

# 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

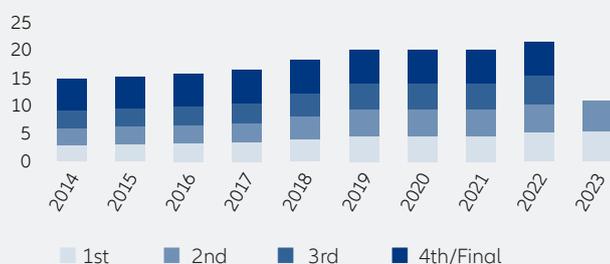
The Brunner Investment Trust PLC was formed from the Brunner family's interest in the sale of Brunner Mond & Co, the largest of the four companies which came to form Imperial Chemical Industries (ICI) in 1926. Today, Brunner shares are available for everyone to buy and are widely held by both private 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 <sup>1</sup>	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** £543.5m

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

**Market Cap** £465.4m

Share Price

**1090.0p**

NAV per Share

**1235.0p**

Premium/-Discount

**-11.7%**

Dividend Yield

**2.1%**

Gearing

**6.1%**

## Fund Manager's Review

Dear Shareholder,

July was a positive month for global equity markets, with most sectors gaining over the period. The more cyclical areas of the market continued their recent trend of outperforming the defensive areas, with IT, Communication Services and Consumer Discretionary gaining strongly. China and Emerging markets soared towards the end of the month as the Chinese authorities pledged to increase policy measures to boost growth, amid waning economic momentum.

After the 0.5% interest rate rise by the Bank of England and a pause from the Federal Reserve in June, US and UK policymakers joined the European Central Bank (ECB) in raising rates by 0.25% in July. The underlying economic data showed that the headline inflation rate continued to ease in the US and Eurozone, with rates at their lowest levels since March 2021 and January 2022 respectively. Second quarter Gross Domestic Product (GDP) growth was also stronger than anticipated, with the US numbers especially resilient in the face of higher rates. The latest UK inflation figures showed a notable downward shift in both the headline and underlying inflation rate, with the readings coming below expectations, after several months where UK inflation had surprised to the upside. This prompted a significant change in the general narrative, that the UK had structurally higher and more sticky inflation than elsewhere. Stepping back from monthly data, it seems that the trajectory for UK inflation is very similar to that in the USA and the EU, though at a slightly higher level and a little later to come down.

There was an almost immediate response in financial markets to the inflation figures, as these reduce the pressure on the Bank of England to keep aggressively raising interest rates. UK government bond yields and sterling, which had both been rising, pulled back down, as interest rate expectations moderated. A lower peak in UK interest rates would have important implications for the UK economy, as it would reduce the peak in mortgage costs and lower other borrowing costs. This change in

**“ UK building materials producer Tyman increased by 20% on a positive trading update, benefitting in particular from their considerable US exposure**

expectations lifted the stock market, especially the medium and smaller sized companies, which are generally more exposed to the domestic economy than the large multinational groups.

Portfolio performance in July was slightly behind the benchmark with St James's Place the largest detractor to performance. The Net Asset Value total return for July was 1.74%, versus the 2.34% return from the benchmark. Whilst reported numbers and business flows were modestly below expectations, investors were more concerned by the company's decision to lower fees for longstanding clients, who have been with the firm for over a decade. This has lowered future earnings forecasts, though the share price reaction looks harsh and the company remains in a very strong competitive position. After performing strongly year to date, Microsoft dropped slightly from an all time high with earnings results solid rather than spectacular. The long term outlook remains healthy but lacked the AI related tailwinds reported by other technology heavyweights. We



**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.

had trimmed our position prior to the results to help finance a position in ASML.

The best contributors to performance were in the financial sector. Private markets investment firm Partners Group reported first half inflows that were in line with consensus and the company anticipates stronger fundraising in the second half as the pace of client conversions normalises and several funds are launched in the market. Management reiterated its performance fee guidance and commitment to 10-15% Assets Under Management (AUM) growth in the coming years. Charles Schwab also rose strongly with second quarter Earnings per Share (EPS) better than expected. UK building materials producer Tyman increased by 20% on a positive trading update, benefitting in particular from their considerable US exposure.

