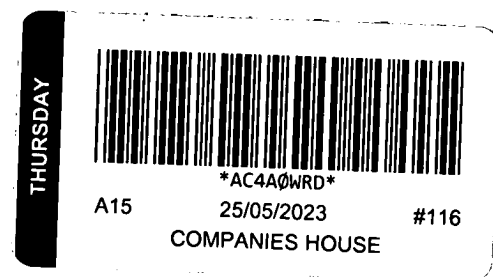


The Brunner Investment Trust PLC

Annual Report, 30 November 2022



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 page 14 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.

'All-weather' portfolio

The company provides a balanced solution 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 9.

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 has an independent board of directors and no employees. Like many 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, a director of the company, is connected to the Brunner family by marriage and continues the link between board and family. Brunner family share ownership information is included on pages 62 and 67.

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www.brunner.co.uk

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Financial Highlights

For the year ended 30 November 2022

Net assets per ordinary share¹
Debt at Fair Value²

1,178.7p

2021 1,165.4p
+1.1%

Net assets per ordinary share¹
Debt at Par

1,164.4p

2021 1,176.9p
-1.1%

Earnings per ordinary share

22.7p

2021 20.4p
+11.3%

Dividend per ordinary share³

21.50p

2021 20.15p
+6.7%

Net asset value total return
Debt at fair value²

+3.0%

2021
+21.5%

Net asset value total return
Debt at par²

+0.8%

2021
+21.1%

Revenue reserves per ordinary share

25.9p

2021
24.7p

Share price total return^{2,5}

-0.8%

2022 1,020.0p
2021 1,050.0p

Discount - average in the year²

10.3%

2021
11.4%

Benchmark total return index⁴

+1.4%

2021
+21.1%

Consumer price index

+10.7%

2022 126.7
2021 114.5

All figures are UK GAAP unless they are stated to be Alternative Performance Measures. (Glossary page 115).

¹ 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 8.

² Alternative Performance Measures (APM). See Glossary on page 115.

³ The dividend per ordinary share includes the proposed final dividend of 6.05p.

⁴ The Benchmark Index of 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

⁵ Share price total return is based on the movement in share price including dividends reinvested.

Chair's Statement

Dear Shareholder

Review of the 2022 Financial Year and Performance

2022 was a significant and distressing year in both economic and geopolitical terms. A war, of the scale we thought we would never see again, raged throughout the year in Ukraine and increasingly strident statements by China raised questions about the wisdom of extensive cross-border supply chains. Sanctions on Russia drove European gas prices to levels previously thought impossible. After years of central banks manipulating interest rates downwards and flooding the monetary system with excess money, the inevitable consequence of these actions eventually appeared in the very high inflation rates seen across the world, prompting central banks to raise interest rates sharply.

Stock prices swung wildly throughout the year driven by nervous sentiment on the back of news flow and data releases. There were wide divergences in returns between sectors and investment styles. The previous market focus on a few titans of the tech sector that I mentioned last year, in which we did not participate as our managers believed the valuations to be extreme, has contributed significantly to equity market price falls.

Against this backdrop, we are pleased to report that the company's Net Asset Value (NAV) per ordinary share rose 3.0% 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 1.4% on a total return basis over the period. This marks a fourth year of outperformance against the benchmark. In the extremely varied and volatile conditions of these years we believe this is a continuing testament to the company's investment strategy.

Our manager describes the effects of these macroeconomic and geopolitical factors in more detail in the Investment Management Report starting on page 23.

Environmental, Social and Governance (ESG)

Whilst the strategy of the trust does not aim to meet any specific sustainability criteria, the board considers that it is in shareholders' interests to be aware of and consider environmental, social and governance factors when selecting and retaining investments and believes that active stewardship is a key task of a responsible asset owner.

In addition to considering investment performance, understanding the manager's approach to ESG within the investment process has continued to be a focus for the board over the past year. We take account of our performance in this area against our objectives using the manager's internal analysis and external measures and benchmarks. We believe that well run companies will outperform in the long term.

We give a full and clear account of ESG considerations within this report (see page 21) and we also have a page on our website that describes the manager's ESG process in more detail. Since the beginning of 2020 we have included quarterly updated ESG measurements on our monthly factsheet, showing the rating of the Brunner portfolio on ESG risks compared to the rating of the benchmark, however imperfect that comparison may still be.

We are pleased to see continued efforts by regulators and the industry in general to harmonise nomenclature and metrics. We hope this represents progress towards more universally accepted descriptions and reliable measurement for the benefit of all investors.

Earnings per Share

Over the past year most companies have been able to continue paying dividends at or above the recovery level of 2021 after the constrained 2020 year during the first Covid lockdown. This meant the portfolio's earnings grew once more in 2022, with earnings per share for the year rising by 11.3%, from 20.4p to 22.7p. This has put Brunner in the strong position once again to pay an increased dividend whilst increasing dividend reserves.

Dividend

The proposed final dividend of 6.05p, if approved by shareholders, will be paid on 4 April 2023 to shareholders on the register on 24 February 2023. In line with board's dividend policy, which is outlined on page 14, the total dividend for 2022, including the proposed final dividend, will be

21.5p. This represents an increase of 6.7% over the 2021 dividend which was 20.15p and means Brunner has now reached 51 years of consecutive dividend increases, maintaining its place as one of the AIC's "Dividend Heroes".

Revenue reserves will remain strong at 25.9p (2021: 24.7p) after the payment of the proposed final dividend.

Board Succession

The board is continuing its cycle of recruitment as existing directors retire from the board. We were pleased to welcome Elizabeth Field to the board with her appointment on 1 December 2022. Elizabeth was a senior corporate lawyer with extensive experience of advising public and private companies on a wide range of corporate transactions across a variety of sectors, specifically including investment trusts. As described in the company's previous Annual Report, Peter Maynard is to retire from the board at the Annual General Meeting in 2023. Following Peter's retirement, Andrew Hutton will be appointed as Senior Independent Director. Peter has given long service, invaluable challenge and guidance to the board, staying slightly beyond his planned retirement date to provide additional continuity on the board through the Covid pandemic. We thank Peter for his considerable service to the trust and wish him well for the future.

AIFM ("Alternative Investment Fund Manager")

As we had notified shareholders in 2021, our management contract with Allianz Global Investors GmbH ('AllianzGI') for investment management, accounting, company secretarial and administrative services as AIFM of the trust is due to transfer to Allianz Global Investors UK Limited ('AllianzGI UK') which is a new FCA authorised and regulated UK entity taking on all activities of the UK Branch of Allianz Global Investors GmbH. This change is taking place as a result of the UK leaving the EU and is to take place once the legal set up is arranged to ensure compliance with the UK regulatory regime. This process is continuing but is expected to be made final in the coming months. The board is assured that there will be no change to the portfolio management services nor to the administration services received by the trust. With this change there will be no increase in the management or administrative expenses of the company. Details of the existing arrangement with the AIFM are on page 108.

Lead Portfolio Manager Change

In July we announced that Christian Schneider, who is Deputy CIO for AllianzGI's Global Growth franchise, would be taking over from Matthew Tillett, who left AllianzGI. Christian, together with Marcus Morris-Eyton, an experienced investment manager at AllianzGI, had already been working directly alongside Matthew on the Brunner portfolio and Christian has worked in what is now the Global Growth team for more than two decades. He is consequently well versed in the strategy and investment approach. Christian took over as interim Lead Portfolio Manager on Matthew's departure for a minimum period of six months and will continue to work with Marcus and with Simon Gergel, AllianzGI's CIO UK Equities. All have worked closely on the management of Brunner for a number of years.

Matthew had worked on the Brunner portfolio for many years, and we wish him all the best in his future endeavours and thank him for his steadfast and valuable contribution to Brunner.

Julian Bishop subsequently also joined the AllianzGI team managing the company's portfolio on 1 November 2022 as a senior portfolio manager. He will become Co-Lead Manager with Christian Schneider after the Annual General Meeting on 31 March and shareholders will have the opportunity to meet with him at the AGM. Julian has 25 years investment experience as a global equity analyst and portfolio manager, most recently as a senior global equity portfolio manager with Tesco Pension Investment and before that with Sarasin and Partners.

