

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

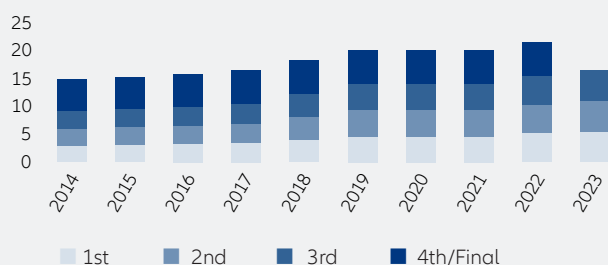
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 |
|-------------|------------|----------|-------------|
| 27.10.2023 | 12.12.2023 | 5.55p | 3rd Interim |
| 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 |

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 | Julian Bishop and Christian Schneider |
| 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 £521.7m

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

Market Cap £425.2m

Share Price

996.0p

NAV per Share

1186.2p

Premium/-Discount

-16.0%

Dividend Yield

2.3%

Gearing

6.3%

Fund Manager's Review

Headlines in October were dominated by the horrific events in Israel and Gaza. Our hearts go out to all those affected and we hope for a swift resolution to hostilities.

Whilst discussing the global economic impact of such events feels mercenary, stock markets are dispassionate machines. Turmoil in the Middle East tends to concern energy markets. Indeed, it was the Yom Kippur War fifty years ago that culminated in the 1970s energy crisis. Whilst the risk of a wider conflict remains possible, there are three reasons why we don't believe the impact will be equivalent this time. Firstly, Israel's relations with Saudi Arabia etc are stronger than they were at that point in time. Secondly, the US is now energy independent and therefore less vulnerable to an embargo. Thirdly, economies have become far less energy intensive with time. As such we think current events in the region are predominantly a humanitarian tragedy with limited reach across to financial markets in most parts of the world.

Nevertheless, markets did fall in the month. Predictably energy stocks, which tend to benefit from any disruption to supply, were strong whilst economically sensitive sectors like basic materials and industrials were weak. Higher energy prices kept fears of inflation alive, also impacting interest rate sensitive sectors like real estate.

We have discussed in the past how, via our stock selection, we try to weave inflation protection into the Brunner portfolio. One example amongst many is the consumer goods company Nestlé. The company released its nine month results in October, revealing sales growth of 8% for the period*, higher than for most of the company's history. All of this growth consisted of price increases; volumes, or the quantities of product sold, actually fell slightly. Equities are unique amongst financial assets in this respect and can therefore make them best of a bad bunch of alternatives during inflationary periods, in our view. If Nestlé is able to, for example, increase the price of a Kit Kat, Nespresso capsule or its Purina cat food by 10% and hold its margins steady, profits rise 10%, protecting

“inflation has contributed to the reported sales growth of these companies and has been, perversely, helpful to their operating results.”

profits in real terms. It is worth pointing out that despite the UK economy 'flirting' with recession (i.e., falling real Gross Domestic Product or GDP), nominal GDP growth, that which includes inflation, is quite strong at 6 or 7%. It is this latter figure that shows up in the aggregate results of the companies owned in the portfolio. Notably, Nestlé reported that price increases in Q3 fell back to 6% from a peak of 10% at the end of last year. Given that Nestlé's products are a component of the basket used to calculate inflation, this suggests inflation is starting to moderate. Evidence for this is now quite widespread, although wage growth remains high.

Performance for the month, although representing a fall, was good versus the benchmark. Brunner's NAV Total Return was -2.05% against -2.82% for the benchmark. This was despite a few disappointing results amongst our smaller positions such as Rentokil, Align and St James Place. Rentokil reported disappointing organic growth in its North American pest control business where the integration of a large, recent acquisition appears to be



**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.

resulting in some disruption and share loss. Perhaps more seriously, it has aroused suspicions that the business they bought is structurally inferior, particularly after a close peer reported far better results a week later. Align, which makes clear aligners for teeth – a more comfortable and aesthetic alternative to metal braces – appears to be struggling with a US consumer who remains under pressure. Whilst the teen market is holding up, the more discretionary market for adult cases disappointed. Looking forward, the key consideration is whether this is a cyclical issue or if it is indicative of a market closer to saturation than previously anticipated. Finally, UK wealth manager St James Place has made some changes to its fee structure that will adversely affect earnings growth for several years. These changes were made in response to regulatory pressure following the introduction of new 'consumer duty' rules which prioritise both value for money and the clarity of costs for financial products. All holdings are under additional scrutiny as a result of these adverse developments.

