twice annually by the board as follows:

- A matrix of risks is reviewed at each audit committee meeting. We consider whether new risks should be added or previously identified risks removed, assess their likelihood of occurring and potential scale, review the mitigating actions and assess the residual risk against what we regard as acceptable – 'risk appetite'. Economic volatility, including a sustained period of high inflation and high interest rates and the further increase in international conflict and tensions have all been considered by the board in this review and discussed by the board.
- Assurance over mitigating actions in relation to these risks is provided in a series of reports from all the third party service providers.
- Resulting from the work of the audit committee, the principal risks and uncertainties are identified for disclosure and discussion in our annual report. The committee also assesses residual risks after controls and mitigating actions have been applied, and evaluates whether these fall within our risk appetite. The risks identified, together with mitigating actions, and the results of the risk appetite assessment are set out in the Strategic Report on page 9.

Viability Statement

Taking into account this review of risk the committee reviewed a paper that supported the board's conclusion, set out on page 20 in the Strategic Report, of their reasonable expectation that the company is viable in the longer term, assessed as the next five years.

The audit, its effectiveness and the terms of appointment of the auditor

The committee reviewed the terms of appointment of the auditor, monitored the audit process, assessed the auditors' independence and objectivity as well as the effectiveness of the audit process. It was noted that there were no non-audit services provided by the firm, and that none are planned in the financial year to 30 November 2024.

During the year we thanked Gillian Alexander for her five years of leading the company's audit and welcomed the new audit lead, Iain Kirkpatrick. This is PricewaterhouseCooper's sixth year as our auditor and under current FRC guidance, the next audit tender will be required in respect of the year ending 30 November 2028. Until then, we will continue to monitor the auditor's performance and make any appropriate recommendations.

As part of our review of the performance of the auditor, the members of the committee and those representatives of the manager involved in the audit process reviewed and considered a number of areas including:

- the reputation and standing of the audit firm including annual reports from the auditor's regulator;
- the skills, experience and specialist knowledge of the audit team, particularly relating to investment trusts;
- audit communication including details of planning, information on relevant accounting and regulatory developments, and recommendations on corporate reporting;
- the audit processes, evidence of oversight by the audit lead; and
- the reasonableness of audit fees;

The committee sought comments from representatives of the manager on the provision of services by the auditor and the effectiveness of the external audit for the year ended 30 November 2023 and considered whether the audit team as a whole demonstrated an appropriate level of challenge to the Board and the manager in fulfilling their role.

Based on all of the above, the committee concluded that we have no concerns with the performance of the and has recommended to the board that a resolution proposing the re-appointment of the auditor is put to shareholders at the annual general meeting.

Financial Report and Significant Issues

The significant issues identified for the review of the financial statements this year, that is, those identified as presenting the greatest risks, were the valuation and existence of the investments in the portfolio; and the accuracy, occurrence and completeness of dividend income. These and other matters, identified as posing lesser risk, were considered and discussed with the manager and the auditor as part of the year end process.

Valuation and existence of the investments in the portfolio
Listed investments are valued using stock exchange prices provided by third party financial data vendors. Unlisted investments are recognised on a fair value basis and are reviewed by the manager's valuation committee before being approved by the company and being made available to the auditor. We discussed the work done by the auditor on valuation of investments and received assurance that there were no concerns regarding valuation of the investments.

The manager confirms to us the existence and ownership of portfolio investments. The manager receives information from the custodian which is reconciled with the portfolio list. The auditor conducts an independent verification exercise which was satisfactorily concluded.

Based on this the committee concluded that the valuation and existence of the investments in the portfolio is appropriately recorded in the annual report and accounts,

Accuracy, occurrence and completeness of dividend income
During the year, income reports and forecasts are reviewed in detail with the manager at each meeting of the board, including yield information. Changes to the forecast for each portfolio stock from meeting to meeting are also scrutinised.

The auditor conducts an independent analysis of the expected income stream from the investment portfolio for the year. We discussed the outcome of this analysis and were satisfied based on this and the dividend income was appropriately recorded in the annual report and accounts.

In addition we noted the manner in which expenses are allocated between capital and income and concluded that the ratio of 70:30 remains appropriate since it fairly reflects our investment policy and split of prospective capital and income returns. This area was subject to a detailed review last year.

We also confirmed, as stated in the Statement of Accounting Policies on page 94, that there are no judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The committee considered the audit materiality and error reporting thresholds in the audit plan and confirmed that they were satisfied with these. As in previous years, the auditor set the materiality threshold as 1% of net asset value to align closely with comparable companies, but continues to report to the committee on matters below that level on qualitative grounds.

The audit committee and the whole board reviewed the entire annual report and noted all of the supporting information received. It then considered whether the annual report satisfactorily reflected a true picture of the company and its activities and performance in the year, with a clear link between the relevant sections of the report and concluded that it did so. The directors were then able to confirm that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Internal control and internal audit

During the year, in July 2023, it was brought to the audit committee's attention that an issue had arisen with the capital NAV calculated by AllianzGI's third party service provider and reported to the market in the daily NAV announcements. It was noted that this did not impact the cum-income NAV announced throughout the period concerned, nor did it affect the half-year financial statements which were being considered at that time. Since then, the manager, AllianzGI, has reported to the board on the due diligence performed with State Street the corrective actions taken and the plans now in place to prevent recurrence. Service enhancements that resulted from this included lower tolerance thresholds for additional reporting of daily NAV movements, quicker responses to requests for information, a new escalation protocol and service industry benchmarking. The manager has confirmed that it believes that the service is now expected to stabilise as these remediations take effect. The audit committee will continue to monitor this progress closely.

The audit committee's view continues to be that the company does not require an internal audit function of its own as it delegates its day-to-day operations to third parties from whom it receives internal control reports. Reports from third party auditors on the internal controls maintained on behalf of the company by AllianzGI and by other key providers of administrative and custodian services to AllianzGI or directly to the company were reviewed during the year. No issues of concern relating to the company were raised in the reports.

Whistleblowing

As the company has no employees it does not have a formal policy concerning the raising, in confidence, of any concerns about improprieties for appropriate independent investigation. The audit committee has, however, received and noted the manager's policy on this matter. However, any matters concerning the company should be raised with the Chair or Senior Independent Director.

Amanda Aldridge
Audit Committee Chair
13 February 2024

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in Directors, Manager and Advisers on pages 60 to 62, confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This responsibility statement was approved by the board of directors on 13 February 2024 and signed on its behalf by:

Carolan Dobson
Chair

Financial Statements

Laboratory equipment manufacturer Thermo Fisher Scientific, a new purchase, is headquartered in Boston, Massachusetts, USA.

Independent auditors' report to the members of The Brunner Investment Trust PLC

Report on the audit of the financial statements

Opinion

In our opinion, The Brunner Investment Trust PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 30 November 2023; the Income Statement, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended; the Statement of Accounting Policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- The company is a standalone Investment Trust Company and engages Allianz Global Investors UK Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from State Street Bank & Trust Company (the "Administrator") to whom the Manager has, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using information obtained from the Administrator.

Key audit matters

- Valuation and existence of investments
- Accuracy, occurrence and completeness of Income from investments

Materiality

- Overall materiality: £5,282,098 (2022: £4,970,970) based on 1% of net asset value.
- Performance materiality: £3,961,574 (2022: £3,728,228).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments	
Refer to page 78 (Audit Committee Report), page 94 (Statement of Accounting Policies) and page 96 (Notes to the Financial Statements). The investment portfolio at the year-end comprised listed equity investments valued at £553.3m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No misstatements were identified by our testing which required reporting to those charged with governance.
Accuracy, occurrence and completeness of Income from investments	
Refer to page 78 (Audit Committee Report), page 94 (Statement of Accounting Policies) and page 96 (Notes to the Financial Statements). We focused on the accuracy, completeness and occurrence of dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for investment income recognition and its presentation in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that all dividends declared in the market by investment holdings had been recorded. No misstatements were identified which required reporting to those charged with governance. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings. Our testing did not identify any misstatements which required reporting to those charged with governance. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of climate change on the Company's financial statements.

