

Company no
226323

**WHEREVER THERE'S
OPPORTUNITY,
THERE'S BRUNNER**

The Brunner Investment Trust PLC

Annual Financial Report
30 November 2020



Allianz 
Global Investors

Whatever your goals, there's Brunner...

Capital growth and dividends

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

The Key Performance Indicators (KPIs) on pages 12 and 13 of the report show how effective the company has been in delivering its strategy.

Benchmark

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

Wherever there's opportunity...

The company provides a 'one stop shop' for investors looking for a global and UK portfolio of equities and a quarterly dividend. The company's investment policy is set out in the Strategic Report on page 10.

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

Risk and gearing

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

Independence

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

A family investment from the beginning...

Like many long-established investment trusts, Brunner's name reflects its history rather than its investment strategy. Johannes Brunner was born in Canton Zürich and migrated to Lancashire in 1832. His son, Sir John Brunner, Bart, was one of the most successful industrialists of the nineteenth century, and in politics an influential radical Liberal MP until well

into the twentieth century. In 1873 he and the scientist Ludwig Mond founded Brunner, Mond and Co, the largest of the four companies which came together to form ICI in 1926. The following year the Brunner family chose to sell its ICI shares and establish a broad, long-term investment vehicle – so in 1927, The Brunner Investment Trust was formed.

John Brunner was a passionate campaigner, including for welfare reforms and free trade, and used his wealth for philanthropic purposes. Jim Sharp, who joined the board on 1 January 2014, is connected to the Brunner family by marriage and continues the link between the board and the Brunner family.

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www.brunner.co.uk

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

Financial Highlights

As at 30 November 2020

Net assets per ordinary share*
Debt at Fair Value#

975.5p

2019 937.4p
+4.1 %

Net assets per ordinary share*
Debt at Par

988.7p

2019 945.8p
+4.5 %

Earnings per ordinary share

16.0p

2019 21.7p
-26.3 %

Dividend per ordinary share

20.06p

2019 19.98p
+0.4%

Net asset value total return
Debt at fair value#

+6.2%

2019
+13.2%

Net asset value total return
Debt at par#

+6.7%

2019
+14.4%

Taiwan is home to Taiwan Semiconductor Manufacturing Company (TSMC), a strong contributor to performance for the year under review.

Benchmark total return index†

+5.3%

2019

+12.6%

Consumer price index

+0.3%

2020 108.9

2019 108.6

Share price total return#~

0.0%

2020 842.0p

2019 862.0p

Discount - average in the year#

9.4%

2019

8.6%

All figures are UK GAAP unless they are stated to be Alternative Performance Measures. (Glossary page 109).

*All references to NAV in our commentary and the Strategic Report are to NAV with debt at fair value since this is the measure that the board considers best reflects the value to shareholders. However, NAV with debt at par value is reported above and in the Performance – Review of the Year on page 9.

Alternative Performance Measures (APM). See Glossary on page 109.

† The Benchmark Index of 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

~ Share price total return is based on the movement in share price including dividends reinvested.

Chairman's Statement

Dear Shareholder

Performance

The company's Net Asset Value (NAV) per ordinary share rose by 6.2% on a net dividends reinvested basis with debt at fair value, our key performance measure. This was ahead of the composite benchmark index (70% FTSE World Ex-UK and 30% FTSE All-Share Index) which rose by 5.3% on the total return basis over the period.

2020 has of course been a year of extremes, not least for humanity's collective experience of the global effects of the COVID-19 pandemic, the like of which has not been seen in living memory. This inevitably cast the shadow of economic upheaval and market volatility across the majority of the year.

Whilst many businesses across the globe have struggled to survive, let alone thrive, it is encouraging to see that many have fought hard to adapt their business models to a new modality. This means as we leave 2020 behind there are a surprising number of companies that continue to perform well, with clear prospects for continuing growth. There are also many companies in cyclical sectors that should also be set to perform well should there be sufficient levels of economic recovery on the back of a widespread vaccine rollout programme.

A more detailed analysis of the investment landscape through the past year is given by the Manager on page 22. The manager has also provided an in-depth view of the Brunner investment philosophy (see page 34) and both pieces describe how the trust maintains a balanced approach, even in the face of the kind of volatility experienced in 2020.

As noted in our Half-yearly Report, May 2020 saw a change to our portfolio management arrangements. Lucy Macdonald stepped down as portfolio manager, with Matthew Tillett, who worked closely with Lucy on Brunner for a number of years, now leading the management of the portfolio supported by global equity managers Christian Schneider, a long standing member of Lucy's team, and Marcus Morris-Eyton, a long standing member of Allianz Global Investors'

European Growth team. These experienced portfolio managers continue to implement Brunner's existing strategy and investment approach without change, however the renewed team also benefits from the application of new viewpoints to the approach. The team have a collegiate approach to managing the portfolio, ensuring a rounded investment rationale for all stocks held. We are happy to see a continuation of Brunner's solid portfolio performance being maintained under the new team.

Earnings per share

The earnings potential from our portfolio was always going to suffer in such an extraordinary year, when many companies have been forced to cut, suspend or cancel dividend payments.

Against this difficult background the portfolio's generation of income and earnings was constrained through 2020, with earnings per share for the year falling by 26.3%, from 21.7p to 16.0p.

Increased dividend in a difficult year

Rolling lockdowns throughout 2020 have disturbed trading at several of the companies owned in our portfolio to the extent they have had to cut or cease paying their dividends. Our portfolio's focus on quality companies with strong balance sheets has protected our company from the worst of these problems and whilst our earnings per share fell from 21.7p in 2019 to 16.0p in 2020, our dividend forecasts are currently showing some recovery for 2021. Over many years the board has bolstered our company's ability to maintain dividend payments to shareholders during difficult market times by steadily building up our revenue reserves in the good times. Accordingly, the total dividend for 2020 at 20.06p shows a small increase over 2019 in line with the board's dividend policy as described on page 12. In addition, the board intends to at least maintain this current level of dividend for 2021 unless there is a significant deterioration in global economic conditions from current expectations.

After paying the 2020 dividends (including the proposed final dividend) revenue reserves will remain very strong at 24.5p.

It is proposed that a fourth and final dividend of 6.05p per share will be paid on 1 April 2021 to shareholders on the Register of Members at close of business on 26 February 2021, bringing the total payment for 2020 to 20.06p, an increase of 0.4% on last year. As dividend payments for the year of 16.0p are not fully covered by earnings per share, we will be utilising a portion of the company's accumulated revenue reserves to allow us to make the proposed dividend

payment. Such exceptional circumstances are exactly what revenue reserves are for and remain an important differentiator of the closed-end investment trust structure. It is too soon to make any kind of prediction on the outlook for dividends in the market for 2021, but we are heartened to see many dividends being reinstated, as companies get a clearer picture of their capital allocation requirements under the current stressed scenario.

The board continues to view the delivery of a reliable income stream to investors as an important factor which drives our thinking on this topic, though we carefully consider all aspects of the company's returns before recommending the proposed final dividend.

Should shareholders approve the proposed dividend, it would mean the company has provided 49 years of successive dividend increases. The company will therefore retain its status as a 'dividend hero', as defined by the Association of Investment Companies (AIC), with one of the longest track records in that group.

Discount management

At the time of reporting our 2019 results we noted strong demand for the company's shares, resulting in a significant narrowing of the share price discount to NAV. That trend continued into the first part of 2020 and the company was regularly trading at a low-single digit discount and even a very slight premium for a short time during the volatility experienced around the first national lockdown. Unfortunately, post the change of lead portfolio manager in May, we observed a marked drift in the discount out to unacceptably high levels. We believe this had little or no basis in the performance of the underlying portfolio and was rather a result of a 'wait and see' attitude by the market on the renewed management team.

As a result, the marketing effort to both professional investors and to direct private investors was stepped up in the final two quarters of the year. Overcoming the natural inertia of the market has proved challenging, but we are pleased to report that a significant number of investor meetings, virtual events and PR activity combined with a renewed advertising campaign has resulted in a narrowing of the discount over the final months of 2020.

The discount remains beyond where we would ideally expect it to be, however our clear long-term strategy, as detailed previously and outlined below, continues to hold true and we see no reason why we would not return to even stronger demand for the company's shares in time:

- Focused global equity proposition
- Consistent growth in dividends supported by strong revenue reserves
- Balanced stock picking approach with demonstrable returns in a range of market environments
- Efficient capital structure
- Active PR and marketing programme

Buy back of shares into treasury

There were no buybacks during the year under review, but the board is seeking renewal of shareholder approval to buy back shares for the next year. This is being sought so the company may retain a mechanism to manage the discount of share price to NAV at the margins should it be needed.

Buying back shares may help to reduce the volatility of the discount and could enhance the underlying NAV but also reduces the size of the company, which may make it less attractive to some investors. In addition to seeking renewed authority to buy back shares at the annual general meeting, we will also be asking for approval to be able to hold these shares in treasury rather than immediately cancelling them. More information is given in the Directors' Report on page 65, but any shares issued or sold from treasury will be at a premium to NAV to ensure that existing shareholders benefit from the transaction.

Marketing – important but proportionate

As a closed-ended investment trust, the creation of sustained demand for the company's shares is a benefit to all shareholders and, as noted above, is of particular focus at the moment given the share price discount to NAV. As with any expense for the supply of services to the company, the board monitors the costs for marketing and PR, and the associated results, to ensure they remain appropriate.

Environmental, Social and Governance matters

Our manager has an active approach to investment. AllianzGI has a dedicated ESG research team working with the portfolio managers to integrate ESG factors into investment decisions. We firmly support our manager's view that there is value in working with companies in the portfolio on environmental, social, governance and business conduct issues. This helps unlock potential, identifies risk, creates broader societal gains and as a result delivers value to shareholders. There is more detail on the engagement with the portfolio companies on page 19 and in the investment manager's review on pages 22 to 54.

Board succession

As noted previously Amanda Aldridge joined the board as a non-executive director of the company with effect from 1 December 2019 and Andrew Hutton joined as a non-executive director of the company with effect from 20 April 2020. Amanda also became Chair of the Audit Committee on 1 April 2020.

Ian Barlow retired as our Audit Committee Chairman after the board meeting on 1 April and, after staying on for a period of transition, retired from the Board in December 2020. The board will greatly miss Ian's input into the running of the company, and he provided excellent guidance and the benefit of his experience. We wish him well for the future.

Outlook

Our managers believe we should see a strong economic recovery this year as the vaccine roll out allows lockdowns to reduce and more normal working conditions to emerge. However, there is a danger that new virus strains may delay that. Governments have played an effective roll in cushioning many of the effects of lockdowns by making large payroll and business subsidies and the provision of copious quantities of cheap credit. However, the longer many sections of the economy remain closed the more difficult it is for governments to be able to provide that cushion. So, whilst our central thesis is that economies recover this year there is an outside chance that may not be the case.

In such a scenario we feel it is more important than ever to keep a sharp focus on maintaining the balanced approach that characterises the trust. There are some key themes that we see driving the portfolio, such as digitalisation (stretching beyond just the tech companies), global demographics and the energy transition. The manager describes these trends in more detail in the investment management report. That said, despite these strong themes proving to be drivers of growth, the manager's overriding strategy remains to find individual companies from a bottom up perspective that provide the requisite quality and growth characteristics, at sensible valuations.

We believe that the manager's strategy of carefully buying quality companies, backed by the detailed analysis carried out to ensure every investment held in the portfolio is justified, will continue to serve the company well in the future.

Annual General Meeting

In view of the current restrictions in place on travel and meetings in connection with COVID-19 the Annual General Meeting of the company to be held on Tuesday 30 March 2021 will be held as a closed meeting and shareholders will not be able to attend in person. To give you the opportunity to communicate with the board and management team you are invited to view a video presentation which will be posted on the website www.brunner.co.uk two weeks before the AGM and send any questions for the board and manager care of the company secretary at investment-trusts@allianzgi.com or in writing to the registered office (further details are available on page 64) and we will publish questions and answers on the website. We encourage all shareholders to exercise their votes in advance of the meeting by completing and returning the form of proxy.


Carolan Dobson
Chairman
17 February 2021

Performance – Review of the Year

Review of the Year

Revenue

Year ended 30 November	2020	2019	% change
Income available for ordinary dividend	£6,815,742	£9,248,430	-26.3
Earnings per ordinary share	16.0p	21.7p	-26.3
Dividends per ordinary share	20.06p	19.98p	+0.4
Consumer price index	108.9	108.6	+0.3

Assets

As at 30 November	2020	2019	Capital return % change	Total return ¹ % change
Net asset value per ordinary share with debt at fair value	975.5p	937.4p	+4.1	+6.2
Net asset value per ordinary share with debt at par	988.7p	945.8p	+4.5	+6.7
Share price	842.0p	862.0p	-2.3	+0.0
Total net assets with debt at fair value ²	£416,485,984	£400,206,584	+4.1	-
Total net assets with debt at par	£422,099,372	£403,786,544	+4.5	-
Ongoing charges ³	0.64%	0.66%	-	-

Net Asset Value with Debt at Fair Value⁴ Relative to Benchmark⁵

	Capital return	Total return ¹
Change in net asset value	+4.1%	+6.2%
Change in benchmark	+2.9%	+5.3%
Percentage point performance against benchmark	+1.2	+0.9

A Glossary of Alternative Performance Measures (APMs) can be found on page 109.

¹ Total return is based on the capital net asset value, including dividends reinvested. (APM).

² Total net assets with debt at fair value. (APM).

³ The ongoing charges percentage is calculated in accordance with the explanation given on page 110. (APM)

⁴ The board prefers to measure performance using net asset value with debt at fair value in line with industry practice, as demonstrated in the Chairman's statement on page 4. (APM).

⁵ For the period under review the benchmark was 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

Strategic Report

Headquartered in Paris, France,
new holding LVMH Moët
Hennessy Louis Vuitton is the
world's largest luxury goods
group.

Introduction

Purpose

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

Strategy Review

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

- the company's strategic position
- long-term dividend and revenue management
- the continued suitability of the benchmark
- the company's marketing and communications
- distribution strategy and investment platforms

Business Model

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

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

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

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

Manager's Investment Style

The essence of the investment style which we ask the investment manager to follow is to select the best stocks in a 'bottom up' approach, before sector and country selection. The portfolio is concentrated into 62 stocks at 30 November 2020 (66 stocks in 2019). Within that concentration modest gearing - employing the company's borrowings to invest - is within guidelines set by the board.

Investment Policy

Investment Objective

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

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

Risk Diversification

The company aims to achieve a spread of investments across geographies and sectors. The maximum holding in a stock is

limited to 10% of gross assets at the time of investment and the portfolio will consist of at least 50 stocks. The company will not invest more than 15% of its gross assets in other UK listed investment companies.

Gearing

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

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

Section 172 Report:

Engagement with Key Stakeholders

The company's key stakeholders are its investors, its service providers and the companies in which it invests. The board's strategy is facilitated by interacting with a wide range of stakeholders through meetings, seminars, presentations and publications and through contacts made through our suppliers and intermediaries. Through the global COVID-19 pandemic our interactions have become virtual and not in person, but we have taken this as an opportunity to engage in new and efficient ways with many of our stakeholders. Engagement with the company's stakeholders enables the company to fulfil its strategies and to promote the success of the company for the benefit of the shareholders as a whole. Set out below are examples of the ways in which Brunner has interacted with key stakeholders in line with section 172 of the Companies Act.

Stakeholders	Why we engage	How we engage and what we do	The outcomes
Shareholders	Shareholders receive relevant information to enable them to evaluate whether their investment interests are aligned with the strategy of the company.	The board communicates through the annual and half-yearly reports, fact sheets, website and podcasts. The AGM provides a focus for interaction with shareholders: this year through Q&As to be published on the website, but the board looks forward to live interaction when it is safe to arrange this. A portfolio management presentation is made available before the AGM.	Shareholders make informed decisions about their investments. Shareholder correspondence is forwarded directly to the board.
The manager	The board works with Allianz Global Investors who provide investment management, accounting and secretarial services as well as expertise in sales and marketing.	In the past year the manager has been reporting how it has adjusted the management of the portfolio in response to the challenges of the COVID-19 pandemic and also how it has adapted its sales and marketing activities to maintain and improve its reach.	The company is well managed and receives appropriate and timely advice and guidance for a reasonable cost.
Service providers	The board has appointed a depositary, a custodian and a registrar to provide specialist services.	Our manager maintains regular contact and ensures service levels are satisfactory and appropriate controls are in place with Brunner's service providers. Reports are received on cyber security and operational resilience.	The board provides assurances to shareholders that sound and effective controls are in place.
Portfolio companies	The board approves the manager's active, stock picking approach and believes in good stewardship.	On the company's behalf the manager engages with investee companies, including on Environmental, Social and Governance matters and exercises its votes at company meetings.	The company is a responsible investor.
Brokers	The board and manager work with the brokers, including their research and sales teams to provide access to the market and liquidity in the company's shares.	The sales team maintains regular contact with the corporate brokers and helps the company to participate in exchange volume and provide liquidity for investors.	Brunner is an attractive investment and there is liquidity in the company's shares.
Media partnerships	The company works with public relations advisers to ensure information about the company, its strategies and performance can reach a wide audience of potential investors through press articles and online media coverage.	Regular communication with public relations partners to raise the company's profile through press and media activity. We can measure the success of this activity by monitoring website hits and new investment in the company on retail platforms.	Brunner's name and its attributes as an investment company are known to an increasingly wider audience.
Distribution partnerships	To reach a wider audience of investors the company works with firms providing access to platforms and wealth managers.	The managers together with our distribution partners arrange presentations about Brunner at virtual events and publications to reach investors through share trading platforms and wealth managers.	The board receives detailed feedback to confirm wide and growing interest in the company's shares.
Lenders	The company employs modest gearing with the aim of enhancing returns to shareholders.	The company provides regular business updates to its lenders to demonstrate the headroom of the covenants for its borrowings and that the company is performing in line with expectations.	The company is able to raise financing to support its strategy and objectives.
Auditors	Shareholders benefit from investing in a well-run company with appropriate accounting management and professional oversight.	The auditors meet with directors at least twice each year and provide insights and guidance throughout the year.	Shareholders and the market can see audited financial reports.
AIC	The Association of Investment Companies looks after the interests of investment trusts and provides information to the market.	The company is a member of the AIC and supports its activities such as publishing ESG policies. Brunner is named in the AIC's Dividend Hero campaign and is in the Top 20 most viewed companies on the AIC website in 2020.	Brunner has a voice in the regulatory environment in which it operates. Information about Brunner is disseminated widely.

Key Performance Indicators

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

Performance against the Benchmark Index

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

	Debt at par	Debt at fair value	Benchmark	Percentage point relative return	Percentage point relative return
2020	+6.7%	+6.2%	+5.3%	+1.4	+0.9
2019	+14.4%	+13.2%	+12.6%	+1.8	+0.6

This is the most important KPI by which performance is judged. The principal objective is to achieve a return higher than that of the benchmark index, currently 70% FTSE World Ex UK Index and 30% FTSE All-Share Index, over the long term, after absorbing costs.

For this indicator, we measure the performance against the benchmark using NAV with debt at fair value, in line with industry practice. We have also disclosed here the performance against the benchmark using NAV with debt at par value for information purposes. Capital returns are shown on page 82 and in the Chairman's Statement.

Source: AllianzGI/Thomson Reuters DataStream. Benchmark: 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. Alternative Performance Measure (APM). See Glossary on page 109.

Dividends

Annual dividend

The board aims to pay a progressive dividend each year, taking into account inflation and the ability to achieve this subject to general earnings growth and dividends received in the portfolio. Dividends paid in the past ten years are set out in the Historical Record table on page 54 which shows that dividends have risen in every year.

Includes the proposed final dividend.

Share Ownership

Percentage of issued capital held by wealth managers and investment platforms

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

Analysis as at 30 November. Source: RD:IR and AllianzGI.

Discount

The company's shares currently trade at a discount to the net asset value per share. The share price depends on a number of factors, including sentiment towards the company and towards investments in equities in general. The board monitors the discount with the aim in normal markets of keeping in step with average discounts in the sector. The board gives the manager authority in certain circumstances to buyback and either cancel the shares or hold them in treasury, which would be likely to result in a narrowing of the discount.

