

The Brunner Investment Trust PLC

An 'all-weather' global equity portfolio



Aim

The Trust aims to provide growth in capital value and dividends over the long term by investing in global and UK securities. The benchmark against which performance is measured is 70% FTSE World ex-UK Index and 30% FTSE All-Share Index.

History

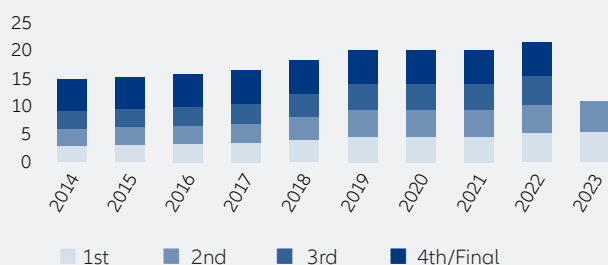
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private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

Trust Benefits

Brunner aims to provide its shareholders with growing dividends and capital growth by investing in a portfolio of global equities. It is an independent company listed on the London Stock Exchange and, although past performance is no guide to the future, has paid increasingly higher dividends to its shareholders year on year for the last 51 years. The Trust invests in companies all over the world, seeking out opportunities for growth and reliable dividends wherever they may be.

Ten Year Dividend History

Dividend Record in Pence per Share
To Year End 30 November



Last Four Dividend Payments per Share

Record Date	Pay Date	Dividend	Type
04.08.2023	15.09.2023	5.55p	2nd Interim
16.06.2023	25.07.2023	5.55p	1st Interim
24.02.2023	04.04.2023	6.05p	Final
28.10.2022	12.12.2022	5.15p	3rd Interim

Past performance is not a reliable indicator of future results.

Key Information

Launch Date	December 1927
AIC Sector	Global
Benchmark	70% FTSE World ex-UK Index; 30% FTSE All-Share Index
Annual Management Fee	0.45%
Performance Fee	No
Ongoing Charges ¹	0.63%
Year End	30 November
Annual Financial Report	Final published in February, Half-yearly published in July
AGM	March
NAV Frequency	Daily
Dividends	March/April, June/July, September, December
Price Information	Financial Times, The Daily Telegraph, www.brunner.co.uk
Company Secretary	Kirsten Salt
Investment Managers	Christian Schneider, Julian Bishop and Marcus Morris- Eyton
Codes	RIC: BUT.L SEDOL: 0149000

1. Source: AIC, as at the Trust's Financial Year End (30.11.2022). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses, which include the annual management fee, incurred in the running of the company but excluding financing costs.



A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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Total Assets £534.1m

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

Market Cap £441.9m

Share Price

1035.0p

NAV per Share

1213.2p

Premium/-Discount

-14.7%

Dividend Yield

2.1%

Gearing

8.7%

Fund Manager's Review

Dear Shareholder,

Global markets were strong in June, with most sectors posting positive returns. For UK investors, some of this was 'lost in translation' due to the pound's ongoing recovery to £1.27 vs the US dollar. The pound troughed last Autumn during the Truss/Kwarteng 'mini budget' and has continued to recover since, acting as a headwind for overseas assets denominated in Sterling.

Recently, Sterling's strength has been boosted by the higher interest rates available in the UK. May's 'core' inflation reading (i.e. excluding food and energy, which tend to be volatile) was 7.1%, higher than in most other developed economies. As a result, the Bank of England raised interest rates 0.5% to 5%, the highest since the 2008. The intention is to lower demand in the economy, hence ongoing concerns regarding the outlook for consumer spending in the UK.

For comparison, May's core inflation figure in the US was a more benign 5.3%, leading to optimism that inflation there is under control and that interest rates may be near their peak. The S&P 500 US stock market index therefore continued to rally in dollar terms. Within this, mega market-capitalisation (cap) technology stocks continued their ascent. The market cap of Apple is now over \$3 trillion, considerably more than the entire UK stock market. The top five US stocks now account for about 25% of the value of the S&P500; an unprecedented level of concentration.

Brunner was approximately flat vs its benchmark during June. The NAV total return was 3.1% vs 2.6% for the benchmark. Our largest positive contributor to performance was Microchip, a stock we added to during the month. Microchip makes small, relatively simple semiconductors and microcontrollers that are used in a wide variety of applications, from electric vehicles to factory automation. Their large library of chip designs are sold to electrical engineers looking to solve a specific problem or automate a specific task. The relatively low price points

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and small quantities sold steer the sales away from aggressive and sophisticated procurement departments, limiting pressure on prices. Once the components are 'designed in' to a device, repeat purchases tend to be assured. The result is a very profitable business that has grown in lockstep with the 'digitalisation of everything'. We also like the company's outlook for cash returns. Microchip has made some big acquisitions in the past and has subsequently paid down most of the associated debt. Looking forward, the company plans to steadily increase its dividends and buybacks. On balance, we believe Microchip offers a good balance of quality, value and growth, hence our decision to make it one of the larger active weights in the portfolio.