In conducting our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of the climate change risk on the Company's financial statements. Both concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is made up of Level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the climate change disclosures included in the Strategic Report, Investment Manager's Review and Directors' Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£5,282,098 (2022: £4,970,970).
How we determined it	1% of net asset value
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £3,961,574 (2022: £3,728,228) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £264,105 (2022: £248,549) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats to the Company;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 November 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report, which is included within the Remuneration Committee Report, to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an Investment Trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase income or to overstate the value of investments and increase the net asset value of the Company. Audit procedures performed by the engagement team included:

- discussions with the Directors, the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- evaluation of the controls implemented by the Manager and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year end journal entries posted by the administrator during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report, which is included within the Remuneration Committee Report, to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 December 2018 to audit the financial statements for the year ended 30 November 2018 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 30 November 2018 to 30 November 2023.

Iain Kirkpatrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
13 February 2024

Income Statement

for the year ended 30 November 2023

	Notes	2023 Revenue £	2023 Capital £	2023 Total Return £	2022 Revenue £	2022 Capital £	2022 Total Return £
Gains (losses) on investments held at fair value through profit or loss	8	-	32,247,788	32,247,788	-	(3,737,462)	(3,737,462)
Losses on foreign currencies		-	(294,696)	(294,696)	-	(50,522)	(50,522)
Income	1	14,426,006	-	14,426,006	12,622,989	-	12,622,989
Investment management fee	2	(716,931)	(1,672,839)	(2,389,770)	(688,660)	(1,606,874)	(2,295,534)
Administration expenses	3	(855,035)	(1,887)	(856,922)	(789,354)	(1,975)	(791,329)
Profit (loss) before finance costs and taxation		**12,854,040**	**30,278,366**	**43,132,406**	**11,144,975**	**(5,396,833)**	**5,748,142**
Finance costs: interest payable and similar charges	4	(407,927)	(898,583)	(1,306,510)	(303,980)	(654,611)	(958,591)
Profit (loss) on ordinary activities before taxation		**12,446,113**	**29,379,783**	**41,825,896**	**10,840,995**	**(6,051,444)**	**4,789,551**
Taxation	5	(1,195,066)	-	(1,195,066)	(1,167,023)	-	(1,167,023)
Profit (loss) after taxation attributable to ordinary shareholders		**11,251,047**	**29,379,783**	**40,630,830**	**9,673,972**	**(6,051,444)**	**3,622,528**
Earnings per ordinary share (basic and diluted)	7	**26.35p**	**68.82p**	**95.17p**	**22.66p**	**(14.17p)**	**8.49p**

Dividends to be distributed in respect of the financial year ended 30 November 2023 total 22.70p (2022 - 21.50p), amounting to £9,691,248 (2022 - £9,178,935). Details are set out in Note 6 on page 99.

The total return column of this statement is the profit and loss account of the company.

The supplementary revenue return and capital return columns are both prepared under the guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

Profit after taxation attributable to ordinary shareholders disclosed above represents the company's total comprehensive income.

The Statement of Accounting Policies on pages 94 and 95 and the notes on pages 96 to 110 form an integral part of these Financial Statements.

Balance Sheet

at 30 November 2023

	Notes	2023 £	2023 £	2022 £
Fixed assets				
Investments held at fair value through profit or loss	8		553,377,318	522,829,082
Current assets				
Other receivables	9	1,661,906		2,747,156
Cash at bank and in hand	9	9,864,904		7,918,710
		11,526,810		**10,665,866**
Current liabilities				
Other payables	9	(11,593,648)		(11,306,871)
Net current liabilities			**(66,838)**	**(641,005)**
Total assets less current liabilities			**553,310,480**	**522,188,077**
Creditors: amounts falling due after more than one year	10		(25,100,721)	(25,091,114)
Total net assets			**528,209,759**	**497,096,963**
Capital and reserves				
Called up share capital	11		10,673,181	10,673,181
Capital redemption reserve	12		5,326,819	5,326,819
Capital reserve	12		494,630,516	465,250,733
Revenue reserve	12		17,579,243	15,846,230
Total shareholders' funds	13		**528,209,759**	**497,096,963**
Net asset value per ordinary share	13		**1,237.2p**	**1,164.4p**

The financial statements of The Brunner Investment Trust PLC, company number 00226323, as set out in pages 90 to 110, were approved and authorised for issue by the Board of Directors on 13 February 2024 and signed on its behalf by:

Carolan Dobson
Chair

The Statement of Accounting Policies on pages 94 and 95 and the notes on pages 96 to 110 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 November 2023

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets as at 1 December 2021		10,673,181	5,326,819	471,302,177	15,150,107	502,452,284
Revenue profit		-	-	-	9,673,972	9,673,972
Dividends on ordinary shares	6	-	-	-	(8,986,818)	(8,986,818)
Unclaimed dividends		-	-	-	8,969	8,969
Capital loss		-	-	(6,051,444)	-	(6,051,444)
Net assets as at 30 November 2022		**10,673,181**	**5,326,819**	**465,250,733**	**15,846,230**	**497,096,963**
Net assets as at 1 December 2022		10,673,181	5,326,819	465,250,733	15,846,230	497,096,963
Revenue profit		-	-	-	11,251,047	11,251,047
Dividends on ordinary shares	6	-	-	-	(9,520,477)	(9,520,477)
Unclaimed dividends		-	-	-	2,443	2,443
Capital profit		-	-	29,379,783	-	29,379,783
Net assets as at 30 November 2023		**10,673,181**	**5,326,819**	**494,630,516**	**17,579,243**	**528,209,759**

The Statement of Accounting Policies on pages 94 and 95 and the notes on pages 96 to 110 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2023

	Notes	2023 £	2022 £
Operating activities			
Profit before finance costs and taxation*		43,132,406	5,748,142
(Less) add: (gains) losses on investments held at fair value through profit or loss		(32,247,788)	3,737,462
Less: overseas tax suffered		(1,195,066)	(1,167,023)
Add: losses on foreign currency		294,696	50,522
Purchase of fixed asset investments held at fair value through profit or loss		(115,960,271)	(79,629,586)
Sales of fixed asset investments held at fair value through profit or loss		118,633,336	85,530,947
Decrease (increase) in other receivables		111,737	(72,588)
Increase (decrease) in other payables		142,596	(93,914)
Net cash inflow from operating activities		**12,911,646**	**14,103,962**
Financing activities			
Interest paid and similar charges		(1,130,222)	(829,048)
Dividend paid on cumulative preference stock		(22,500)	(22,500)
Dividends paid on ordinary shares	6	(9,520,477)	(8,986,818)
Unclaimed dividends over 12 years		2,443	8,969
Net cash outflow from financing activities		**(10,670,756)**	**(9,829,397)**
Increase in cash and cash equivalents		**2,240,890**	**4,274,565**
Cash and cash equivalents		7,918,710	3,694,667
Effect of foreign exchange rates		(294,696)	(50,522)
Cash and cash equivalents at the end of the year		9,864,904	7,918,710
Comprising:			
Cash at bank		9,864,904	7,918,710

* Cash inflow from dividends was £12,717,117 (2022 - £11,034,636) and cash inflow from interest was £196,203 (2022 - £12,814).

The Statement of Accounting Policies on pages 94 and 95 and the notes on pages 96 to 110 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2023

The company is incorporated in the United Kingdom under the Companies Act. The company is a public company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 62. The principal activity of the company and the nature of its operations are set out in the strategic report on page 9. The company conducts its business so as to qualify as an investment trust company within the meaning of sub-section 1158 of the Corporation Tax Act 2010. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1 **Basis of preparation** – The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value through profit or loss and in accordance with applicable United Kingdom law and UK Accounting Standards (UK GAAP), including Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the requirements of the Companies Act 2006 and in line with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies (AIC SORP) in July 2022.

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of revenue and capital nature has been presented alongside the Income Statement.

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the company consist mainly of securities, which are readily realisable and significantly exceed liabilities. Accordingly, the directors believe that the company has adequate financial resources, to continue in operational existence for the foreseeable future. The company's business, the principal risks and uncertainties it faces, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 9.

2 **Income** – Dividends received on equity shares are accounted for on an ex-dividend basis. Foreign dividends are grossed up at the appropriate rate of withholding tax.

Special dividends are recognised on an ex-dividend basis and treated as a capital or revenue item depending on the facts and circumstances of each dividend. The board reviews special dividends and their treatment at each meeting.