Ongoing Charges

Ongoing charges are operating expenses incurred in the running of the company, whether charged to revenue or capital but excluding financing costs. The ongoing charge is calculated in accordance with the AIC's recommended methodology (See Glossary on page 109). This figure does not include costs incurred from trading activities, as these are capitalised within the investment valuation (Note 8 on page 92) which amount to a further 0.07% of net assets (2019 - 0.04%). Ongoing charges are published by the AIC.

Risk Report

As reported to shareholders in the half-yearly report in 2020, the impact of the COVID-19 pandemic has tested all companies and the board has kept in close contact with the manager and other third party service providers to understand their responses to the pandemic and in particular actions taken to mitigate the effects of the pandemic on the company and its business.

Risk Policy

The board operates a risk management policy to ensure that the level of risk taken in pursuit of the board's objectives and in implementing its strategy are understood. The principal risks identified by the board are set out in the table below and on the page opposite, together with the actions taken to mitigate these risks. The process by which the directors monitor risk is described in the Audit Committee Report on page 71.

Principal Risks

A more detailed version of the table below, in the form of a risk matrix, is reviewed and updated by the audit committee at least twice yearly.

Risk Appetite

The directors' approach to risk is to identify where there are risks and to note mitigating actions taken and then to look at the probability of the event and consider the extent to which the resulting residual risk is acceptable, which is defined as the board's risk appetite. As a result of this exercise the risks are rated as follows:

- Risk is acceptable, no additional measures needed
- Risk is of concern, but sufficient measures are defined and have been or are being implemented
- Risk is of concern, sufficient mitigation measures not possible or not yet in place

The nature of the company's business means that a certain amount of risk must be taken for the objectives to be met and it is not surprising that portfolio risk measures are allocated red or amber ratings.

Portfolio Risk (change from to in the year)

Principal Risks identified

- Significant market movements may adversely impact the investments held by the company increasing the risk of loss or challenges to the investment strategy.
- Reduction of dividends across the market affecting the portfolio yield and the ability to pay in line with dividend policy.
- Exposure to significant exchange rate volatility could affect the performance of the investment portfolio.

Controls and mitigation

- The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines that are monitored and reported on by AllianzGI.
- The board monitors yields and can modify investment parameters and consider a change to dividend policy.
- The board receives reports from the manager on the stress testing of the portfolio at least twice each year and contact is made with the chairman and board if necessary between board meetings.
- Currency movements are monitored closely and are reported to the board.
- Extreme market volatility due to the combination of the pandemic and the economic downturn have caused increased uncertainty in relation to portfolio earnings and dividends which cannot be mitigated by factors within the board's control.

Business Risk

Principal Risks identified

- An inappropriate investment strategy e.g., asset allocation or the level of gearing may lead to underperformance against the company's benchmark index and peer group companies, resulting in the company's shares trading on a wider discount.

Controls and mitigation

- The board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the board receives reports at every meeting. The board monitors the implementation and results of the investment process with the investment managers, who attend all board meetings, and reviews data which shows risk factors and how they affect the portfolio. The manager employs the company's gearing tactically within a strategic range set by the board. The board also meets annually specifically to discuss strategy, including investment strategy.

Operational Risk

Principal Risks identified

- Risk of inadequate procedures for the identification, evaluation and management of risks at outsourced providers including AllianzGI and its outsourced administration provider, State Street Bank & Trust Company, HSBC Bank plc (Depositary and Custodian) and Link Asset Services (Registrar).

Controls and mitigation

- AllianzGI carries out regular monitoring of outsourced administration functions, which includes compliance visits and risk reviews where necessary. Results of these reviews are monitored by the board. During the pandemic the board has been obtaining additional assurances on business resilience and cyber security.
- Agreed Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) are in place and the board receives reports against these.

Emerging Risks and Uncertainties (change from to in the year)

Principal Risks identified

- The board also considers the impact from emerging risks, the most significant of which is the continuing impact of the COVID-19 pandemic which could cause further market volatility and economic contraction, particularly if lockdowns and travel restrictions are necessary for an extended timeframe.
- Cyber Security Risks and Brexit Risks are also considered to be emerging risks and are discussed more fully on the next page.

Controls and mitigation

- The controls and mitigation of portfolio and business risk will continue to operate, however, there remains a risk that the level of volatility and economic downturn caused by the pandemic may be such that the level of portfolio earnings and dividends cannot be mitigated by factors within the board's control.
- The board maintains close relations with its advisers (auditors, lawyers and manager) and will make preparations for mitigation of emerging risks as and when they are known or can be anticipated.

In addition to the principal risks described above, the board has identified more general risks, for example relating to compliance with accounting, tax, legal and regulatory requirements and to the provision of services from third parties. As in all companies, the board is alert to the risks of financial crime and threat of cyber attacks and monitors reports provided by third party service providers on how these threats are being handled.

Cyber Security Risks – review

The risk of cyber attacks has been monitored closely under the changed working conditions of the global pandemic and the company's suppliers have been asked for specific assurances and regular updates on information security processes. This is identified in the company's risk matrix as being a moderately low impact risk, likely to occur with moderate frequency (every two to five years). The board has received details of the cyber security frameworks in place at each of the company's key suppliers, and it has concluded that there are sufficient safeguards in place for the risk profile in the matrix to remain unchanged.

Brexit – Risks and Implications

The board has considered the likely impact of the changes to the UK's relationship with The European Union and identified the areas where there may be adjustments in how the company operates.

Portfolio management: While the UK is expected to put in place a temporary permissions regime, there is still no clarity from the EU on how it will treat UK institutions. The board has also reviewed the impact on the portfolio of investments in detail with the portfolio manager.

Regulations: The UK government has enshrined all existing EU law into UK law at the date of withdrawal. The German regulator, BaFin, and the FCA in the UK have reached a formal understanding that AllianzGI GmbH can continue to operate as the AIFM after Brexit and apply to be regulated.

Banking and finance: The UK government will allow EEA firms (such as the company's lending bank, ING Bank NV) to continue to operate in the UK for up to three years while they apply for full authorisation.

The board is engaged with its manager, AllianzGI, and its other advisers to keep informed about emerging changes and will adapt its strategies if necessary to achieve its objectives.

Although there may be some changes to the way the company operates now that the UK has left the European Union, it is well prepared for what is foreseeable. The board has concluded that there is likely to be no fundamental change to its business model.

Going Concern

The directors have considered the company's investment objective and capital structure both in general terms and in the context of the COVID-19 pandemic. Having noted that the portfolio, which is constructed by the portfolio manager on a bottom up basis, consists mainly of securities which are readily realisable. The directors have also considered the risks and consequences of the COVID-19 pandemic on the operational aspects of the company. As a result the directors have concluded that the company has the ability to continue in operation and meet its objectives in the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. The board's actions in response to COVID-19 are developed further in the Viability Statement which follows below.

Viability Statement

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

The board has assessed the long-term viability of the company against the principal risks faced by the company, outlined in the reporting under Risk Policy on page 14.

Many of these matters are subject to ongoing review and the final assessment, to enable this statement to be made, has been formally reviewed by the board.

The factors considered at each board meeting are:

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

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

The future

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

Environmental, Social and Governance Issues

As an investment trust, the company has no direct social or community responsibilities. However, the board shares the manager's view that it is in shareholders' interests to be aware of and consider environmental, social and governance factors, when selecting and retaining investments. Details of the company's policy on socially responsible investment are set below.

Environmental, Social and Governance Research and Stewardship

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

Proxy voting 1 December 2019 to 30 November 2020

Company meeting voting record

Integrated ESG Strategy

Whilst AllianzGI has considered ESG factors in its research for many years, Brunner's portfolio is now an Integrated ESG Strategy, an accreditation which is given to portfolios that meet strict ESG guidelines and procedures. All ESG tail risks are identified and investigated, with clear explanations given by the portfolio managers prior to any purchase. The Integrated ESG accreditation is approved and monitored by the ESG team, which is independent from the portfolio managers.

Active engagement by the manager with the direct involvement of investment professionals spans all aspects of company performance, improves practices and enhances company research.

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

Vote distribution

In the year there were 73 shareholder meetings for companies in the portfolio and the manager voted on the company's behalf at 69 of these. This represents a total of 1061 resolutions and the company voted on 93.3% of these. Source: AllianzGI.

Company Engagement

The manager conducts regular meetings with companies which:

- Enriches investment analysis and decision making
- Helps assess company leadership and culture and build trust
- Facilitates active involvement from portfolio managers and sector analysts in company engagements
- Provides an inclusive transparent process and multiple pressure points from within AllianzGI
- Focuses on material issues in a case-by-case approach
- Provide an organic link to Proxy Voting decisions

ESG Reporting

The board receives information on ESG scores for the portfolio and this is published in the company's monthly factsheets. This is also included on page 30.

A summary of the many engagements with portfolio companies on E,S and G matters is set out across pages 28 and 29.

Directors and Employees and Gender Representation

The directors of the company who were in office during the year and up to the date of signing the financial statements are set out in the directors' biographies on pages 56 and 57. There are currently three male directors and two female directors. The company has no employees.

The Strategy for the Future

The main trends and factors likely to affect the company in the future are common to all investment companies and are the attractiveness of investment companies as investment vehicles for the asset classes in which the company invests, and the returns available from the market. The development of the company is dependent on the success of the company's investment strategy against the economic environment and market developments. I give my view in the Chairman's Statement on page 7 and the investment manager discusses his view of the outlook for the company's portfolio in his review on page 32.

By order of the board

Carolyn Dobson Carolyn Dobson
Chairman

17 February 2021

Engagement success is part of delivering investment performance

More information can be found at:
uk.allianzgi.com/en-gb/insights/esg-matters

Investment Manager's Review

Seattle, Washington technology giant Microsoft was once again the portfolio's largest holding at the year end, and was one of the strongest contributors to performance.

Investment Manager's Review

Market review

The first two months of the trust's fiscal year were relatively quiet. Everything changed with the emergence of COVID-19. Financial markets initially shrugged it off, assuming that cases would be contained within China and surrounding areas. But once clusters of cases started appearing in western Europe and the US, the virus rapidly became a global health crisis. The precipitous falls in stock markets that followed were driven not by the virus itself, but by the containment policies imposed by governments around the world. These had the effect of severely curtailing economic activity, particularly in those areas where transmission risk was higher such as travel and leisure. A health crisis quickly also became an economic crisis.

In early April the global economy was staring into the abyss. The largest contraction in economic output since the second world war had just begun. Whole industries had been forced to shut. A surge in unemployment seemed inevitable. With little prospect of the virus going away soon, fear gripped financial markets, driving one of sharpest declines in stock markets on record.

If the declines were notable by their severity, the recovery that followed was even more remarkable. By the end of the trust's fiscal year, most equity indices were back into positive territory. Barely anyone predicted such an outcome back in April. Undoubtedly the key driver of this rapid recovery was the quick and decisive action taken by central banks and governments to support their economies.

Monetary stimulus came in the form of interest rate cuts and a huge increase in quantitative easing (central bank purchases of financial assets). This had the effect of stabilising financial market conditions by improving liquidity and reducing credit spreads. In the real economy, governments introduced a range of fiscal support mechanisms such as grants, subsidised loans, tax breaks and employment furlough schemes to mitigate the impact of their COVID-19 containment policies. For some businesses in the most affected industries, these interventions were the difference between bankruptcy and survival. Others were able to defer cash outflows and avoid making painful layoffs and cost cuts.

The stock market recovery came in two phases. Initially, the market leaders were those companies benefiting from the pandemic – the so-called “stay at home trade” – in particular within the technology sector. Indeed the technology heavy Nasdaq index had already recovered all of its losses as early as June. The laggards were cyclical industries such as energy, banking and those most exposed to the pandemic. As economies gradually opened up from the March-May lockdowns, it became clear that some industries, such as the housing market, were able to adapt to the requirements of social distancing, leading to a strong rebound in activity and share prices. Towards the end of the trust's fiscal year, vaccine trial results began to be released which showed very positive efficacy results. Finally, there was light at the end of the tunnel, leading to a strong recovery in those sectors set to benefit most from a return to normality, such as travel, leisure, and energy.

Overall this year has seen some of the most volatile and unpredictable economic, financial and political events in the trust's long history. Aside from the extreme volatility of the stock market, the oil price briefly went negative (in the US), the pound sterling fell to an all time low against the dollar before recovering by year end and bond yields fell to record lows with over \$15 trillion of negative yielding debt at the end of November 2020. Extreme polarisation also characterised the political realm, especially in the US where tension around race and inequality sparked a series of protests across the country, followed in short order by one of the most divisive Presidential elections in history.

Portfolio review

The trust's equity portfolio outperformed the benchmark over the year. After expenses and the movement in the value of debt, the NAV total return was 6.2%, which compares to the benchmark return of 5.3%.

Encouragingly, the portfolio delivered a consistent relative outperformance throughout the year, despite the highly volatile market conditions. This reflects the balanced portfolio, an important and defining feature of the trust's portfolio management approach. The aim is to deliver a steady and consistent outperformance of the composite benchmark that is driven by our stock picking rather than extreme macro,

Italy's Enel is one of the largest utility companies in the world and was a strong performer during the year.

sector or style positioning. We believe that our investment edge lies in stock picking through a proven and repeatable investment process.

Our investment philosophy is predicated on building a deep understanding of bottom-up fundamentals. We invest in high quality companies with proven, profitable, business models that have potential to grow in value over the long term. Our long term approach means we are acutely focused on understanding how secular trends and structural change are impacting the businesses that we are investing in. These thematic trends are key in understanding the shape of the portfolio, the performance over the year and some of the key portfolio changes. Digitalisation is the most important of these trends, along with demographics and the energy transition.

Digitalisation

It is often said that economic crises accelerate long-term disruptive trends. For example, the Global Financial Crisis of 2008 saw a step change in the shift of media online, effectively sounding the death knell for parts of traditional media such as regional newspapers and directories. Disruptive shifts such as these occur when a new way of doing something displaces the old. This can happen for a number of reasons – economics, improved functionality,

convenience etc. Despite sometimes having obvious advantages, inertia means widespread adoption can take time to take hold. Old habits die hard. Only when people are exposed to a new product or service do they start to embrace it and, in time, new habits are formed. This is why economic crises can accelerate these changes. They act like a shock to the system, forcing consumers and businesses to think differently, to consider alternatives that might improve their situation by, for example, lowering their costs.

The COVID-19 crisis has been slightly different to prior crises in this regard. The extent of behavioural change has been monumental, but much of it has been forced unwillingly onto consumers and businesses due to lockdowns and stay-at-home orders. For long-term investors like us, a critical question is which of these changes will prove long-lasting into the post COVID-19 era, and which will simply revert to normal. Disentangling these short versus long-term impacts have been a key focus for us this year and our assessments have driven a number of changes within the portfolio.

In general, we believe the disruptive trends that clearly pre-dated COVID-19, in particular those related to the digital economy – digital payments, cloud based applications, ecommerce – are likely to continue into the long

Active users of Microsoft's Teams videoconferencing platform rose from 20 million to 115 million over the year.

term, albeit perhaps not at the same pace as in 2020. Economic logic means that these shifts would have happened anyway, irrespective of COVID-19. At the other end of the spectrum, consumer travel and leisure has been a major casualty of COVID-19 restrictions, but we believe it will recover strongly once it is safe again. No amount of technological wizardry can effectively substitute for the human being's desire to socialise, to travel and to garner new real world experiences. There is also a middle ground, a grey area where the jury is still out, which includes activities such as business travel and remote working. Here some permanent shifts appear likely but the extent and time frame remains uncertain.

The portfolio's strongest contributors came from some of the largest long-standing positions that are benefiting from digitalisation, in particular **Microsoft** and **Taiwan Semiconductor**.

Microsoft saw demand for most of its products rise over the course of 2020 as both consumers and corporates spent more time and resources engaging with the digital world. Along with Zoom, Microsoft Teams has become almost ubiquitous as the go-to method of communicating within and across the business world. Active users of Teams have risen from 20 million to 115 million over the past 12 months. Of course this growth rate won't be sustained,

but the experience of 2020 has served to further embed the Microsoft product suite within the digital economy which will help to drive the company's growth in the years to come.

TSMC, the Taiwanese semiconductor company, released successive results which beat expectations. The growth in demand for technology hardware during 2020 has provided a boost to TSMC's business. Importantly, TSMC is now the clear global semiconductor technology leader, having leapfrogged past Intel in the production of its new 3nm chips in 2021, making it very well positioned to drive longer term growth. Sales of the 5G iPhone are expected to support the company's growth in the shorter term.

These two positions have also offset our decision not to own either Apple or Amazon. TSMC is a direct supplier to the former (as well as many other consumer hardware providers) and its competitive advantage makes future growth a more certain prospect. Similarly, Amazon's fastest growth engine is Amazon Web Services – a cloud counterpart which is growing less rapidly than Microsoft's Azure. The operational and reputational risks of Amazon's broader business, combined with Microsoft's dividend, make the latter a more fitting holding for the trust.

Taiwan Semiconductor's clients include AMD, Apple, Intel, Nvidia and Qualcomm.

The digitalisation theme also feeds into other less obvious areas as technology change permeates across so many more industries. For example, the French industrial company **Schneider Electric** is best known as a supplier of products and services for electrical networks. These range from domestic light switches to large-scale operating systems. Increasingly however, growth is being driven by the software and services the company is able to provide alongside its physical products. These help customers manage energy efficiency and incorporate sustainable sources into their consumption. This flexibility combined with a growth focus in Emerging Markets has helped the company to be one of our top contributors for the year.

Another example is **CME Group**, a new position for the portfolio. CME is the world's largest derivatives exchange, with dominant positions in commodity markets, US treasuries and S&P futures. Exchanges are clear beneficiaries of the digitalisation of finance, which drives more and more volume onto single platforms, in turn benefiting the users through greater liquidity and lower costs. Exchange operators have also been able to harness their data in ways that further improve the products and services they can offer. CME should continue to benefit from these trends over the long term. A period of lacklustre share price performance driven by short term concerns around lower interest rate volatility allowed us to buy the position at an attractive long term valuation.

Informa is an example on the other side of the equation. The events company and publisher was the portfolio's worst performing holding for the year. COVID-19 travel restrictions effectively postponed or cancelled almost all major trade shows. Until these return, video-conferencing is demonstrating its ability to cut costs and journey times, raising questions about the long-term recovery of trade shows, exhibitions and business travel more generally. As discussed above, this is now a grey area where the future is somewhat unclear. There will certainly be some recovery, but the quantum and time frame is unclear to us. Due to this lack of visibility, we sold the position.

Similar longer term concerns drove the portfolio sales of **Compass**. Compass has been particularly hard hit by COVID-19 as a result of its substantial exposure to shared spaces, including offices and schools. Whilst these end markets will eventually recover, the prospect of lower volumes and increased costs introduce a high degree of uncertainty as to the company's longer term margin profile. The company may

need to make major changes to its business model in the post COVID era. This is a key risk which in our assessment was not reflected in the valuation.

In contrast, **Amadeus** and **Booking.com** are two examples of portfolio holdings heavily impacted by COVID-19 restrictions but where we elected to hold the positions. We believe both companies are well placed to recover strongly once travel returns to normal. Indeed they may even emerge stronger than before. Amadeus provides software solutions to airlines and travel agents. It is an oligopolistic industry where two of the main competitors are under significant financial pressure, presenting Amadeus with an opportunity to take market share. Booking.com is the dominant online booking platform for lodging in Europe. It is a well invested business with a strong balance sheet that should continue to benefit as online bookings capture more market share.

Demographics

In almost every part of the world, populations are getting older as people live longer and fertility rates fall. This fact, combined with growing incomes and wealth, mean demand for certain products and services are almost certain to rise, particularly within healthcare and financial services.

Healthcare is one of the portfolio's largest sector weightings and our holdings are spread across a number of different sub industries including pharmaceuticals, healthcare insurance, diagnostics and precision instrumentation. We find the particular characteristics of the healthcare industry – highly regulated, significant up front research and development costs, oligopolistic industry structures – to be a fertile environment for finding high quality profitable business models. The majority of the portfolio's holdings in the healthcare sector performed well over the year. The sector's defensive characteristics meant it held up relatively well during the early phase of the pandemic, although some of this performance was given back towards the end of the year.

