THE BRUNNER INVESTMENT TRUST PLC
HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2022

Financial Headlines
For the six months ended 31 May 2022

- Net asset value (debt at fair value) per share fell by 1.4% (2021: +11.4%)
- Net asset value (debt at par) per share fell by 2.9% (2021: +10.6%)
- Earnings per ordinary share increased by 18.4% to 13.5p (2021: 11.4p)
- Dividends for the half year increased by 9.6% to 10.30p[1] (2021: 9.40p)
- Net asset value total return (debt at fair value) per share fell by 0.5% (2021: +12.4%)
- Net asset value total return (debt at par) per share fell by 2.0% (2021: +11.5%)
- Benchmark index total return fell by 1.3% (2021: +11.3%)
- Share price total return fell by 3.3% (2021: +18.2%)
- Discount of net asset value (debt at fair value) to share price 12.5% and an average of 9.2% over the period (2021: 9.3%, average over the period 13.4%)

	Six months ended 31 May 2022	Six months ended 31 May 2021	% change
Revenue			
Available for ordinary dividend	£5,754,000	£4,874,000	+18.1
Earnings per ordinary share	13.5p	11.4p	+18.4
Dividends per ordinary share	10.3p[1]	9.4p	+9.6
Consumer price index	120.8	110.8	+9.0

Assets	At 31 May 2022	At 30 November 2021	% change
Net asset value per ordinary share (debt at fair value)	1149.1p	1165.4p	-1.4
Net asset value per ordinary share (debt at par)	1142.8p	1176.9p	-2.9
Ordinary share price	1005.0p	1050.0p	-4.3
Total net assets with debt at fair value	£490,569,000	£497,526,000	-1.4
Total net assets with debt at par	£487,887,000	£502,452,000	-2.9

Performance relative to the benchmark for the six months to 31 May 2022

Net Asset Value with debt at fair value relative to Benchmark[2]	**Capital Return**	**Total Return[3]**
Change in net asset value	-1.4%	-0.5%
Change in benchmark	-2.7%	-1.3%
Percentage point performance against benchmark[2]	1.3%	0.8%

[1]First interim 5.15p, second interim 5.15p
[2] The benchmark applied is 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.
[3]Total returns are calculated with net dividends reinvested

Interim Management Report

Half-yearly report
During the past two years the dominant opening theme for the company's annual and interim reporting was, unsurprisingly, the effects of the COVID pandemic. Whilst things have started to move on, the world still seems to be grappling with the tail end of this modern global pandemic.

Nor have we been so fortunate as to have been offered the respite of a return to what we had all become accustomed to calling normality. The human cost aside, the unsettling effects of the pandemic and associated lockdowns on economies, monetary systems and markets have pushed us into a new world order where inflation is rampant, supply chain issues persist and central bank intervention is finally coming to bear, exerting downward pressure on growth. Unfortunately, inflation is not simply a number to be quoted in financial reports and news articles – it is a real-world factor that is felt by most, but ultimately has the biggest effect on those on lower incomes.

As this scenario began to take grip, shortly after our reporting of the company's 2021 financial year, we also stood aghast with much of the rest of the world as we witnessed the horror of war returning to Europe when Russian forces invaded Ukraine in March. To witness such an act in Europe unfolding in front of us in the 21st century seems unfathomable. As with any event that is a humanitarian crisis, our thoughts are firmly with those either directly affected or with connections to those that are.

Wars tend to cause inflationary impacts and that is what we have witnessed in Europe, particularly with the impact of Russian energy supply to large parts of the continent. This exacerbated an already growing issue.

Closer to home in the UK, we have witnessed ongoing political turmoil – whilst not on the scale of some world events, it has nonetheless had an ongoing unsettling effect on the UK market.

From an investment perspective the period was dominated by a somewhat indiscriminate purge of the highest rated growth stocks from the past several years. Whilst our investment manager believes the de-rating was necessary for some stocks (in particular what the team describe as "spec-tech", where valuations had become more about chasing the next 'shiny new thing'), many quality businesses who are still operating successfully have also seen their ratings plummet as the market indiscriminately punished all growth stocks.

This brought an end to a strong run for equity markets, where huge gains were made, but often concentrated to a handful of companies and predicated on sectors like technology that were already causing a paradigm shift in the world but that were further highlighted during the unusual circumstances of global lockdowns.

The net winners over the period have been so-called value stocks, for many years unloved by investors. This was spurred on latterly by many of these companies being in 'old-world' industries such as fossil fuels, that have benefited from the turmoil and surging commodity prices as a result of the Russia/Ukraine conflict.

Despite the gravity of these factors, as we have described before – most recently during COVID, there have been pockets of opportunity for investors who were able and/or willing to look through the near-term volatility towards the longer term. Please do take time to read the investment manager's report on pages 8 to 13 where they look at the backdrop to the period in more detail, but also describe what they have done as stockpickers to make the most of the situation.