Where the company has elected to receive its dividends in the form of additional shares rather than in cash, the equivalent of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

Deposit interest receivable is accounted for on an accruals basis.

3 **Investment management fee and administrative expenses** – The investment management fee is calculated on the basis set out in Note 2 to the financial statements and is charged to capital and revenue in the ratio 70:30 to reflect the company's investment policy and prospective capital and income growth. Other administrative expenses are charged in full to revenue, except custodian handling charges on investment transactions which are charged to capital. All expenses are on an accruals basis.

4 **Investments** – As the company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are held at fair value through profit or loss in accordance with FRS 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about investments is provided on this basis to the board.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which they are listed. Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of financial assets are recognised on the trade date, being the date which the company commits to purchase or sell assets.

5 **Finance costs** – In accordance with the FRS 102 Section 11: 'Basic Financial Instruments' and Section 12 'Other Financial Instruments', long term borrowings are stated at the amortised cost being the amount of net proceeds on issue plus accrued finance costs to date. Finance costs are calculated over the term of the debt on the effective interest rate basis.

Finance costs net of amortised premiums are charged to capital and revenue in the ratio 70:30 to reflect the board's investment policy and prospective split of capital and revenue returns.

Dividends payable on the 5% cumulative preference stock are classified as an interest expense and are charged in full to revenue.

6 **Taxation** – Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal method and the company's effective rate of corporation tax for the accounting period. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable. Deferred tax is measured on a non-discounted basis at the rate of corporation tax that is expected to apply when the timing differences are expected to reverse.

7 **Shares repurchased for cancellation and for holding in treasury** – Share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with Section 733 Companies Act 2006. The full cost of the repurchase is charged to the capital reserve within Gains (Losses) on Sales of Investments.

For shares repurchased for holding in treasury, the full cost is charged to the capital reserve

8 **Shares sold (reissued) from treasury** – Proceeds received from the sale of shares held in treasury are treated as realised profits in accordance with Section 731 of the Companies Act 2006. Proceeds equivalent to the original cost, calculated by applying a weighted average price, are credited to the capital reserve; proceeds in excess of the original cost are credited to the share premium account.

9 **Dividends** – In accordance with FRS 102 Section 32: 'Events After the End of the Reporting Period', the final dividend proposed on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid. Dividends are paid from the revenue reserve.

10 **Foreign currency** – In accordance with FRS 102 Section 30: 'Foreign Currency Translation', the company is required to nominate a functional currency, being the currency in which the company predominately operates. The functional and reporting currency is pounds sterling, reflecting the primary economic environment in which both the company and its' shareholders predominantly operate and in which its' expenses are generally paid. Transactions in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital column of the income statement and taken to the capital reserve.

11 **Significant judgements, estimates and assumptions** – In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The investment portfolio currently consists of listed investments and therefore no significant estimates have been made in valuing these securities.

There are no significant judgements, estimates, and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

for the year ended 30 November 2023

1. Income

	2023 £	2022 £
Income from Investments*		
Equity income from UK investments†	5,229,024	4,791,041
Equity income from overseas investments††	9,000,779	7,819,134
	14,229,803	**12,610,175**
Other Income		
Deposit interest	196,203	12,814
	196,203	**12,814**
Total income	**14,426,006**	**12,622,989**

* All dividend income is derived from listed investments.

† Includes special dividends of £101,750 (2022 - £45,600).

†† Includes special dividends of £1,326,776 (2022 - £474,916).

2. Investment Management Fee

	2023 Revenue £	2023 Capital £	2023 Total £	2022 Revenue £	2022 Capital £	2022 Total £
Investment management fee	**716,931**	**1,672,839**	**2,389,770**	**688,660**	**1,606,874**	**2,295,534**

Under the terms of the Management and Administration Agreement the company's manager is Allianz Global Investors UK Ltd. The agreement was restated in July 2014, with the appointment of AllianzGI as the Alternative Investment Fund Manager. On 30 May 2023 the Agreement was novated from Allianz Global Investors GmbH to Allianz Global Investors UK Limited (AllianzGI UK). In both cases the terms of the agreement were unchanged: it provides for a management fee based on 0.45% per annum of the value of the assets after deduction of current liabilities, short-term loans under one year and other funds managed by Allianz Global Investors GmbH, calculated monthly. The fee is charged in the ratio 70:30 between capital and revenue as set out in the Statement of Accounting Policies.

The provision of investment management services, company administrative and secretarial services by AllianzGI UK under the Management and Administration Agreement may be terminated by either the company or AllianzGI UK on not less than six months' notice.

3. Administration Expenses

	2023 £	2022 £
Auditors' remuneration		
for audit services	44,275	38,500
VAT on Auditors' remuneration	8,855	7,700
	53,130	**46,200**
Directors' fees[1]	174,766	156,000
Depositary fees	55,724	52,623
Custody fees	41,777	48,541
Registrars' fees	67,087	70,258
Association of Investment Companies' fees	21,455	21,188
Marketing costs	351,843	265,946
Printing and postage	39,539	37,849
Directors' and officers' liability insurance	18,188	11,805
Professional and advisory fees	8,145	65,692
Other	88,854	67,889
VAT recovered	(65,473)	(54,637)
	855,035	**789,354**

[1] Directors' fees are set out in the Directors' Remuneration Report on page 74.
The above expenses include value added tax where applicable.
Custodian handling charges of £1,887 were charged to capital (2022 - £1,975).

4. Finance Costs: Interest Payable and Similar Charges

	2023 Revenue £	2023 Capital £	2023 Total £	2022 Revenue £	2022 Capital £	2022 Total £
On 5% Cumulative Preference Stock repayable after more than five years	22,500	-	22,500	22,500	-	22,500
On 2.84% Fixed Rate Notes 2048 repayable after more than five years	215,882	503,725	719,607	215,800	503,532	719,332
On Revolving Credit Facility	169,225	394,858	564,083	64,748	151,079	215,827
On Sterling overdraft	320	-	320	932	-	932
	407,927	**898,583**	**1,306,510**	**303,980**	**654,611**	**958,591**

5. Taxation

	2023 Revenue £	2023 Capital £	2023 Total £	2022 Revenue £	2022 Capital £	2022 Total £
Overseas taxation	1,195,066	-	1,195,066	1,167,023	-	1,167,023
Total tax	**1,195,066**	**-**	**1,195,066**	**1,167,023**	**-**	**1,167,023**
Reconciliation of tax charge						
Profit before taxation	12,446,113	29,379,783	41,825,896	10,840,995	(6,051,444)	4,789,551
Tax on profit (loss) at 23.01% (2022 - 19.00%)	**2,863,851**	**6,760,288**	**9,624,139**	**2,059,789**	**(1,149,774)**	**910,015**
Effects of						
Non taxable income	(3,257,278)	-	(3,257,278)	(2,395,493)	-	(2,395,493)
Non taxable capital gains	-	(7,352,713)	(7,352,713)	-	719,717	719,717
Disallowable expenses	5,177	434	5,611	4,275	375	4,650
Overseas tax suffered	1,195,066	-	1,195,066	1,167,023	-	1,167,023
Excess of allowable expenses over taxable income	388,250	591,991	980,241	331,429	429,682	761,111
Total tax	**1,195,066**	**-**	**1,195,066**	**1,167,023**	**-**	**1,167,023**

The company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee and finance costs.

As at 30 November 2023, the company had accumulated surplus expenses of £109.7 million (2022 - £105.4 million) and eligible unrelieved foreign tax of £nil (2022 - £nil).

The company has not recognised a deferred tax asset of £27.4 million (2022 - £26.4 million) in respect of these expenses, based on a prospective corporation tax rate of 25% (2022 - 25%) because there is no reasonable prospect of recovery.

The increase in the standard rate of corporation tax was substantively enacted on 24 May 2021 and was effective from 1 April 2023.

6. Dividends on Ordinary Shares

	2023 £	2022 £
Dividends paid on ordinary shares		
Third interim dividend - 5.15p paid 12 December 2022 (2021 - 4.70p)	2,198,675	2,006,558
Final dividend - 6.05p paid 4 April 2023 (2022 - 6.05p)	2,582,910	2,582,910
First interim dividend - 5.55p paid 25 July 2023 (2022 - 5.15p)	2,369,446	2,198,675
Second interim dividend - 5.55p paid 15 September 2023 (2022 - 5.15p)	2,369,446	2,198,675
	9,520,477	**8,986,818**

Dividends payable at the year end are not recognised as a liability (see page 94 - Statement of Accounting Policies). Details of these dividends are set out below.