Agilent Technologies, a supplier of bio-analytics and measurement instruments, was a particularly strong contributor. COVID-19 has certainly increased demand for the company's products, although this is not central to our longer-term investment case, which is predicated on the already strong demand from medical, consumer and scientific industries. Towards the end of the year, we added a new position in **Novo Nordisk**, a Danish

New holding Novo Nordisk specialises in the treatment of diabetes - and other weight-related conditions. The company produces half of the world's supply of insulin.

pharmaceutical company that is the global market leader in diabetes treatment and other weight-related conditions. Over the long term, Novo has delivered consistent growth, with very strong profitability, allowing the company to return excess cash to shareholders. It has also shown strong stewardship, avoiding large acquisitions and focussing on its core strengths. We took advantage of short term weakness in the shares to buy the position at an attractive valuation.

Within financials services, the portfolio's holdings are focused predominantly on asset light business models that are benefiting from the structural trends of digitalisation and demographics. Ageing populations will drive increased demand for savings and investment products, particularly as consumers are increasingly expected to provide for their own retirement. This is a great opportunity for winning business models to harness this growth in demand as they scale up their investments in distribution, technology and customer services.

The portfolio's holdings in **AIA Group**, **Schwab** and **St James's Place** all play into this theme. Short term trading for these business models are inextricably linked to asset prices, leading to weaker performance earlier in the year but they have since staged a strong rebound.

Similar considerations drove our purchase of **IG Group**, the global online trading business. Over many years, IG has built a leading technology platform which allows ordinary people to access financial markets. The company has dominant market positions in the UK plus a number of European countries and has ambitious growth projects to penetrate new markets. IG is particularly focused on high value clients where its service offer is most relevant. This is a highly scalable business that has generated strong growth in profits and cash flows over the long term.

Energy transition

The portfolio's investments into the broader energy sector reflect our views on the energy

Company Engagement Activities

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

transition. Over the long term, it is highly likely that the share of renewable energy generation will increase significantly from current levels, driven by improved cost competitiveness and increasing political support as governments around the world battle climate change. At the same time, real world practicalities mean the speed with which this transition away from fossil fuels happens is likely to be slower than many expect or hope for. Rebuilding the world's energy infrastructure will be hugely capital intensive, requiring not just new power plants but new networks of energy distribution, charging and storage. This will itself require significant resources including fossil fuels and it will take a long time to achieve. In the meantime, traditional sources of energy will still be needed. Natural gas in particular appears well placed to benefit due to its cost competitiveness and much lower carbon footprint than oil or coal.

The trust's utility holdings **Enel** and **Iberdrola** were strong contributors to performance during

the year. Although renewables still only account for a minority of their assets, both companies are driving and harnessing the momentum around a global transition to cleaner energy. Iberdrola in particular has been a pioneer in renewables for many years. It has committed to invest €75 billion over the next five years to double its renewable energy capacity. The company's substantial experience in this area means these investments are likely to drive strong returns to shareholders.

Amongst the integrated energy companies, we have shifted the portfolio's exposure away from oil towards natural gas. We bought a new position in **Total**, which has one of the highest exposures to natural gas and renewables and is committed to growing this part of its business. It is also conservatively run, has a sound balance sheet and, unlike many of its peers, has avoided value destructive forays into US shale. We took advantage of a very depressed share price to buy the position at an attractive valuation.

Environmental, Social and Governance performance

AllianzGI uses third party research provided by MSCI to help identify Environmental, Social and Governance factors that can impact the businesses of the companies in the portfolio. The charts below show that the Brunner portfolio's ESG ratings compare well against the benchmark's ESG ratings over the three year period under review. They show the rating of the Brunner portfolio on Environment, Social and Governance risks and combined ESG risk measurements compared to the rating of the Benchmark (70% FTSE World Ex UK Index and 30% FTSE All-Share Index) scored on a scale of 1-10 (where 10 is high) on a quarterly basis over the three years from 1 January 2018 to 31 December 2020.

Environmental performance v benchmark

Governance performance v benchmark

Social performance v benchmark

ESG performance v benchmark

Source: MSCI/AllianzGI.

The meteoric rise of ESG investing has undoubtedly had an impact on the investment landscape in parts of the energy sector. The cost of capital has risen (and valuations fallen) as investors have deserted the sector. Considering the long term drive to decarbonise, it seems unlikely that these pressures will go away anytime soon. This is another reason why the trust's investments are in companies that are positioning their businesses to evolve with the needs of decarbonisation and the energy transition, as opposed to those that are simply ignoring it.

Indeed, broad based ESG fears can even present opportunities to invest in high quality companies that have been unfairly punished. The trust's new holding in **DCC** was bought in part for these reasons. DCC is a distribution business operating in a number of end markets including healthcare, technology and transport fuel. It is a proven business model which has delivered strong and consistent returns over several decades. The opportunity to invest arose following significant selling pressure on the shares, in part related to the company's downstream fuel business, a relatively small part of DCC's overall business. Whilst the transition to electric vehicles poses some challenges to this business, DCC is a distributor not a producer of electricity. Its business can evolve with shifting demand patterns of its customers.

Mining is another industry that we are examining closely in the context of the energy transition. Significant natural resources will be required to facilitate the build out of wind, solar, electric vehicles and their associated infrastructure. Copper in particular is likely to be in high demand due to its role as a conductor of electricity, although other resources such as nickel and lithium will also be needed. The mining industry has been in austerity mode since the collapse of commodity prices in the mid-2010s, which means supply may struggle to meet these new sources of demand. The trust's holdings in **Rio Tinto**, a low cost iron ore and copper miner, and lithium producer **Albemarle** both performed strongly during the year. In the case of Albemarle, we sold the position towards the end of the trust's fiscal year, following a very strong share price rally. Although the outlook for lithium demand is favourable, the supply side competition is greater than we initially thought, which has undermined the investment case.

Regional exposure

The portfolio's largest weighting is to North America at 43.7%, followed by Europe (ex UK) at 27.9% and the UK at 17.5%. It is important to emphasise that these weightings are driven in the main by our fundamental assessments of the companies in which the portfolio is invested rather than any specific top down or macroeconomic view. Furthermore, most of the

New positions in the portfolio and complete sales

First half to 31/05/2020

New Positions	Complete Sales
National Grid	Howden Joinery Group
Redrow	Prudential
ITV	Tullett Prebon
	Sirius Real Estate
	EOG Resources
	Nielsen Holdings

Second half to 30/11/2020

New Positions	Complete Sales
Total	CIE Financiere Richemont
LVMH Moet Hennessy	Senior
CME Group	Compass Group
Novo Nordisk	Informa
DCC	Albemarle
IG Group Holdings	Wabtec

portfolio's holdings are large multi-national businesses, which means the country of domicile has little relevance to the investment case. In recent years the portfolio's weighting to the UK has reduced significantly as we have sought to diversify the sources of income and improve the overall quality of the portfolio. The UK weighting fell further during 2020 as the UK stock market - and our UK holdings - underperformed global equities. Despite this, we remain committed to the UK, a market which has a number of attractive characteristics including strong corporate governance and a rich universe of midcap companies.

Other transactions

Since May's interim report and in addition to the transactions already mentioned above, we have initiated a new position in **LVMH**, and we also exited our positions in **Richemont**, **Senior** and **Wabtec**.

LVMH is the world's largest luxury goods group, whose superior brand portfolio, scale advantages and broad diversification give it some of the highest margins in the sector. These

advantages have led to strong shareholder returns over the long term. Looking forward we see little reason why this won't continue to be the case. The position is a direct switch from Richemont, a luxury peer whose smaller fashion brands and focus on the slower growing watch and jewellery segments has acted as a drag on the shares.

Senior is a specialist engineering company whose most important end market is aerospace. Although the shares were not expensive, with no dividend and a stretched balance sheet, we took the decision to recycle the capital into other ideas.

Our investment thesis in Wabtec – a supplier of parts and services for the rail industry – weakened following the poor execution of several large acquisitions. We thus reallocated the funds to higher conviction holdings.

Economic and Market Outlook

As anyone who has practical investing experience will know, stock market sentiment is predictably pro-cyclical. In April 2020, at the

New holding Total's La Mède biorefinery in southeastern France is able to produce half a million tonnes of biofuel per year.

bottom of the bear market, most commentary was negatively biased, fearing the worst for the virus and its inevitable impact on the economy to come. As the market has rallied, the mood has become more optimistic as investors have become more willing to look through the valley to the recovery. At the start of 2021, the prevailing consensus view is one of reflation as the global economy moves into a cyclical recovery period. This is driving a broadly optimistic view toward risky assets such as equities.

From a macro-economic perspective, we believe this consensus view is broadly correct. The vaccine rollout has begun. Bottlenecks around production and distribution may delay the rollout, but it nevertheless seems likely that effective herd immunity in Europe and the US will be achieved at some point in 2021. Excess saving and pent up demand amongst consumers should drive a strong rebound in spending, particularly in those areas most hard hit by the pandemic such as travel and leisure. Meanwhile, monetary and also fiscal policy look set to remain extremely accommodative, in contrast to the period after the global financial crisis when fiscal austerity constrained the recovery.

Whether a strong economic recovery translates into another year of stock market gains is, however, more questionable. Even before the pandemic, stock markets had become increasingly uncoupled from the broader macro economy. Consistently loose monetary policy in the form of very low interest rates and periodic bouts of quantitative easing has driven up equity valuations around the world, which are now at some of the highest levels ever recorded. At the same time, the stock market itself has become increasingly dominated (in market cap terms) by a small number of large technology firms that are benefiting from secular as opposed to cyclical growth drivers. 2020 has only accelerated these trends.

In this vein, a strong "V-shaped" recovery is actually a major risk to global stock markets. Higher inflation and consequent upward pressure on interest rates could undermine one of the key factors underpinning high stock market valuations, particularly amongst the large high growth companies. Much will depend on how policy makers react to such a scenario. In the short term, the bias is likely to be dovish, so as not to risk undermining the recovery. But if the recovery proves sustained eventually interest rates will need to rise from current levels.

Whatever happens, our expectation is that stock markets will continue to be volatile. The wild swings that we have seen during 2020, not just in absolute terms, but also within the market itself – between sectors, between "growth" versus "value" and between "defensives" versus "cyclicals" – are likely to continue into 2021.

The good news is that the trust's portfolio, and the investment philosophy underpinning it, is well placed to navigate any such stock market gyrations. The portfolio is diversified, it does not exhibit extreme sector or style exposures and rarely does it express any short term macroeconomic viewpoint. It consists of high quality companies, most with rock solid balance sheets and predictable revenue and cash generation. Most are defensive in nature, but many will also benefit from a cyclical upswing.

As outlined in the portfolio review section, our focus remains on finding quality business models that are well positioned for the major secular changes impacting the economy and society. Getting these assessments right, combined with a focus on valuation, is what will determine the trust's success over the long term. The experience of the last decade provides ample support for this approach. The trust's best performing investments over this period have been those that have delivered consistent growth. Although valuation multiples have risen - especially for the trust's higher growth companies - this is not universally true. Indeed, many of the trust's investments are valued below the broader market levels, despite compelling quality and growth characteristics. This balanced approach to portfolio construction and risk, underpinned by an investment philosophy with stock picking at its heart, makes the trust well placed to thrive in the current unpredictable economic and financial market environment.

Investment Philosophy and Stock Selection Process

Long-term focus

As investors driven by fundamentals, our focus is on understanding the long-term. It is only over longer time periods that the fundamental attributes of businesses and industries truly reveal themselves, for better or for worse. We invest in high quality companies with proven profitable business models that can grow over time. We believe the stock market is often inefficient in valuing such companies. Through detailed research and analysis, we seek to capture these inefficiencies and deliver superior long-term investment returns.

Balanced, diversified portfolio

Drawing on the full resource of AllianzGI's global investment platform, we look across all industries and geographies to select the most attractive investment ideas for the Trust's portfolio. We believe in building a balanced portfolio that is diversified across industries and geographies, whilst avoiding extreme biases that can lead to unpredictable and volatile outcomes. In this way the portfolio can be relied upon to deliver a steady and consistent capital and income return.

Quality: Stable above average returns

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

Secular growth

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

Research intensive, focus on cash flow

AllianzGI's research platform combines a large global team of equity and credit portfolio managers and research analysts, environmental, social and governance specialists and our own Grassroots* market research organisation to provide our fund managers with in-depth analysis of businesses and industries as well as insights into structural and cyclical trends. Our research particularly focuses on the analysis of sustainable company cash flows, which typically provides the truest measure of corporate performance. (*GrassrootsSM is a division of AllianzGI)

Stock selection – focus on Quality, Growth and Valuation

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

We seek to identify this universe through fundamental research

Value, not just "cheap"

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

Quality is about understanding the intrinsic attributes of a business model. High quality companies are those with long-term competitive advantages, supported by shareholder friendly management teams and strong balance sheets. ESG research also plays an important role because ESG risks have the potential to undermine or disrupt a business model. In financial terms, such companies tend to be highly profitable, generating substantial surplus cash flow that can be used to fund further growth or shareholder returns. These characteristics are often not immediately obvious from traditional accounting metrics, which is why we focus so closely on cash flow. Quality can vary enormously across and within industries. Fortunately, as global investors with a large investible universe, we can afford to be highly selective in the companies that we invest in.

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

Company valuation seeks to determine whether there is sufficient upside to warrant investing. We look for companies where the quality and/or long-term growth potential is not yet priced in. We want to anticipate rather than react and are careful not to overpay, for example by identifying companies with "undiscovered" structural growth or those where we believe business quality is improving. We employ a range of valuation tools, such as free cash flow yield versus expected growth and industry or market relative valuation.

Sell discipline

Stocks will be sold from the portfolio for one or more of the following reasons.

- A material change to the investment case, typically following a deterioration in the fundamentals underpinning the quality and growth characteristics of the company.
- A high valuation that can no longer be justified by the fundamentals.
- Superior alternative investment opportunities, or similar opportunities with more attractive risk profiles.

Portfolio construction

The portfolio consists of 60-80 holdings that have been carefully selected on the basis of their own individual merits, whilst taking into consideration the overall exposure to industries, geographies and other risk factors. The size of each individual holding reflects the level of conviction, the valuation upside potential versus downside risk factors, and liquidity. At the portfolio level, the objective is to ensure that stock specific risk – the risk which results from our stock selection decisions – is the primary driver of the portfolio's returns. Residual risks such as currency, style, geography or macroeconomic are monitored and managed to ensure that they are not driving the overall portfolio's returns. Ultimately, the aim is to optimise the portfolio to achieve the dual objective of consistent benchmark outperformance combined with an attractive and growing income.

The portfolio is segmented into four different groups. Each has particular characteristics and serves a specific purpose in the portfolio. The four groups are explained below, followed by a detailed portfolio breakdown, providing shareholders with a more complete understanding of the investment rationale behind each holding.

- **High Growth:** Rapidly growing companies demonstrating strong underlying profitability, where most or all surplus cash flow is reinvested for growth. The return is expected to come primarily from the long-term growth in intrinsic value.
- **Defensive Growth:** Stable and highly profitable companies which have demonstrated a long track record of high returns on capital with a stable growth profile. The return is expected to come from a combination of long-term growth in intrinsic value, cash returns to shareholders and a valuation re-rating.
- **Cyclical Growth:** Companies delivering high returns on capital and long-term growth but which also exhibit more volatile short term results. The return is expected to come from a combination of long-term growth in intrinsic value, cash returns to shareholders and a valuation re-rating, however shorter term returns may be more variable with the economic cycle.
- **Mature:** Profitable companies that are later in the industry life cycle where growth rates are typically lower. The return is expected to come primarily from shareholder returns and valuation re-rating, with a lesser contribution from intrinsic value growth.

Top 20 Holdings

1 Microsoft

Software & Computer Services
North America
19,577,764
4.4%

Microsoft is one of the world's largest technology companies. Since Satya Nadella took over as CEO in 2014, the company has moved away from its traditional hardware business and is now evenly split between personal computing, cloud and business process. Microsoft's Azure cloud computing platform will be a key driver of revenue and profit growth.

2 UnitedHealth

Health Care Equipment & Services
North America
17,227,078
3.9%

UnitedHealth Group is a leading health insurer serving group and individual customers in the US and internationally. The company provides health insurance plans, care management programs, information technology solutions and pharmacy benefit services. Its broadly diversified and vertically integrated business model has delivered consistent growth in shareholder value over the long term.

3 Taiwan Semiconductor

Technology Hardware & Equipment
Taiwan
13,662,237
3.1%

Taiwan Semiconductor Manufacturing Company (TSMC) is the first and largest dedicated silicon foundry in the world, with nine plants in Asia and one in the US. Largely a wafer fabricator, TSMC makes chips for semiconductor and systems companies who don't have their own manufacturing facilities (accounting for about 85% of sales). TSMC's technological and scale advantage makes it an advantaged business model capable of delivering strong growth in the years to come.

4 Roche Holdings

Pharmaceuticals & Biotechnology
Switzerland
13,452,325
3.0%

Roche is a leading healthcare global company with two business segments: pharmaceuticals and diagnostics. Roche's prescription drugs treat a range of diseases including several major cancers, hepatitis and influenza. The diagnostics arm offers clinical lab supplies, genetic tests, diabetes monitoring supplies, and point-of-care diagnostics for health care providers. Roche has delivered steady growth over the long term, whilst maintaining high market share in its core markets.

5 Accenture

Support Services
North America
13,064,611
2.9%

Accenture is the world's largest consulting firm offering a range of services including management consulting, technology, and business process outsourcing to some of the top companies and government organizations in the world. Clients use Accenture's services to enter new markets, increase revenue in existing markets, improve operational performance, and deliver new products to market.

6 Agilent Technologies

Electronic & Electrical Equipment
North America
13,046,784
2.9%

Agilent Technologies produces analytical measuring equipment for use across a range of scientific, medical, energy and consumer industries. Agilent's customers include major pharmaceutical and industrial companies. Demand for Agilent's products is structurally rising, as a result of increased appetite for analytical data, particularly in emerging markets. The COVID-19 pandemic has accelerated this further.

7 Munich Re

Non-Life Insurance
Germany
12,655,054
2.8%

Munich Re provides reinsurance, insurance, and asset management services. Reinsurance coverage (insurance for insurers) includes fire, life, motor and liability policies on both a facultative (individual risk) and treaty (categorised risk) basis. Munich Re's expertise and scale gives it a competitive advantage, allowing it to earn high returns on equity across the economic cycle.

8 Visa

Financial Services
North America
12,443,752
2.8%

Visa operates the world's largest consumer payment system with nearly 2.5 billion credit and other payment cards in circulation across more than 200 countries. The company earns revenues from customers that pass transactions through its payment system. Visa also offers debit cards, internet payment systems, value-storing smart cards, and traveller's checks. The long-term structural trend away from cash towards digital payments is driving strong growth for Visa.

9 The Cooper Companies

Health Care Equipment & Services
North America
12,052,049
2.7%

Cooper Vision (contact lenses) and Cooper Surgical (fertility devices) make up the two businesses of The Cooper Companies. CooperVision operates within a regulated, oligopolistic industry. It has market leading products and has consistently taken market share. CooperSurgical uses its scale and distribution capacity to consolidate and grow in a relatively fragmented market.

10 AbbVie

Pharmaceuticals & Biotechnology
North America
11,435,601
2.6%

AbbVie discovers, develops, and commercializes biopharmaceutical and small molecule drugs. With the acquisition of Allergan in 2020, AbbVie has acquired a portfolio that includes Botox, as well as treatments for eyes, gastroenterology and the central nervous system. The shares are attractively valued due to the near-term patent expiry of key drug Humira, however Abbvie has a number of growing products that can offset this impact.

11 Ecolab

Chemicals
North America
10,973,401
2.5%

Ecolab is a global leader in the provision of products and services for water, hygiene and infection prevention. Its products are used in sectors ranging from the food and hospitality industry, to hospitals and energy companies. Strong customer relationships mean over 90% of revenues are recurring, allowing Ecolab to earn consistently high returns on capital.

12 Schneider Electric

Electronic & Electrical Equipment
France
10,295,022
2.3%

Schneider Electric is a global producer of electrical distribution, automation and energy management products. Its products are used in homes, offices, industrial buildings and infrastructure around the world. The company has strong market positions in growing markets such as industrial automation, energy management. Schneider is a major beneficiary of the electrification and digitalisation of the economy.