Performance

The six months since the company's 2021 year end have been tumultuous for markets. Against that backdrop, although Brunner returned a slight fall in the Net Asset Value (NAV) of -1.4%, this was ahead in relative terms of the fall in the composite benchmark index (70% FTSE World Index Ex UK and 30% FTSE All-Share Index) of -2.7%. Amongst other factors, the investment managers' strict focus on valuation has helped to avoid some of the worst falls, as well as identifying new opportunities where companies that have previously been beyond what the managers are prepared to pay for them have come back to more reasonable valuations.

Whilst capital return tells part of the story, the company remains proud of its income paying heritage and in total return terms with income factored in (net dividends reinvested), the NAV total return was -0.5%, ahead of the -1.3% total return of the benchmark.

The attribution of the absolute and relative investment performance of the portfolio is examined in the Investment Manager's Review.

Earnings

We are pleased to report further recovery in dividend payments amongst portfolio companies through the period. Aggregate earnings are now back above the pre-COVID level of 12.6p for the six months to 31 May 2019. Earnings increased by 18.4% to 13.5p per ordinary share in the six months to 31 May 2022 (2021: 11.4p). Brunner continues to have strong revenue reserves which exist to support dividend payments in times when earnings are constrained. This is a primary advantage of investment trusts in general. The board intends to continue to use these reserves as necessary to maintain a growing dividend while earnings recover to a level where the dividend is covered.

Dividends

In June the board declared a first interim dividend of 5.15p per ordinary share which is payable on 21 July 2022. The board also stated at the point of that declaration that they anticipate second and third interim dividends at a similar level and an unchanged final dividend for 2022 of 6.05p for the year ending 30 November 2022. Therefore, a second interim dividend is declared payable on 15 September 2022 to shareholders on the register on 5 August. Given the board's intention, this should give a dividend for the year of 21.5p, a 6.7% increase. The last date for DRIP elections is 19 August. The board has taken the decision to propose this increase on the back of current strong revenue forecasts. These in turn are a result of the careful and long-term management of the portfolio by the investment manager. Whilst it is not possible to judge the impact of the potential rises in interest rates, imposed by central banks to bring inflation back to lower levels, and how this will affect economic growth and company profitability, our trust's very strong revenue reserves of 24.7p per share, comfortably covering a full year's dividend payment, should allow the board to forecast this increase with confidence.

The board is aware of the current very sharp rise in the cost of living and the concern this is causing many of our shareholders – this in particular has remained front of mind when discussing and deciding on the appropriate dividend level.

At the end of the 2021 financial year, the trust proudly reached a landmark **50 years** of consecutive dividend increases, keeping us in the leading pack of the Association of Investment Companies (AICs) "Dividend Heroes" list. We see 2022 as firmly continuing this tradition in the interests of our shareholders.

Discount and shareholder demand

Once again, we have seen continuing pressure on the company's share price over the period with the discount to NAV narrowing on occasion on the back of good performance and promotional activity, but more often being pushed to a wider discount than we would feel is ideal, although this has been more stable than the peer group average. An element of the sustained discount is likely the market's current aversion to the growth end of the market.

Sales (direct interaction with professional investors), marketing and PR (indirectly raising the profile of Brunner to both private and professional investors) efforts continue.

Your board remains confident that the Brunner investment philosophy is well suited to the increasing numbers of investors we see joining the share register, either as private self-directed investors through the investment platforms or underlying clients of the wealth management firms.

Investment philosophy

In recent years Brunner could have been accused of looking almost pedestrian against some peers that were heavily investing in the speculative part of technology markets in particular. We have remained steadfast through that time that we have an all-weather investment approach appropriate for a multitude of different market conditions by taking a more balanced approach to portfolio construction and having a strong focus on valuation. Whilst for many years this meant missing out on some astronomical gains being made by these speculative companies as the investment team judged their valuations to be too high, it also means missing out on the heavy losses that have been seen as those same companies have seen a reversal of their fortunes and had their valuations reduced to a more reasonable level.

We feel that this consistency of approach is really important for those shareholders who want stability coupled with growth of both capital and income in their portfolio, particularly in a period where market volatility is high and markets often swing from one approach to another.

Brunner has and aims to continue to consistently grow your investment over time and pay out a regular and rising dividend, targeting stable long term stock market returns whatever the economic or market background. To do this we:

- Invest in some of the world's best companies with superior business models delivering strong and consistent profitability with long-term growth potential
- Manage a diversified portfolio with exposure to most major geographic regions and industries
- Aim for growth in both capital and income, with a 50 year track record of continual dividend growth for shareholders
- Employ the expertise and scale of global asset manager AllianzGI to provide robust investment processes and oversight
- Provide all of this in a cost effective, actively managed fund.