	2023 £	2022 £
Third interim dividend - 5.55p paid 12 December 2023 (2022 - 5.15p)	2,369,446	2,198,675
Final proposed dividend - 6.05p payable 4 April 2024 (2023 - 6.05p)	2,582,910	2,582,910
	4,952,356	**4,781,585**

The proposed final dividend accrued is based on the number of shares in issue at the year end. However, the dividend payable will be based on the numbers of shares in issue on the record date and will reflect any changes in the share capital between the year end and the record date.

All dividends disclosed in the tables above have been paid or are payable from the revenue reserves.

7. Earnings per Ordinary Share

	2023 Revenue £	2023 Capital £	2023 Total £	2022 Revenue £	2022 Capital £	2022 Total £
Profit (loss) after taxation attributable to ordinary shareholders	11,251,047	29,379,783	40,630,830	9,673,972	(6,051,444)	3,622,528
Earnings per ordinary share	26.35p	68.82p	95.17p	22.66p	(14.17p)	8.49p

The earnings per ordinary share is based on a weighted number of shares 42,692,727 (2022 - 42,692,727) ordinary shares in issue.

8. Investments Held at Fair Value Through Profit or Loss

	2023 £	2022 £
Opening book cost	321,784,618	300,448,489
Opening investments holding gains	201,044,464	233,475,448
Opening market value	**522,829,082**	**533,923,937**
Additions at cost	115,960,271	78,592,911
Disposals proceeds received	(117,659,823)	(85,950,304)
Gains (losses) on investments	32,247,788	(3,737,462)
Market value of investments held at 30 November	**553,377,318**	**522,829,082**
Closing book cost	355,552,866	321,784,618
Closing investment holding gains	197,824,452	201,044,464
Closing market value	**553,377,318**	**522,829,082**
Gains (losses) on investments		
Gains (losses) on investments	32,247,788	(3,737,462)
Gains (losses) on investments	**32,247,788**	**(3,737,462)**

The company received £117,659,823 (2022 - £85,950,304) from investments sold in the year. The book cost of these investments when they were purchased was £82,192,022 (2022 - £57,256,781).

These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs and stamp duty on purchases amounted to £231,783 (2022 - £187,149) and transaction costs on sales amounted to £38,689 (2022 - £18,885).

9. Other Receivables, Cash at Bank and in Hand and Other Payables

		2023 £	2022 £
Other receivables			
Sales for future settlement		-	973,513
Accrued income		1,612,128	1,732,319
Prepayments		49,778	41,324
		1,661,906	**2,747,156**
Cash at bank and in hand			
Current account		9,864,904	7,918,710
		9,864,904	**7,918,710**
Other payables: amounts falling due within one year			
Other payables		1,020,306	877,710
Interest on borrowings (see below)		313,934	313,934
Revolving Credit Facility	(i)	10,259,408	10,115,227
		11,593,648	**11,306,871**

The carrying amount of other receivables, cash at bank and in hand and other payables: amounts falling due within one year, each approximate their fair value.

	2023 £	2022 £
Interest on outstanding borrowings consists of:		
5% Cumulative preference stock	11,311	11,311
2.84% Fixed Rate Note 2048	302,623	302,623
	313,934	**313,934**

(i) On 27 June 2022 the company entered into a revolving credit facility agreement of £10m (replacing an existing facility of £10m). The full amount of £10m is currently drawn down. The rate of interest for the revolving credit facility is set each month and is made up of a fixed margin plus SONIA rate. Under this agreement £10m was rolled over on 27 December 2023, with a maturity date of 27 June 2024. The repayment date of the revolving facility is the last day of its interest period and the termination date is 27 June 2025.

The company pays a commitment fee of 0.30% p.a. on any undrawn amounts.

10. Creditors: Amounts Falling Due After More Than One Year

		2023 £	2022 £
5% Cumulative preference stock	(i)	450,000	450,000
2.84% Fixed Rate Note 2048	(ii)	24,650,721	24,641,114
		25,100,721	**25,091,114**

(i) The 5% Cumulative Preference Stock is recognised as a creditor due after more than one year under the provisions of FRS102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The right of the preference stockholders to receive payments is not calculated by reference to the company's profits and, in the event of a return of capital are limited to a specific amount, being £450,000. Dividends on the preference stock are payable on 30 June and 31 December each year.

(ii) The Fixed Rate Notes of £25,000,000 is stated at £24,650,721 (2022 - £24,641,114) being the net proceeds of £24,601,800 (2022 - £24,601,800) plus accrued finance costs of £48,921 (2022 - £39,314).

The Note is repayable on 28 June 2048 and carries interest at 2.84% per annum on the principal amount. Interest is payable in June and December each year. The effective interest rate of the loan inclusive of the issue costs is 2.94%.

11. Called up Share Capital

	2023 £	2022 £
Allotted and fully paid		
42,692,727 ordinary shares of 25p each (2022 - 42,692,727)	**10,673,181**	**10,673,181**

The directors are authorised by an ordinary resolution passed on 31 March 2023 to allot relevant securities, in accordance with section 551 of the Companies Act 2006, up to a maximum of 14,230,908 ordinary shares of 25p each. This authority expires on 30 June 2024 and accordingly a renewed authority will be sought at the annual general meeting on 25 March 2024.

During the year nil (2022 - nil) ordinary shares were repurchased by the company. The aggregate purchase price of these shares, amounting to £nil (2022 - £nil) was charged to the capital reserve, within gains on sales of investments (see Note 12).

12. Reserves

	Capital Redemption Reserve £	Capital Reserve: Gains (losses) on sales of Investments £	Capital Reserve: Investment Holding Gains (losses) £	Revenue Reserve £
Balance at 1 December 2022	5,326,819	264,449,252	200,801,481	15,846,230
Gains on realisation of investments	-	85,948,037	-	-
Transfer on disposal of investments	-	(50,480,237)	50,480,237	-
Movement in investment holding losses	-	-	(53,700,249)	-
Losses on foreign currency	-	-	(294,696)	-
Investment management fee	-	(1,672,839)	-	-
Finance costs of borrowings	-	(898,583)	-	-
Other capital expenses	-	(1,887)	-	-
Dividends appropriated in the year	-	-	-	(9,520,477)
Profit retained for the year	-	-	-	11,251,047
Unclaimed dividends	-	-	-	2,443
Balance at 30 November 2023	**5,326,819**	**297,343,743**	**197,286,773**	**17,579,243**

All paid or payable dividends for the year are payable from the revenue reserve (2022 - same).

13. Net Asset Value Total Return

The net asset value total return for the year is the percentage movement from the capital net asset value as at 30 November 2022 to the net asset value, on a total return basis as at 30 November 2023. The net asset value total return with debt at fair value is 8.7% (2022 - 3.0%) and the net asset value total return with debt at par is 8.2% (2022 - 0.8%).

The net asset value per ordinary share is based on 42,692,727 ordinary shares in issue at the year end (2022 - 42,692,727). The method of calculation of the net asset value with debt at fair value is described in Note 15(c) on page 108.

The net asset value per ordinary share was as follows:

	Debt at fair value 2023	Debt at par 2023	Debt at fair value 2022	Debt at par 2022
Net asset value per ordinary share attributable	1,258.6p	1,237.2p	1,178.7p	1,164.4p
Effect of dividends reinvested on the respective ex-dividend dates	22.7p	22.7p	21.5p	21.5p
Net asset value total return	**1,281.3p**	**1,259.9p**	**1,200.2p**	**1,185.9p**
Net asset value attributable	**£537,307,615**	**£528,209,759**	**£503,217,127**	**£497,096,963**

14. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2023 there were no contingent liabilities, capital commitments or guarantees (2022 - £nil).

15. Financial Risk Management Policies and Procedures

The company invests in equities and other investments in accordance with its investment objective as stated in the Strategic Report on page 10. In pursuing its investment objective, the company is exposed to certain inherent risks that could result in either a reduction in the company's net assets or a reduction in the profits available for distribution by way of dividends.