13 Microchip Technology

Technology Hardware & Equipment
North America
10,179,133
2.3%

Microchip Technology designs, manufactures and markets microcontrollers – which translate analogue inputs into digital codes and vice versa – as well as related mixed-signal and memory products. Its chips are used by tens of thousands of customers in the automotive, consumer, industrial and telecommunications markets. The company stands to benefit from the increased digital penetration of global hardware.

14 Estée Lauder

Personal Goods
North America
10,110,563
2.3%

Estée Lauder sells cosmetics, fragrances, and skin and hair care products, with brands including upscale Estée Lauder, Bobbi Brown and luxury Tom Ford beauty and fragrance lines. The company's products are sold through its network of upscale department stores, via specialty retailers, and online. Estée Lauder put significant investment behind its brands, which has driven strong growth across most channels including online.

15 AIA

Life Insurance
Hong Kong
9,853,195
2.2%

AIA is a life insurer covering the Asia-Pacific region including China. An increasingly affluent Asian middle class is driving rapid demand for life insurance, as well as for the company's other services in retirement planning and wealth management. AIA's geographic spread helps deliver sustainable high growth with lower volatility than some of its smaller peers.

16 Enel

Electricity
Italy
9,778,457
2.2%

Enel is an Italian utility company, focused on renewable electricity and natural gas. One of the largest utility companies in the world, Enel offers a combination of high quality network assets, an excellent renewables portfolio and growth pipeline, and some low-carbon/high-margin generation assets. The company's broad geographic spread provides diversification against country specific risks.

17 AMETEK

Electronic & Electrical Equipment
North America
8,793,149
2.0%

Ametek is a global manufacturer of electronic instruments and electromechanical devices. The company manufactures high performance, mission critical precision instruments for process, aerospace, power, and industrial markets. Ametek's decentralised business model has delivered superior growth in revenues and profits through a combination of organic and acquisitive growth over many years.

18 Itochu

General Industrials
Japan
8,439,687
1.9%

Itochu is a Japanese general trading firm with six major operational divisions spanning various industries including textiles, food, technology, machinery and commodities. Itochu operates globally and has annual revenues of over 100 billion USD. Under the current management team, Itochu has transitioned away from commodity industries to other areas where its competitive position is stronger and returns on capital are higher.

19 Partners Group

Financial Services
Switzerland
8,067,051
1.8%

Partners Group is a private equity firm based in Switzerland with over 94 billion USD in assets under management. Its asset classes include private equity, infrastructure, real estate and debt. The business model creates value for its clients through active and long-term responsible ownership. A strong performance track record and established client relationships support the company's growth, which is benefiting from the long term shift towards alternative assets.

20 Adidas

Personal Goods
Germany
7,998,112
1.8%

Adidas is a German manufacturer of sports apparel and equipment under both the Reebok and Adidas brand. Founded in Germany, the company now sells its merchandise in over 160 countries through both its own branded stores and third-party retailers. With two of the strongest brands in the industry, Adidas is benefiting from the long term growth in sportswear.

Total value of top twenty holdings: **£233,105,025**

Percentage of portfolio: **52.37%**

Case Studies

Redrow

Sector Household Goods
Headquarters United Kingdom
Value of holding 4,930,500
% of portfolio 1.1%

Redrow is a UK housebuilder. The company has a long history of steady growth, driven by an entrepreneurial and customer focussed culture, investment in its people and high quality land bank. The business model has a clear focus on higher end homes in attractive commuter locations, where demand patterns are strongest. Over time this has produced excellent financial results, with steady growth in profits and returns on capital north of 20%. The company also places a clear emphasis on Environmental and Social issues, designing communities according to sustainable development principles and ensuring that timber is responsibly sourced while waste is diverted from landfill.

The UK housebuilding industry is a consolidated oligopoly. The big listed operators such as Redrow can use their scale advantage to access the larger sites, which requires time and upfront capital investment. They are also experienced in managing the UK's complex planning regime. Although many of Redrow's larger peers are

similarly profitable and successful, Redrow is particularly attractive because it is still small enough that it can grow considerably from its current size as it opens new sites around the country.

Prior to COVID-19, Redrow was building over 6,400 premium homes a year, with high build quality and customer ratings. COVID-19 has impacted the housebuilding industry, particularly during the spring lockdown when the industry had to close, however the recovery has also been stronger and quicker than expected, in part driven by shifting demand patterns as homeowners have reassessed their needs. At the time of purchase, shares in Redrow were attractively valued for the long-term. UK housebuilders had already been penalised by Brexit uncertainty and COVID-19 depressed the shares even further. As the UK economy recovers from COVID-19, the attractive fundamentals driving Redrow's business should reassert themselves, leading to strong share price performance.

Yum China

Sector Travel & Leisure

Headquarters China

Value of holding 6,597,549

% of portfolio 1.5%

Yum China is the largest restaurant operator in China. In addition to well-known global brands like KFC and Pizza Hut, the company also operates local brands such as Eastern Dawning. Originally a spin-off from its US parent Yum Brands, Yum China is distinguished by more than just geography. The Chinese restaurant market is growing at double the rate of the US, while Yum's brands occupy a larger share of the convenience food market. Yum China also has a progressive approach to employee development and offers increasingly healthy food options to customers.

China's restaurant industry is very fragmented. There is little by way of modern supply chain operations. As a result, chains have less than 10% of total market share compared to over 50% in the US. Yum China is well-positioned to capture

this extensive growth potential. Urbanisation, rising incomes and the wholesale adoption of mobile payments have created a fertile ground for high convenience food. Digital and delivery platforms have boosted sales and improved efficiency. Yum expects to deliver high single digit growth in system sales over the long term.

We initiated our position in Yum China at the start of the trust's financial year. While the shares were modestly valued given management's long-term ambitions, the emergence of COVID-19 in Wuhan was a significant headwind early on. However, with China's strong recovery since then, Yum China has gone on to be one of the portfolio's standout contributors in 2020.

Novo Nordisk

Sector Pharmaceutical & Biotechnology

Headquarters Denmark

Value of holding 5,055,767

% of portfolio 1.1%

Novo Nordisk is a multinational pharmaceutical company specialising in medication to treat diabetes, obesity and haemophilia. The company's track record in innovation combined with the vital nature of its products means that cash flow returns have been consistently over 15% for the past decade. Novo has also demonstrated its willingness to engage on environmental, social and governance issues. The company has sector-leading human capital management and its 'Defeat Diabetes' strategy has been designed in partnership with UNICEF to both prevent and treat the disease around the world.

Diabetes already accounts for c.11% of global health expenditure. Rising obesity rates are driving up structural demand for treatment, as well as obesity prevention medication. In addition

to its portfolio of injectable insulins, Novo Nordisk's management expects its new franchise of GLP-1 treatments to drive growth rates of at least 20%. These include Rybelsus, the first oral drug of its kind to help lower post-meal blood sugar levels and also show clear cardiovascular benefit.

Due to the consistent demand for Novo's core insulin products, shares in the company have been resilient over the course of 2020. However, lockdowns have kept many potential new patients from visiting doctors. The result has been lower than average sales growth, with a share price largely travelling sideways. This made for an attractive entry point, given the potential for Novo's GLP-1 franchise, as well as its track record of returning cash to shareholders.

ESG Focus

Tyman

Sector Construction & Materials

Headquarters United Kingdom

Value of holding 7,716,000

% of portfolio 1.7%

Our environmental, social and governance (ESG) engagements with Tyman illustrate the importance of the integration of ESG considerations into a broader investment case. The case study also shows some of the risks that can arise with smaller companies and the importance of addressing these head on. Tyman is a building products company that supplies a range of specialist products such as window seals and balances, locks and basement hatches. The products are relatively niche and Tyman has a high market share, particularly in the US market. These attributes have allowed the company to earn consistently strong returns on capital. Approximately two thirds of the company's business is in the US, with the rest coming from the UK and a number of smaller international markets.

The trust has held shares in Tyman for over eight years. The investment initially performed well as sales and profits continued their recovery from the financial crisis and management undertook an aggressive and largely successful acquisitive expansion strategy. However, from 2016 Tyman began to lose market share in the important US market. In 2018 the long-standing CEO retired and the CFO left shortly afterwards.

We engaged extensively with the Chairman in order to understand how the Board viewed the challenges the business faced in the US market. It was clear from our discussions that the Board understood the problem to be one of operational execution, which was consistent with our own assessment. We were also encouraged to hear that this was the key consideration in determining the choice of the next CEO, Jo Hallas, a leader with substantial operational expertise in the US manufacturing industry.

Shortly after joining as CEO, we engaged with the company on health & safety, a risk factor highlighted by our ESG research. Tyman is still a relatively small company and a significant portion of its growth has come via acquisitions. This can lead to a situation where there is a lack of common standards and practices, especially when the business has been managed in a very decentralised manner, as was the case with Tyman. Encouragingly, one of the first actions the new CEO took was to hire a group health and safety specialist to address precisely this issue. It was clear that this new hire had been given a wide remit to raise the standard on health and safety. Indeed, this initiative is part of the CEO's broader objective to foster and grow a company culture of operational excellence across every part of the business.

More recently, the company has engaged directly with us to provide an update on their progress in this area. They were also keen to hear our views on what we regard as best practice, particularly amongst some of their larger competitors. This desire to develop further, a constant focus on improvement for its own sake, is an important characteristic of successful growth businesses, particularly amongst smaller companies such as Tyman. We are optimistic about the progress that has been made under the new leadership team. We believe it provides the foundation for Tyman to grow into a larger and more successful business in the years to come.

"The health and safety of our people is our top priority. Since 2019, we have focused on developing a behavioural-based safety culture, through a campaign "safety is our first language" and capability development across all levels. Not only does this support our drive for an industry-leading safety record, but it also acts as a beachhead for the positive, open culture we want to develop, where everyone feels empowered to speak up and take proactive action. This will give us the basis for broader operational excellence, including lean, and is essential for the next phase of Tyman's growth."

Jo Hallas (CEO, Tyman)

Portfolio Breakdown

at 30 November 2020

North America

43.65%

Microsoft
UnitedHealth
Accenture
Agilent Technologies
Visa
The Cooper Companies
AbbVie
Ecolab
Microchip Technology
Estée Lauder
AMETEK
Bright Horizons Family Solutions
Yum China Holdings
Booking Holdings
Amphenol
Intuitive Surgical
CME Group
Charles Schwab
Intuit
International Flavors & Fragrances
Citigroup

United Kingdom

17.51%

Tyman
Unilever
GlaxoSmithKline
St. James's Place
Royal Dutch Shell 'B' Shares
Redrow
DCC
Rio Tinto
Stock Spirits Group
National Grid
ITV
SThree
Ashmore
Helical
Lloyds Banking Group
IG Group

Continental Europe

27.93%

Roche Holdings
Munich Re
Schneider Electric
Enel
Partners Group
Adidas
Iberdrola
Total
Atlas Copco
Nestle
LVMH Moet Hennessy Louis
Vuitton
Assa Abloy
UBS
Novo Nordisk
Fresenius
Amadeus
MERLIN Properties

Japan

2.67%

Itochu
Astellas Pharma

Pacific Basin

8.24%

Taiwan Semiconductor
AIA
Brambles
Jiangsu Express
Australia & New Zealand
Bank
China Mobile

		Investment Attributes					
Name	Sector	Value (£)	% of Invested Funds	High Growth	Defensive Growth	Cyclical Growth	Mature
North America Listed Equity Holdings							
Microsoft	Software & Computer Services	19,577,764	4.39				
UnitedHealth	Health Care Equipment & Services	17,227,078	3.86				
Accenture	Support Services	13,064,611	2.94				
Agilent Technologies	Electronic & Electrical Equipment	13,046,784	2.93				
Visa	Financial Services	12,443,752	2.80				
The Cooper Companies	Health Care Equipment & Services	12,052,049	2.71				
AbbVie	Pharmaceuticals & Biotechnology	11,435,601	2.57				
Ecolab	Chemicals	10,973,401	2.47				
Microchip Technology	Technology Hardware & Equipment	10,179,133	2.29				
Estée Lauder	Personal Goods	10,110,563	2.27				
AMETEK	Electronic & Electrical Equipment	8,793,149	1.98				
Bright Horizons Family Solutions	General Retailers	7,135,856	1.60				
Yum China Holdings	Travel & Leisure	6,597,549	1.48				
Booking Holdings	Travel & Leisure	6,077,169	1.37				
Amphenol	Electronic & Electrical Equipment	5,883,378	1.32				
Intuitive Surgical	Health Care Equipment & Services	5,643,946	1.27				
CME Group	Investment Banking & Brokerage	5,637,462	1.27				
Charles Schwab	Investment Banking & Brokerage	5,380,254	1.21				
Intuit	Software & Computer Services	5,243,050	1.18				
International Flavors & Fragrances	Chemicals	3,928,823	0.88				
Citigroup	Banks	3,835,041	0.86				
		194,266,413	43.65% of Total Invested Funds				

Name	Sector	Value (£)	% of Invested Funds	Investment Attributes			
				High Growth	Defensive Growth	Cyclical Growth	Mature
United Kingdom Listed Equity Holdings							
Tyman	Construction & Materials	7,716,000	1.73				
Unilever	Personal Care, Drug & Grocery	7,085,050	1.59				
GlaxoSmithKline	Pharmaceuticals & Biotechnology	6,850,000	1.54				
St. James's Place	Life Insurance	6,114,000	1.37				
Royal Dutch Shell 'B' Shares	Oil & Gas Producers	5,924,160	1.33				
Redrow	Household Goods	4,930,500	1.11				
DCC	Support Services	4,829,700	1.09				
Rio Tinto	Industrial Metals & Mining	4,834,001	1.09				
Stock Spirits Group	Beverages	4,592,250	1.03				
National Grid	Gas, Water & Multi-Utilities	4,242,000	0.95				
ITV	Media	4,045,440	0.91				
SThree	Support Services	4,025,025	0.90				
Ashmore	Investment Banking & Brokerage	4,003,300	0.90				
Helical	Real Estate	3,276,000	0.74				
Lloyds Banking Group	Banks	2,849,600	0.64				
IG Group	Investment Banking & Brokerage	2,619,500	0.59				
		77,936,526	17.51% of Total Invested Funds				
United Kingdom Unlisted Equity Holdings							
Fintrust Debenture	Financial Services	4,338	0.00				
		4,338	0.00% of Total Invested Funds				

		Investment Attributes					
Name	Sector	Value (£)	% of Invested Funds	High Growth	Defensive Growth	Cyclical Growth	Mature
Continental Europe Listed Equity Holdings							
Roche Holdings	Pharmaceuticals & Biotechnology (Switzerland)	13,452,325	3.02				
Munich Re	Non-Life Insurance (Germany)	12,655,054	2.84				
Schneider Electric	Electronic & Electrical Equipment (France)	10,295,022	2.31				
Enel	Electricity (Italy)	9,778,457	2.20				
Partners Group	Financial Services (Switzerland)	8,067,051	1.81				
Adidas	Personal Goods (Germany)	7,998,112	1.80				
Iberdrola	Electricity (Spain)	7,687,649	1.73				
Total	Oil & Gas Producers (France)	6,740,805	1.51				
Atlas Copco	Industrial Engineering (Sweden)	6,436,992	1.45				
Nestle	Food Producers (Switzerland)	6,092,130	1.37				
LVMH Moet Hennessy Louis Vuitton	Personal Goods (France)	6,057,474	1.36				
Assa Abloy	Construction & Materials (Sweden)	5,582,756	1.25				
UBS	Investment Banking & Brokerage (Switzerland)	5,332,527	1.20				
Novo Nordisk	Pharmaceuticals & Biotechnology (Denmark)	5,055,767	1.14				
Fresenius	Health Care Equipment & Services (Germany)	4,950,094	1.11				
Amadeus	Software & Computer Services (Spain)	4,781,212	1.07				
MERLIN Properties	Real Estate (Spain)	3,382,065	0.76				
		124,345,492	27.93% of Total Invested Funds				
Pacific Basin Listed Equity Holdings							
Taiwan Semiconductor	Technology Hardware & Equipment (Taiwan)	13,662,237	3.07				
AIA	Life Insurance (Hong Kong)	9,853,195	2.21				
Brambles	General Industrials (Australia)	4,636,333	1.04				
Jiangsu Express	Industrial Transportation (Hong Kong)	3,558,781	0.80				
Australia & New Zealand Bank	Banks (Australia)	2,735,469	0.61				
China Mobile	Mobile Telecommunications (Hong Kong)	2,267,106	0.51				
		36,713,121	8.24% of Total Invested Funds				
Japan Listed Equity Holdings							
Itochu	General Industrials	8,439,687	1.90				
Astellas Pharma	Pharmaceuticals & Biotechnology	3,409,960	0.77				
		11,849,647	2.67% of Total Invested Funds				
Total Invested Funds		£445,115,537	100% of Total Invested Funds				

Distribution of Invested Funds

at 30 November 2020

	United Kingdom %	North America %	Other Countries %	2020 Total %	Composite Benchmark Sector Weighting*	2019 Total %
Industrials						
Aerospace & Defence	-	-	-	-	1.36	0.95
Construction & Materials	1.73	-	1.25	2.98	1.42	2.84
Electronic & Electrical Equipment	-	6.23	2.31	8.54	1.65	6.95
General Industrials	-	-	2.94	2.94	1.70	2.81
Industrial Engineering	-	-	1.45	1.45	1.87	2.44
Industrial Transportation	-	-	0.80	0.80	1.45	1.00
Support Services	1.99	2.94	-	4.93	3.71	5.46
	3.72	9.17	8.75	21.64	13.16	22.45
Financials						
Banks	0.64	0.86	0.61	2.11	5.76	4.92
Equity Investment Instruments	-	-	-	-	2.04	-
Financial Services	-	2.80	1.81	4.61	-	7.70
General Financial	-	-	-	-	5.05	-
Investment Banking & Brokerage	1.49	2.48	1.20	5.17	-	-
Life Insurance	1.37	-	2.21	3.58	1.67	4.36
Non-Life Insurance	-	-	2.84	2.84	2.36	3.18
Real Estate	0.74	-	0.76	1.50	2.79	3.11
	4.24	6.14	9.43	19.81	19.67	23.27

	United Kingdom %	North America %	Other Countries %	2020 Total %	Composite Benchmark Sector Weighting*	2019 Total %
Health Care						
Health Care Equipment & Services	-	7.84	1.11	8.95	3.69	7.66
Pharmaceuticals & Biotechnology	1.54	2.57	4.93	9.04	7.56	7.81
	1.54	10.41	6.04	17.99	11.25	15.47
Technology						
Software & Computer Services	-	5.57	1.07	6.64	8.81	7.40
Technology Hardware & Equipment	-	2.29	3.07	5.36	7.58	4.45
	-	7.86	4.14	12.00	16.39	11.85
Consumer Goods						
Automobiles	-	-	-	-	1.85	-
Beverages	1.03	-	-	1.03	2.14	0.68
Food Producers	-	-	1.37	1.37	1.55	1.34
Household Goods	1.11	-	-	1.11	2.01	-
Leisure Goods	-	-	-	-	0.72	-
Personal Care, Drug & Grocery	1.59	-	-	1.59	-	-
Personal Goods	-	2.27	3.16	5.43	3.21	6.89
Tobacco	-	-	-	-	1.39	-
	3.73	2.27	4.53	10.53	12.87	8.91
Consumer Services						
Food & Drug Retailers	-	-	-	-	1.26	-
General Retailers	-	1.60	-	1.60	5.39	1.15
Media	0.91	-	-	0.91	2.70	1.97
Travel & Leisure	-	2.85	-	2.85	2.78	3.53
	0.91	4.45	-	5.36	12.13	6.65
Utilities						
Electricity	-	-	3.93	3.93	1.71	2.61
Gas, Water & Multiutilities	0.95	-	-	0.95	1.28	-
	0.95	-	3.93	4.88	2.99	2.61

	United Kingdom %	North America %	Other Countries %	2020 Total %	Composite Benchmark Sector Weighting*	2019 Total %
Basic Materials						
Chemicals	-	3.35	-	3.35	1.78	4.01
Industrial Metals & Mining	1.09	-	-	1.09	0.46	0.96
Mining	-	-	-	-	2.74	-
Forestry & Paper	-	-	-	-	0.22	-
	1.09	3.35	-	4.44	5.20	4.97
Oil & Gas						
Oil Equipment, Services and Distribution	-	-	-	-	0.45	-
Oil & Gas Producers	1.33	-	1.51	2.84	3.52	3.14
Alternative Energy	-	-	-	-	0.08	-
	1.33	-	1.51	2.84	4.05	3.14
Telecommunications						
Fixed Line Telecommunications	-	-	-	-	1.11	-
Mobile Telecommunications	-	-	0.51	0.51	1.18	0.68
	-	-	0.51	0.51	2.29	0.68
Total	17.51	43.65	38.84	100.00	100.00	100.00

*The above groupings are based on The Industry Classification Benchmark (ICB).