Material events and transactions

In the six months ended 31 May 2022 there were no share buy backs or share issuances and no related party transactions nor have there been any since the period end.

Principal Risks

The economic backdrop continues to stress test the business models of all companies. As a result, the board stays in close contact with the manager regarding investments.

The principal risks facing the company are set out on in a table on pages 16 and 17 of the Annual Report for the year ended 30 November 2021 together with commentary on the board's approach to mitigating the risks, under the following headings: Portfolio Risk; Business Risk; Operational Risk; and Emerging Risks and Uncertainties. These continue to be the principal risks facing the company.

The board oversees a detailed review of the principal risks by the audit committee at least twice a year to ensure the risk assessment is current and relevant, adjusting mitigating factors and procedures as appropriate.

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 macro-economic 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 concluded that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have also considered 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.

Responsibility Statement

The directors confirm to the best of their knowledge that:

– The condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with FRS 102 and FRS 104 and the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and

– The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

– The interim management report includes a fair review of the information concerning related parties transactions as required by the Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the board on 12 July 2022 and the above responsibility statement was signed on its behalf by the Chairman.

AGM

After two difficult years where we were not able to hold a physical AGM and meet shareholders due to COVID restrictions, the Board was heartened to be able to return to holding a physical AGM in 2022. It was a pleasure to see many shareholders at that meeting.

In terms of the business of the meeting, as announced after the meeting, all resolutions were passed on a show of hands.

Outlook

Inflation continues to push higher with interest rates increasing as central banks react to the unfolding scenario. The backdrop is hastening the onset of an economic slowdown. This is all putting pressure on the ratings of high growth stocks in particular as their future cash flows are less attractive under those conditions than the current cash flows of value stocks.

It would also be remiss to assume we are completely clear from any more impacts from COVID – certainly when considering a global stage. New headlines continue to suggest that the virus is far from fully controlled, however across the globe most governments seem more focused on living with the disease on the back of widespread vaccination programmes rather than continuing to pursue harsh lockdown tactics.

One silver-lining for investors who can keep their nerve and look beyond any ‘paper loss’ is that markets have been acting rather indiscriminately. For investors who invest ‘top-down’ (trying to predict a macro-economic or stockmarket direction or outcome and then finding stocks that fit that) it can be hard to find a way forward in such market conditions. For a ‘bottom-up’ investor however who looks purely at the business and financial fundamentals of individual companies and how they should individually provide a return – constructing a portfolio of such companies from the ground up, the indiscriminate punishment of stocks means opportunities will start to arise where the shares of a sound company have been oversold on ‘macro’ concerns. Brunner’s investment manager remains primarily focused on the fortunes of individual companies. They still look at driving trends and positive and negative macro-economic factors and their potential impact on companies and industries, but the core investment philosophy remains to find great companies that can perform well despite any backdrop.

In terms of how companies are coping with inflation, thus far most companies have been able to pass on inflationary cost pressures to customers as demand remains. However, looking to the future, if demand starts to weaken, as the factors noted above start to bite, companies will find it harder to pass on cost inflation, putting pressure on profitability and earnings. This is also an environment where the differences between business models will become more apparent. Those that have genuine pricing power and which are selling essential products that customers have to buy should be able to navigate this environment best.

With all this in mind, Brunner’s investment manager continues to look through the noise, concentrating instead on the longer-term prospects for individual companies and the trends that will drive their growth and the board continues to focus on the needs of shareholders, particularly with respect to the level of dividend income.

Carolan Dobson
Chairman

Investment Manager's Review

Market Review

The past six months have seen a complete turnaround in global equity markets. All-time highs have been replaced by official bear markets, as interest rates have started to increase alongside fears of an imminent economic slowdown. At the heart of this seismic shift is inflation, which – having been restrained for almost three decades – has now reached forty-year highs in both the UK and United States[1].

Today's inflation is a global phenomenon. COVID-19 provoked national lockdowns around the world, with many economies grinding to a halt. Restarting international supply chains, whilst often still managing high infection rates, has proved complex, with demand increasingly outpacing supply. In sectors such as energy and mining, years of underinvestment meant structural issues were building long before COVID. Meanwhile many workers are seeking higher pay and/or better conditions having enjoyed the relative benefits of furlough schemes and flexible working.

This has been further exacerbated by geopolitical events. Russia's invasion of Ukraine in February provoked international outrage but also a sharp jolt to financial markets. Russia supplies large quantities of oil, gas, as well as industrial metals such as copper and nickel. The combination of sanctions and war has seriously constrained much of this supply, driving up commodity prices. Further afield, China's pursuit of a zero-COVID policy has led to repeated lockdowns, often in economically critical areas such as Shanghai, which hosts one of the largest trade ports in the world.