The Brunner Investment Trust will continue to be managed as an all-weather portfolio appropriate for a multitude of different market conditions with its balanced approach to portfolio construction and strong focus on valuation.

Marketing

Promoting Brunner to as wide an audience as possible remains a priority and the board supports the manager in sales and marketing efforts to further that aim. The trust's balanced nature means it is a long-term holding that can, in our view, form the cornerstone of an investor's diversified

portfolio. Attracting more investors, particularly individual investors, generally has the effect of improving liquidity of the trust's shares.

The board met with the manager in early 2022 to discuss a refresh of how the trust is described. We agreed that we should refer to Brunner as an 'all-weather' global equity portfolio":

Brunner – an 'all-weather' global equity portfolio

Aiming to grow consistently your investment over time and pay out a regular and rising dividend, targeting stable long-term stock market returns whatever the economic or market background.

To do this we:

- Invest in some of the world's best companies with superior business models delivering strong and consistent profitability with long-term growth potential
- Manage a diversified portfolio with exposure to most major geographic regions and industries
- Aim for growth in both capital and income, with a 51-year track record of continual dividend growth for shareholders
- Employ the expertise and scale of global asset manager AllianzGI to provide robust investment processes and oversight
- Provide all of this in a cost-effective, actively managed fund.

What does this mean in practice?

- Not being skewed too heavily to any one sector or theme
- Longer term view on investments
- True bottom-up stock picking, where stock selection is the predominant driver of risk and return in the portfolio – looking at what an individual company does and considering how they will be affected by the macro environment rather than to pick a portfolio that will react well to the prevailing conditions.

Outlook

2023 continues with some of the most troubling factors currently affecting the world: the ongoing war in Ukraine which confounds both logic and decency; and the inflation-fuelled cost of living crisis being felt tangibly by so many closer to home.

However, there are indications of inflation moderating. That may mean interest rate rises may be nearing their high but there is definitely central bank rhetoric in conflicting directions on the subject. The more soothing comments from China, as it reopens the economy, is a welcome development. A more in-depth analysis of that backdrop and the possible outcomes is given in the Investment Manager's Review from page 24.

We continue to believe that the best approach for Brunner is to chart a steady path and continue to be an 'all-weather' global equity portfolio for investors, eschewing the biggest bets in the interest of long-term stability of capital return and provision of a steadily rising dividend to our shareholders.

Annual General Meeting

In 2022 we were happy to be able to welcome many shareholders to a physical Annual General Meeting after two years constrained by Covid lockdowns. We look forward to welcoming shareholders again this year to the AGM which is to be held at Trinity House, Trinity Square, Tower Hill, London, EC3N 4DH, at 12 noon on Friday 31 March 2023. Attending shareholders will receive a presentation from the investment managers before the formal business takes place and the meeting will be followed by a light lunch. We would be delighted to meet with all those shareholders who are able to attend.

Shareholders can send any questions to be answered at the AGM by 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 60) and we will publish questions and answers on the website after the meeting. We encourage all shareholders to exercise their votes in advance of the meeting by completing and returning the form of proxy.

Carolyn Dobson
Chair
14 February 2023

Performance – Review of the Year

Review of the Year

Revenue

Year ended 30 November	2022	2021	% change
Income available for ordinary dividend	£9,673,972	£8,689,051	+11.3
Earnings per ordinary share	22.7p	20.4p	+11.3
Dividends per ordinary share	21.50p	20.15p	+6.7
Consumer price index	126.7	114.5	+10.7

Assets

As at 30 November	2022	2021	Capital return % change	Total return ¹ % change
Net asset value per ordinary share with debt at fair value	1,178.7p	1,165.4p	+1.1	+3.0
Net asset value per ordinary share with debt at par	1,164.4p	1,176.9p	-1.1	+0.8
Share price	1,020.0p	1,050.0p	-2.9	-0.8
Total net assets with debt at fair value ²	£503,217,127	£497,525,622	+1.1	-
Total net assets with debt at par	£497,096,963	£502,452,284	-1.1	-
Ongoing charges ³	0.63%	0.63%	-	-

Net Asset Value with Debt at Fair Value⁴ Relative to Benchmark⁵

	Capital return	Total return ¹
Change in net asset value	+1.1%	+3.0%
Change in benchmark	-1.1%	+1.4%
Percentage point performance against benchmark	+2.2	+1.6

A Glossary of Alternative Performance Measures (APMs) can be found on page 115.

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 115. (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 Chair'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

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:

- Investment strategy and how in fulfilling this AllianzGI considers and incorporates geographical, sector and macro views into the Brunner portfolio
- Gearing strategy in the portfolio management process
- Marketing strategy and the focus for 2023.

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 balanced solution 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.

Information on Revenue and Invested Funds in the year is summarised on page 61.

Brunner has an independent board of non-executive directors and 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 Group 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 further information monthly to the market, 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 any sector or country consideration. The portfolio is concentrated into 62 stocks at 30 November 2022 (63 stocks in 2021). 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 any single 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 shareholders are its primary stakeholders. Other stakeholders include service providers and the companies in which it invests. The board's strategy is facilitated by the manager reporting interaction on its behalf with a wide range of stakeholders through meetings, seminars, presentations and publications and through contacts made through our suppliers and intermediaries.

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. In the year we were pleased to hold the Annual General Meeting (AGM) as an in-person event which was well attended and we hope to see and meet with more shareholders in 2023. Set out below are some examples of the ways in which Brunner has interacted with key stakeholders to demonstrate how the board and its agents have considered stakeholders in pursuit of the success of the company and the promotion of that success for the long-term:

Stakeholders and how they are taken into account	Activity in the year
Shareholders are identified as the primary stakeholders as the investors in the company. The company's objective is to provide growth in capital value and dividends for investors over the long term and the company's strategy is to provide shareholders with the desired returns by diversifying to take into account risk appetite.	Participation in investor conferences and webinars, together with the pre-AGM presentation and podcasts on the website informs shareholders of the investment management activity and performance of the company. The increasing use of new presentation styles to engage investors such as audio (podcasts), video and the Turtl platform to distribute information to shareholders and the wider investment community, including in shorter, more digestible formats. Jim Sharp is related to the Brunner family shareholders which provides further insight for the board into the views of investors to be used for the advantage of all.
Outcome: The investment team led by Christian Schneider has maintained recognition from shareholders, journalists and industry commentators. The investment team with three distinctive skill sets (Income, Growth, ESG) has a rising profile in the investment trust arena. The company's rating and liquidity in the company's shares have continued to be steady over the year as shown in the KPI reporting on page 15. The discount, one of the company's KPIs, stabilised in 2022 and averaged 10.3% in the year, as shown on page 15.	
Readers of communications including shareholders and other investors, look for information about the company on the website and online media coverage.	The user experience on the website has been further developed during the year.
Outcome: Continual enhancements and improvements to the website including both helpful background and educational material as well as new and current information providing updates.	

Stakeholders and how they are taken into account	Activity in the year
Public Relations and media – the company continues to work with public relations advisers to ensure information about the company, its strategies and performance can reach a wide audience to update shareholders and potential investors through press articles and online media coverage.	There is an Integrated PR programme and Christian Schneider, the lead investment manager, provides interviews, presentations and records podcasts to inform and educate. We work with a third party, Lansons Communications, and the campaign work is aligned with AllianzGI's marketing activity.
Outcome: PR activity (generating exposure in consumer finance titles and the national press) is crucial for the platform market. Reports to the board show there is a direct correlation between press articles appearing and spikes of interest and purchases of the company's shares. Following feedback that people want bite-sized, shorter presentations, the majority of content for engagement is in short form, with longer form content accessible for those that want to delve deeper.	
Service providers – as well as the management company, the board has appointed a depository, a custodian and a registrar to provide specialist services. The board and these stakeholders need to be assured of good governance and controls in the company.	In addition to regular contact and assurance testing that sound and effective controls are in place from all of these service providers, there is a rolling programme of due diligence visits to suppliers of third party services by the AllianzGI's investment trust team to ensure that the company is getting good quality services with robust and fit for purpose internal controls. Following a report to the board on a due diligence review of AllianzGI's supplier of investment trust administration services, some areas for improvement were identified. AllianzGI's investment trust team and supporting operations also receive detailed due diligence assessments by direct suppliers, for example, looking at NAVs and the pricing process and on general controls, by HSBC, the company's depository and custodian. The latest is taking place at the time of writing, with HSBC assessing the AllianzGI UK Ltd entity as the new AIFM.
Outcome: Assurances from service providers on their internal controls are given formally to the company twice yearly but day-to-day contact with the investment trust team ensures that issues are quickly identified and acted upon and that remedial action can take place. There were no significant issues arising during this year. Improvements were made in client reporting to Brunner following the fund administration due diligence review.	