Historical Record

Revenue and Capital	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total income (£000s)	7,822	8,165	9,113	9,031	8,735	9,996	11,000	10,968	11,505	9,195
Earnings per share	12.28p	13.34p	15.22p	14.71p	14.09p	16.40p	18.40p	19.67p	21.66p	15.96p
Dividend per share	12.80p	13.30p	14.50p	15.00p	15.30p	15.80p	16.50p	18.15p	19.98p	20.06p
Total net assets (£000s)*	204,580	227,194	268,254	278,363	273,630	318,334	368,014	360,273	403,787	422,099
Total net assets (£000s)†	186,946	208,301	255,769	264,945	262,487	307,707	359,228	361,105	400,207	416,486
Net asset value per ordinary share*	468.6p	525.4p	622.6p	646.0p	636.2p	742.8p	862.0p	843.9p	945.8p	988.7p
Net asset value per ordinary share†	428.2p	481.7p	593.6p	614.9p	610.3p	718.0p	841.4p	845.8p	937.4p	975.5p
Share price	380.5p	413.5p	508.0p	541.0p	540.5p	591.8p	785.0p	745.0p	862.0p	842.0p
Year end discount %†	11	14	14	12	11	18	7	12	8	14

* Debt at par. † Debt at fair value.

Geographical Disposition

% of Investment Funds* at 30 November

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
United Kingdom	51.4	50.2	50.5	47.0	42.1	35.0	30.8	26.4	24.7	17.5
Europe	10.7	10.6	13.3	13.6	16.0	20.4	20.8	21.6	23.3	27.9
Americas	25.4	27.3	25.3	30.7	32.5	34.1	37.5	42.7	41.3	43.7
Japan	3.6	2.7	4.0	3.0	3.4	3.7	2.6	2.1	2.6	2.7
Pacific Basin	8.9	9.2	6.9	5.7	6.0	6.8	8.3	7.2	8.1	8.2
Other Countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Excludes Cash.

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

Re-based to 100. Source: AllianzGI/Thomson Reuters DataStream. Benchmark: 70% FTSE World Ex UK Index and 30% FTSE All-Share Index. Alternative Performance Measure (APM). See Glossary on page 109.

Governance

German insurance group Munich
Re remains the portfolio's largest
financial services holding.

Directors, Manager and Advisers

Carolán Dobson BSc Chartered FCSI*†

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

Joined the board in December 2013 and has been Chairman since the AGM in March 2016. She is also Chairman of Baillie Gifford UK Growth Fund plc and BlackRock Latin American Investment Trust plc. Carolán was previously head of UK equities at Abbey Asset Managers, Head of Investment Trusts at Murray Johnstone and was the portfolio manager of two investment trusts.

Experience:

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

Reasons for the recommendation for re-election:

Carolán's wise and effective leadership of the board, notably demonstrated recently through the debt refinancing, and wide knowledge and experience of the industry.

Amanda Aldridge BSc FCA*

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

Joined the board in December 2019. Amanda is a non-executive director and Audit Committee Chair of Headlam Group plc and of Impact Healthcare REIT plc and also chairs the audit committee of The Low Carbon Contracts Company and The Electricity Settlements Company. She worked at KPMG LLP for 33 years until 2017 and during her career she was Head of the Retail Sector practice before becoming Head of Contract Governance in the Risk-Consulting Division. Amanda is a Fellow of the Institute of Chartered Accountants in England and Wales.

Experience:

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

Reasons for the recommendation for re-election:

Amanda has evident skills and experience both from her background as a chartered accountant and as an audit committee chair.

*Independent of the manager.

†Independent on appointment as Chairman.

Andrew Hutton MA, CFA*

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

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

Experience:

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

Reasons for the recommendation for re-election:

Andrew brings to the board a deep understanding of portfolio management.

Peter Maynard MA*

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

Joined the board in October 2010. He is a retired solicitor and qualified with Slaughter and May in 1977. He was Group Legal Director at Prudential plc from 1998 to 2009 and Company Secretary from July 1999. Prior to that he was with HSBC for 14 years during which time he was variously a director of HSBC Investment Bank, President and Chief Executive Officer of James Capel Inc in New York and finally Deputy Group Legal Adviser. He is a former chairman of the GC100 and was a supervisory board member of the London Business School Centre for Corporate Governance.

Experience:

Peter is a lawyer and has worked at a senior level in the financial services industry including in specialist corporate governance roles and is an experienced investment trust director.

Reasons for the recommendation for re-election:

Peter's legal knowledge and negotiating skills are valuable to the board and he has wide knowledge of the industry.

Jim Sharp MA*

Chairman of the Remuneration Committee. Member of the Management Engagement Committee and the Nomination Committee.

Joined the board in January 2014. He began his career in corporate finance with J. Henry Schroder & Co from 1992 to 2002, where he was a director. He is a non-executive director of James Cropper PLC and chairman of four private businesses.

Experience:

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

Reasons for the recommendation for re-election:

Jim's commercial experience and understanding of marketing and promotion are valuable and his connection to a key stakeholder helps the board's understanding of the requirements of shareholders.

The Manager or Alternative Investment Fund Manager (AIFM)

Allianz Global Investors GmbH (AllianzGI) is an investment company with limited liability incorporated in Germany and registered in the UK as a branch with establishment number BR009058 and with an establishment address of 199 Bishopsgate, London EC2M 3TY. It is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and is subject to limited regulation by the Financial Conduct Authority (FCA).

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

As at 30 September 2020, AllianzGI had €546 billion of assets under management worldwide.

Through its predecessors, AllianzGI has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and as at 31 January 2021 had £2.3 billion assets under management in a range of investment trusts.

Website: allianzgi.co.uk

Head of Investment Trusts

Stephanie Carbonneil

Email: stephanie.carbonneil@allianzgi.com

Investment Manager

Matthew Tillett, Lead manager, representing Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY (the manager).

Company Secretary and Registered Office

Kirsten Salt ACG

199 Bishopsgate, London EC2M 3TY

Telephone: 020 3246 7513

Email: kirsten.salt@allianzgi.com

Registered Number

00226323

Bankers and Custodian

HSBC Bank plc

Depository

HSBC Securities Services

Solicitors

Dickson Minto W.S.

Herbert Smith Freehills LLP

Independent Auditors

PricewaterhouseCoopers LLP

Registrars

Link Asset Services

(full details on page 105)

Stockbrokers

J.P. Morgan Cazenove

Directors' Report

The directors present their Report which incorporates the audited financial statements for the year ended 30 November 2020.

Share Capital

Details of the company's share capital are set out in Note 12 on page 94. There were no share buybacks during the year or since the year end.

A resolution to renew the authority to purchase shares for cancellation or holding in treasury is to be put to shareholders at the forthcoming annual general meeting and the full text is set out in the notice of meeting on pages 107 to 108.

Independent Auditors

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

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

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

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

Related Party Transactions

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

Management Contract and Management Fee

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

The manager's performance under the contract and the contract terms are reviewed annually by the management engagement committee. The committee's report is on page 66.

Under the Alternative Investment Fund Managers Directive (AIFMD) the company has appointed Allianz Global Investors GmbH (AllianzGI) as the designated Alternative Investment Fund Manager (AIFM) for the company on the terms and subject to the conditions of the management and administration agreement between the company and AllianzGI (the management contract). AllianzGI has been authorised to act as an Alternative Investment Fund Manager by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and has completed the relevant notifications to enable it to conduct its activities from its UK Branch in accordance with AIFMD and Financial Conduct Authority requirements.

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

Revenue

The revenue earnings attributable to ordinary shareholders for the year amounted to £6,815,742 or 15.96p per share (2019 - £9,248,430, 21.66p per share).

The first two quarterly dividends of 4.67p (£1,993,750) were paid during the company's financial year to 30 November 2020 and the board declared a third quarterly dividend of 4.67p (£1,993,750) per ordinary share which was paid on 12 December 2020. The board recommends a final dividend for the year ended 30 November 2020 of 6.05p (£2,582,910), payable on 1 April, making a total distribution for the year of 20.06p per ordinary share. The next quarterly dividend payment is expected to be made in July 2021.

Invested Funds

The market value of the Company's investments at 30 November 2020 was £445,115,537 (2019 - £435,569,013). Sales of investments during the year resulted in net gains based on historical costs of £21,965,082 (2019 - £44,225,932). Provisions contained in the Finance Act 2010 exempt approved investment trusts from corporation tax on their chargeable gains.

Details of the total return of the company and the split between revenue and capital returns are shown in the Income Statement on page 82. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 86 under 'Investment management fee and administrative expenses' and on page 87 under 'Finance costs'.

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

Capital Structure

The company's capital structure is set out in Note 12 on page 94.

Listing Rule 9.8.4R

There are no matters requiring disclosure under this Rule.

Voting Rights in the Company's Shares

As at 15 February 2021, the company's capital consisted of:

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

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

Common Reporting Standards (CRS)

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

Interests in the Company's Share Capital

As at 15 February, the company was aware of the following interests in the company's share capital greater than 3%: J Maitland (as trustee 14.16%); Sir Hugo Brunner (beneficial 2.32% – as trustee 11.95%); TBH Brunner (beneficial 1.67% – as trustee 4.62%).

J Maitland acts as a co-trustee with TBH Brunner in respect of 1,709,180 ordinary shares (4.00%), which form part of TBH Brunner's trustee holding. J Maitland also acts as co-trustee with Sir Hugo Brunner in respect of 4,337,493 ordinary shares (10.16%) which form part of Sir Hugo Brunner's trustee holdings.

In addition, the company has notification of the following interest in the voting rights of the ordinary shares: Aviva PLC (9.92%) and Rathbones Investment Management Limited (5.01%).

Corporate Governance Statement

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

Board Composition

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

As a result of the COVID-19 restrictions on meetings in order to facilitate the AGM, Carolan Dobson appointed Douglas Armstrong, Partner at the company's legal advisers, Dickson Minto W.S., as her alternate to act as a non-executive director. This appointment was made on the day of the AGM held on 27 May 2020 and was terminated once the business of the meeting was complete. Mr Armstrong had acted as Chairperson of the AGM.

The board has a plan for the retirement of directors to ensure that an orderly process of recruitment can take place and that the board's balance of skills and relevant experience is maintained.

The biographies of the directors are set out on pages 56 and 57 together with the skills and experience each director brings to the board for the long-term sustainable success of the company.

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

Board Evaluation

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

The Senior Independent Director conducted an appraisal of the Chairman following a similar method to the board evaluation. This exercise confirmed that the Chairman demonstrates effective leadership, makes an excellent contribution to the company and is assiduous in her engagements with the company's stakeholders. She had conducted meetings well in the digital environment of the past year.

Gender Diversity

Three of the company's directors are male and two are female. As the company is an investment trust, all of its activities are outsourced and it does not have any employees. Therefore it has nothing further to report in respect of gender representation within the company.

Conflicts of Interest

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

Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest relating to the company. These statements have been considered and approved by the board. The directors have undertaken to notify the Chairman and Company Secretary of any proposed new appointments and new conflicts or potential conflicts for consideration, if necessary, by the board. The board has agreed that only directors who have no interest in the matter being considered will be able to participate in taking the relevant decision and that in taking the decision the directors will act in a way they consider, in good faith, will be most likely to promote the company's success. The board is able to impose limits or conditions when giving authorisation if it thinks this is appropriate.

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

Directors' Indemnities

Directors' and Officers' Liability insurance cover is held by the company. As permitted by the company's Articles, the company has granted indemnities to the directors.

Board Committees

Audit Committee

The Audit Committee Report is on pages 71 to 73.

Nomination Committee

The nomination committee meets as needed – at least once each year – and makes recommendations on board succession planning and the appointment of new directors and considers the composition and balance of the board. The committee is chaired by Carolan Dobson, the Chairman of the board, and met once in the last year when it considered the re-election of directors at the annual general meeting. All directors serve on the nomination committee and consider nominations made in accordance with an agreed procedure.

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

The Nomination Committee Report is on page 67.

Management Engagement Committee

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

The Management Engagement Committee Report is on page 66.

Remuneration Committee

The remuneration committee met once in the year and consists of all the directors. The committee is chaired by Jim Sharp. The committee determines the company's remuneration policy and determines the remuneration of each director within the terms of that policy. The Directors' Remuneration Report is on pages 68 to 70.

The terms of reference for each of the committees may be viewed by shareholders on request and are published on the company's website brunner.co.uk in the Literature & Resources/Literature/Terms of Reference and Corporate Documents section.

Internal Control

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

Board Attendance

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

Director	Board	Board Strategy Day	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
No. of meetings	5	1	2	1	1	1
Carolan Dobson	5	1	2 ¹	1	1	1
Amanda Aldridge	5	1	2	1	1	1
Ian Barlow	5	1	2	1	1	1
Andrew Hutton ²	4	-	1	-	-	-
Peter Maynard	5	1	2	1	1	1
Jim Sharp	5	1	2 ¹	1	1	1

¹ Invited to attend meetings, although not a committee member.

² Appointed to the board on 20 April 2020.

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

The key elements of the process are as follows:

- In addition to the review of the key risks (see page 14), the directors regularly review all the risks on the Internal Risk Matrix and every six months the board receives from the manager a formal report which details any known internal controls failures, including those that are not directly the responsibility of the manager.
- Allianz Global Investors GmbH, UK Branch (AllianzGI), as the appointed manager, provides investment management, accounting and company secretarial services to the company. The manager therefore maintains the internal controls associated with the day-to-day operation of the company. These responsibilities are included in the Management and Administration Agreement between the company and the manager. The manager's systems of internal control are regularly evaluated by its management and monitored by internal auditors.
- There is a regular review by the board of asset allocation and any risk implications. There are also regular and comprehensive reviews by the board of management

accounting information, including revenue and expenditure projections, actual revenue against projections and performance comparisons.

- Authorisation and exposure limits are set and maintained by the board.
- The board meets with senior representatives of AllianzGI and also receives an Internal Controls Report from the manager, together with a report on compliance with the manager's anti-bribery policy.
- The audit committee on behalf of the board reviews the Internal Controls Reports of other third party service providers, including those of AllianzGI and all other providers of administrative and custodian services to AllianzGI or directly to the company.

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

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is on page 74 and a statement of going concern is on page 16. The Independent Auditors' Report can be found on pages 76 to 81.

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

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

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

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

The Depositary must ensure that:

- the company's cash flows are properly monitored and that cash of the company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the

company's assets is remitted to the company within the usual time limits;

- that the company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the AIFM) are carried out (unless they conflict with the Regulations).

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

Report of the Depositary to the Shareholders of The Brunner Investment Trust PLC (the company) for the period ended 30 November 2020.

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

*HSBC Securities Services
14 December 2020*

Further information about the relationship with the Depositary is on page 104.

The UK Stewardship Code and Exercise of Voting Powers

The board has delegated discretion to discharge its responsibilities in respect of investments, including the exercise of voting powers on its behalf to the manager, AllianzGI. There is more information on company engagement in the Strategic Report on page 19, and in the Investment Manager's Review on pages 22 to 54.

Greenhouse Gas Emissions

The company has an external manager, AllianzGI, part of Allianz Group, and has no physical assets, operations, premises or employees of its own. Consequently it has no greenhouse gas emissions to report. Allianz Group reports on the greenhouse gas emissions for its own operations.

Modern Slavery Act 2015

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

Bribery Act 2010

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

Annual General Meeting and Manager presentation

As the Chairman explains in her Statement on page 7, in view of the current restrictions in place on travel and meetings in connection with COVID-19 the Annual General Meeting of the Company to be held on Tuesday 30 March 2021 will be a closed meeting and shareholders will not be able to attend in person.

Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the company's articles of association, the Corporate Insolvency and Governance Act 2020 and Government guidance, the directors will impose entry restrictions on attendance at the Annual General Meeting in order to ensure the health, wellbeing and safety of the company's shareholders and officers as well as compliance with the venue's security requirements.

The board therefore urges shareholders to comply with the UK Government's instructions to stay safe and not undertake unnecessary travel. However, shareholders may and are strongly encouraged to participate in the business of the Annual General Meeting by exercising their votes in advance of the meeting by completing and returning the form of proxy. The board and the company's manager will ensure that a quorum of two shareholders is present at the AGM to allow it to take place and for the proxy votes to be exercised. The closing

date for you to submit your proxy votes to the registrars is 12.00 noon on Friday 26 March 2021.

Shareholders are invited to view a video presentation which will be posted on the website www.brunner.co.uk two weeks before the AGM and to send any questions for the board and manager care of the company secretary at investment-trusts@allianzgi.com or in writing to the registered office, 199 Bishopsgate, London EC2M 3TY. Questions and answers will be published on the website.

Annual General Meeting Business

Directors' Re-election and Election

The plans for board succession, including the arrangements for the retirements of the directors with over nine years' service, are described on page 67. Peter Maynard has held office for ten years and will retire at the annual meeting and offer himself for re-election. Notwithstanding the length of service of Peter Maynard, the board views him as independent of the manager. Carolan Dobson, Amanda Aldridge, Andrew Hutton and Jim Sharp also retire in accordance with the board policy on the annual re-election of directors and offer themselves for re-election at the AGM. Biographical details of the directors are on pages 56 and 57 together with the reasons why the board supports and recommends their re-election. Directors serving during the year and their interests in the share capital of the company as at 30 November 2020 are set out in the Directors' Remuneration Report on pages 68 to 70.

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

Allotment of New Shares

A resolution authorising the directors to allot new share capital for cash was passed at the annual general meeting of the company on 27 May 2020 under section 551 of the Companies Act 2006. The current authority will expire on 20 June 2021 and approval is therefore sought for the renewal of this authority, which will last until the conclusion of the annual general meeting in 2022 or 30 June 2022 if earlier.

This authority is limited to a maximum number of 14,230,908 ordinary shares, representing approximately one third of the existing ordinary share capital of the company as at the date of this report, provided that there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 30 March 2021.

Disapplication of Pre-emption Rights

A resolution was passed at the annual general meeting of the company held on 27 May 2020 under section 570 of the Companies Act 2006, to authorise the directors to allot ordinary shares for cash other than pro rata to existing shareholders. The current authority will expire on 30 June 2021 and approval is therefore sought for the renewal

of this authority, which will last until the conclusion of the annual general meeting in 2022 or 30 June 2022 if earlier.

This authority is limited to a maximum number of 2,134,636 ordinary shares, representing approximately 5% of the existing ordinary share capital of the company as at the date of this report, provided that there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 30 March 2021.

Accordingly resolution 11 as set out in the notice of meeting on page 107 will be proposed as an ordinary resolution and resolution 12 will be proposed as a special resolution.

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

Share Buy Back Programme

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

This authority will give the company the ability to reissue treasury shares quickly and cost-effectively (including pursuant to the authority under resolution 12, see above) and provides the company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are in the treasury. If the board exercises the authority conferred by resolution 13, which will be proposed as a special resolution, the company will have the option of either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue.

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

Where purchases are made at prices below the prevailing net asset value of the ordinary shares, net asset value per share for the remaining shareholders is enhanced. It is therefore intended that purchases will only be made at prices below net asset value, with the purchases to be funded from the realised capital profits of the company (which are currently in excess of £215 million). The rules of the UK Listing Authority

limit the price which may be paid by the company to 105% of the average middle market quotation for an ordinary share on the five business days immediately preceding the date of the relevant purchase. The minimum price to be paid will be 25p per ordinary share (being the nominal value).