Because of these factors, inflation has proved higher and more persistent than expected. With the US Consumer Price inflation (CPI) running at over 8%, the Federal Reserve (Fed) has walked back its previous "transitory" assessment by raising interest rates three times to 1.75%. As of June, the Bank of England (BOE) is on its fifth rate hike in seven months to 1.25%, and in both regions a further four hikes are priced in before the year is out. The European Central Bank (ECB) is also now on a similar trajectory.

These changing dynamics have had a profound impact on global equity markets. At one end, the prospect of higher interest rates has forced investors to factor in a higher cost of debt, at the same time as discounting future earnings at a greater rate. This has sharply compressed valuations in high growth stocks, particularly those with some of the most speculative future earnings potential. This is why the Technology sector, with many of the highest growth names, has been one of the weakest performing sectors, falling over 15% in the six months ending 31 May.

Adding still more downward pressure to this sector has been the strong recovery from COVID, which has removed one of the key drivers behind last year's exceptional performance for many "spec tech" stocks. Q1 earnings season saw several high-profile pandemic winners delivering results and/or guidance that was weaker than expected. For example, with consumers no longer forced to stay at home with nothing but their digital devices for company, **Netflix** subscribers fell for their first time in a decade, dropping by 200,000.

Markets have taken an increasingly risk off approach since Russia's invasion of Ukraine, and any uncertainty regarding future outlooks has been met with short shrift. Consumer Discretionary names have in fact been the worst performing sector over the period, with Industrial stocks also struggling under the weight of rising input costs, supply chain issues and a potential economic slowdown. By comparison, more defensive sectors such as Consumer Staples and Health Care, have been more resilient.

The big winners over the past six months have been the Energy and to a lesser extent Materials sectors. Their exposure to rising commodity prices, surging demand and low starting valuations have driven a sharp re-rating, with Energy stocks gaining almost 50%. This shift in markets has been one of the key reasons for the strong performance of so-called Value stocks, which are characterised by low valuations relative to their fundamentals, as well as often having greater cyclical exposure and near-term earnings visibility. The attractiveness of value stocks after a decade-long underperformance trend is a sure sign of just how much has changed in the past six months.

Portfolio Review

Over the six-month period to the end of May 2022 the trust's NAV total return was -0.5%, which compares to the benchmark's -1.3% total return. In the context of broader global equity markets, our balanced approach to portfolio construction has served us relatively well during this period. By comparison, the MSCI All Country World Index (a proxy for global equities) has registered a decline of -4.6% over the period.

The portfolio's attribution reflects the dynamics outlined in our previous market review section. Many of the strongest contributors came from the health care sector, where we find many companies that have the quality and growth characteristics we seek, whilst also being attractively valued. The sector has performed well during this period due to its defensive nature, whilst also not being overly exposed to cost inflation.

The largest positive contribution came from **AbbVie**. Shares in the pharmaceutical giant have benefited not only from its defensive profile but also better than expected results. Humira – the company's bestselling autoimmune drug – continues to grow even as it approaches patent expiry. At the same time, AbbVie's next generation of anti-inflammatory products (Skyrizi and Rinvoq) are also posting encouraging numbers. Given the strong performance and significant valuation re-rating we have reduced the holding in order to fund higher conviction ideas elsewhere in the portfolio.

UnitedHealth Group was another notable contributor. In April, the shares touched a record high after the medical insurance giant posted better than expected results and lifted full year revenue guidance, driven by double-digit revenue growth at both its UnitedHealthcare insurance and Optum health-services. UnitedHealth's growth is increasingly fuelled by providing medical care directly to patients, and these defensive characteristics have supported the stock in recent months.

In contrast to previous periods, some of the largest positive contributions to performance came from large stocks that we do not own, such as Amazon, Nvidia, Tesla and Meta, all of which experienced sizeable valuation de-ratings. This is a helpful reminder of the importance of active stock picking and not being overly influenced by benchmarks weightings, or indeed share price momentum.

As noted in the market review section, Energy has been by far and away the strongest performing sector during this period, as a confluence of supply side constraints and recovering demand led to much increased oil and gas prices. The two companies that we hold in this sector – TotalEnergies and Shell – have both benefited from these developments and were strong contributors to performance during the period.

Weaker contributions came from the Financials and Basic Materials sectors. Within Financials, our holdings have a bias towards asset-light business models in sub sectors such as payments, exchanges and wealth management. Such companies have delivered superior shareholder returns over the long term but have lagged more cyclical areas such as banks in recent months.