Other positive contributors to performance in June include the Greek retailer Jumbo, Japanese trading company Itochu, Align Technology, the maker of Invisalign dental devices, and Baltic Classifieds Group. The latter runs the leading recruitment, property and autos portals in the Baltic states, similar to sites like Autotrader and Rightmove in the UK. History tells us these tend to be 'winner takes all' markets with outstanding



**Christian Schneider,
Co-Lead Portfolio Manager**

Christian Schneider joined the Global Equity Fund Management Team as a portfolio manager in April 2000 and managed a US Equity strategy until 2002. Christian graduated with a Master's degree in Economics from the University of Giessen and is a CFA charter holder.



**Julian Bishop,
Co-Lead Portfolio Manager**

Julian Bishop joined Allianz Global Investors in November 2022. Julian has more than 25 years fund management experience. He joined AllianzGI from Tesco Pension Investment Ltd where he was an Equity Fund Manager managing a multi-billion pounds global equities portfolio. Julian graduated from Queens' College, Cambridge University in 1995 and has an MA (Hons) Cantab in Geography. He is an Associate of the CFA Society of the UK.

economics for the leaders. Recent results, followed by a meeting with management, demonstrated that the company's market position and profitability continues to strengthen.

On the other side of the ledger, our large position in the US insurer United Health detracted from performance. At an investor conference, the CEO guided that medical utilisation rates had increased faster than anticipated, temporarily and modestly pressuring margins. In plain language, older patients are now more comfortable returning to hospital to undergo procedures such as hip replacements which had been deferred during and after COVID. This adds to UNH's costs. Given that pricing can and will be adjusted to reflect these higher levels of utilisation we see nothing of long-term concern, although we acknowledge that we were wrong to extrapolate recent levels of higher than normal profitability. COVID created distortions across many businesses. In this instance, we think that this should now be behind us.

In order to fund the addition to our position in Microchip, we reduced our holdings in Roche and Novo Nordisk, two European pharmaceutical names. Novo has been particularly strong this year due to success of its Wegovy anti-obesity drug and we are mindful of its valuation. Roche is a more mature business and valued accordingly. In both instances we acknowledge that valuing pharmaceutical companies is challenging, given their dependency on a small number of drugs that have finite patent protection. As such we believe modest position sizes are appropriate for the portfolio.

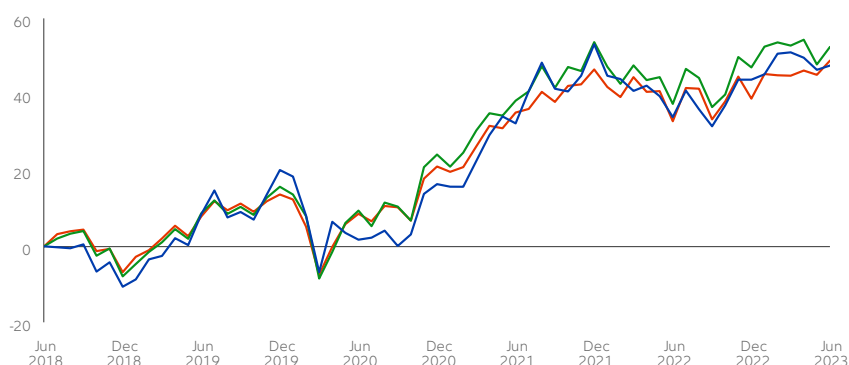
Yours Sincerely,

**Christian Schneider & Julian Bishop
24 July 2023**

This is no recommendation or solicitation to buy or sell any particular security. Any security mentioned above will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date.

Performance Track Record

Five Year Performance (%)



■ Share Price ■ NAV (debt at fair value)

■ Benchmark: Effective 22 March 2017 the benchmark weightings changed to 70% FTSE World ex-UK Index; 30% FTSE All-Share Index

Risk & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market.

The Trust seeks to enhance returns for its shareholders through gearing which can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

Changes in rates of exchange may cause the value of investments and the income from them to go up or down.

Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	-2.3	2.6	10.1	45.1	47.6
NAV (debt at fair value)	-0.2	3.7	11.5	40.6	53.8
Benchmark	2.7	7.2	12.0	37.1	48.9

Discrete 12 Month Returns to 30 June (%)

	2023	2022	2021	2020	2019
Share Price	10.1	1.2	30.1	-6.2	8.4
NAV (debt at fair value)	11.5	-0.6	26.9	0.6	8.7
Benchmark	12.0	-1.7	24.6	0.6	7.9

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 30.06.23. Copyright 2023 © DataStream, a Thomson Reuters company. All rights reserved. DataStream shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Past performance does not predict future returns. Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. This investment trust charges 70% of its annual management fee to the capital account and 30% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result.

Portfolio Breakdown

Sector Breakdown* (%)

Industrials	22.3	<div style="width: 22.3%;"></div>
Financials	21.4	<div style="width: 21.4%;"></div>
Information Technology	17.6	<div style="width: 17.6%;"></div>
Health Care	14.6	<div style="width: 14.6%;"></div>
Consumer Discretionary	10.8	<div style="width: 10.8%;"></div>
Energy	4.6	<div style="width: 4.6%;"></div>
Consumer Staples	4.4	<div style="width: 4.4%;"></div>
Utilities	2.8	<div style="width: 2.8%;"></div>
Materials	0.9	<div style="width: 0.9%;"></div>
Real Estate	0.6	<div style="width: 0.6%;"></div>

Geographic Breakdown* (%)

North America	41.8	<div style="width: 41.8%;"></div>
Europe ex UK	25.3	<div style="width: 25.3%;"></div>
UK	24.6	<div style="width: 24.6%;"></div>
Pacific ex Japan	5.9	<div style="width: 5.9%;"></div>
Japan	2.5	<div style="width: 2.5%;"></div>

Top Twenty Holdings (%)

Microsoft	6.8
UnitedHealth Group	3.9
Visa - A Shares	3.8
Muenchener Rueckver	3.4
Microchip Technology	3.2
Schneider Electric	2.6
Shell	2.6
Taiwan Semiconductor	2.5
Itochu	2.5
AMETEK	2.3
Gallagher	2.2
TotalEnergies	2.0
Unilever	2.0
InterContinental Hotels Group	2.0
DNB Bank	1.9
LVMH Moët Hennessy Louis Vuitton	1.9
Accenture	1.9
YumChina	1.9
Roche	1.9
Partners Group	1.9

Total number of holdings 60

The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding.

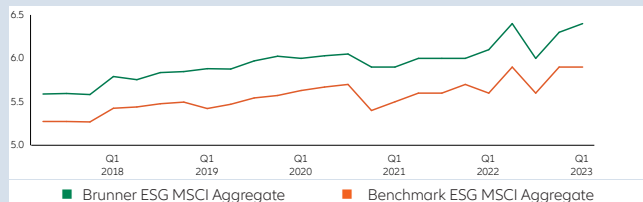
This is no recommendation or solicitation to buy or sell any particular security.

*Excludes Cash

Environmental, Social and Governance (ESG)

AllianzGI has a dedicated ESG research team working with the portfolio managers to incorporate ESG factors into investment decisions. The board supports AllianzGI's view that there is value in working with companies in the portfolio on environmental, social, governance and business conduct issues.

AllianzGI uses third party research provided by MSCI to help identify ESG factors that can impact the businesses of the companies in the portfolio. The chart below shows that the Brunner portfolio's ESG ratings compare well against the benchmark's ESG ratings over a five year period.



The chart above shows the rating of the Brunner portfolio on ESG risks and combined ESG risk measurements compared to the rating of the Benchmark (70% FTSE World ex-UK Index; 30% FTSE All-Share Index) scored on a scale of 1-10 (where 10 is high) on a quarterly basis.

Board of Directors

Carolyn Dobson (Chair)
Amanda Aldridge (Chair of the Audit Committee)
Elizabeth Field
Andrew Hutton (Senior Independent Director)
Jim Sharp

Glossary

Share Price is the price of a single ordinary share, as determined by the stock market. The share price above is the mid-market price at market close.

Net Asset Value (NAV) per Share is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities.

The NAV figure above is based on the fair/market value cum income of the company's long term debt and preference shares (known as debt at fair value). This allows for the valuation of long-term debt and preference shares at fair value or current market price, rather than at final repayment value (known as debt at par).

Premium/Discount. Since investment company shares are traded on a stock market, the share price that you get may be higher or lower than the NAV. The difference is known as a premium or discount.

Dividend Yield is calculated using the latest full year dividend divided by the current share price.

Gearing is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.

How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

Contact us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

0800 389 4696

www.brunner.co.uk

E-mail: investment-trusts@allianzgi.com

You will find much more information about The Brunner Investment Trust on our website.

Please note that we can only offer information and are unable to provide investment advice. You should contact your financial adviser before making any investment decision.



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All data source Allianz Global Investors as at 30.06.23 unless otherwise stated.

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