Stakeholders and how they are taken into account

Activity in the year

Potential new investors are an important stakeholder group and getting key information to the investment market so that investors both current and prospective can make informed investment choices is a significant activity. Research platforms and distribution partnerships are employed to reach a wider audience of investors.

The marketing team also works on events and campaigns with other research and marketing companies, including Edison and Kepler. Additional resources were allocated by the board during the year for publishing research and event participation.

'Direct to consumer', for self-directed investment, is primarily driven by platforms. Platforms essentially give convenient access to the majority of the investment universe for investors. The board has encouraged activity to increase recognition by those operating the platforms through influencers (including through PR, video recordings with Asset TV and the company's digital marketing strategy). 'Influencing' activity involves sponsored content, advertising and client events, targeting the platforms themselves alongside the key research platforms.

In the year the board reviewed and refreshed its message to describe the trust as an 'all-weather' global equity portfolio, setting out clearly what Brunner offers its investors.

Outcome: Analysis is in the form of detailed investor group feedback and in considering the metrics of key activity over the year: in particular the board can see the effectiveness of communicating with investors by monitoring daily traffic on the website and investment through 'spikes' of investment on platforms after publications and events throughout the year.

As the Chair comments in her Statement beginning on page 4, the board continues to believe that the best approach for Brunner is to follow a steady path and to be an 'all-weather' global equity portfolio for investors, aiming for long-term stability of capital return and provision of a steadily rising dividend to shareholders.

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 fair value	Debt at par	Benchmark	Percentage point relative return	Percentage point relative return
2022	+3.0%	+0.8%	+1.4%	+1.6	-0.6
2021	+21.5%	+21.1%	+21.1%	+0.4	0.0
2020	+6.2%	+6.7%	+5.3%	+0.9	+1.4

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 115.

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 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 8 and in the Chair's Statement. Three years of performance data allows us to compare returns to those pre-pandemic.

Dividends

Annual dividend

The board aims to pay an increased 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 56, and in the graph on pages 4 and 5, which show that dividends have risen in every year since 1972 and have increased by 6.7% this 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 by increasing liquidity. 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.

¹ including Brunner family members

² including beneficial owners not known

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 being not out of step with comparable trusts 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 temporary 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 115). This figure does not include costs incurred from trading activities, as these are capitalised within the investment valuation (Note 8 on page 96) which amount to a further 0.04% of net assets (2021 - 0.05%). Ongoing charges are published by the AIC.

Risk Report

As reported to shareholders in the half-yearly report in 2022, the economic backdrop continues to stress test the business models of all companies.

The board has maintained its close contact with the manager and other third party service providers to understand their responses to the macroeconomic and geopolitical situation and in particular actions taken to mitigate the effects of these risks on the company and its business.

Risk Management 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 tables on pages 17 to 19, 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 74, and includes a review of a more detailed version of these tables, in the form of a risk matrix, at least twice yearly.

Risk Appetite

The directors assess the likelihood of occurrence and perceived impact of each risk after mitigating actions and consider the extent to which the resulting residual risk is acceptable, which is defined as the board's risk appetite. The results of this exercise are shown in the heat map below.



Investment and Portfolio Risks

Principal Risks identified	Controls and mitigation
1.1 Market volatility 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.	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.
1.2 Market liquidity and pricing Failure of investments.	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 Chair and board if necessary between board meetings.
1.3 Counterparty risk Non-delivery of stock by a counterparty.	The manager operates on a delivery versus payment system, reducing the risk of counterparty default.
1.4 Currency Exposure to significant exchange rate volatility could affect the performance of the investment portfolio.	Currency movements are monitored closely and are reported to the board.

Business and Strategic Risks

Principal Risks identified	Controls and mitigation
2.1 Investment Strategy 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.	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.
2.2 Shareholder relations The investment objectives, or views on decisions such as gearing, discount management, dividend policy, of existing shareholders may not coincide with those of the board leading investors to sell their shares.	Reports on shareholder sentiment are received from the manager and brokers and reviewed by the board. Shareholders are actively encouraged to make their views known.
2.3 Investment performance Persistent poor performance against benchmark or peers leads to decline in attractiveness of the company to investors.	The investment manager attends all board meetings to discuss performance with the directors. The board manages these risks by giving investment guidelines which are monitored at each meeting. The board reviews the investment performance of the company against the benchmark and peer group.

2.4 Financial Range of risks including incorrect calculation of NAV, inaccurate revenue forecasts, incorrectly calculated management fees, issues with title to investment holdings.	A rolling income forecast (including special dividends), balance sheet and expenses are reviewed at every board meeting. Reporting from the custodian covering internal controls in place over custody of investments and over appointment and monitoring of sub-custodians is produced and reviewed at least annually. The board's investment restrictions are input in trading systems to impose a pre-trade check.
2.5 Liquidity and gearing Insufficient income generated by the portfolio and due to stock market falls, gearing increases to levels unacceptable to shareholders and the market which in extreme circumstances results in a breach of loan covenants.	The board meets with the portfolio managers and considers asset allocation, stock selection and levels of gearing on a regular basis. Investment restrictions and guidelines are monitored and reported on by AllianzGI. Regular compliance information is prepared on covenant requirements.
2.6 Market demand The level of discount of the share price to the NAV moves to unacceptable levels, threatening confidence in the company's shares.	The board regularly reviews the level of premium and discount and existing shares can be bought back by the company when the board considers this expedient.

Operational Risks

Principal Risks identified

Controls and mitigation

3.1 Organisation set up and process Failure in the operational set up of the company, through people, processes, systems or external events could result in financial loss to the company or its inability to operate.	The manager and the other key service providers report on business continuity plans and the resilience of their response to extreme situations. Third party internal controls reports are also received from these service providers.
3.2 Outsourcing and third party 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 Group (Registrar).	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. And since 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.
3.3 Regulatory Failure to be aware of or comply with legal, accounting and regulatory requirements which could result in censure, financial penalty or loss of investment company status.	The board maintains close relations with its advisers and makes preparations for mitigation of these risks as and when they are known or can be anticipated.
3.4 Corporate governance Weak adherence to best practice in corporate governance can result in shareholder discontent and potential reputational damage to the company.	The board is highly experienced and knowledgeable about corporate governance best practice and includes directors who are board members of other UK plc's and other investment companies. The board takes regular advice on best practice.

3.5 Key person Departure of the portfolio manager, certain professional individuals, and/or board members, may impact the management of the portfolio, the achievement of the company's investment objective and/or disruption to its operations.	Manager and board succession plans are in place. Cover is available for core members of the relevant teams of the manager, and work can be carried out by other team members should the need arise.
3.6 Financial crime, fraud and cyber security That the company and the manager's firm, its employees, or clients are subject to financial crime or breach elements of the Bribery Act. Risk of increased cyber attacks continue after COVID-19, and the changed working arrangements that have remained in place.	AllianzGI has anti-fraud, anti-bribery policies and robust procedures in place. The board is alert to the risks of financial crime and threat of cyber attacks and reviews how third party service providers handle these threats. These reports confirm that all systems are secure and are updated in response to any new threats as they arise and more frequent assurances have been sought and received throughout and since the COVID-19 pandemic.
3.7 Reputational Association with poor governance in portfolio companies and operational issues in service providers which can affect the reputation of the company.	The portfolio management team is in constant interaction with AllianzGI's Environmental, Social and Governance (ESG) and Stewardship function and actively engages with investee companies on ESG issues and makes investments incorporating ESG factors in the decision process. Service providers are monitored and the manager provides oversight.