In particular, the private equity group **Partners Group** was a notable drag on performance. The shares de-rated over fears of rising interest rates potentially causing an end to the private up cycle. Partners generates revenues through fees and has been a substantial beneficiary of rising demand for alternative and private market assets in recent years. With rates rising, investors fear the company will both see a drop off in demand at the same time as its cost of financing rises. Whilst there is some logic to these concerns, we believe that the trend towards alternative assets is structural in nature. There is still much to play for as allocations generally remain low. In the near term, sentiment is clearly against the stock, but much negativity is already discounted into the share price.

Another major detractor was **Adidas**. Shares in the maker of sports apparel continued to face pressure as a result of its exposure to China – the company's most profitable region. The government's zero-COVID approach is limiting sales, while supply chain issues persist. We continue to believe that these issues are temporary in nature, and that Adidas is very well positioned for the long term. It is the only major global competitor to Nike in an end market that is still growing structurally in most regions. Furthermore, improvements in Adidas's business model such as a greater use of digital technology and more direct to consumer sales should drive improved profitability in the years to come.

Significant Transactions

In the past six months we have added five new holdings and sold three. These changes reflect the shifting dynamics across equity markets, as we seek to capitalise on short term turbulence by investing in companies with attractive long term prospects at sensible valuations. It is important to emphasise that our activity is not driven by any short-term view macroeconomic or stock market trends. As per our investment philosophy, we approach each stock from the bottom up, with broader market movements largely serving as context for fundamental analysis. The highly volatile and sentiment-driven nature of recent equity markets has driven a dramatic level of change in valuations for several fundamentally sound businesses.

For example, the sharp pull back in valuations across the technology sector has presented some new opportunities. We added new positions in **Adobe** and **Align Technology**. Adobe is a provider of creative content software. Since shifting to a Software as a Service (SaaS) business model, the company has been able to harness the ever-increasing consumption of digital content to generate annual revenue growth of around 20%. As a technology stock which – until recently – was on an elevated multiple, the valuation has become much more reasonable, enabling us to start a position.

Align designs and manufactures Invisalign clear aligners, as well as advanced 3D digital scanners for orthodontists and dentists. A buying opportunity arose following a 65% decline in the share price driven by a slowdown in sales in China, as well the general de-rating of high growth companies. Align is a highly profitable company with a long runway for growth. It is an excellent example of a quality growth company that has suffered amidst the sell off this year, as the valuation has moved from a very high level to something much more reasonable.

Elsewhere, we initiated positions in **SSP Group** and **Atalaya Mining**, both of which are somewhat more cyclical business models, but where we expect compelling idiosyncratic drivers to drive growth in the years to come.

SSP Group is a world leading travel catering business serving customers predominantly in airports and train stations. After two very difficult years in which the company incurred significant losses, as well as two rights issues, SSP is now well placed to capitalise on the recovery in passenger transportation. Ongoing investment during the downturn has resulted in significant new business wins which should drive growth in market share as SSP's markets gradually reopen. This is a company that prior to COVID was growing rapidly on a relatively capital light model, and we expect this profile to return in time driving growth in both earnings and the valuation multiple.

Atalaya is a copper miner whose principal asset is the famous Rio Tinto mine in Spain, which has been operational since Roman times. This is a high quality mine, with local expansion potential, in a country with a strong legal framework. Copper is an attractive commodity, essential to renewable power generation and electricity storage and transmission, which are driving the energy transition away from fossil fuels. With strong structural growth and limited new mine capacity, the long-term prospects for the copper price look well underpinned.

Lastly, we also purchased a position in **Close Brothers**. The company is a specialist UK bank which provides loans across small niche markets, such as asset finance for small businesses. Over several market cycles, the company has demonstrated consistently strong risk-adjusted returns, with steady self-funded growth in the loan book. With little exposure to interest rate rises, the recent market rotation has brought shares down substantially from their peak, providing an attractive entry opportunity.

The combination of share price recovery and declining levels of conviction led us to reassess and ultimately sell out of the following holdings.

Merlin Properties operates commercial real estate in Spain. The shares had rebounded strongly from the COVID lows, receiving a further boost as the company indicated its intention to sell its highly valued portfolio of bank branches. With limited visibility around longer-term growth prospects, especially amongst the retail assets, the shares looked fully valued.

Amadeus is a provider of software for the airline and leisure sectors. While the travel sector as a whole has not yet fully recovered, shares in the company already appeared to price much of this in. Amadeus's profitability is skewed towards business travel which we expect to take longer to recover. Given our conviction in the company's overall competitive positioning and longer-term growth had already weakened somewhat before the pandemic, we sold out in favour of higher conviction ideas.

Separately, our investment thesis for **Fresenius** was predicated on the company's defensive exposure to rising health care spend, without concerns about patent cycles. However, a series of operational missteps and declining profitability weakened our confidence in management and Fresenius' growth potential.