The main risks arising from the company's financial instruments are: market risk (comprising market price risk, market yield risk, foreign currency risk and interest rate risk), liquidity risk and credit risk. The directors' approach to the management of these risks, are set out below. The directors determine the objectives and agree policies for managing each of these risks, as set out below. The manager, in close cooperation with the directors, implements the company's risk management policies. These policies have remained substantially unchanged during the current and preceding year.

(a) Market Risk

The manager assesses the exposure to market risk when making each investment decision, and monitors the risk on the investment portfolio on an ongoing basis. Market risk comprises of market price risk (price and yield), foreign currency risk and interest rate risk.

(i) Market Price Risk

Market price risk arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding market positions in the face of price movements. An analysis of the company's portfolio begins on page 50.

Market Price Risk Sensitivity

The value of the company's listed equities which were exposed to market price risk as at 30 November 2023 and 2022 was as follows:

	2023 £	2022 £
Listed equity investments held at fair value through profit or loss	**553,377,318**	**522,829,082**

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 30% (2022 - 30%) in the fair values of the company's quoted equities. This level of change is considered to be reasonably possible based on observation of market conditions in recent years. The sensitivity analysis on the profit after taxation and net assets is based on the impact of a 30% increase or decrease in the value of the company's listed investments at each closing balance sheet date and the consequent impact on the investment management fees for the year, with all other variables held constant.

	2023 30% Increase in fair value £	2023 30% Decrease in fair value £	2022 30% Increase in fair value £	2022 30% Decrease in fair value £
Revenue earnings				
Investment management fee	(224,118)	224,118	(211,746)	211,746
Capital earnings				
Gains (losses) on investments at fair value	166,013,195	(166,013,195)	156,848,725	(156,848,725)
Investment management fee	(522,942)	522,942	(494,073)	494,073
Change in net earnings and net assets	**165,266,135**	**(165,266,135)**	**156,142,906**	**(156,142,906)**

Management of Market Price Risk
The directors meet regularly to review the asset allocation of the portfolio recommended by the manager, in order to minimise the risk associated with particular countries or industry sectors. Dedicated fund managers have the responsibility for monitoring the existing portfolio selection in accordance with the company's investment objectives and seek to ensure that individual stocks meet an acceptable risk reward profile.

(ii) Market Yield Risk
Market yield risk arises from the uncertainty about the company's ability to maintain its income objectives due to a systematic decline in corporate dividend levels.

Management of Market Yield Risk
The directors regularly review the current and projected yield of the investment portfolio, and discuss with the manager the extent to which it will enable the company to meet its investment income objective. The board has also committed to using the strong revenue reserve if required.

(iii) Foreign Currency Risk
Foreign currency risk is the risk of the movement in the values of overseas financial instruments as a result of fluctuations in exchange rates.

Management of Foreign Currency Risk
Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. The company does not currently hedge against foreign currency exposure.

The table below summarises in sterling terms the foreign currency risk exposure:

	2023 Investments £	2023 Other net assets (liabilities) £	2023 Total Currency Exposure £	2022 Investments £	2022 Other net assets (liabilities) £	2022 Total Currency Exposure £
Pounds Sterling	138,847,724	(27,578,843)	111,268,881	114,760,363	(29,215,772)	85,544,591
Australian Dollar	8,320,391	114,964	8,435,355	8,458,716	97,171	8,555,887
Danish Krone	5,790,389	37,735	5,828,124	11,326,437	35,822	11,362,259
Euro	76,635,351	272,067	76,907,418	72,215,216	319,906	72,535,122
Hong Kong Dollar	5,009,435	-	5,009,435	10,131,404	1,226,423	11,357,827
Japanese Yen	11,411,833	143,345	11,555,178	15,075,362	201,974	15,277,336
Norwegian Krona	10,710,122	-	10,710,122	-	-	-
Swedish Krona	20,345,454	7,479	20,352,933	17,896,846	7,800	17,904,646
Swiss Franc	31,175,786	588,358	31,764,144	40,316,036	494,052	40,810,088
Taiwan Dollar	-	871,056	871,056	-	913,699	913,699
US Dollar	245,130,833	376,280	245,507,113	232,648,702	186,806	232,835,508
Total	**553,377,318**	**(25,167,559)**	**528,209,759**	**522,829,082**	**(25,732,119)**	**497,096,963**

The following table details the company's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return and net assets. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

	2023 20% Decrease in sterling against foreign currencies £	2023 20% Increase in sterling against foreign currencies £	2022 20% Decrease in sterling against foreign currencies £	2022 20% Increase in sterling against foreign currencies £
Australian Dollar	2,108,839	(1,405,893)	2,138,972	(1,425,981)
Danish Krone	1,457,031	(971,354)	2,840,565	(1,893,710)
Euro	19,226,855	(12,817,903)	18,133,781	(12,089,187)
Hong Kong Dollar	1,252,359	(834,906)	2,839,457	(1,892,971)
Japanese Yen	2,888,795	(1,925,863)	3,819,334	(2,546,223)
Norwegian Krona	2,677,531	(1,785,020)	-	-
Swedish Krona	5,088,233	(3,392,156)	4,476,162	(2,984,108)
Swiss Franc	7,941,036	(5,294,024)	10,202,522	(6,801,681)
Taiwan Dollar	217,764	(145,176)	228,425	(152,283)
US Dollar	61,376,778	(40,917,852)	58,208,877	(38,805,918)
Total	**104,235,221**	**(69,490,147)**	**102,888,095**	**(68,592,062)**

(iv) Interest Rate Risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Interest Rate Exposure

The table below summarises in sterling terms the financial assets and financial liabilities whose values are directly affected by changes in interest rates.

	2023 Fixed rate interest £	2023 Floating rate interest £	2023 Nil Interest £	2023 Total £	2022 Fixed rate interest £	2022 Floating rate interest £	2022 Nil Interest £	2022 Total £
Financial assets	-	9,864,904	553,377,318	563,242,222	-	7,918,710	522,829,082	530,747,792
Financial Liabilities	(25,100,721)	-	-	(25,100,721)	(25,091,114)	-	-	(25,091,114)
Net financial (liabilities) assets	**(25,100,721)**	**9,864,904**	**553,377,318**	**538,141,501**	**(25,091,114)**	**7,918,710**	**522,829,082**	**505,656,678**
Short term receivables and payables	-	-	-	(9,931,742)	-	-	-	(8,559,715)
Net (liabilities) assets per balance sheet	**(25,100,721)**	**9,864,904**	**553,377,318**	**528,209,759**	**(25,091,114)**	**7,918,710**	**522,829,082**	**497,096,963**

As at 30 November 2023, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 2.75% and 6.25% per annum (2022: 1.50% and 4.00% per annum).

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2022 and 30 November 2023.

2023	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
2.84% Fixed Rate Note 2048	28/06/2048	25,000,000	2.84%	2.94%

2022	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
2.84% Fixed Rate Note 2048	28/06/2048	25,000,000	2.84%	2.94%

* The effective rates are calculated in accordance with FRS 102 Section 12: 'Other Financial Instruments' as detailed in the Statement of Accounting Policies on page 94.

The weighted average effective rate of the company's fixed interest bearing liabilities (excluding the 5% cumulative preference stock) is 2.94% (2022 - 2.94%) and the weighted average period to maturity of these liabilities is 24.5 years (2022 - 25.5 years).

The above year end amounts are reasonably representative of the exposure to interest rates during the year, as the level of exposure does not change materially. The company's profit after tax and net assets, is not significantly affected by changes in interest rates.

Management of Interest Rate Risk
The company invests mainly in equities, the values of which are not directly affected by changes in prevailing market interest rates.

The company finances its operations through a mixture of share capital, retained earnings and long term borrowings which are subject to fixed rates. Movement in interest rates will not materially affect the finance costs of the company.

The company is considered to have low direct exposure to interest rate risk.

(b) Liquidity Risk
Liquidity risk relates to the capacity to meet liabilities as they fall due and is dependent on the liquidity of the underlying assets.

Maturity of Financial Liabilities
The table below presents the future cash flows payable by the company in respect of its financial liabilities.