Emerging Risks

Principal Risks identified	Controls and mitigation
4.0 Emerging Continuing impact of the geopolitical situation, including the attack on Ukraine by Russian armed forces and tension between the US and China; the impact of macroeconomic changes, including inflation; and the risks of further virus variants; any of which could cause significant market falls, threat to income or increase in gearing.	The board carries out horizon scanning by keeping informed through its manager and advisers on the political, economic and legal landscape, and reviews updates received on regulatory changes that affect the company. 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.

Going Concern

The directors have considered the company's investment objective and capital structure both in general terms and in the context of the current macroeconomic background. Having noted that the portfolio, which is constructed by the portfolio manager on a bottom up basis, consists mainly of securities which are readily realisable, the directors have also continued to consider the risks and consequences of such external factors on the operational aspects of the company and have concluded that the company has the ability to continue in operation and meet its objectives in the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

The company held some short term debt as a current liability as at 30 November 2022, in the form of a Revolving Credit Facility (RCF), which is renewable within one year. While the company is in a net current liability position as at 30 November 2022, if an obligation arose investments could be sold to raise cash.

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 16. 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 a focus. The future attractiveness of Brunner as an investment proposition 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 considerations, such as increasing inflationary pressures, 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.

The Strategy for the future

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 Chair's Statement on page 4 and the investment manager discusses his view of the outlook for the company's portfolio in his review on page 23.

On behalf of the board

*Carolyn Dobson
Chair
14 February 2023*

Environmental, Social and Governance Issues

The board considers 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 ESG are set below.

Environmental, Social and Governance Research and Stewardship

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

AllianzGI's approach to ESG analysis

The Brunner Investment Trust's portfolio managers have reported to the board how they integrate the analysis of Environmental, Social and Governance (ESG) issues into their investment process. This follows AllianzGI's proprietary methodology and is designed to enhance risk management by adding another dimension to existing investment processes, across all asset classes. This approach does not require additional exclusions. The main objective of integrating ESG analysis is to develop an assessment of the financially material ESG risks and opportunities within a broader investment case. AllianzGI's approach also fosters active engagement with company management.

How it works in practice

The process of integrating ESG analysis involves AllianzGI's investment professionals reviewing both ESG scores and financially material qualitative information for each holding or company of interest. The investment team then makes an assessment of the ESG risk or opportunity that supports the broader investment case. AllianzGI's investment professionals have access to both quantitative ESG scores and qualitative ESG research provided by MSCI via their Global Collaboration Platform (Investment Chatter). The MSCI scoring system expresses the level of ESG risk for a company through a numerical score for each of the E, S and G pillars on a scale of 0–10, whereby a score of 0–3 indicates potentially meaningful tail risk. If a company exhibits an elevated ESG risk profile or no ESG score, the portfolio management team needs to provide their risk-reward justification as a written commentary on the Global Collaboration Platform. The commentary must be provided prior to the purchase of any new stock. The portfolio manager is free in their decision to initiate, continue to hold, or divest any relatively low scoring company in the portfolio, for as long as the expected return justifies the risk.

Proxy voting 1 December 2021 to 30 November 2022

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.

In the year there were 70 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 1,058 resolutions and the company voted on 96% of these. Source: AllianzGI.

AllianzGI's investment professionals generate in-depth research of companies they own and seek to initiate, and often closely follow these issuers over long periods of time. Therefore, they can engage actively with the companies that need it most. AllianzGI's Sustainability Research & Stewardship analysts may further support the process by providing company, sector and/or thematic research. All research, risk-reward trade-off commentaries and engagement notes are documented on AllianzGI's internal Global Collaboration Platform. This creates a high degree of transparency and provides portfolio managers with an easy way to monitor ESG risk in their portfolios.

Sustainability

The investment manager talks about the importance of sustainability in the assessment of the quality of portfolio companies in his Investment Philosophy explanation on page 34.

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; and
- 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 37.

A summary of the many engagements with portfolio companies on E,S and G matters is set out on page 36.

Brunner's ESG Policy and web links

A summary of the board's policy on ESG can be found with the company's details on the Association of Investment Companies' website, where there is also more information on ESG for investors:

<https://www.theaic.co.uk/esg-and-investment-companies>

Engagement success is part of delivering investment performance

More information can be found at:
<https://uk.allianzgi.com/en-gb/our-firm/sustainable-investing>

Investment Manager's Review

Investment Manager's Review

Market Review

The trust's past financial year marked another dramatic twelve months for global equity markets.

Rising inflation, already evident at the start of the period, surged rapidly and – even as the peak appears to have passed in the US – remains elevated. Investors across asset classes have become even more beholden to the Federal Reserve (Fed) which, by way of response, has raised interest rates at its fastest pace in forty years. At the same time, Russia's invasion of Ukraine prompted a sharp move into more defensive equities. Geopolitical tensions with China, itself struggling under continued zero-Covid rules, only increased the market's bearish tendencies.

At a surface level, those investors exposed to global equity markets in pound sterling have experienced only a modest leg down. As of November 30, 2022 the MSCI All Country World Index (MSCI ACWI) in GBP was a mere 1.3% lower than where it was a year ago. However, this masks both a sharp divergence within the index and the extent of underlying volatility.

At its lowest point in June the MSCI ACWI was over 13.6% lower, before steadily rebounding. Similarly, "value" stocks (which are deemed cheap relative to their earnings) have massively outperformed their "growth" counterparts (which are priced for future earnings to

increase). Over the trust's financial year, their performance has almost directly mirrored each other, with the MSCI World Value returning 14.3% while the MSCI World Growth returned -14.3%. Moreover, this year's weakening of sterling relative to the US dollar (c.60% of global equities by market weight are in the US) has helped alleviate the pain further.

The primary driver of these market movements has been inflation, and expectations about how global central banks will respond. After a decade of low interest rates, quantitative easing and minimal price increases, late 2021 saw costs across energy, commodities and labour all start to rise. The effect was further amplified by economies rapidly recovering from the Covid-19 pandemic. Successive months of consumer price index (CPI) data well above target saw central banks quickly abandon the position that these changes were "transitory", with US CPI peaking at 9.1% in August.

While the Bank of England (BoE) was the first to raise rates, the Fed has been the most aggressive in doing so. In March 2022, US interest rates stood at 0.25%. By December 2022, they had climbed to 4.5%. The European Central Bank (ECB) although slower to start, likewise broke with a decade of easy monetary policy. Of the major developed economies, only the Bank of Japan maintained its accommodative stance.

The resulting impact has been widespread. In a world where money once again has a cost, companies (and consumers) with high levels of debt are likely to face significantly higher refinancing charges. This adds to rising cost burdens, eroding corporate margins still further when they may be pressured by consumers' smaller discretionary incomes. These factors in and of themselves impact stock valuations, but are compounded through the discount rate: put simply, higher rates reduce the value of companies with significant earnings in the future, and have less impact on the value of companies generating strong earnings today.

This latter phenomenon explains a significant part of the past twelve months' rotation from

value to growth stocks. It has been amplified further by Russia's invasion of Ukraine. The conflict saw investors turn to some classically "defensive" sectors such as Health Care and Utilities, but also likely beneficiaries from the conflict such as Defence and Energy. These stocks tended to trade at lower multiples than the broader market and have benefited from both the mechanical tailwind of higher discount rates, as well as stronger underlying fundamentals.

Indeed, the Energy sector has been this year's standout performer, returning over 61%. By way of contrast, Utilities - the second best-performing sector - returned a mere 15.4%. At the other end of the spectrum, Telecom Services

(a relatively new sector capturing mostly technology names) has fallen 23.7%. This was most pronounced in the more speculative end of the technology market, where investors were no longer willing to pay a premium for potential gains and price to earnings multiples collapsed. Consumer Discretionary stocks also weakened sharply, as consumers spend a greater share of their wallet on necessities in the face of a rising cost of living.