Market Outlook

Global markets continue to be unsettled. If 2021's gains were driven by a "fear of missing out" (FOMO), in 2022 there is an increasing feeling that there is nowhere to hide. As inflation continues to come in higher than expected, bond yields are trending upwards and central banks are forced to keep raising short term interest rates. This is causing valuations to decline across the board, but particularly for high growth companies.

At the same time, investors are discounting the inevitable macroeconomic slowdown as tighter monetary policy eventually causes the economic cycle to turn down. This is pressuring cyclical stocks, especially in the consumer and industrial sectors. Even defensive companies, which have to date held up relatively well, may come under pressure as valuations de-rate across the market.

In these market conditions, it is critical to retain a focus on the long term. This is especially important when other investors' time horizons are becoming shorter. Often the best long term investment opportunities occur in times of market stress, characterised by heightened volatility amidst periods of indiscriminate selling. Already in the past six months we have seen some such opportunities emerge, and there may be more in the coming months.

Whilst it is always painful to experience losses, the flip side is that many good quality, structurally growing companies are now available at notably more attractive valuations. This is great news for long term oriented investors. The prospect for future returns is better today than it has been for quite some time. Of course, we cannot forecast when the current de-rating of growth stocks will end, or indeed when the short term macro economic outlook will improve, but at some point both these cycles will turn. In the meantime, we will continue to look for great long term investment opportunities amidst the shorter term volatility.

Matthew Tillett
Allianz Global Investors

[1] All data in GBP as of 31 May 2022 unless stated.

BRUNNER INVESTMENT TRUST PLC
INVESTMENT PORTFOLIO AS AT 31 MAY 2022

Listed Equity Holdings

Name	Value £'000s	% of Invested Funds	Sector
Microsoft	24,587	4.74	Software & Computer Services
United Health	22,077	4.26	Health Care Providers
Visa	18,171	3.51	Industrial Support Services
Adidas	14,423	2.78	Personal Goods
Roche Holdings	12,967	2.50	Pharmaceuticals & Biotechnology
Taiwan Semiconductor	12,854	2.48	Technology Hardware & Equipment
Munich Re	12,586	2.43	Non-Life Insurance
Shell	12,477	2.41	Oil, Gas & Coal
Microchip Technology	11,658	2.25	Technology Hardware & Equipment
TotalEnergies	11,318	2.18	Oil, Gas & Coal
Schneider Electric	10,800	2.08	Electronic & Electrical Equipment
Novo Nordisk	10,550	2.04	Pharmaceuticals & Biotechnology
Accenture	10,077	1.94	Industrial Support Services
Unilever	10,037	1.94	Personal Care, Drug & Grocery
The Cooper Companies	10,019	1.93	Medical Equipment & Services
AIA	9,816	1.89	Life Insurance
Partners Group	9,800	1.89	Investment Banking & Brokerage
Itochu	9,695	1.87	General Industrials
AMETEK	9,543	1.84	Electronic & Electrical Equipment
National Grid	9,492	1.83	Gas, Water & Multi-Utilities
HomeServe	9,304	1.79	Non-Life Insurance
Estée Lauder	8,903	1.72	Personal Goods
Charles Schwab	8,192	1.58	Investment Banking & Brokerage
Agilent Technologies	8,102	1.56	Medical Equipment & Services
Assa Abloy	7,808	1.51	Construction & Materials
Yum China Holdings	7,764	1.50	Travel & Leisure
St. James's Place	7,761	1.50	Investment Banking & Brokerage
Atlas Copco	7,562	1.46	Industrial Engineering
UBS	7,467	1.44	Investment Banking & Brokerage
Booking Holdings	7,121	1.37	Travel & Leisure
LVMH Moet Hennessy Louis Vuitton	7,107	1.37	Personal Goods
Nestle	6,973	1.35	Food Producers
RELX	6,825	1.32	Media
Amphenol	6,747	1.30	Technology Hardware & Equipment
FleetCor Technologies	6,705	1.29	Industrial Support Services
Jumbo	6,566	1.27	Leisure Goods
GlaxoSmithKline	6,496	1.25	Pharmaceuticals & Biotechnology
AbbVie	6,138	1.18	Pharmaceuticals & Biotechnology
Adobe	6,112	1.18	Software & Computer Services
IG Group	6,082	1.17	Investment Banking & Brokerage