During the month, we initiated a position in ASML. The company is the market leader in photolithography equipment, which is the process in which a light source is used to expose circuit patterns from a photomask onto a semiconductor wafer. The company's extreme ultraviolet (EUV) lithology enables semiconductor manufactures to increase the number of transistors on the same area of silicon. Due to the high cost involved of developing this technology, there are huge barriers to entry and the valuation at the point of purchase was reasonable for a company with very high quality earnings and a strong balance sheet. We financed this position from the aforementioned trim of Microsoft and small reductions in Yum China, Munich Re, Itochu, Estee Lauder and Abbvie.

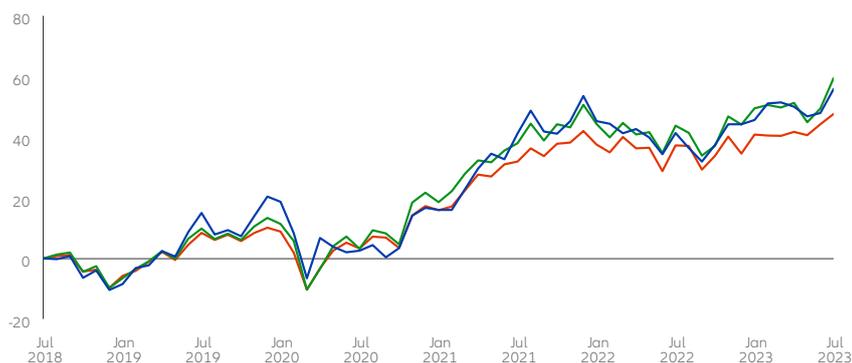
Yours sincerely,

**Christian Schneider & Julian Bishop  
25 August 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	3.9	7.0	10.2	52.0	55.8
NAV (debt at fair value)	2.7	3.9	8.6	51.8	56.7
Benchmark	4.2	4.8	7.5	42.9	47.6

### Discrete 12 Month Returns to 31 July (%)

	2023	2022	2021	2020	2019
Share Price	10.2	0.1	37.7	-10.8	15.0
NAV (debt at fair value)	8.6	4.2	34.2	-6.0	9.8
Benchmark	7.5	4.0	27.8	-4.7	8.4

Source: Thomson Reuters Refinitiv DataStream, percentage growth, mid to mid, total return to 31.07.23. 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\* (%)

Financials	21.9	<div style="width: 21.9%;"></div>
Industrials	21.8	<div style="width: 21.8%;"></div>
Information Technology	18.5	<div style="width: 18.5%;"></div>
Health Care	14.5	<div style="width: 14.5%;"></div>
Consumer Discretionary	10.2	<div style="width: 10.2%;"></div>
Energy	4.7	<div style="width: 4.7%;"></div>
Consumer Staples	4.4	<div style="width: 4.4%;"></div>
Utilities	2.5	<div style="width: 2.5%;"></div>
Materials	0.9	<div style="width: 0.9%;"></div>
Real Estate	0.6	<div style="width: 0.6%;"></div>

### Geographic Breakdown\* (%)

North America	41.1	<div style="width: 41.1%;"></div>
Europe ex UK	26.7	<div style="width: 26.7%;"></div>
UK	24.3	<div style="width: 24.3%;"></div>
Pacific ex Japan	5.7	<div style="width: 5.7%;"></div>
Japan	2.2	<div style="width: 2.2%;"></div>

### Top Twenty Holdings (%)

Microsoft	6.0
UnitedHealth Group	4.1
Visa - A Shares	3.7
Microchip Technology	3.3
Muenchener Rueckver	3.1
Schwab (Charles)	2.7
Shell	2.6
Schneider Electric	2.5
Taiwan Semiconductor	2.4
AMETEK	2.2
Partners Group	2.2
Itochu	2.2
DNB Bank	2.1
TotalEnergies	2.1
InterContinental Hotels Group	2.1
Gallagher	2.1
Unilever	2.0
Accenture	1.9
Roche	1.9
LVMH Moët Hennessy Louis Vuitton	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.

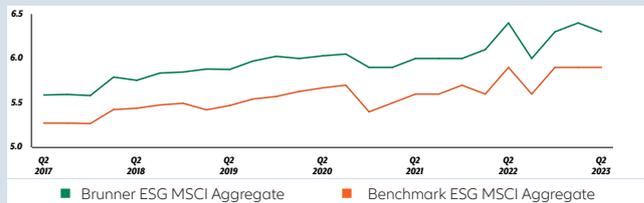
This is no recommendation or solicitation to buy or sell any particular security.

\*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

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](http://www.brunner.co.uk)

**E-mail:** [investment-trusts@allianzgi.com](mailto: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 31.07.23 unless otherwise stated.**

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