However, at several points over the year, these trends look to have been reversing. Equity investors, accustomed to over a decade of supportive central bank policy, have eagerly looked through the Fed's hawkish rhetoric to a time when interest rates will once again be cut. Repeatedly, any softer than expected macro data – whether it be CPI, PMIs, or unemployment numbers – has been seized upon by markets as a potential trigger for the Fed and ECB to change stance. The resulting rally – particularly in the hardest hit, high growth areas of the market – has then reversed as soon as the inflationary trend resumes. Even after repeated insistence and hiking, markets still expect rates to stage a relatively swift climb down.

At the heart of this volatility is the debate as to whether our current inflationary predicament is structural or temporary. Without question, some factors will prove to have been necessarily short lived. Prior to its invasion of Ukraine, Russia was responsible for around 10% of global oil supply, and the main supplier of natural gas to Europe. Having spiked to over \$127 a barrel in March, similar cost rises are unlikely. Similarly, the supply chain issues which dogged economies reopening after the Covid-19 pandemic are now largely eased. Yet at the same time, countries around the world are experiencing higher labour costs thanks to declining workforces. Energy has also been underinvested in as a sector for almost a decade, and delivering a true net zero transition will require trillions in investment.

Continuing geopolitical tensions present further inflationary potential. The Ukrainian invasion highlighted a clear divide between those countries willing to sanction Russia and those who were not. While the immediate consequences were limited to Russia, it has underscored a sense of global economic divergence.

Relations between the US and China in particular have deteriorated, with Chinese domestic policy adding to the unease. 2022 saw China's President Xi consolidate his power at

the National Party Congress in a way not done since Mao Zedong. Amid increasing domestic unrest around the pursuit of a continued "zero-Covid" approach, Chinese authorities cracked down on Hong Kong and ramped up rhetoric around Taiwan.

Conversely, US President Biden has used this year to pass legislation such as the Chips Act, which will see \$280bn invested in US semiconductor manufacturing over the next decade, while also banning China from accessing the necessary technology to manufacture advanced chips. Over the past twelve months, the impact has been largely to the detriment of China's stock market, with the MSCI China down 20%, while the US' S&P 500 is broadly flat at 0.9% as measured in Pounds Sterling. In a year where markets have become increasingly emotional and focused on the short-term, there is potential for a meaningful divergence between the world's factory and its biggest consumer. Deglobalisation of this scale has the potential to make cost inflation a more permanent feature of the economic landscape.

Portfolio Review

Over the twelve-month period ending November 30, 2022, the portfolio returned 1.4%. The trust's benchmark also returned 1.4%.

While we always seek to outperform, the absolute returns generated this fiscal year rank Brunner second in its global investment trust peer group. This speaks to not only just how challenging the market environment has been, but also the merits of our balanced approach. While the Brunner investment philosophy favours high quality companies generating long-term sustainable growth, this has always been matched by a sharp focus on valuation.

Discipline in this regard has enabled us to avoid many of this year's market torpedoes: companies whose share prices had surged on the back of very strong revenue growth, but that failed to generate cash flow returns. As interest rates rose, the multiples investors were prepared to pay for these stocks collapsed, with many shareholders facing permanent loss of capital. Not holding the electric vehicle manufacturer Tesla for example, has been one of the top ten positive contributors to portfolio performance. This past year has been a valuable reminder for market participants that avoiding the downside is equally as important as capturing the upside.

The sharpest pullbacks of this kind have been in the Technology sector. In addition to the mechanical headwinds of monetary policy, the pandemic saw already fast-growing digital

business models pull forward years of business, while many traditional industries faced a forced hiatus. Global economic reopening post Covid-19 has reversed this dynamic adding further pressure to share prices.

Thus, not owning **Amazon** (the online retailer and provider of cloud services) or **Meta** (the parent company of Facebook) has strongly boosted returns. Amazon now expects full year revenue growth of just 9%, compared to a five-year average closer to 30%. The company also expects adjusted earnings per share (EPS) to decline 64%. Equally, Meta reported a 4.5% decline in year-on-year revenues thanks to weaker advertising, at the same time as it vastly increased spend on the 'metaverse', Mark Zuckerberg's vision for an online alternative reality. Adjusted earnings per share (EPS) fell 45% as a result. Meta is now being forced to lay off 11,000 employees as its core business struggles to deliver growth, while new projects have yet to make an impact on the bottom line.

Indeed, within the Brunner portfolio, our relative underweight to the Technology sector has been a sizeable boost to performance. Likewise, our overweight allocation to Health Care stocks – which have been a relative safe haven this year – has also contributed positively. On the

other hand, the trust has not benefited from its underweights in the Consumer Staples and Energy sectors.¹

While the trust has two select holdings in the form of **Shell** and **TotalEnergies**, our relatively small allocation to Energy is longstanding. Both Shell and TotalEnergies have reported record profits thanks to the substantial boost in oil prices. These profits are being reinvested prudently into less emission intensive activities such as natural gas and renewables, ensuring the long-term health of the business. Yet, the sector as a whole tends to be highly cyclical, and companies with the long-term quality and sustainable growth we seek are typically harder to come by. This may change as the demands of the energy transition bring greater scrutiny on the sector.

However, the Brunner portfolio is always constructed from the bottom-up. As a team, we look for companies whose financial fundamentals look like they will best enable the trust to deliver on its dual objectives of capital growth and a rising income. This means that the portfolio managers do not seek to time the market, or allocate to regions and sectors on the basis of macroeconomic predictions. Instead, allocations are a by-product of stock

Contribution to Investment Performance Relative to the Benchmark

	Positive contribution	Performance impact %	Negative contribution	Performance impact %
Overweight (holding larger than benchmark weight)	UnitedHealth	1.2	Adidas	-1.9
	AbbVie	0.9	Partners Group	0.7
	Munich Re	0.8	TSMC	-0.5
	TotalEnergies	0.8	Tyman	-0.5
	Visa	0.6	Intuit	-0.5
	Novo Nordisk	0.5	Estée Lauder	-0.4
	Homeserve	0.5	St James's Place	-0.4
Underweight (zero holding or weight lower than benchmark weight)	Amazon	0.7	AstraZeneca	-0.6
	Meta Platforms	0.6	BP	-0.5
	Tesla	0.5	Glencore	-0.4

selection, with long-term portfolio performance similarly driven by the individual returns of each company.

The portfolio's biggest contributor to returns this year was **UnitedHealth Group**. Shares in the US-based provider of health insurance have benefited from investors seeking more defensive positions. However, the underlying business has also continued to be strong. Successive quarters of above-guidance revenue growth have enabled the company to raise its full year EPS guidance, thanks in large part to the strength of its Optum healthcare services division. Looking forward to next year, UnitedHealth is as conservative as ever, guiding for 12% EPS growth – a range it has typically beaten. While the shares have performed well this year, they remain on a reasonable long-term valuation and the position continues to be a key holding.

Other strong contributors within Health Care included **Abbvie** and **Novo Nordisk**. While both are pharmaceutical giants, Abbvie specialises in blockbuster drugs – its most famous being the anti-inflammatory Humira which faces a patent cliff in 2023. Shares in Abbvie have rallied as weakness in Humira has been lower than expected, while at the same time the commercial performance of its Skyrizi psoriasis treatment has also surprised positively. Given the potential impact of biosimilars on Humira in 2023, the near-term outlook remains unclear. However, with its acquisition of Allergan in 2020, Abbvie has given itself a sizeable source of recurring revenue to underpin its future pipeline. Currently trading at around 11x next year's earnings and with a dividend yield of over 3.5%, we are comfortable with our relatively small position.

Novo Nordisk, by contrast, provides long-lasting treatment for obesity-related illnesses such as diabetes. Like UnitedHealth, the business model is less geared to the global economy, and this has supported its valuation. At the same time, the reopening of doctors' practices has re-enabled Novo to sign on new patients. This has been particularly beneficial for the rollout of Novo's GLP-1 product Wegovy, for obesity, which helps to regulate insulin production and glucose release within the body. After its Q3 results, the company raised full year sales guidance by 2%, bringing expected revenue growth and EPS to 25% and 16%, respectively. Longer-term growth continues to be underpinned by international markets, which are seeing a transition from older to newer products as well as rising demand for diabetes-adjacent medication.