CME Group	5,994	1.16	Investment Banking & Brokerage
Intuit	5,918	1.14	Software & Computer Services
DCC	5,890	1.14	Industrial Support Services
Redrow	5,565	1.07	Household Goods & Home Construction
Iberdrola	5,487	1.06	Electricity
Rio Tinto	5,462	1.05	Industrial Metals & Mining
Close Brothers	5,382	1.04	Banks
Paragon Banking	5,164	1.00	Finance & Credit Services
Intuitive Surgical	5,144	0.99	Medical Equipment & Services
MarketAxcess	5,136	0.99	Investment Banking & Brokerage
Ashmore	5,125	0.99	Investment Banking & Brokerage
Tyman	5,083	0.98	Construction & Materials
Helical	5,077	0.98	Real Estate Investment & Services
International Flavors & Fragrances	4,909	0.95	Chemicals
Brambles	4,751	0.92	General Industrials
Ecolab	4,551	0.88	Chemicals
Baltic Classifieds	4,449	0.86	Software & Computer Services
SThree	4,445	0.86	Industrial Support Services
Align Technology	4,404	0.85	Medical Equipment & Services
SSP	4,076	0.79	Travel & Leisure
Astellas Pharma	4,060	0.78	Pharmaceuticals & Biotechnology
Atalaya Mining	3,800	0.73	Precious Metals & Mining
Jiangsu Express	3,460	0.67	Industrial Transportation
Bright Horizons Family Solutions	3,232	0.62	Consumer Services
Australia & New Zealand Bank	3,120	0.60	Banks
	518,366	**100%**	

GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2022

Region	% of Invested Funds
North America	43.21
Continental Europe	25.36
UK	24.70
Pacific Basin	4.08
Japan	2.65
Total	100.00

SECTORAL ANALYSIS AS AT 31 MAY 2022

Sector	% of Invested Funds
Industrials	20.07
Financials	19.47
Health Care	17.34
Technology	13.95
Consumer Discretionary	13.81
Energy	4.59
Basic Materials	3.61
Consumer Staples	3.29
Utilities	2.89
Real Estate	0.98
Total	100.00

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2022

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
(Losses) on investments held at fair value through profit or loss	-	(14,519)	(14,519)
Losses on foreign currencies	-	(85)	(85)
Income from investments	7,403	-	7,403
Investment management fee	(352)	(822)	(1,174)
Administration expenses	(369)	(2)	(371)
Profit (loss) before finance costs and taxation	6,682	(15,428)	(8,746)
Finance costs: interest payable and similar charges	(141)	(301)	(442)
Profit (loss) on ordinary activities before taxation	6,541	(15,729)	(9,188)
Taxation	(787)	-	(787)
Profit (loss) after taxation attributable to ordinary shareholders	**5,754**	**(15,729)**	**(9,975)**
Earnings per ordinary share (Note 1) (basic and diluted)	**13.48p**	**(36.84p)**	**(23.36p)**

BALANCE SHEET

as at 31 May 2022

	£'000s
Investments held at fair value through profit or loss (Note 3)	518,366
Net current liabilities	(5,090)
Total assets less current liabilities	**513,276**
Creditors: amount falling due after more than one year	(25,389)
Total net assets	**487,887**
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	455,573
Revenue reserve	16,314
Equity shareholders' funds	487,887
Net asset value per ordinary share	**1,142.8p**

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2022

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2021

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Gains on investments held at fair value through profit or loss	-	45,472	45,472
Losses on foreign currencies	-	(51)	(51)
Income from investments	6,413	-	6,413
Investment management fee	(317)	(739)	(1,056)
Administration expenses	(328)	(1)	(329)
Profit before finance costs and taxation	5,768	44,681	50,449
Finance costs: interest payable and similar charges	(130)	(274)	(404)
Profit on ordinary activities before taxation	5,638	44,407	50,045
Taxation	(764)	-	(764)
Profit after taxation attributable to ordinary shareholders	**4,874**	**44,407**	**49,281**
Earnings per ordinary share (Note 1) (basic and diluted)	**11.42p**	**104.01p**	**115.43p**

BALANCE SHEET

as at 31 May 2021

	£'000s
Investments held at fair value through profit or loss (Note 3)	491,308
Net current assets	875
Total assets less current liabilities	**492,183**
Creditors: amount falling due after more than one year	(25,380)
Total net assets	**466,803**
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	435,455
Revenue reserve	15,348
Equity shareholders' funds	**466,803**
Net asset value per ordinary share	**1,093.4p**

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2021

STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £'000s	Capital Redemption Reserve £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Total £'000s
Six months ended 31 May 2021					
Net assets at 1 December 2020	10,673	5,327	391,048	15,051	422,099
Revenue profit	-	-	-	4,874	4,874
Dividends on ordinary shares (Note 4)	-	-	-	(4,577)	(4,577)
Capital profit	-	-	44,407	-	44,407
Net assets at 31 May 2021	**10,673**	**5,327**	**435,455**	**15,348**	**466,803**
Six months ended 31 May 2022					
Net assets at 1 December 2021	10,673	5,327	471,302	15,150	502,452
Revenue profit	-	-	-	5,754	5,754
Dividends on ordinary shares (Note 4)	-	-	-	(4,590)	(4,590)
Capital profit	-	-	(15,729)	-	(15,729)
Net assets at 31 May 2022	**10,673**	**5,327**	**455,573**	**16,314**	**487,887**