Cash flows in respect of the principal and interest on the 2.84% Fixed Rate Note 2048 reflect the maturity dates set out in Note 10 on page 102. Cash flows in respect of the 5% cumulative preference stock, which has no fixed repayment date, assume maturity of 20 years from the balance sheet date. Cash flows have not been discounted.

2023	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	320,516	10,000,000	-	-	10,320,516
Other payables	1,020,306	-	-	-	1,020,306
Creditors: amounts falling due after more than one year					
Maturity of borrowings	-	-	-	25,450,000	25,450,000
Finance costs of borrowing	-	-	2,930,000	14,537,500	17,467,500
	1,707,072	**10,366,250**	**2,930,000**	**39,987,500**	**54,990,822**

2022	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	197,214	10,000,000	-	-	10,197,214
Other payables	877,710	-	-	-	877,710
Creditors: amounts falling due after more than one year					
Maturity of borrowings	-	-	-	25,450,000	25,450,000
Finance costs of borrowing	-	-	2,930,000	15,247,500	18,177,500
	1,441,174	**10,366,250**	**2,930,000**	**40,697,500**	**55,434,924**

Other creditors include trade creditors only, no accrued finance costs included.

Management of Liquidity Risk

Liquidity risk is not considered to be significant as the company's assets mainly comprise realisable securities, which can be sold to meet funding requirements. Short-term flexibility can be achieved through the use of overdraft facilities, where necessary. The company has an undrawn committed borrowing facility of £5 million (2022 - £5 million).

(c) Credit Risk

Credit risk is the risk of default by a counterparty in discharging its obligations under transactions that could result in the company suffering a loss. There were no impaired assets as of 30 November 2023 (30 November 2022 - nil). The counterparties which the company engages with are regulated entities and are of high credit quality.

Management of Credit Risk

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the company through its decision to transact with counterparties of high credit quality. The company only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit rating of brokers are reviewed quarterly by the manager.

The company is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the company's rights with respect to cash held by banks to be delayed or limited. The company's cash balance is held by HSBC Bank plc, rated A1 by Moody's rating agency. The directors believe the counterparties the company has chosen to transact with are of high credit quality, therefore the company has minimal exposure to credit risk.

In summary, the exposure to credit risk at 30 November 2023 and 2022 was as follows:

	2023 £	2022 £
Other Receivables:		
Outstanding settlements	-	973,513
Accrued income	1,612,128	1,732,319
Prepayments	49,778	41,324
	1,661,906	**2,747,156**
Cash at bank and in hand	9,864,904	7,918,710
	11,526,810	**10,665,866**

Fair Values of Financial Assets and Financial Liabilities

Investments are designated as held at fair value through profit or loss in accordance with FRS 102 sections 11 and 12.

FRS 102 sets out three fair value levels.

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

With the exception of those financial liabilities measured at amortised cost, all other financial assets and financial liabilities are either carried at their fair value or the balance sheet amount is a reasonable approximation of their fair value.

As at 30 November 2023 the financial assets at fair value through profit and loss of £553,377,318 (2022 - £522,829,082) are categorised as follows:

	2023 £	2022 £
Level 1	553,377,318	522,829,082
Level 2	-	-
Level 3	-	-
	553,377,318	**522,829,082**

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 30 November 2023 and 30 November 2022.

The financial liabilities measured at amortised cost have the following fair values:*

	2023 Book Value £	2023 Fair Value £	2022 Book Value £	2022 Fair Value £
Preference Stock	450,000	377,865	450,000	423,450
Fixed Rate Note	24,650,721	15,625,000	24,641,114	18,547,500
	25,100,721	**16,002,865**	**25,091,114**	**18,970,950**

The net asset value per ordinary share, with the debt at fair value is calculated as follows:

	2023 £	2022 £
Net assets per balance sheet	528,209,759	497,096,963
Add: financial liabilities at book value	25,100,721	25,091,114
Less: financial liabilities at fair value*	(16,002,865)	(18,970,950)
Net assets (debt at fair value)	**537,307,615**	**503,217,127**
Net asset value per ordinary share (debt at fair value)	**1,258.6p**	**1,178.7p**

* The fair value has been derived from the closing market value as at 30 November 2023 and 30 November 2022.

The fair value of the long term debt is calculated with reference to the nearest relevant gilt based on repayment date. A margin is added to the yield of the relevant reference gilt to calculate the fair value. This margin is derived from the excess of UK corporate bond yields over gilt yields.

The net asset value per ordinary share is based on 42,692,727 ordinary shares in issue at 30 November 2023 (2022 - 42,692,727).

16. Capital Management Policies and Procedures

The company's objective is to provide growth in capital value and dividends over the long term through investing in a portfolio of UK and international securities.

The company's capital at 30 November comprises:

	2023 £	2022 £
Debt		
Revolving Credit Facility	10,259,408	10,115,227
Creditors: amounts falling due after more than one year	25,100,721	25,091,114
	35,360,129	**35,206,341**
Equity		
Called up share capital	10,673,181	10,673,181
Share premium account and other reserves	517,536,578	486,423,782
	528,209,759	**497,096,963**
Total Capital	**563,569,888**	**532,303,304**
Debt as a percentage of total capital	6.3%	6.6%

The board, with the assistance of the manager, monitors and reviews the broad structure of the company's capital on an ongoing basis. The level of gearing is monitored, taking into account the manager's view on the market and the future prospects of the company's performance. Capital management also involves reviewing the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium) to assess the need to repurchase shares for cancellation.

The company is subject to several externally imposed capital requirements. The company has an overdraft facility of £5m (2022 - £5m) available, hence any amounts drawn under this facility should not exceed £5m, and as a public company the minimum share capital is £50,000. The company's objective, policies and processes for managing capital are unchanged from the preceding financial year, and the company has complied with them. The terms of the debt instruments have various covenants which prescribe that moneys borrowed should not exceed 33% of the adjusted net asset value. These are measured in accordance with the policies used in the annual financial statements. The company has complied with these.

17. Transactions with the Investment Manager and Related Parties

The amounts paid to the investment manager together with details of the investment management contract are disclosed in note 2 on page 96. The existence of an independent board of directors demonstrates that the company is free to pursue its own financial and operating policies and therefore, under FRS102 Section 33: 'Related Party Disclosures', the investment manager is not considered to be a related party.

The company's related parties are its directors. Fees paid to the company's board are disclosed in the Directors' Remuneration Report on page 74.

There are no other identifiable related parties at the year end, and as of 13 February 2024.

18. Post Balance Sheet Events

There were no significant events after the end of the financial year to 13 February 2024 that required disclosure.

Investor Information

Reinsurance and risk management firm Munich Re, another significant contributor to performance, was founded in Munich, Germany, in 1880.

Investor Information (unaudited)

AIFM and Depositary

Allianz Global Investors UK Limited (AllianzGI UK) is designated the Alternative Investment Fund Manager (AIFM). AllianzGI UK is authorised to act as an AIFM and to conduct its activities by the Financial Conduct Authority (FCA) in accordance with AIFMD and FCA requirements. The management fee and the notice period are unchanged in the restated management and administration agreement (details in Note 2 on page 96).

The company appointed HSBC Bank PLC as its depositary and custodian in accordance with AIFMD under an agreement between the company, AllianzGI UK and HSBC. Depositary fees are charged in addition to custody fees and are calculated on the basis of net assets.

Leverage and Risk Policies under AIFMD

Details of leverage and risk policies required under AIFMD are published on the website brunner.co.uk under Literature/Trust Documents/Disclosures to Investors under AIFMD. These policies represent no change to the board's policies in existence prior to AIFMD and are in place to ensure that these limits would not be breached under any foreseeable circumstances.

Remuneration Disclosure of the AIFM

Employee remuneration of Allianz Global Investors GmbH for the financial year ending 31 December 2022 (all values in Euro). During the year, as reported above and in Note 2 on page 96, Allianz Global Investors UK Limited (AllianzGI UK) was appointed as AIFM in place of Allianz Global Investors GmbH. Going forward, the Remuneration Disclosure for AllianzGI UK will be disclosed.