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

The current authority which permits the company to purchase up to 14.99% of the ordinary shares, expires at the conclusion of the forthcoming annual general meeting. The board believes that the company should continue to have authority to make market purchases of its own ordinary shares for cancellation or additionally for holding in treasury. Accordingly, a special resolution to authorise the company to make market purchases of up to 14.99% of the company's issued ordinary share capital will be proposed. Provided there is no change in the issued share capital between the date of this report and the annual general meeting to be held on 30 March 2021 such authority is equivalent to 6,399,639 ordinary shares.

The authority will last until the annual general meeting of the company to be held in 2022 or the expiry of 15 months from the date of the passing of this resolution, whichever is the earlier. The authority will be subject to renewal by shareholders at subsequent annual general meetings.

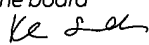
The Brunner Family

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

Following discussions in 2013, agreement was reached with the Takeover Panel that for the purposes of the City Code on Takeovers and Mergers (the Code), Sir Hugo Brunner and Mr TBH Brunner, together with their children (and their spouses) and related trusts (the Connected Parties) will be treated as acting in concert for the purposes of the Code. The Connected Parties currently hold 9,675,141 shares, representing 22.66% of the ordinary share capital of the company. If the proposed buy back authority were to be used in full, the repurchase of ordinary shares could result in the Connected Parties holding 26.66% of the reduced ordinary share capital of the company (assuming that the Connected Parties did not sell any ordinary shares in connection with the exercise of the buy back authority).

The board and the Annual Financial Report

Following the process reported in the Audit Committee Report, on pages 71 to 73, the board is able to state that it considers that the Annual Financial Report, taken as a whole, is fair, balanced and understandable.

By order of the board
Kirsten Salt 
Company Secretary
17 February 2021

Management Engagement Committee Report

Role of the Committee

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

Composition of the Committee

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

Manager evaluation process

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

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

Performance information is set out on page 8.

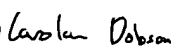
Manager reappointment

The annual evaluation that took place in December 2020 included a presentation from the portfolio manager and AllianzGI's Head of Investment Trusts. This covered the work done with the board on strategy and the integrated sales and marketing activity, including the work with investment platforms and wealth managers. The evaluation also considered the manager's fee in relation to the peer group. The committee met in a private session following the presentation and concluded that in its opinion the continuing appointment of the manager on the terms agreed was in the interests of shareholders as a whole and recommended this to the board.

Note 2 to the Accounts on page 88 provides detailed information in relation to the management fee.

Committee evaluation

The activities of the Management Engagement Committee were considered as part of the board evaluation process completed in accordance with standard governance arrangements as summarised on page 61. The conclusion from the process was that the committee was operating effectively, with the right balance of membership and skills.

Carolyn Dobson 
Management Engagement Committee Chairman
17 February 2021

Nomination Committee Report

Role of the Committee

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

Composition of the Committee

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

Activities of the Committee

The committee met during the year and considered, in accordance with its terms of reference the structure, size and composition of the board and satisfied itself with regard to succession planning, making recommendations to the board. The committee reviewed the succession plan and recommended it to the board. The committee also discussed the results of the board and committee evaluation exercise, which covered the structure and size of the board and its composition particularly in terms of succession planning and the experience and skills of the individual directors and the topic of board diversity.

Succession planning

Ian Barlow, who had remained on the board to hand over the chairing of the audit committee to Amanda Aldridge, retired from the board in December 2020. Peter Maynard attained ten years' service in 2020 and will be the next director to retire from the board in accordance with the succession plan.

Committee evaluation

The activities of the Nomination Committee were considered as part of the board evaluation process completed in accordance with standard governance arrangements as summarised on page 61. The conclusion from the process was that the committee was operating effectively, with the right balance of membership and skills.

Carolyn Dobson
Carolyn Dobson
Nomination Committee Chairman
17 February 2021

Remuneration Committee Report

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

Composition

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

Role

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

Activities

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

Directors' Remuneration Report

This is the Directors' Remuneration Report for the year. The report is submitted in accordance with Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended August 2013, for the year ended 30 November 2020.

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

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

The Board

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

Directors' Interests (Audited)

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

	2020 Beneficial	2020 Non-beneficial	2019 Beneficial	2019 Non-beneficial
Ordinary shares of 25p				
Carolyn Dobson	4,750	-	4,750	-
Amanda Aldridge*	4,000	-	-	-
Ian Barlow	61,059	-	61,059	-
Vivian Bazalgette**	-	-	4,000	-
Andrew Hutton#	6,000	-	-	-
Peter Maynard	4,000	-	4,000	-
Jim Sharp	114,646	651,956	114,646	651,956

* Appointed as a director 1 December 2019

** Retired 22 November 2019

Appointed to the board 20 April 2020

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

Directors' Remuneration Policy

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

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

This Directors' Remuneration Policy is the same in all material respects as that currently followed by the board and summarised in the last Directors' Remuneration Report and approved by shareholders at the annual general meeting held on 27 May 2020.

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

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

Implementation Report

The policy is to review directors' fee rates from time to time, but reviews will not necessarily result in a change to the rates. In the year under review the directors were paid at a rate of £26,000 per annum and the Chairman at a rate of £39,000 per annum, with an additional £6,000 for the Chairman of the Audit Committee, and an additional £2,000 for the Senior Independent Director. The current fees have been effective since 1 December 2019, with the exception of the Senior Independent Director, which has been unchanged for four years.

The fees were reviewed during the year and it was determined that there would be no increase to the directors' fees at this time.

Directors' Emoluments (Audited)

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

	2020			2019		
	Base salary £	Taxable expenses** £	Total £	Base salary £	Taxable expenses** £	Total £
Carolyn Dobson	39,000	3,935	42,935	38,000	7,513	45,513
Amanda Aldridge	30,000	-	30,000	-	-	-
Ian Barlow	28,000	-	28,000	29,000	-	29,000
Vivian Bazalgette*	-	-	-	25,500	-	25,500
Andrew Hutton#	16,067	-	16,067	-	-	-
Peter Maynard	28,000	-	28,000	24,000	-	24,000
Jim Sharp	26,000	-	26,000	24,000	-	24,000
Total	167,067	3,935	171,002	140,500	7,513	148,013

* Retired from the board 22 November 2019

** Taxable travel and subsistence expenses incurred in attending Board and Committee meetings, gross pre-tax amounts

Appointed to the board 20 April 2020

Analysis of Pay against Distributions

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

Expenditure by the company on remuneration and distributions to the shareholders

	2020 £	2019 £
Remuneration paid to all directors	167,067	140,500
Distributions paid during the financial year	8,538,545	8,269,581

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

Performance Graph

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

The Brunner Investment Trust PLC

30 November 2010 – 30 November 2020

Source: AllianzGI/Thomson Reuters DataStream

Jim Sharp
Remuneration Committee Chairman
17 February 2021

Audit Committee Report

As new chair of the audit committee I am delighted to present the committee's report for the year ended 30 November 2020.

Composition

I succeeded Ian Barlow as audit committee chair on 1 April 2020 and I would like to thank Ian for his previous leadership of the committee. Ian retired from the board and the committee in December 2020. Andrew Hutton joined the committee on 20 April 2020 and serves on the committee together with Peter Maynard. The Chairman of the board and Jim Sharp are invited to attend audit committee meetings, as are representatives of the manager.

As you will see from my biography on page 56, I am a Chartered Accountant and until 2017, I was an audit and advisory partner, at KPMG, London. I also chair the audit committees of two other listed companies. During the year the board reviewed the composition of the audit committee and it considers that, collectively, its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

Role

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

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

Activities

The committee meets twice each year. These meetings are attended by the auditors and also by representatives of the manager, including both risk and compliance officers.

At the scheduled meetings in respect of the year ended 30 November 2020 the committee reviewed the company's accounting policies and confirmed their appropriateness, and reviewed in detail the annual and half-yearly

financial reports and in each case recommended them for adoption by the board. At the meeting for the half year the auditors presented the audit plan for the year ending 30 November 2020. In the meeting relating to the year end the committee considered the Auditors' report on the annual financial statements.

At each meeting the committee received a report on the operation of controls relating to the company and the proper conduct of its business in accordance with the regulatory environment in which both the company and the manager operate. The Committee has also received reports from the company's service providers on their response to the COVID-19 pandemic and related business continuity updates.

Risk

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

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

- A matrix of risks is reviewed at each of its meetings. We consider whether new risks should be added or previously identified risks removed, assess their likelihood of occurring and potential scale, review the mitigating actions and assess the residual risk against what we regard as acceptable – 'risk appetite'. The impact of the pandemic, the economic downturn and the increase in international tensions have all been considered by the board in this review.
- Assurance over mitigating actions in relation to these risks is provided in a series of reports from all the third party service providers.
- Resulting from the work of the audit committee, certain key risks are identified for disclosure and discussion in our annual report. We have also assessed residual risks after controls and mitigating actions have been applied, and evaluated whether our risk appetite has been

satisfied. The principal risks are in relation to Portfolio, Business and Operational matters. The risks identified, together with mitigating actions, and the results of the risk appetite assessment are set out in the Strategic Report on pages 14 and 15.

Viability Statement

Based on this review of risk the committee reviewed a paper that supported the board's conclusion, set out on page 17 in the strategic report, of their reasonable expectation that the company is viable in the longer term, assessed as the next five years.

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

The committee reviewed the terms of appointment of the auditor, monitored the audit process, assessed the Auditors' independence and objectivity as well as the effectiveness of the audit process. It was noted that there were no non-audit services provided by the firm, and that none are planned in the financial year to 30 November 2021.

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

- the reputation and standing of the audit firm;
- the audit processes, evidence of partner oversight and external information such as annual reports from the Auditors' regulator;
- the skills, experience and specialist knowledge of the audit team, particularly relating to investment trusts;
- audit communication including details of planning, information on relevant accounting and regulatory developments, and recommendations on corporate reporting;
- the reasonableness of audit fees; and
- the Financial Reporting Council's Audit Quality Report on PricewaterhouseCoopers LLP for 2019/20.

There were no non-audit services in the years ended 30 November 2020 or 30 November 2019.

The committee considered the representations made by the auditor and sought comments from representatives of the manager on the provision of services by the auditor and the effectiveness of the external audit for the year ended 30 November 2020.

It is the practice of the committee to meet with the auditor without management present at least once each year. Based on all of the above, the audit committee considers that the performance of the auditor is satisfactory and has recommended to the board that a resolution proposing the re-appointment of the auditor is put to shareholders at the annual general meeting.

Financial Report and Significant Issues

The significant issues identified for the review of the financial statements, those identified as presenting the greatest risks, this year, include consideration of the impact of the COVID-19 pandemic in addition to those identified in the audit for the year ended 2019: the valuation and existence of the investments in the portfolio; and the accuracy, occurrence and completeness of dividend income.

Valuation and existence of the investments in the portfolio

Investments are valued using stock exchange prices provided by third party financial data vendors. Unlisted investments are recognised on a fair value basis as set out in the Statement of Accounting Policies on page 86 and are reviewed by the manager's valuation committee before being approved by the company and being made available to the auditor.

The manager confirms to us the existence and ownership of portfolio investments. The manager receives information from the custodian which is reconciled with the portfolio list.

Accuracy, occurrence and completeness of dividend income

We review income reports and forecasts in detail with the manager at each meeting of the board, including yield information. We also look at changes to the forecast for each portfolio stock from meeting to meeting. Market volatility in the year has necessitated additional board meetings to increase the frequency of review of income reports and forecasts.

The committee confirms that these reports and checks have provided the directors with reasonable assurances on the risks identified.

Consideration of the impact of COVID-19

During the year and since the year-end we have reviewed, and continue to review, the impact of the COVID-19 pandemic on all aspects of the business, including the impact on global markets, on the portfolio and on income forecasts. This has been considered at each board meeting and at additional update meetings with the manager. We have also received regular reporting from our manager and other significant third-party service suppliers on the operational impacts of the pandemic response and appropriate assurance that there has been no significant impact on our operations. Our reviews also covered the company's liquidity and consideration of the impact of market falls on the company's debt covenants.

The implications of COVID-19 were considered in our assessment of risk and the results of our Risk Review are in our report on page 14 and our consideration of going concern and viability, the outcome of which is reported on pages 16 and 17.

These and other matters, identified as posing lesser risk, were considered and discussed with the manager and the auditor as part of the year end process.

In addition we reviewed the manner in which expenses are allocated between capital and income and concluded that the ratio of 70:30 remains appropriate since it fairly reflects our investment policy and split of prospective capital and income returns.

We also confirmed, as stated in the Statement of Accounting Policies on page 87, that there are no judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The committee observed the audit materiality and error reporting thresholds in the audit plan and confirmed that they were satisfied with these. As in previous years, the auditor set the materiality threshold as 1% of net asset value to align closely with comparable companies, but continues to report to the committee on matters below that level on qualitative grounds. In practice there were no unadjusted errors reported in the audit.

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

Internal audit

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

Whistleblowing

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

Amanda Aldridge
Chair of the Audit Committee
17 February 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

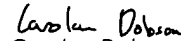
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

The directors, at the date of the approval of this Report, each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 17 February 2021 and signed on its behalf by:


Carolan Dobson
Chairman

Financial Statements

Headquartered in Chicago, new
holding CME is the world's largest
derivatives exchange.

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Report (the "Annual Report"), which comprise: the Balance Sheet as at 30 November 2020; the Income Statement, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended; the Statement of Accounting Policies; and the notes to the financial statements.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the company in the period from 1 December 2019 to 30 November 2020.

Our audit approach

Overview

- Overall materiality: £4,220,994 (2019 - £4,037,865), based on 1% of Net Assets.
- The company is a standalone Investment Trust Company and engages Allianz Global Investors GmbH UK Branch (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from State Street Bank & Trust Company (the "Administrator") to whom the Manager has, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.
- Valuation and existence of investments.
- Accuracy, occurrence and completeness of Income from investments.
- Considerations of the impact of COVID-19.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 86 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Chapter 15 of the UK Listing Rules applicable to Closed-Ended Investment Funds. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- Discussions with the manager and the audit committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Audit Committee;
- Evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing journal entries, in particular year end journal entries posted by the administrator during the preparation of the financial statements and any journals with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

Key audit matters

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

Key audit matter

Valuation and existence of investments

Refer to page 71 (Audit Committee Report), page 86 (Statement of Accounting Policies) and page 88 (Notes to the financial statements).

The investment portfolio at the year-end comprised listed equity investments valued at £445m.

We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.

How our audit addressed the key audit matter

We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third-party sources. No misstatements were identified by our testing which required reporting to those charged with governance.

We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No misstatements were identified by our testing which required reporting to those charged with governance.

Key audit matter

Accuracy, occurrence and completeness of Income from investments

Refer to page 71 (Audit Committee Report), page 86 (Statement of Accounting Policies) and page 88 (Notes to the financial statements).

We focused on the accuracy, occurrence and completeness of dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.

We also focused on the accounting policy for income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.

Considerations of Impacts of COVID-19

Refer to page 4 (the Chairman's Statement), page 14 (Risk Report), page 16 (Going Concern) and page 17 (Viability Statement), which disclose the impact of the COVID-19 pandemic.

The COVID-19 outbreak has been declared a pandemic by the World Health Organisation. Since the first quarter of 2020, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates.

The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.

How our audit addressed the key audit matter

We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.

We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No misstatements were identified which required reporting to those charged with governance.

To test for completeness, we tested that all dividends declared in the market by investment holdings had been recorded. No misstatements were identified which required reporting to those charged with governance.

We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings. Our testing did not identify any misstatements which required reporting to those charged with governance.

We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance.

We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:

- Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.
- Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.

We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.

- We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by:

- Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.

Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.

Our conclusions relating to going concern are set out in the 'Going concern' section below.

How we tailored the audit scope

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

Materiality

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

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

Overall materiality	£4,220,994 (2019 - £4,037,865).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	Entity is focused on net assets as a key indicator.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £211,050 (2019 - £201,893) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation

We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Outcome

We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

We have nothing to report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material

misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 17 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 17 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term

viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 74, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 71 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 74, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 19 December 2018 to audit the financial statements for the year ended 30 November 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 30 November 2018 to 30 November 2020.

*Gillian Alexander (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
17 February 2021*

Income Statement

for the year ended 30 November 2020

	Notes	2020 Revenue £	2020 Capital £	2020 Total Return £	2019 Revenue £	2019 Capital £	2019 Total Return £
Gains on investments held at fair value through profit or loss	8	-	21,965,082	21,965,082	-	44,532,408	44,532,408
Losses on foreign currencies		-	(61,350)	(61,350)	-	(113,939)	(113,939)
Income	1	9,194,777	-	9,194,777	11,504,521	-	11,504,521
Investment management fee	2	(547,678)	(1,277,916)	(1,825,594)	(544,156)	(1,269,696)	(1,813,852)
Administration expenses	3	(664,531)	(1,269)	(665,800)	(661,219)	(799)	(662,018)
Profit before finance costs and taxation		7,982,568	20,624,547	28,607,115	10,299,146	43,147,974	53,447,120
Finance costs: interest payable and similar charges	4	(277,709)	(590,008)	(867,717)	(289,632)	(619,284)	(908,916)
Profit on ordinary activities before taxation		7,704,859	20,034,539	27,739,398	10,009,514	42,528,690	52,538,204
Taxation	5	(889,117)	-	(889,117)	(761,084)	-	(761,084)
Profit after taxation attributable to ordinary shareholders		6,815,742	20,034,539	26,850,281	9,248,430	42,528,690	51,777,120
Earnings per ordinary share (basic and diluted)	7	15.96p	46.93p	62.89p	21.66p	99.62p	121.28p

Dividends to be distributed in respect of the financial year ended 30 November 2020 total 20.06p (2019 - 19.98p), amounting to £8,564,160 (2019 - £8,530,007). Details are set out in Note 6 on page 91.

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

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

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

The net profit for the year disclosed above represents the company's total comprehensive income.

The notes on pages 88 to 102 form an integral part of these Financial Statements.

Balance Sheet

at 30 November 2020

	Notes	2020 £	2020 £	2019 £
Fixed assets				
Investments held at fair value through profit or loss	8		445,115,537	435,569,013
Current assets				
Other receivables	10	2,455,189		2,593,076
Cash and cash equivalents	10	8,961,249		2,327,639
		11,416,438		4,920,715
Current liabilities				
Other payables	10	(9,359,886)		(11,639,274)
Net current assets (liabilities)			2,056,552	(6,718,559)
Total assets less current liabilities			447,172,089	428,850,454
Creditors: amounts falling due after more than one year	11		(25,072,717)	(25,063,910)
Total net assets			422,099,372	403,786,544
Capital and reserves				
Called up share capital	12		10,673,181	10,673,181
Capital redemption reserve	13		5,326,819	5,326,819
Capital reserve	13		391,048,540	371,014,001
Revenue reserve	13		15,050,832	16,772,543
Equity shareholders' funds	14		422,099,372	403,786,544
Net asset value per ordinary share	14		988.7p	945.8p

The financial statements of The Brunner Investment Trust PLC, company number 00226323, were approved and authorised for issue by the Board of Directors on 17 February 2021 and signed on its behalf by:

Carolyn Dobson
Carolyn Dobson
Chairman

The notes on pages 88 to 102 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 November 2020

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets as at 1 December 2018		10,673,181	5,326,819	328,485,311	15,787,813	360,273,124
Revenue profit		-	-	-	9,248,430	9,248,430
Dividends on ordinary shares	6	-	-	-	(8,269,581)	(8,269,581)
Unclaimed Dividends		-	-	-	5,881	5,881
Capital profit		-	-	42,528,690	-	42,528,690
Net assets as at 30 November 2019		10,673,181	5,326,819	371,014,001	16,772,543	403,786,544
Net assets as at 1 December 2019		10,673,181	5,326,819	371,014,001	16,772,543	403,786,544
Revenue profit		-	-	-	6,815,742	6,815,742
Dividends on ordinary shares	6	-	-	-	(8,538,545)	(8,538,545)
Unclaimed Dividends		-	-	-	1,092	1,092
Capital profit		-	-	20,034,539	-	20,034,539
Net assets as at 30 November 2020		10,673,181	5,326,819	391,048,540	15,050,832	422,099,372

The notes on pages 88 to 102 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2020

	Notes	2020 £	2019 £
Operating activities			
Profit before finance costs and taxation*		28,607,115	53,447,120
Less: Gains on investments held at fair value through profit or loss		(21,965,082)	(44,532,408)
Add: Special dividends credited to capital		-	306,476
Less: Overseas tax suffered		(889,117)	(761,084)
Add: Losses on foreign currency		61,350	113,939
Purchase of fixed asset investments held at fair value through profit or loss		(76,460,406)	(58,125,352)
Sales of fixed asset investments held at fair value through profit or loss		87,195,302	49,985,728
Decrease in other receivables		38,030	57,398
Increase (decrease) in other payables		46,529	(50,763)
Net cash inflow from operating activities		16,633,721	441,054
Financing activities			
Interest paid and similar charges		(878,777)	(845,893)
Repayment of Revolving Credit Facility		(500,000)	-
Dividend paid on cumulative preference stock		(22,531)	(22,499)
Dividends paid on ordinary shares	6	(8,538,545)	(8,269,581)
Unclaimed dividends over 12 years		1,092	5,881
Net cash outflow from financing activities		(9,938,761)	(9,132,092)
Increase (decrease) in cash and cash equivalents		6,694,960	(8,691,038)
Cash and cash equivalents at the start of the year		2,327,639	11,132,616
Effect of foreign exchange rates		(61,350)	(113,939)
Cash and cash equivalents at the end of the year		8,961,249	2,327,639
Comprising:			
Cash at bank		8,961,249	2,327,639

* Cash inflow from dividends was £7,974,459 (2019 - £10,468,821) and cash inflow from interest was £2,139 (2019 - £14,750).