CASH FLOW STATEMENT

	Six months ended 31 May 2022 £000's	Six months ended 31 May 2021 £000's
Operating activities		
(Loss) profit before finance costs and taxation	(8,746)	50,449
Less: Losses (gains) on investments held at fair value through profit or loss	14,519	(45,472)
Add: Losses on foreign currency	85	51
Less: Overseas tax suffered	(787)	(764)
Increase in other receivables	(407)	(223)
(Decrease) increase in other payables	(121)	47
Purchases of fixed asset investments held at fair value through profit or loss	(49,517)	(25,242)
Sales of fixed asset investments held at fair value through profit or loss	50,975	24,789
Net cash inflow from operating activities	**6,001**	**3,635**
Financing activities		
Interest paid	(417)	(393)
Revolving Credit Facility drawdown	-	2,500
Revolving Credit Facility repayment	-	(2,500)
Dividend paid on cumulative preference stock	(11)	(11)
Dividends paid on ordinary shares	(4,590)	(4,577)
Net cash outflow from financing activities	**(5,018)**	**(4,981)**
Increase (Decrease) in cash and cash equivalents	**983**	**(1,346)**
Cash and cash equivalents at the start of the period	3,695	8,961
Effect of foreign exchange rates	(85)	(51)
Cash and cash equivalents at the end of the period	4,593	7,564
Comprising:		
Cash at bank	4,593	7,564

Notes to the Financial Statements

Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 42,692,727 (31 May 2021: 42,692,727 shares).

Note 2

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

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

Purchases for the half year ended 31 May 2022 were £49,383,000 (31 May 2021: £24,479,000) and sales for the half year ended 31 May 2022 were £50,421,000 (31 May 2021: £23,759,000).

Included in the cost of investments are transaction costs on purchases which amounted to £102,000 (31 May 2021: £85,000) and transaction costs on sales which amounted to £6,000 (31 May 2021: £9,000).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 102 sections 11 and 12. Investments are initially recognised at fair value, which is determined to be their cost. Subsequently, investments are revalued at fair value which is the bid market price for listed investments.

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 are unavailable) for the asset or liability

As at 31 May 2022, the financial assets at fair value through profit and loss of £518,366,000 (30 November 2021: £533,924,000) are categorised as follows:

	As at 31 May 2022 £'000s	**As at 30 November 2021 £'000s**
Level 1	518,366	533,924
Level 2	-	-
Level 3	-	-
	518,366	**533,924**

Note 4

In accordance with section 32 FRS102 ' Events After the end of the Reporting Period', dividends declared after the end of the reporting period shall not be recognised as a liability.

Dividends paid on ordinary shares in respect of earnings for each period are as follows:

	Six months ended 31 May 2022 £'000s	Six months ended 31 May 2021 £'000s	Year ended 30 November 2021 £'000s
Final dividend 6.05p paid 1 April 2022 (2021: 6.05p)	2,583	2,583	2,583
First interim dividend 4.70p paid 22 July 2021 (2020: 4.67p)	-	-	2,007
Second interim dividend 4.70p paid 16 September 2021 (2020: 4.67p)	-	-	2,007
Third interim dividend 4.70p paid 10 December 2021 (2020: 4.67p)	2,007	1,994	1,994
	4,590	4,577	8,591

Dividends declared after the period end are not recognised as a liability under section 32 FRS 102 'Events after the end of the reporting period'. Details of these dividends are set out below.

	Six months ended 31 May 2022 £'000s	Six months ended 31 May 2021 £'000s	Year ended 30 November 2021 £'000s
First interim dividend 5.15p payable 21July 2022 (2021: 4.70p)	2,199	2,007	-
Second interim dividend 5.15p payable 15 September 2022 (2021: 4.70p)	2,199	2,007	-
Third interim dividend 4.70p	-	-	2,007
Final dividend 6.05p	-	-	2,583
	4,398	4,014	4,590

The final and interim dividends above are based on the number of shares in issue at the period end. However, the dividend payable will be based upon the number of shares in issue on the record date and will reflect any purchase or cancellation of shares by the company settled subsequent to the period end.

Note 5

The directors believe 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 accordingly, that the company has adequate financial resources to continue in operational existence for the foreseeable future.

Note 6

The half-yearly report has neither been audited nor reviewed by the company's auditors. The financial information for the year ended 30 November 2021 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under either section 498(2) or (3) of the Companies Act 2006.

The half-yearly financial report will be sent to shareholders in late July 2022 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.