Number of employees: 1,710

	All employees	Risk Taker	Board Member	Other Risk Taker	Employees with Control Function	Employees with Comparable Compensation
Fixed remuneration	174,302,493	7,269,792	985,960	2,207,677	390,480	3,685,675
Variable remuneration	121,033,472	16,763,831	1,483,410	4,459,440	377,612	10,443,368
Total remuneration	**295,335,965**	**24,033,623**	**2,469,370**	**6,667,117**	**768,092**	**14,129,043**

Remuneration Policy of the AIFM

The compensation structure at Allianz Global Investors GmbH is set up to avoid any kind of excessive risk-taking. Variable compensation awards are delivered via deferral programmes to ensure they are linked to sustainable performance. In addition, any compensation decisions have to be reviewed and approved by the AIFM's Functional, Regional and Global Compensation Committees on both an aggregate and individual basis, to further ensure effective risk mitigation.

Key Investor Information Document (KID)

The Key Investor Information (KID) is a standardised pan-European document that contains product, risk, charges and other information. It is a regulatory requirement that you are provided with a KID before you invest, and you will be required to declare that you have seen the latest KID when you make your investment.

The Brunner Investment Trust KID is available under Information/Documents at brunner.co.uk. However, your chosen platform provider or stockbroker should provide you with a copy before accepting your investment instructions. Please note that existing investors do not need to review the KID unless planning to add to an investment. The KID's standardised format is intended to allow potential investors to compare funds easily, on a like-for-like basis. However, there are wider investment industry concerns that disclosures mandated for inclusion may prove to be unhelpful for investors. Investors should be aware that the performance and risk numbers in the KID are based on the last five years' experience and note that past experience is not always a guide to the future. Transaction costs quoted in the KID are based on the difference between the market price of the investment at the time the order is made and the actual price paid/received when the deal was completed. The transaction costs quoted on page 100 are the costs associated with the buying and selling of the underlying investments, such as dealing fees and stamp duty. Both are calculated as a percentage of the net asset value.

Financial Calendar

Year end 30 November.
Full year results announced and Annual Report posted to shareholders in February.
Annual General Meeting held in March/April.
Half year results announced and half-yearly Financial Report posted to shareholders in July.

Ordinary Dividends

It is anticipated that dividends will be paid as follows:

1st quarterly	June/July
2nd quarterly	September
3rd quarterly	December
Final	March/April

Preference Dividends

Payable half-yearly 30 June and 31 December.

Benchmark

For the year under review the benchmark was 70% FTSE World Ex UK Index / 30% FTSE All-Share Index. For further information, the FTSE 100 Index was 7,576.59 at 30 November 2023, compared to 7,573.05 at 30 November 2022, a very small increase of 0.05%.

Market and Portfolio Information

The company's ordinary shares are listed on the London Stock Exchange. The market price range, gross yield and net asset value are shown daily in the Financial Times and The Daily Telegraph under the headings 'Investment Companies' and 'Investment Trusts', respectively. The net asset value of the ordinary shares is calculated daily and published on the London Stock Exchange Regulatory News Service. The geographical spread of investments and ten largest holdings are published monthly on the London Stock Exchange Regulatory News Service. They are also available from the manager's Investors Helpline on 0800 389 4696 or via the company's website: brunner.co.uk.

Website

Further information about The Brunner Investment Trust PLC, including monthly factsheets, daily share price and performance, is available on the company's website: brunner.co.uk.

How to Invest

Information is available from AllianzGI UK either via Investor Services on 0800 389 4696 or on the company's website: brunner.co.uk.

A list of providers can be found on the company's website: brunner.co.uk/about-us/how-to-invest.

Dividend

The board is recommending a final dividend of 6.05p to be payable on 4 April 2024 to shareholders on the Register of Members at the close of business on 1 March 2024, making a total distribution of 22.7p per share for the year ended 30 November 2023, an increase of 5.6% over last year's distribution. The ex-dividend date is 29 February 2024.

A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant Election Date is 15 March 2024.

Cash dividends will be sent by cheque to first-named shareholders at their registered address. Dividends may be paid directly into shareholders' bank accounts. Details of how this may be arranged can be obtained from Link Group. Dividends mandated in this way are paid via Bankers' Automated Clearing Services (BACS).

Registrars

Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL. Telephone: 0371 664 0300. Lines are open 9.00 a.m. to 5.30 p.m. (UK time) Monday to Friday.
Email: shareholderenquiries@linkgroup.co.uk.
Website: https://www.linkgroup.eu/.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc., shareholders should contact the registrars on 0371 664 0300. Lines are open 9.00 a.m. to 5.30 p.m. (UK time) Monday to Friday. Calls to the helpline number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Changes of name and address must be notified to the registrars in writing. Any general enquiries about the company should be directed to the Company Secretary, The Brunner Investment Trust PLC, 199 Bishopsgate, London EC2M 3TY. Telephone: 020 3246 7513.

Dividend Reinvestment Plan for Ordinary Shareholders (DRIP)

The registrars offer a DRIP which gives ordinary shareholders the opportunity to use their cash dividend to buy further shares in the company under a low-cost dealing arrangement. Terms and Conditions and an application form are enclosed with each dividend payment. For more information please email shares@linkgroup.co.uk or call 0371 664 0381.

Share Dealing Services

Link Group operate an online and telephone dealing facility for UK resident shareholders with share certificates. Stamp duty and commission may be payable on transactions.

For further information on these services please contact: linksharedeal.com for online dealing or 0371 664 0445 for telephone dealing. Lines are open 8.00 a.m. to 4.30 p.m. (UK time) Monday to Friday. Calls to the helpline number from outside the UK are charged at applicable international rates.

Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Share Portal

Link Group offer shareholders a free online service called Share Portal, enabling shareholders to access a comprehensive range of shareholder related information. Through Share Portal, shareholders can: view their current and historical shareholding details; obtain an indicative share price and valuation; amend address details; view details of dividend payments; and apply for dividends to be paid directly to a bank or change existing bank details.

Shareholders can access these services at signalshares.com. Shareholders will need to register for a Share Portal Account by completing an on-screen registration form. An email address is required.

International Payment Services

Link Group operate an international payment service for shareholders, whereby they can elect either for their dividend to be paid by foreign currency draft or they can request an international bank mandate. This service is only available for dividend payments of £10 or more and a small administration fee per dividend payment applies.

For further information on this service please contact: 0371 664 0385. Lines are open between 9.00am and 5.30pm (UK time), Monday to Friday or email IPS@linkgroup.co.uk.

Shareholder Proxy Voting

Shareholders may submit their proxy electronically using the Share Portal service at www.signalshares.com. Or via the registrars' new LinkVote+ shareholder App. Further details on voting via the LinkVote+ App, online through the registrars' Share Portal, or by post using the personalised proxy card provided, are contained within the Notice of Meeting Notes on page 116.

CREST Proxy Voting

Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. Voting via the Proxymity platform is also available to institutional shareholders. Further details are contained within the Notice of Meeting Notes on page 116.

Association of Investment Companies (AIC)

The company is a member of the AIC, the trade body of the investment trust industry, which provides a range of literature including fact sheets and a monthly statistical service. Copies of these publications can be obtained from the AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY, or at theaic.co.uk.

AIC Category: Global.

Warning to Shareholders

We are aware that some shareholders may have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas based organisations who target UK shareholders offering to sell them, what often turn out to be, worthless or high risk shares in US or UK investments or encourage them to dispose of UK shares. They can be extremely persistent and persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice or offers.

Please note that it is most unlikely that either the company or the company's Registrar, Link Group, would make unsolicited telephone calls to shareholders. Any such calls would only ever relate to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited telephone call, please call the Company Secretary on +44 (0)800 389 4696 or the Registrar on +44 (0) 371 664 0300.