However, these are small holdings. Pleasingly, most of our larger, higher conviction names performed well. Microsoft, Munich Re, AJ Gallagher, Visa and UnitedHealth all reported terrific calendar Q3 results. Microsoft, our largest holding, saw revenue grow 13% and earnings per share grow 27%. UnitedHealth's revenue grew 14%. Visa's revenues grew 11% and earnings per share grew . Insurance broker AJ Gallagher revenues were up over 10% and Earnings per Share (EPS) up 17%. In several instances, as with Nestlé, we believe inflation has contributed to the reported sales growth of these companies and has been, perversely, helpful to their operating results.

There were no trades during the month.

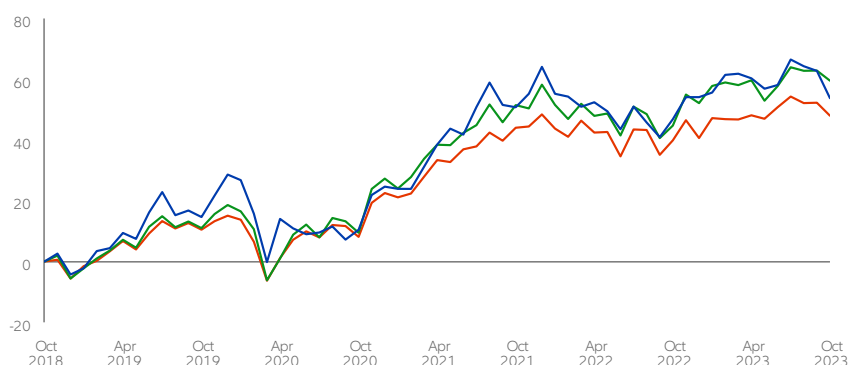
**Nestlé Nine-month sales press release 19 October 2023*

**Julian Bishop & Christian Schneider
22 November 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 | -7.6 | -4.1 | 4.7 | 39.2 | 53.8 |
| NAV (debt at fair value) | -2.7 | -0.1 | 10.2 | 45.7 | 59.5 |
| Benchmark | -4.1 | -0.1 | 5.8 | 36.9 | 48.0 |

Discrete 12 Month Returns to 31 October (%)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------------------|------|------|------|------|------|
| Share Price | 4.7 | -2.6 | 36.5 | -3.6 | 14.6 |
| NAV (debt at fair value) | 10.2 | -4.4 | 38.4 | -1.4 | 11.0 |
| Benchmark | 5.8 | -2.9 | 33.2 | -2.1 | 10.5 |

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 31.10.23. 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* (%)

| Sector | Percentage (%) |
|------------------------|----------------|
| Financials | 22.3 |
| Industrials | 22.0 |
| Information Technology | 18.9 |
| Health Care | 15.8 |
| Consumer Discretionary | 7.3 |
| Energy | 5.5 |
| Consumer Staples | 4.3 |
| Utilities | 2.5 |
| Materials | 1.0 |
| Real Estate | 0.4 |

Geographic Breakdown* (%)

| Region | Percentage (%) |
|------------------|----------------|
| North America | 41.5 |
| Europe ex UK | 26.2 |
| UK | 25.4 |
| Pacific ex Japan | 4.9 |
| Japan | 2.1 |

Top Twenty Holdings (%)

| | |
|-------------------------------|-----|
| Microsoft | 6.6 |
| UnitedHealth Group | 4.7 |
| Visa - A Shares | 4.0 |
| Muenchener Rueckver | 3.6 |
| Shell | 3.0 |
| Microchip Technology | 2.7 |
| TotalEnergies | 2.5 |
| Gallagher | 2.5 |
| Schneider Electric | 2.4 |
| Schwab (Charles) | 2.3 |
| Novo Nordisk | 2.3 |
| Taiwan Semiconductor | 2.3 |
| Partners Group | 2.2 |
| Thermo Fisher Scientific | 2.2 |
| AMETEK | 2.2 |
| InterContinental Hotels Group | 2.2 |
| Itochu | 2.1 |
| DNB Bank | 2.0 |
| Accenture | 2.0 |
| Unilever | 1.9 |

Total number of holdings 59

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.

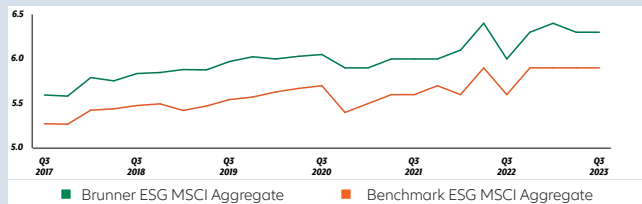
This is no recommendation or solicitation to buy or sell any particular security.

*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

Carolan 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.



Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail. For further information contact the issuer at the address indicated below.

All data source Allianz Global Investors as at 31.10.23 unless otherwise stated.

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