Outside of Health Care, the portfolio has also benefited from its position in **Visa**. Despite the positive overall contribution, shares in the digital payments company have proved volatile due to a range of divergent narratives. On the one hand, an increase in economic activity post-pandemic and in particular international travel, is providing a strong boost to both topline and margins. Indeed, full year revenues and net income are expected to grow 22% and 26% respectively, compared to 10% and 16% last year.

Yet the shares have also struggled in the face of inflation, with investors fearing softer economic activity in the medium-term, and potential disruption from alternative providers. These appear overdone. Visa's status as the network provider for payments, rather than a creditor, means it captures inflation as a benefit. At the same time, the company continues to harness a growing network effect thanks to relatively small transaction costs, a high user base but room for further digital payment penetration.

Lastly, we have also benefited from our position in **Homeserve**. The company is a UK-listed provider of domestic maintenance insurance and related services, with sizeable international operations. Our original investment case was predicated on the steady growth in Homeserve's core insurance business, as well as the – for valuation purposes – optional upside of the online Checkatrade comparison site. However, in May, the company announced that it would be sold to Brookfield, a Canadian private equity company at a premium of c.71% to its share price.

In recent years, buyouts of quality UK companies have become a recurring feature of the investment landscape. The combined effect of Brexit, turbulent politics and an initially poor approach to the Covid-19 pandemic has left the UK market as a whole trading at a discount. As a result, many high-quality companies, often with strong growth, trade at far lower valuations than if they were to be listed in other markets. In the past five years, we have seen held companies like **UBM**, **Stock Spirits Group** and **Homeserve** all taken off the market by either private equity or peers.

Weakness in the portfolio has been similarly driven by a combination of macro headwinds and idiosyncratic stock performance. Some of the portfolio's largest detractors are linked to consumer weakness, although not all of them fit neatly into the Consumer Discretionary sector. Similarly, our preference for Financials stocks which generate returns through fees

and recurring business, rather than net interest margins on deposits, has been a sizeable headwind in a year of rising base rates.

Adidas, the portfolio's weakest performer has exemplified this. The sportswear apparel company has struggled since 2020 with softer sales in China; partly due to ongoing Covid-19 restrictions, but also due to nationalist boycotts of Western brands that do not use cotton sourced from Xinjiang. The latter relates to allegations of Uighur slave labour. China has historically been Adidas' fastest growing and most profitable geography.

However, the company has also lost market share in other areas and been accused of failing to innovate sufficiently quickly. Its largest competitor, Nike, has performed more strongly even in China, while smaller Puma brand has been able to gain footholds elsewhere. Despite reassurances from management, guidance has been repeatedly revised down, with the company now expecting a FY 2022 net profit of €500m vs. previous guidance of €1.3bn. A public feud with the musician Kanye West also resulted

in the end of the Yeezy collaboration, whose outsized impact on profitability had been underestimated by investors. After reviewing the investment case at length, we have sold the position.

The maker of skin care and beauty products, **Estée Lauder** has also weakened returns. Shares were trading at elevated multiples towards the start of 2022 and we had taken some profits as a result. However, the continued impact of China's zero-Covid approach, combined with the dollar's increasing strength has forced the company to lower its guidance for 2023. Combined with higher interest rates and softer consumer expectations given the rising cost of living, the shares have faced considerable pressure. Expectations around a Chinese reopening have provided some support to the shares of late although a full recovery will need to see these delivered.

At the other end of the spectrum, our position in **Tyman** has derated to an extent not justified by its fundamentals. An Industrials stock listed in the UK, the company often trades like a

consumer stock. Tyman is an international leader in door and window seals, as well as other fixtures and fittings for the housing market. Shares are now approaching valuations last seen in the Global Financial Crisis, when house prices collapsed. However, both the industry conditions in which Tyman operates, and the internal fundamental strength of the business, are materially better today than they were in 2008. Though we are expecting softer demand conditions, Tyman is currently generating robust profits even after an elevated period in the wake of the pandemic. The market is overweighting the likely extent and duration of short-term deterioration, over and above its longer-term potential.

Within the Financial sector, our two weakest contributor was **Partners Group**. Partners is a diversified private markets asset manager, generating revenues through fees. The sector as a whole has benefited from rising demand for alternative assets in a zero-interest rate world. With rates rising, bears fear the company will both see a drop off in demand at the same time as exit prices for existing investments decline. However, the company reported net profit 12% above consensus in its 2021 fiscal year and gave a robust forward outlook for 2022. While interest rate developments may impact Partners at the margin, their impact now seems overly discounted relative to fundamentals. As a result, we took the opportunity to add to our position during this period of weakness.

Given the extent of the pullback in Technology names, stock selection within the sector has been overwhelmingly positive. However, our position in the semiconductor manufacturer **TSMC** has weakened performance. In addition to macro concerns around interest rates and valuations, the high demand and limited supply which characterised semiconductors during the pandemic has shown signs of reversal. Having announced plans to spend over \$40bn in CapEx to build out new factories, the shares reacted negatively to subsequent news that both Intel and Apple (two of TSMC's largest customers) have revised down orders.

The stock has also been under pressure due to geopolitical tensions. The company is a supplier to technology firms in both the US and China, and as a Taiwanese company, its relationship with both nations is complex. As part of the Chips Act, TSMC has pledged to build new facilities in Arizona but in the event of a Chinese invasion of Taiwan, these would still take several years to get online. For now, these concerns seem overdone. Management has already started to talk about declining inventories, while

the potential for rivals to produce at TSMC's scale or quality has only reduced in recent years. The shares may continue to prove volatile in the near term, but look attractive at current valuations.

Significant Transactions

In times of volatility, it can be tempting to do too much. Seeing the share price of a company you hold go down is never pleasant, and selling can feel like an easy way to stem the loss. At the same time, when a stock you have admired from afar goes down, there can be an overwhelming urge to rush in.

However, price actions are in and of themselves not an investment case. They are instead a good prompt to reassess fundamentals. This year, global equity markets have moved quickly, extrapolating short-term data points on the basis of highly emotional situations.

Rather than reacting to these shifts immediately, we have taken our time to assess both our holdings and prospective investments from the bottom up. In each case, we have sought to determine whether valuations reflect a truly rational view of the company's underlying earnings. For the most part, we have retained a high degree conviction in the portfolio and as a result, turnover for the twelve months ending November 30 has remained low, at 15.1%.

Even so, the extent of the equity market's correction has afforded us some valuable opportunities. Rising interest rates have caused high growth stocks to derate en masse, with little differentiation between stocks whose future earnings are more speculative and those with little debt and a decade of free cash flow. While we do not seek to time the market (for example, hoping to buy ahead of a change in Fed policy), we can make a judgement as to when a share price has simply grown cheap.

We have thus initiated positions in several quality companies with extensive track records of growth, as well as long-term prospects, at very reasonable valuations. The continuing discount in UK names relative to international sector peers, has also afforded us some valuable entry points. On the other hand, we have taken advantage of some recoveries in stocks to exit lower quality holdings. In a few instances where our conviction has weakened, the availability of outstanding companies on historically affordable multiples has seen us reallocate our positions.

The full list of new holdings and total sales, as well as some more detailed case studies, are copied below.

Adobe is a provider of creative content software. Since shifting to a Software as a Service (SaaS) business model, the company has been able to harness the ever-increasing consumption of digital content to generate annual revenue growth of around 20%. As a technology stock which – until recently – was on an elevated multiple, the valuation has become much more reasonable, enabling us to start a position.

SSP Group is a world leading travel catering business serving customers predominantly in airports and train stations. After two very difficult years in which the company incurred significant losses, as well as two rights issues, SSP is now well placed to capitalise on the recovery in passenger transportation. Furthermore, ongoing investment during the downturn should drive growth in market share. The shares are lowly valued due to macroeconomic concerns, however we expect the recovery and growth in revenue and earnings to occur even against a weaker economic backdrop.