The notes on pages 88 to 102 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2020

The company is incorporated in the United Kingdom under the Companies Act. The company is a public company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 58. The principal activity of the company and the nature of its operations are set out in the strategic report on pages 10 to 19. The company conducts its business so as to qualify as an investment trust company within the meaning of sub-section 1158 of the Corporation Tax Act 2010. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

- 1. Basis of preparation** – The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value through profit or loss and in accordance with applicable United Kingdom law and UK Accounting Standards (UK GAAP), including Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and in line with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies (AIC SORP) in November 2014 and updated in October 2019.

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of revenue and capital nature has been presented alongside the Income Statement. In accordance with the company's Articles of Association, net capital returns may not be distributed by way of dividend.

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the company consist mainly of securities, which are readily realisable and significantly exceed liabilities. The directors also considered the risks and consequences of the COVID-19 pandemic on the company and have concluded that the company has the ability and adequate financial resources to continue in operational existence and meet its objectives for the foreseeable future. The company's business, the principal risks and uncertainties it faces, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 10 to 19.

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

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

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

Deposit interest receivable is accounted for on an accruals basis.

Commissions in respect of underwriting are recognised when the underwritten issue closes and are generally recognised within the Income Statement as revenue. Where, however, the company is required to take up a proportion of the shares underwritten, the same proportion of the shares underwritten is recognised as capital, with the balance recognised as revenue.

- 3. Investment management fee and administrative expenses** – The investment management fee is calculated on the basis set out in Note 2 to the financial statements and is charged to capital and revenue in the ratio 70:30 to reflect the company's investment policy and prospective capital and income growth. Other administrative expenses are charged in full to revenue, except custodian handling charges on investment transactions which are charged to capital. All expenses are on an accruals basis.
- 4. Investments** – As the company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are held at fair value through profit or loss in accordance with FRS 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about investments is provided on this basis to the board.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which they are listed.

Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of financial assets are recognised on the trade date, being the date which the company commits to purchase or sell assets.

Unlisted investments are valued by the Directors based upon the latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information in accordance with the principles set out by the International Private Equity and Venture Capital Valuation Guidelines issued in December 2018.

After initial recognition unquoted stocks are valued by the board on an annual basis.

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

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

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

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

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

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

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

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

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

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

There are no significant judgements, estimates, and assumptions.

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

Notes to the Financial Statements

for the year ended 30 November 2020

1. Income

	2020 £	2019 £
Income from Investments*		
Equity income from UK investments†	2,226,891	4,800,955
Equity income from overseas investments††	6,965,747	6,688,816
	9,192,638	11,489,771
Other Income		
Deposit interest	2,139	14,750
	2,139	14,750
Total income	9,194,777	11,504,521

* All dividend income is derived from listed investments.

† Includes special dividends of £nil (2019 - £49,820).

†† Includes special dividends of £125,977 (2019 - £312,736).

2. Investment Management Fee

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
Investment management fee	547,678	1,277,916	1,825,594	544,156	1,269,696	1,813,852

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

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

3. Administration Expenses

	2020 £	2019 £
Auditors' remuneration		
for audit services	32,500	29,925
VAT on Auditors' remuneration	6,500	5,985
	39,000	35,910
<i>Other administration expenses</i>		
Directors' fees	167,067	140,500
Depository fees	40,551	42,673
Custody fees	45,244	42,336
Registrars' fees	54,900	46,229
Association of Investment Companies' fees	21,656	21,543
Marketing costs	156,276	150,661
Printing and postage	47,450	42,384
Directors' and officers' liability insurance	8,655	9,456
Professional and advisory fees	52,131	72,609
Other	83,608	92,757
VAT recovered	(48,381)	(35,839)
	664,531	661,219

- (i) The above expenses include value added tax where applicable.
(ii) Directors' fees are set out in the Directors' Remuneration Report beginning on page 68.
(iii) Custodian handling charges of £1,269 were charged to capital (2019 - £799).

4. Finance Costs: Interest Payable and Similar Charges

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
On Fixed Rate Interest Loan	-	-	-	8,391	19,578	27,969
On 5% Cumulative Preference Stock repayable after more than five years	22,531	-	22,531	22,499	-	22,499
On 2.84% Fixed Rate Notes 2048 repayable after more than five years	215,642	503,165	718,807	215,560	502,974	718,534
On Revolving Credit Facility	37,218	86,843	124,061	41,768	96,732	138,500
On Sterling overdraft	2,318	-	2,318	1,414	-	1,414
	277,709	590,008	867,717	289,632	619,284	908,916

The Fixed Rate Interest Loan was repaid on 2 July 2018. Fintrust was placed into liquidation on 25 November 2019. The company continues to own share capital in Fintrust and will pay its share of any additional expenses borne out of the liquidation process.

5. Taxation

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
Overseas taxation	889,117	-	889,117	761,084	-	761,084
Total tax	889,117	-	889,117	761,084	-	761,084
Reconciliation of tax charge						
Profit before taxation	7,704,859	20,034,539	27,739,398	10,009,514	42,528,690	52,538,204
Tax on profit at 19.00% (2019 - 19.00%)	1,463,923	3,806,562	5,270,485	1,901,808	8,080,451	9,982,259
Effects of						
Non taxable income	(1,746,601)	-	(1,746,601)	(2,183,056)	-	(2,183,056)
Non taxable capital gains	-	(4,161,709)	(4,161,709)	-	(8,439,509)	(8,439,509)
Disallowable expenses	4,281	241	4,522	4,275	152	4,427
Overseas tax suffered	889,117	-	889,117	761,084	-	761,084
Excess of allowable expenses over taxable income	278,397	354,906	633,303	276,973	358,906	635,879
Total tax	889,117	-	889,117	761,084	-	761,084

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

As at 30 November 2020, the company had accumulated surplus expenses of £97.7 million (2019 - £94.3 million) and eligible unrelieved foreign tax of nil (2019 - nil).

The company has not recognised a deferred tax asset of £18.6 million (2019 - £16.0 million) in respect of these expenses, based on a prospective corporation tax rate of 19% (2019 - 17%) because there is no reasonable prospect of recovery.

6. Dividends on Ordinary Shares

	2020 £	2019 £
Dividends paid on ordinary shares		
Third interim dividend - 4.66p paid 12 December 2019 (2018 - 4.05p)	1,989,481	1,729,055
Fourth dividend - 6.00p paid 3 April 2020 (2019 - 6.00p)	2,561,564	2,561,564
First interim dividend - 4.67p paid 25 July 2020 (2019 - 4.66p)	1,993,750	1,989,481
Second interim dividend - 4.67p paid 19 September 2020 (2019 - 4.66p)	1,993,750	1,989,481
	8,538,545	8,269,581

Dividends payable at the year end are not recognised as a liability under FRS 102 Section 32 'Events After the End of the Reporting Period' (see page 87 - Statement of Accounting Policies). Details of these dividends are set out below.

	2020 £	2019 £
Third interim dividend - 4.67p paid 12 December 2020 (2019 - 4.66p)	1,993,750	1,989,481
Final proposed dividend - 6.05p payable 1 April 2021 (2020 - 6.00p)	2,582,910	2,561,564
	4,576,660	4,551,045

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

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

7. Earnings per Ordinary Share

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
Profit after taxation attributable to ordinary shareholders	6,815,742	20,034,539	26,850,281	9,248,430	42,528,690	51,777,120
Earnings per ordinary share	15.96p	46.93p	62.89p	21.66p	99.62p	121.28p

The earnings per ordinary share is based on a weighted number of shares 42,692,727 (2019 - 42,692,727) ordinary shares in issue.

8. Fixed Asset Investments

	2020 £	2019 £
Opening book cost	271,420,282	246,535,918
Opening investments holding gains	164,148,731	135,251,394
Opening market value	435,569,013	381,787,312
Additions at cost	74,676,887	60,671,854
Disposals proceeds received	(87,095,445)	(51,116,085)
Gains on investments	21,965,082	44,225,932
Market value of investments held at 30 November	445,115,537	435,569,013
Closing book cost	269,261,065	271,420,282
Closing investment holding gains	175,854,472	164,148,731
Closing market value	445,115,537	435,569,013
Gains on investments		
Gains on investment	21,965,082	44,225,932
Special dividends credited to capital	-	306,476
Gains on investments	21,965,082	44,532,408

The company received £87,095,445 (2019 - £51,116,085) from investments sold in the year. The book cost of these investments when they were purchased was £89,092,429 (2019 - £35,733,669).

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

The board considers that the company's unlisted investment is not material to the financial statements. No material disposals of unlisted investments took place during the year (2019 - none).

Transaction costs and stamp duty on purchases amounted to £257,091 (2019 - £123,785) and transaction costs on sales amounted to £26,139 (2019 - £15,540).

9. Investments in Other Companies

The company held more than 10% of the share capital of the following company at 30 November 2020.

Company	Class of Shares held	%
Fintrust Debenture PLC (Fintrust)	Ordinary Shares	50.0

Fintrust is incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the company is not in a position to exert significant influence over the financial operating policies of Fintrust, either through voting rights or through agreement with the company's other shareholders, due to provisions in Fintrust's Articles of Association and in certain contracts between the company and Fintrust. Accordingly, Fintrust is not considered to be an Associate Undertaking as per FRS 102 Section 14 and is therefore included in the balance sheet at the directors' valuation. Fintrust was the lender of the company's Fixed Rate Interest Loan. The Fixed Rate Interest Loan was repaid on 2 July 2018. Fintrust was placed into liquidation on 25 November 2019. The company continues to own share capital in Fintrust and will pay its share of any additional expenses borne out of the liquidation process.

10. Other Receivables and Other Payables

	2020 £	2019 £
Other receivables		
Sales for future settlement	1,030,500	1,130,357
Accrued income	1,356,402	1,366,718
Prepayments	68,287	49,993
Other income	-	46,008
	2,455,189	2,593,076
Cash and cash equivalents		
Current account	8,961,249	2,327,639
	8,961,249	2,327,639
Other payables: amounts falling due within one year		
Purchases for future settlement	762,983	2,546,502
Other payables	770,587	724,058
Interest on borrowings (see below)	313,903	313,871
Revolving Credit Facility	10(i) 7,512,413	8,054,843
	9,359,886	11,639,274

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

	2020 £	2019 £
Interest on outstanding borrowings consists of:		
5% Cumulative preference stock	11,280	11,248
2.84% Fixed Rate Note 2048	302,623	302,623
	313,903	313,871

- (i) On 28 June 2020 the company entered into a revolving credit facility agreement of £10m (replacing an existing facility of £10m) and drew down £7.5m. The rate of interest for the revolving credit facility is set at each roll-over date and is made up of a fixed margin plus LIBOR rate. Under this agreement £5m was rolled over on 28 December 2020 at a rate of 0.92% with a maturity date of 26 June 2021. The repayment date of the revolving facility is the last day of its interest period and the termination date is 26 June 2021.

The company pays a commitment fee of 0.25% p.a. on any undrawn amounts.

11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
5% Cumulative preference stock	(i) 450,000	450,000
2.84% Fixed Rate Note 2048	(ii) 24,622,717	24,613,910
	25,072,717	25,063,910

- (i) The 5% Cumulative Preference Stock is recognised as a creditor due after more than one year under the provisions of FRS 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The right of the preference stockholders to receive payments is not calculated by reference to the company's profits and, in the event of a return of capital are limited to a specific amount, being £450,000. Dividends on the preference stock are payable on 30 June and 31 December each year.
- (ii) The Fixed Rate Notes of £25,000,000 is stated at £24,622,717 (2019 - £24,613,910) being the net proceeds of £24,601,800 plus accrued finance costs of £20,917 (2019 - £12,110).

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

12. Called up Share Capital

	2020 £	2019 £
Allotted and fully paid		
42,692,727 ordinary shares of 25p each (2019 - 42,692,727)	10,673,181	10,673,181

The directors are authorised by an ordinary resolution passed on 27 May 2020 to allot relevant securities, in accordance with section 551 of the Companies Act 2006, up to a maximum of 14,230,908 ordinary shares of 25p each. This authority expires on 30 June 2021 and accordingly a renewed authority will be sought at the annual general meeting on 30 March 2021.

During the year nil (2019 - nil) ordinary shares were repurchased by the company. The aggregate purchase price of these shares, amounting to £nil (2019 - £nil) was charged to the capital reserve, within gains on sales of investments (see Note 13).

13. Reserves

	Capital Reserve			
	Capital Redemption Reserve £	Gains (losses) on sales of Investments £	Investment Holding Gains (losses) £	Revenue Reserve £
Balance at 1 December 2019	5,326,819	206,972,101	164,041,900	16,772,543
Gains on realisation of investments	-	29,879,725	-	-
Transfer on disposal of investments	-	(19,620,384)	19,620,384	-
Movement in investment holding losses	-	-	(7,914,643)	-
Losses on foreign currency	-	-	(61,350)	-
Investment management fee	-	(1,277,916)	-	-
Finance costs of borrowings	-	(590,008)	-	-
Other capital expenses	-	(1,269)	-	-
Dividends appropriated in the year	-	-	-	(8,538,545)
Profit retained for the year	-	-	-	6,815,742
Unclaimed dividends	-	-	-	1,092
Balance at 30 November 2020	5,326,819	215,362,249	175,686,291	15,050,832

The Companies Act 2006 sections 830(2), 832, and 833, detail the distribution requirements for an Investment Company. In line with that legislation, under the terms of the company's Articles of Association, the capital reserves are distributable only by way of redemption or purchase of the company's own shares, for so long as the company carries on business as an Investment Company. Net capital returns may not be distributed by way of a dividend.

The Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants in Scotland (ICAS) in its technical guidance TECH 02/17BL, state that investment holding gains arising out of a change in

fair value of assets may be recognised as gains on sales of investments, provided they can be readily converted into cash. Securities listed on a stock exchange are generally regarded as being readily convertible into cash and hence investment holding gains in respect of such securities have been regarded as realised.

Distributions via dividends can only be made from the revenue reserve, and this reserve is entirely and exclusively distributable by way of dividends (as defined by ICAEW and ICAS technical guidance TECH 02/17BL) at the date of the balance sheet. This distributable reserve balance is at a point in time, and does not reflect what may be able to be distributed at a later date, as this can be affected by several factors.

All paid and payable dividends for the year are charged to the revenue reserve (2019 - same). In accordance with the company's Articles of Association, net capital returns may not be distributed by way of a dividend.

14. Net Asset Value Total Return

The net asset value total return for the year is the percentage movement from the capital net asset value as at 30 November 2019 to the net asset value, on a total return basis as at 30 November 2020. The net asset value total return with debt at fair value is 6.2% (2019 - 13.2%) and the net asset value total return with debt at par is 6.7% (2019 - 14.4%).

The net asset value per ordinary share is based on 42,692,727 ordinary shares in issue at the year end (2019 - 42,692,727). The method of calculation of the net asset value with debt at fair value is described in Note 16(c) on page 101.

The net asset value per ordinary share was as follows:

	Debt at fair value 2020	Debt at par 2020	Debt at fair value 2019	Debt at par 2019
Net asset value per ordinary share attributable	975.50p	988.70p	937.40p	945.80p
Effect of dividends reinvested on the respective ex-dividend dates	20.06p	20.06p	19.98p	19.98p
Net asset value total return	995.56p	1,008.76p	957.38p	965.78p
Net asset value attributable	£416,485,984	£422,099,372	£400,206,584	£403,786,544

15. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2020 there were no contingent liabilities (2019 - £nil).

16. Financial Risk Management policies and procedures

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

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

(a) Market Risk

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

(i) Market Price Risk

Market price risk arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding market positions in the face of price movements. An analysis of the company's portfolio is shown on pages 46 to 53.

Market Price Risk Sensitivity

The value of the company's listed equities which were exposed to market price risk as at 30 November 2020 and 2019 was as follows:

	2020 £	2019 £
Listed equity investments held at fair value through profit or loss	445,111,199	435,564,675

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 30% (2019 - 30%) in the fair values of the company's quoted equities. This level of change is considered to be reasonably possible based on observation of market conditions in recent years. The sensitivity analysis on the profit after taxation and net assets is based on the impact of a 30% increase or decrease in the value of the company's listed investments at each closing balance sheet date and the consequent impact on the investment management fees for the year, with all other variables held constant.

	2020 30% Increase in fair value £	2020 30% Decrease in fair value £	2019 30% Increase in fair value £	2019 30% Decrease in fair value £
Revenue earnings				
Investment management fee	(180,270)	180,270	(176,404)	176,404
Capital earnings				
Gains (losses) on investments at fair value	133,533,360	(133,533,360)	130,669,402	(130,669,402)
Investment management fee	(420,630)	420,630	(411,609)	411,609
Change in net earnings and net assets	132,932,460	(132,932,460)	130,081,389	(130,081,389)

Management of Market Price Risk

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

(ii) Market Yield Risk

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

Management of Market Yield Risk

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

(iii) Foreign Currency Risk

Foreign currency risk is the risk of the movement in the values of overseas financial instruments as a result of fluctuations in exchange rates.