Notice of Meeting

Notice is hereby given that the ninety-seventh annual general meeting of The Brunner Investment Trust PLC will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH on Monday 25 March 2024 at 12 noon to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and the Financial Statements for the year ended 30 November 2023 with the Auditors' Report thereon.
2. To declare a final dividend of 6.05p per ordinary share.
3. To re-elect Carolan Dobson as a director.
4. To re-elect Amanda Aldridge as a director.
5. To re-elect Elizabeth Field as a director.
6. To re-elect Andrew Hutton as a director.
7. To re-elect Jim Sharp as a director.
8 To approve the Directors' Remuneration Implementation Report.
9. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the company.
10. To authorise the directors to determine the remuneration of the Auditor.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 12 will be proposed as an ordinary resolution and resolutions 11, 13 and 14 will be proposed as special resolutions:

11. That the New Articles of Association produced to the meeting and signed by the chair of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.
12. That the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot relevant securities (within the meaning of section 551 of that Act) provided that this power shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £3,557,727 (14,230,908 ordinary shares) and shall expire at the conclusion of the next annual general meeting of the company held after the meeting at which this resolution is passed or 30 June 2025 if earlier, save that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
13. That the directors be and are hereby empowered, pursuant to section 570 of the Companies Act 2006, to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred by resolution 12 above or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash of an aggregate maximum nominal amount of £533,659 (2,134,636 ordinary shares) and shall expire at the conclusion of the next annual general meeting of the company held after the meeting at which this resolution is passed or 30 June 2025, if earlier, save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.
14. That the company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25p each in the capital of the company (ordinary shares) either for retention as treasury shares or for cancellation, provided that:

(i) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,399,639;

(ii) the minimum price which may be paid for an ordinary share is 25p;

(iii) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Official List for the 5 business days immediately preceding the day on which the ordinary share is purchased or such other amount as may be specified by the London Stock Exchange from time to time;

(iv) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the company in 2025 or 30 June 2025 if earlier, unless such authority is renewed prior to such time; and

(v) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the board
Kirsten Salt
Company Secretary
13 February 2024
199 Bishopsgate, London EC2M 3TY

Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on Thursday 21 March 2024 (the record date). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. A personalised form of proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the registrar of the Company whose contact details are provided in note 6 below.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. To be valid, any form of proxy or other instrument appointing a proxy, must be returned by no later than 12 noon on Thursday 21 March 2024 through any one of the following methods:

   i) by post, courier or (during normal business hours only) hand to the Company's registrar at:

      Link Group
      PXS1
      Central Square
      29 Wellington Street
      Leeds
      LS1 4DL

   ii) electronically through the website of the Company's registrar at www.signalshares.com (see note 8 below).
   iii) via LinkVote+ (see note 9 below).
   iv) via Proxymity (see note 10 below).
   v) in the case of shares held through CREST, via the CREST system (see notes below).

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. To submit your proxy instructions electronically through the company's registrar, please complete the online form of proxy by logging on to www.signalshares.com. If you have not previously registered for the share portal you will need your investor code (IVC) which is detailed on your share certificate or is available by calling our Registrar, Link Group on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

9. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play. QR codes to facilitate this are shown below. Your vote must be lodged by 12 noon on Thursday 21 March 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

Apple App Store **GooglePlay**

10. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on Thursday 21 March 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned

meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

11. The return of a completed form of proxy, electronic voting online or via the app or any CREST Proxy Instruction (as described in note 13 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on Thursday 21 March 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

14. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

15. Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

16. Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with section 323 of the Companies Act 2006. Pursuant to the Companies (Shareholders' Rights) Regulations 2009 (SI 2009/1632), multiple corporate representatives appointed by the same corporate member can vote in different ways provided they are voting in respect of different shares.

17. As at 13 February 2024, (being the latest practicable business day prior to the publication of this Notice), the total number of shares in the company in respect of which members are entitled to exercise voting rights was 42,692,727 ordinary shares, of 25p each. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the company on 13 February 2024 is 42,692,727. The 5% cumulative preference shares do not ordinarily have any voting rights.

18. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 (nominated persons). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

19. Members have a right under section 319A of the Companies Act 2006 to require the company to answer any question raised by a member at the AGM, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the company's website; or (c) it is undesirable in the best interests of the company or the good order of the meeting.

20. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the company, at its expense, to publish a statement on the company website setting out any matter which relates to the audit of the company's financial statements that are to be laid before the meeting. Any such statement must also be sent to the company's auditor no later than the time it is made available on the website and must be included in the business of the meeting.

21. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

22. The full terms of the proposed amendments to the Company's Articles of Association are available at the offices of Allianz Global Investors UK Ltd, 199 Bishopsgate, London EC2M 3TY between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted) and on the Company's website, www.brunner.co.uk, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. The New Articles will also be available for inspection on the National Storage Mechanism located at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, from the date of the AGM Notice.

23. Further information regarding the meeting which the company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this notice), can be accessed at brunner.co.uk.

24. Contracts of services are not entered into with the directors, who hold office in accordance with the Articles.

Glossary

UK GAAP performance measures

Net Asset Value is the value of total assets less all liabilities. The Net Asset Value, or NAV, per ordinary share is calculated by dividing this amount by the total number of ordinary shares in issue. The debt in the company used in the calculation is measured at par value, that is, the net proceeds on issue plus accrued finance costs to date. As at 30 November 2023, the NAV with debt at par value was £528,209,759 (2022 - £497,096,963) and the NAV per share was 1,237.2p (2022 - 1,164.4p).

Earnings per ordinary share is the profit after taxation, divided by the weighted average number of shares in issue for the period. For the year ended 30 November 2023 earnings per ordinary share was 26.35p (2022 - 22.66p), calculated by taking the profit after tax of £11,251,047 (2022 - £9,673,972), divided by the weighted average shares in issue of 42,692,727 (2022 - 42,692,727).

Alternative Performance Measures (APMs)

Net Asset Value, debt at fair value is the value of total assets less all liabilities, with the company's debt measured at the fair value at the time of calculation. The Net Asset Value, or NAV, per ordinary share with debt at fair value is calculated by dividing this amount by the total number of ordinary shares in issue (see page 103). As at 30 November 2023, the NAV with debt at fair value was £537,307,615 (2022 - £503,217,127) and the NAV per share with debt at fair value was 1,258.6p (2022 - 1,178.7p). (Further details can be found in Note 15(c) on page 108).

Net Asset Value per ordinary share, total return represents the theoretical return on NAV per ordinary share, assuming that dividends paid to shareholders were reinvested at the NAV per ordinary share at the close of business on the day the shares were quoted ex dividend (see Note 13 on page 103).

Share Price Total Return the theoretical return to a shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the ordinary shares of the company at the close of business on the day the shares were quoted ex dividend (see page 3). The share price as at 30 November 2023 was 1,065.0p, an increase of 45.0p from the price of 1,020.0p as at 30 November 2022. The increase in share price of 45.0p plus the dividends declared for the year of 22.7p are divided by the opening share price of 1,020.0p to arrive at the share price total return for the year ended 30 November 2023 of +6.6% (2022 - -0.8%).

Benchmark Total Return is the return on the benchmark, on a closing market price basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time their shares were quoted ex dividend (see page 3).

Discount or Premium is the amount by which the stock market price per ordinary share is lower (discount) or higher (premium) than the Net Asset Value, or NAV, with either debt at par or debt at market value, per ordinary share. The discount/premium is normally expressed as a percentage of the NAV per ordinary share (see page 2).

Ongoing Charges are operating expenses incurred in the running of the company, whether charged to revenue or capital, but excluding financing costs. These are expressed as a percentage of the average net asset value during the year and this is calculated in accordance with guidance issued by the Association of Investment Companies (see page 15).

	2023 £	2022 £
Management fee	2,389,770	2,295,534
Administration expenses	855,035	789,354
Less: non-recurring expenses*	-	(22,491)
Total expenses (A)	**3,244,805**	**3,062,397**
Average net asset value with debt at market value (B)	507,451,778	482,686,739
Ongoing charge (A/B)	**0.64%**	**0.63%**

* Taiwan tax advisors fees

The ongoing charge differs from the ongoing charge in the Company's KID, which is calculated in accordance with the PRIIPs regulations and includes finance costs.

Yield represents dividends declared in the past year as a percentage of share price.

	2023	2022
Dividends declared for the year	22.7p	21.5p
Share price at year end	1,065.0p	1,020.0p
Annual dividend as a percentage of share price	**2.1%**	**2.1%**

Gearing is the amount of debt as a percentage of the net assets (see Note 16 on page 109).

Revenue Reserve per ordinary share of 29.6p (2022 - 25.9p) is the revenue reserve per the balance sheet of £17,579,243 (2022 - £15,846,230) less the third dividend and final proposed dividend in respect of the year (Note 6) of £4,952,356 (2022 - £4,781,585), payable after the year end, divided by the total number of ordinary shares in issue of 42,692,727 (2022 - 42,692,727).

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