In July 2022, **GSK** demerged its consumer healthcare division to form **Haleon**. Haleon is one of the world's largest consumer health businesses with products like Sensodyne, Panadol and Centrum Multivitamins. The company also boasts a low environmental footprint, as well as strong pricing power, both

of which are considerable tailwinds in the current environment. The de-merger should also help crystallise some of the value in GSK's remaining vaccines and oncology businesses

We sold our position in **Amadeus** at the start of 2022. The provider of software for the airline and leisure sectors had rallied strongly from its pandemic lows thanks to widespread enthusiasm about the end of the pandemic. However, our conviction in the company's overall competitive positioning and longer-term growth had started to weaken even before the onset of Covid-19. Given the more elevated valuation, we reallocated the position to higher conviction ideas.

Our initial investment thesis in **Fresenius** was predicated on the company's defensive exposure to rising health care spend. With a business model split across dialysis, patient servicing and hospital management, Fresenius offers health care exposure without the traditional "Big Pharma" concern around patent cycles. However, a series of operational missteps and declining profitability have weakened our confidence in management and Fresenius' growth potential.

In August 2022, we sold our position in **Bright Horizons**. The childcare provider has faced persistent headwinds since the onset of the pandemic. As workers have embraced the

Purchases	Sales
Adobe	Amadeus IT Group
Close Bros	Fresenius SE
Atalaya Mining	Merlin Properties
Align Technology	Homeserve
SSP Group	Bright Horizons
Haleon	National Grid
S&P Global	Booking Holdings
SSE	Jiangsu Expressway
	Atalaya Mining

hybrid office approach, the nature of childcare demand has changed. At the same time, Bright Horizons is facing a structural shortage of workers as well as greater costs. We agree with management that longer-term demand for high quality childcare will remain, but for the near term there are more compelling opportunities elsewhere.

Market Outlook

Global equities continue to march to the Fed's tune, as they did for most of 2022. Shares have rallied for two consecutive months, due to softer inflation numbers and a dovish interpretation of the central bank's minutes. Yet against this optimism, global economic data continue to deteriorate, as do corporate earnings expectations. Ongoing developments in China are also a healthy reminder that large parts of the world continue to be driven by factors outside of financial markets.

Markets are now pricing a peak in US interest rates for June 2023, with a steady reduction towards 4% by the end of the year. This marks a downshift from early November, after weaker than expected US consumer price index prints. Investors have also seized on less aggressive comments from Chair Powell. With Covid supply chain issues now largely resolved, and a further doubling of the oil price unlikely, equity markets are hopeful that these inflationary headwinds are abating.

Yet this optimism does not seem to be shared by Powell, or other central banks. In general, the tone has tended towards a slowing of pace, but a longer overall progression. Inflation and higher rates therefore, may last longer than the market currently expects. Even the Bank of Japan has taken the decision to adjust its yield curve control policy moderately upwards. At the same time, economies around the world are slowing.

Companies, for their part, have done their best to manage down expectations. Across the MSCI ACWI, 2023 EPS growth forecasts have roughly halved according to IBES data. Weaker demand, higher costs and in some cases a backlog of inventory that had been purchased at higher prices, all threaten to erode corporate profitability. Similarly, optimism about China's economic reopening and its potential GDP boost may be overly optimistic. Within the Brunner team, we are acutely focused on how managements are communicating and responding to these changes.

While highly sentimental markets continue to misprice stocks on the basis of short-term data, we also need to be open to any instances of structural weakness. Within portfolios, the flurry of recent earnings reports has largely been positive. Companies like Microchip, LVMH and Novo Nordisk are reporting resilient revenues and demonstrating the steady pricing power that we expect with our quality growth investment philosophy. Where names like Agilent and Estée Lauder have reported softer near-term outlooks, we have been quick to engage management and test our investment theses.

After a two-year global pandemic, European land war and runaway inflation, all of which were unforeseen, we are hopeful that readers share our cautious approach to this forecasting exercise. Instead, we view the above as considerations shared by the equity market and to which both the share prices of our holdings and we as portfolio managers will likely react. Yet while the market takes this more short-term view, it is by focusing squarely on long-term company fundamentals that we will be able to best serve our clients.

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.

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

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

balance sheets. 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.

ESG and sustainability considerations also play an important role in our assessment of business quality. AllianzGI's sustainability research team is fully integrated into the broader investment research platform, allowing us to develop a deep understanding of these complex risk factors. Environmental, Social and Governance (ESG) factors, such as those related to governance or environmental impact, have the potential to impact positively or negatively a business model. As long-term investors, these considerations are critical to our investment process.

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, such as a deterioration in the fundamentals or a rise ESG risks, undermining the quality and growth potential 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 exposure to industries, geographies and other risk factors, thereby ensuring that the overall portfolio remains balanced and diversified. 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.

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 the number of our engagements with businesses last year, and breaks this down into different categories and by sector.

Environmental, Social and Governance performance

Top 20 Holdings

1 UnitedHealth

Health Care Providers
North America
25,718,899
4.9%

UnitedHealth Group is a leading health insurer, offering a variety of plans and services to group and individual customers in the US and internationally. Its UnitedHealthcare health benefits segment delivers insurance plans, as well as Medicare, state-funded, and supplemental vision and dental options. Its Optum health services units provide wellness and care management programs.

2 Microsoft

Software & Computer Services
North America
24,412,979
4.7%

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 on-premise business to focus on its Azure cloud computing platform. As a result, Microsoft revenue is now split roughly equally between its three divisions of personal computing, cloud and productivity.

3 Visa

Industrial Support Services
North America
19,593,985
3.7%

Visa operates the world's largest consumer payment system and boasts nearly 3.6 billion credit and other payment cards in circulation across more than 200 countries. The company also licenses the Visa name to member institutions, which issue and market their own Visa products and participate in the VisaNet payment system that provides authorization, processing, and settlement services.

4 Munich Re

Non-Life Insurance
Germany
19,434,001
3.7%

Muenchener Rueckversicherungs-Gesellschaft (known as MunichRe) is one of the world's largest reinsurance and risk management firms, operating in 160 countries. Reinsurance coverage (insurance for insurers) includes fire, life, motor, and liability policies at both an individual and categorized level. The company also provides direct insurance through Germany-based ERGO and other subsidiaries.

5 Shell

Oil, Gas & Coal
United Kingdom
14,444,750
2.8%

Shell is a leading globally integrated oil and gas company. Its operations are split four ways, between oil, gas, upstream, and chemicals. By reallocating the proceeds of its legacy activities towards lower carbon solutions, Shell is playing a key role in delivering the energy transition.

6 Microchip Technology

Technology Hardware & Equipment
North America
13,451,962
2.6%

Microchip Technology designs, manufactures, and markets microcontrollers and related mixed-signal and analog semiconductors. Its chips are used in the automotive, consumer, industrial, and telecommunications markets, in products ranging from electric razors to medical devices. The company stands to benefit from increased digital penetration of global hardware.

7 Roche Holdings

Pharmaceuticals & Biotechnology
Switzerland
13,021,337
2.5%

Roche operates two segments – pharmaceuticals and diagnostics – and sells its products in over 190 countries. Its prescription drugs include cancer therapies, hepatitis drugs, idiopathic pulmonary fibrosis drugs, macular degeneration therapies, and Tamiflu, which is used to prevent and treat influenza (including pandemic strains). Roche's diagnostics arm offers clinical lab supplies, genetic tests, diabetes monitoring supplies, and point-of-care diagnostics for health care providers.

8 TotalEnergies

Oil, Gas & Coal
France
12,512,462
2.4%

TotalEnergies is a multinational energy company based in France. Under its CEO Patrick Pouyanné, the former oil and gas company has embarked upon a business transformation focused on achieving net zero by 2050, and reducing its broader environmental impact. To do this, Total is investing heavily into renewables and electricity, as well as the capacity to offset the emissions of its business and customers. The company is also expanding its natural gas capabilities, while reducing its petroleum operations.