Management of Foreign Currency Risk

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

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

	2020	2020	2020	2019	2019	2019
	Investments	Other net	Total Currency	Investments	Other net	Total Currency
	£	Liabilities	Exposure	£	Liabilities	Exposure
	£	£	£	£	£	£
Pounds Sterling	77,940,864	(25,448,644)	52,492,220	107,460,332	(32,459,966)	75,000,366
Australian Dollar	7,371,802	42,288	7,414,090	7,876,949	91,580	7,968,529
Danish Krone	5,055,767	(762,982)	4,292,785	-	-	-
Euro	74,325,944	295,145	74,621,089	55,703,635	294,930	55,998,565
Hong Kong Dollar	15,679,082	-	15,679,082	15,610,339	-	15,610,339
Japanese Yen	11,849,648	164,637	12,014,285	11,400,640	155,708	11,556,348
Swedish Krona	12,019,748	97,571	12,117,319	10,902,650	-	10,902,650
Swiss Franc	32,944,032	486,339	33,430,371	34,837,910	372,885	35,210,795
Taiwan Dollar	-	905,301	905,301	-	872,886	872,886
US Dollar	207,928,650	1,204,180	209,132,830	191,776,558	(1,110,492)	190,666,066
Total	445,115,537	(23,016,165)	422,099,372	435,569,013	(31,782,469)	403,786,544

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

	2020	2020	2019	2019
	20% Decrease	20% Increase	20% Decrease	20% Increase
	in sterling	in sterling	in sterling	in sterling
	against	against	against	against
	foreign	foreign	foreign	foreign
	currencies	currencies	currencies	currencies
	£	£	£	£
Australian Dollar	1,853,522	(1,235,682)	1,992,132	(1,328,088)
Danish Krone	1,073,196	(715,464)	-	-
Euro	18,655,272	(12,436,848)	13,999,641	(9,333,094)
Hong Kong Dollar	3,919,771	(2,613,180)	3,902,585	(2,601,723)
Japanese Yen	3,003,571	(2,002,381)	2,889,087	(1,926,058)
Swedish Krona	3,029,330	(2,019,553)	2,725,663	(1,817,108)
Swiss Franc	8,357,593	(5,571,729)	8,802,699	(5,868,466)
Taiwan Dollar	226,325	(150,883)	218,222	(145,481)
US Dollar	52,283,207	(34,855,472)	47,666,516	(31,777,678)
Total	92,401,787	(61,601,192)	82,196,545	(54,797,696)

(iv) Interest Rate Risk

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

Interest Rate Exposure

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

	2020 Fixed rate interest £	2020 Floating rate interest £	2020 Nil Interest £	2020 Total £	2019 Fixed rate interest £	2019 Floating rate interest £	2019 Nil Interest £	2019 Total £
Financial assets	-	8,961,249	445,115,537	454,076,786	-	2,327,639	435,569,013	437,896,652
Financial Liabilities	(25,072,717)	-	-	(25,072,717)	(25,063,910)	-	-	(25,063,910)
Net financial (liabilities) assets	(25,072,717)	8,961,249	445,115,537	429,004,069	(25,063,910)	2,327,639	435,569,013	412,832,742
Short term receivables and payables	-	-	-	(6,904,697)	-	-	-	(9,046,198)
Net (liabilities) assets per balance sheet	(25,072,717)	8,961,249	445,115,537	422,099,372	(25,063,910)	2,327,639	435,569,013	403,786,544

As at 30 November 2020, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 0.00% and 1.10% per annum (2019 - 0.20% and 1.75% per annum).

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2019 and 30 November 2020.

	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
2020				
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
2.84% Fixed Rate Note 2048	28/06/2048	25,000,000	2.84%	2.94%
2019				
5% Cumulative Preference Stock	n/a	450,000	5.00%	n/a
2.84% Fixed Rate Note 2048	28/06/2048	25,000,000	2.84%	2.94%

* The effective rates are calculated in accordance with FRS 102 Section 12: 'Other Financial Instruments' as detailed in the Statement of Accounting Policies on page 86.

The weighted average effective rate of the company's fixed interest bearing liabilities (excluding the 5% cumulative preference stock) is 2.94% (2019 - 2.94%) and the weighted average period to maturity of these liabilities is 27.5 years (2019 - 28.5 years).

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

Management of Interest Rate Risk

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

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

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

(b) Liquidity Risk

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

Maturity of Financial Liabilities

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

Cash flows in respect of the principal and interest on the 2.84% Fixed Rate Note 2048 reflect the maturity dates set out in Note 11 on pages 93 and 94. Cash flows in respect of the 5% cumulative preference stock, which has no fixed repayment date, assume maturity of 20 years from the balance sheet date. Cash flows have not been discounted.

	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
2020					
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	65,195	7,500,000	-	-	7,565,195
Other payables	1,533,570	-	-	-	1,533,570
Creditors: amounts falling due after more than one year					
Maturity of borrowings	-	-	-	25,450,000	25,450,000
Finance costs of borrowing	-	-	2,930,000	16,667,500	19,597,500
	1,965,015	7,866,250	2,930,000	42,117,500	54,878,765
	Three months or less £	Between three months and one year £	Between one and five years £	More than five years £	Total £
2019					
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	65,333	8,010,027	-	-	8,075,360
Other payables	3,270,560	-	-	-	3,270,560
Creditors: amounts falling due after more than one year					
Maturity of borrowings	-	-	-	25,450,000	25,450,000
Finance costs of borrowing	-	-	2,930,000	17,377,500	20,307,500
	3,702,143	8,376,277	2,930,000	42,827,500	57,835,920

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

Management of Liquidity Risk

Liquidity risk is not considered to be significant as the company's assets mainly comprise realisable securities, which can be sold to meet funding requirements. Short-term flexibility can be achieved through the use of overdraft facilities, where necessary. The company has an undrawn committed borrowing facility of £5 million (2019 - £5 million).

(c) Credit Risk

Credit risk is the risk of default by a counterparty in discharging its obligations under transactions that could result in the company suffering a loss. There were no impaired assets as of 30 November 2020 (30 November 2019 - nil). The counterparties which the company engages with are regulated entities and are of high credit quality.

Management of Credit Risk

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

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

In summary, the exposure to credit risk at 30 November 2020 and 2019 was as follows:

	2020 £	2019 £
Other Receivables:		
Outstanding settlements	1,030,500	1,130,357
Accrued income	1,356,402	1,366,718
Prepayments	68,287	49,993
Other income	-	46,008
	2,455,189	2,593,076
Cash and cash equivalents	8,961,249	2,327,639
	11,416,438	4,920,715

Fair Values of Financial Assets and Financial Liabilities

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

FRS 102 sets out three fair value levels.

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

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

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

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

As at 30 November 2020 the financial assets at fair value through profit and loss of £445,115,537 (2019 - £435,569,013) are categorised as follows:

	2020 £	2019 £
Level 1	445,111,199	435,564,675
Level 2	-	-
Level 3	4,338	4,338
	445,115,537	435,569,013

Level 3 investments comprise the one (2019 - one) unlisted equity holdings held by the company.

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 30 November 2020 and 30 November 2019.

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

	2020 Book Value £	2020 Fair Value £	2019 Book Value £	2019 Fair Value £
Preference Stock	450,000	943,605	450,000	768,870
Fixed Rate Note	24,622,717	29,742,500	24,613,910	27,875,000
	25,072,717	30,686,105	25,063,910	28,643,870

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

	2020 £	2019 £
Net assets per balance sheet	422,099,372	403,786,544
Add: financial liabilities at book value	25,072,717	25,063,910
Less: financial liabilities at fair value *	(30,686,105)	(28,643,870)
Net assets (debt at fair value)	416,485,984	400,206,584
Net asset value per ordinary share (debt at fair value)	975.5p	937.4p

* The fair value has been derived from the closing market value as at 30 November 2020 and 30 November 2019.

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

The net asset value per ordinary share is based on 42,692,727 ordinary shares in issue at 30 November 2020 (2019 - 42,692,727).

17. Capital Management Policies and Procedures

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

The company's capital at 30 November comprises:

	2020 £	2019 £
Debt		
Revolving Credit Facility	7,512,413	8,054,843
Creditors: amounts falling due after more than one year	25,072,717	25,063,910
	32,585,130	33,118,753
Equity		
Called up share capital	10,673,181	10,673,181
Share premium account and other reserves	411,426,191	393,113,363
	422,099,372	403,786,544
Total Capital	454,684,502	436,905,297
Debt as a percentage of total capital	7.2%	7.6%

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

The company is subject to several externally imposed capital requirements. The company has an overdraft facility of £5m (2019 - £5m) available, hence any amounts drawn under this facility should not exceed £5m, and as a public company the minimum share capital is £50,000. The company's objective, policies and processes for managing capital are unchanged from the preceding accounting period, and the company has complied with them. The terms of the debt instruments have various covenants which prescribe that moneys borrowed should not exceed 33% of the adjusted net asset value. These are measured in accordance with the policies used in the annual financial statements. The company has complied with these.

18. Transactions with the Investment Manager and related parties

The amounts paid to the investment manager together with details of the investment management contract are disclosed in Note 2 on page 88. The existence of an independent board of directors demonstrates that the company is free to pursue its own financial and operating policies and therefore, under FRS 102 Section 33: 'Related Party Disclosures', the investment manager is not considered to be a related party.

The company's related parties are its directors. Fees paid to the company's board are disclosed in the Directors' Remuneration Report beginning on page 68.

There are no other identifiable related parties at the year end, and as of 17 February 2021.

19. Post Balance Sheet Events

There are no significant events after the end of the reporting period requiring disclosure.

Investor Information

Pharmaceuticals & Biotechnology
firm Roche, headquartered
in Basel, Switzerland, is the
portfolio's largest Continental
European holding.

Investor Information (unaudited)

AIFM and Depositary

Allianz Global Investors GmbH (AllianzGI) is designated the Alternative Investment Fund Manager (AIFM). AllianzGI is authorised to act as an AIFM and to conduct its activities from its UK Branch by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), in accordance with AIFMD and Financial Conduct Authority requirements. The management fee and the notice period are unchanged in the restated Management and Administration Agreement (details in Note 2 on page 88).

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

Leverage and Risk Policies under AIFMD

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

Remuneration Disclosure of the AIFM

Employee remuneration of Allianz Global Investors GmbH for the financial year ending 31 December 2020 (all values in Euro).

Number of employees: 1,707

	All employees	Risk Taker	Board Member	Other Risk Taker	Employees with Control Function	Employees with Comparable Compensation
Fixed remuneration	163,646,905	8,839,907	1,718,951	1,294,426	488,352	5,338,178
Variable remuneration	122,615,429	22,341,018	3,821,074	4,708,477	420,897	14,390,570
Total remuneration	286,262,334	32,180,925	5,540,025	6,002,903	909,249	19,728,748

Remuneration Policy of the AIFM

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

Key Investor Information Document (KID)

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

The Brunner Investment Trust KID is available from the Literature Library at brunner.co.uk. However, your chosen platform provider or stockbroker should provide you with a copy before accepting your investment instructions. Please note that existing investors do not need to review the KID unless planning to add to an investment. The KID's standardised format is intended to allow potential investors to compare funds easily, on a like-for-like basis. However, there are wider investment industry concerns that disclosures mandated for inclusion may prove to be unhelpful for investors. Investors should be aware that the performance and risk numbers in the KID are based on the last five years' experience and note that past experience is not always a guide to the future. Transaction costs quoted in the KID are based on the difference between the market price of the investment at the time the order is made and the actual price paid/received when the deal was completed. The transaction costs quoted on page 92 are the costs associated with the buying and selling of the underlying investments, such as dealing fees and stamp duty. Both are calculated as a percentage of the net asset value.

Financial Calendar

Year end 30 November.

Full year results announced and Annual Financial Report posted to shareholders in February.

Annual General Meeting held in March/April.

Half year results announced and half-yearly Financial Report posted to shareholders in July.

Ordinary Dividends

It is anticipated that dividends will be paid as follows:

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

Preference Dividends

Payable half-yearly 30 June and 31 December.

Benchmark

For the year under review the benchmark was 70% FTSE World Ex UK Index / 30% FTSE All-Share Index. For further information, the FTSE 100 Index was 6266.19 at 30 November 2020, compared to 7346.53 at 30 November 2019, a decrease of 14.7%.

Market and Portfolio Information

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

Website

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

How to Invest

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

A list of providers can be found on the company's website: brunner.co.uk/howtoinvest.

Dividend

The board is recommending a final dividend of 6.05p to be payable on 1 April 2021 to shareholders on the Register of Members at the close of business on 26 February 2021, making a total distribution of 20.06p per share for the year ended 30 November 2020, an increase of 0.4% over last year's distribution. The ex-dividend date is 25 February 2021.

A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant Election Date is 12 March 2021.

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

Registrars

Link Asset Services, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Telephone: 0371 664 0300. Lines are open 9.00 a.m. to 5.30 p.m. (UK time) Monday to Friday.
Email: enquiries@linkgroup.co.uk.
Website: <https://www.linkgroup.eu/>.

Shareholder Enquiries

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

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

Dividend Reinvestment Plan for Ordinary Shareholders (DRIP)

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

Share Dealing Services

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

For further information on these services please contact: linksharedeal.com for online dealing or 0371 664 0445 for telephone dealing. Lines are open 8.00 a.m. to 4.30 p.m. (UK time) Monday to Friday. Calls to the helpline number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Share Portal

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

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

International Payment Services

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

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

CREST Proxy Voting

Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

Association of Investment Companies (AIC)

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

AIC Category: Global.

Warning to Shareholders

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

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

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

Notice of Meeting

Notice is hereby given that the ninety-fourth annual general meeting of The Brunner Investment Trust PLC will be held at 199 Bishopsgate, London EC2M 3TY on Tuesday 30 March 2021 at 12 noon to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and the Financial Statements for the year ended 30 November 2020 with the Auditors' Report thereon.
2. To declare a final dividend of 6.05p per ordinary share.
3. To re-elect Carolan Dobson as a director.
4. To re-elect Amanda Aldridge as a director.
5. To re-elect Andrew Hutton as a director.
6. To re-elect Peter Maynard as a director.
7. To re-elect Jim Sharp as a director.
8. To approve the Directors' Remuneration Implementation Report.
9. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the company.
10. To authorise the directors to determine the remuneration of the Auditor.

Special Business

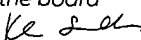
To consider and, if thought fit, pass the following resolutions of which resolution 11 will be proposed as an ordinary resolution and resolutions 12 and 13 will be proposed as special resolutions:

11. That the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot relevant securities (within the meaning of section 551 of that Act) provided that this power shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £3,557,727 (14,230,908 ordinary shares) and shall expire at the conclusion of the next annual general meeting of the company held after the meeting at which this resolution is passed or 30 June 2022 if earlier, save that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
12. That the directors be and are hereby empowered, pursuant to section 570 of the Companies Act 2006, to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred by resolution 11 above or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash of an aggregate maximum nominal amount of £533,659 (2,134,636

ordinary shares) and shall expire at the conclusion of the next annual general meeting of the company held after the meeting at which this resolution is passed or 30 June 2022, if earlier, save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

13. That the company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25p each in the capital of the company (ordinary shares) either for retention as treasury shares or for cancellation, provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,399,639;
 - (ii) the minimum price which may be paid for an ordinary share is 25p;
 - (iii) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Official List for the 5 business days immediately preceding the day on which the ordinary share is purchased or such other amount as may be specified by the London Stock Exchange from time to time;
 - (iv) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the company in 2022 or 30 June 2022 if earlier, unless such authority is renewed prior to such time;
 - (v) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and

199 Bishopsgate, London EC2M 3TY
17 February 2021

By order of the board
Kirsten Salt 
Company Secretary

Notes:

1. Members entitled to attend and vote at this meeting may appoint one or more proxies to attend, speak and vote in their stead by completion of a personalised form of proxy. Full details on how to complete the form of proxy are set out on the form of proxy. The proxy need not be a member of the company.
2. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. A proxy has one vote on a show of hands in all cases (including where one member has appointed multiple proxies) except where he is appointed by multiple members who instruct him to vote in different ways, in which case he has one vote for and one vote against the resolution.
3. A personalised form of proxy is provided with the Annual Financial Report. Any replacement forms must be requested direct from the registrars.
4. Completion of the form of proxy does not exclude a member from attending the meeting and voting in person.
5. Duly completed forms of proxy must reach the office of the registrars at least 48 (excluding non-business days) hours before the Meeting.
6. Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual on the Euroclear website (euroclear.com/CREST).
7. To be entitled to attend and vote at the meeting (and for the purpose of determination by the company of the number of votes they may cast), members must be entered on the company's Register of Members by close of business on 26 March 2021 (the record date).
8. If the meeting is adjourned to a time not more than 48 hours after the record date applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the company's Register of Members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the company gives new notice of the adjourned meeting, at the record date specified in that notice.
9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 (nominated persons). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
10. Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with section 323 of the Companies Act 2006. Pursuant to the Companies (Shareholders' Rights) Regulations 2009 (SI 2009/1632), multiple corporate representatives appointed by the same corporate member can vote in different ways provided they are voting in respect of different shares.
11. Members have a right under section 319A of the Companies Act 2006 to require the company to answer any question raised by a member at the AGM, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the company's website; or (c) it is undesirable in the best interests of the company or the good order of the meeting.
12. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the company, at its expense, to publish a statement on the company website setting out any matter which relates to the audit of the company's financial statements that are to be laid before the meeting. Any such statement must also be sent to the company's auditor no later than the time it is made available on the website and must be included in the business of the meeting.
13. As at 15 February 2021, the latest practicable date before this notice is given, the total number of shares in the company in respect of which members are entitled to exercise voting rights was 42,692,727 ordinary shares of 25p each. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the company on 15 February 2021 is 42,692,727. The 5% cumulative preference shares do not ordinarily have any voting rights.
14. Further information regarding the meeting which the company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this notice), can be accessed at brunner.co.uk.
15. Contracts of service are not entered into with the directors, who hold office in accordance with the Articles.

Glossary

UK GAAP performance measures

Net Asset Value is the value of total assets less all liabilities. The Net Asset Value, or NAV, per ordinary share is calculated by dividing this amount by the total number of ordinary shares in issue. The debt in the company used in the calculation is measured at par value, that is, the net proceeds on issue plus accrued finance costs to date. As at 30 November 2020, the NAV with debt at par value was £422,099,372 (2019 - £403,786,544) and the NAV per share was 988.7p (2019 - 945.8p).

Earnings per ordinary share is the profit after taxation, divided by the weighted average number of shares in issue for the period. For the year ended 30 November 2020 earnings per ordinary share was 16.0p (2019 - 21.7p), calculated by taking the profit after tax of £6,815,742 (2019 - £9,248,430), divided by the weighted average shares in issue of 42,692,727 (2019 - 42,692,727).

Alternative Performance Measures (APMs)

Net Asset Value, debt at market value is the value of total assets less all liabilities, with the company's debt measured at the market value at the time of calculation. The Net Asset Value, or NAV, per ordinary share with debt at market value is calculated by dividing this amount by the total number of ordinary shares in issue (see page 101). As at 30 November 2020, the NAV with debt at market value was £416,485,984 (2019 - £400,206,584) and the NAV per share with debt at market value was 975.5p (2019 - 937.4p). (Further details can be found in Note 16(c) on page 99).

Net Asset Value per ordinary share, total return represents the theoretical return on NAV per ordinary share, assuming that dividends paid to shareholders were reinvested at the NAV per ordinary share at the close of business on the day the shares were quoted ex dividend (see Note 14 on page 95).

Share Price Total Return the theoretical return to a shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the ordinary shares of the company at the close of business on the day the shares were quoted ex dividend (see page 3). The share price as at 30 November 2020 was 842.0p, a decrease of 20.0p from the price of 862.0p as at 30 November 2019. The change in share price of 20.0p plus the dividends declared for the year of 20.06p are divided by the opening share price of 862.0p to arrive at the share price total return for the year ended 30 November 2020 of 0.0% (2019 - +18.4%).

Benchmark Total Return is the return on the benchmark, on a closing market price basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time their shares were quoted ex dividend (see page 3).

Discount or Premium is the amount by which the stock market price per ordinary share is lower (discount) or higher (premium) than the Net Asset Value, or NAV, with either debt at par or debt at market value, per ordinary share. The discount/premium is normally expressed as a percentage of the NAV per ordinary share (see pages 2 and 3).

Ongoing Charges are operating expenses incurred in the running of the company, whether charged to revenue or capital, but excluding financing costs. These are expressed as a percentage of the average net asset value during the year and this is calculated in accordance with guidance issued by the Association of Investment Companies (see page 13).

	2020 £	2019 £
Management fee	1,825,594	1,813,852
Administration expenses	664,531	661,219
Less: non-recurring expenses	(32,641)	-
Total expenses (A)	2,457,484	2,475,071
Average net asset value with debt at market value (B)	386,934,442	373,025,266
Ongoing charge (A/B)	0.64%	0.66%

The ongoing charge differs from the ongoing charge in the Company's KID, which is calculated in accordance with the PRIIPs regulations and includes finance costs.

Yield represents dividends declared in the past year as a percentage of share price.

	2020	2019
Dividends declared for the year	20.06p	19.98p
Share price at year end	842.0p	862.0p
Annual dividend as a percentage of share price	2.4%	2.3%

Gearing is the amount of debt as a percentage of the net assets (see Note 17 on page 101).

Revenue Reserve per ordinary share of 24.5p (2019 - 28.6p) is the revenue reserve per the balance sheet of £15,050,832 (2019 - £16,772,543) less the third dividend and final proposed dividend in respect of the year (Note 6) of £4,576,660 (2019 - £4,551,045), payable after the year end, divided by the total number of ordinary shares in issue of 42,692,727 (2019 - 42,692,727).

The Brunner Investment Trust PLC

199 Bishopsgate
London
EC2M 3TY

+44 (0)203 246 7000

www.brunner.co.uk