9 Taiwan Semiconductor

Technology Hardware & Equipment

Taiwan

11,876,731

2.3%

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. TSMC makes advanced, 'leading-edge' chips for semiconductor and systems companies who don't have their own manufacturing facilities, including AMD, Apple, Broadcom, NVIDIA, and QUALCOMM.

10 AMETEK

Electronic & Electrical Equipment

North America

11,843,628

2.3%

Ametek is a global manufacturer of electronic instruments and electromechanical devices. The Company manufactures advanced instruments for process, aerospace, power, and industrial markets and is a supplier of electrical interconnects, specialty metals, technical motors and systems, and floor care and specialty motors.

11 Schneider Electric

Electronic & Electrical Equipment

France

11,830,830

2.3%

Schneider Electric is a global producer of electrical distribution, automation and energy management products. The company has three business units: Energy Management, Industrial Automation and Services. Its products are used in homes, offices, industrial buildings and infrastructure around the world. Countries around the world are aiming to reduce their greenhouse gas emissions, at the same time as digitalising ever more products and services. As a result, demand for electrification is structurally rising.

12 Novo Nordisk

Pharmaceutical & Biotechnology

Denmark

11,326,437

2.2%

Novo Nordisk is a pharmaceutical company specialising in medication for the treatment of diabetes and obesity related illnesses. The company generates around 80% of revenues from diabetes treatments. Whilst the roots of the business lie in insulin production, the company is rapidly expanding its presence in GLP-1 treatments (Glucagon-like peptides), which increase insulin production and can help suppress appetite. Novo Nordisk also generates around 15% of its revenues from its biopharmaceutical division, which specialises in haemophilia.

13 Partners Group

Investment Banking & Brokerage
Switzerland
11,057,258
2.1%

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 firm serves 900 institutional investors and seeks to create value through active and long-term responsible ownership. The firm has completed more than 240 private equity investments in portfolio companies and is one of the most valuable publicly listed private markets firm in the world.

14 Itochu

General Industrials
Japan
10,982,090
2.1%

Itochu is a Japanese trading company which owns a diverse range of businesses around the world. A large contributor to profit has been its iron ore joint venture with BHP Billiton in the Pilbara, Australia. The next largest business is the Japanese convenience store chain Familymart. The company also owns Kwik Fit, a UK-based chain of tyre retailers and mechanics. Itochu has a strong record of value creative growth and management is laser-focused on generating returns over the cost of capital.

15 Unilever

Personal Care, Drug & Grocery
United Kingdom
10,878,000
2.1%

London listed multinational Unilever is one of the world's largest consumer goods companies, selling more than 400 brands such as Dove, Cif and Knorr in over 190 countries. It is particularly well known for its strong market position in emerging markets such as India, Nigeria and Indonesia and for its early commitment to reduce the adverse environmental and social impact of its business. Recent sales have been boosted by higher selling prices, necessitated by large increases in the cost of raw materials. This serves as a reminder that equities are nominal assets which can benefit from the effects of higher inflation should their pricing power be sufficient.

16 Accenture

Industrial Support Services
North America
10,733,310
2.1%

Accenture is the world's largest consulting firm and offers a portfolio of management consulting, technology, and business process outsourcing to some of the top companies and government organizations in the world. Corporate clients span a broad spectrum of industries - from retail to communications - and include more than three-quarters of the Fortune 500. Clients use Accenture's services to enter new markets, increase revenue in existing markets, improve operational performance, and deliver new products to market.

17 Yum China

Travel & Leisure
North America
10,635,737
2.0%

Yum China is the largest operator of convenience restaurants in the country. Its franchises include famous Western names such as Pizza Hut, KFC and Taco Bell as well as local brands like Little Sheep and Huang Ji Huang. Since opening its first restaurant in 1987, Yum has grown to over 12,000 restaurants in over 1,700 cities across mainland China. As China's cities grow, Yum's restaurants are catering to an increasingly affluent middle class with less time to cook. Yum has also been a pioneer in online food delivery.

18 Agilent

Medical Equipment and Services
North America
10,399,529
2.0%

Agilent produces advanced instruments, software and consumables used by scientists in academia and the healthcare, food, chemical and environmental industries. Key platforms relate to liquid and gas chromatography, mass spectrometry and cell analysis. The company has enjoyed structural growth, particularly in emerging markets.

19 Charles Schwab

Investment Banking & Brokerage
North America
10,203,335
2.0%

Charles Schwab is the largest discount brokerage in the US with \$6.6 trillion in client assets as at the end of Q3 2022, a number which has grown at a 13% CAGR since 2003. They serve both individual investors managing their own finances and registered investment advisors. Their scale means costs as a percentage of client assets are exceptionally low. This allows them to charge lower fees than competitors, whilst still making a healthy profit.

20 AIA

Life Insurance
Hong Kong
10,131,404
1.9%

AIA is the world's largest life insurer, covering 18 markets across the Asia Pacific region. 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. Its geographic spread helps deliver sustainably high growth with lower volatility than peers. AIA also has strong governance controls.

Total value of top twenty holdings: **£274,488,664**

Percentage of portfolio: **52.7%**

Case Studies

Schneider Electric

Sector Electronic & Electrical Equipment

Headquarters France

Value of holding 11,830,830

% of portfolio 2.3%

Schneider Electric is a French company focused on the digital transformation of energy management and industrial automation. Its products, software and services are used in the construction and retro-fitting of buildings, the generation, transmission and distribution of electricity, data centres, infrastructure, IT and manufacturing. It is a truly global company with significant businesses in Asia, North America and Europe.

We believe electrification is a major area of growth for decades to come. Today only 18% of global energy needs are met using electricity, according to IEA figures. This figure will need to dramatically increase as renewables form a larger part of the energy mix, displacing the combustion of fossil fuels in situ. Electric vehicles are an early case in point. Electrification is key to all credible net zero pathways.

Schneider's products have a key role to play in reducing energy usage and in enabling the energy transition. The company is consistently innovative, supported by an R&D budget equivalent to 5% of sales. The company's financial characteristics are also appealing and consistent with Brunner's focus on quality; they have solid margins, consistently good returns on capital and a progressive dividend policy that returns 50% of trailing profits to shareholders. Moreover, the company is an ESG leader itself. Not only do their products help customers save and avoid millions of tonnes of carbon emissions and enable the transition to a more sustainable economy, the company was one of the first to have its net zero commitment roadmap validated by the Science Based Target Initiative.

Visa Inc

Sector Industrial Support Services

Headquarters North America

Value of holding 19,593,985

% of portfolio 3.7%

American company Visa is a leader in digital payments, facilitating payments between consumers, merchants, financial institutions and government entities around the world. They are an asset light network business that does not make loans or take credit risk. Instead they operate the rails on which convenient, reliable and secure financial transactions can take place. The power of the Visa network is reflected in some extraordinary figures. There are 3.6 billion Visa cards in circulation across 200 countries and territories. They are issued by 14,900 financial institutions and accepted at over eighty million merchant locations. In the year to the end of June 2021 they processed transactions worth \$14 trillion. This ubiquity creates a powerful barrier to entry. The only equivalent scale business in Mastercard, their primary competitor.

Visa's revenues are a very small percentage of transaction volumes. Transaction volumes tend to grow every year for two primary reasons. Firstly, growth in nominal personal consumption expenditure tends to go up due to a combination of economic growth and inflation. Secondly, there is a longstanding shift in most economies from cash and cheque to card and electronic payments. This shift is supported by businesses

and governments who dislike the issuing and handling costs of cash and the associated risks of crime, whether it be theft, black market activity or tax avoidance. In addition, the growing share of e-commerce transactions, by default, requires an electronic form of payment.

The economics of Visa's business is outstanding. The company has margins of approximately 50% and requires negligible capital to grow. The balance sheet is pristine, meaning all the company's prodigious cash flow is returned to shareholders via a modest dividend and substantial share buybacks. We expect this cash flow stream to grow in most years in most circumstances, reflecting the growth in transaction volumes described above.

All investments come with risks, of course. With Visa we think the primary concerns are regulatory and technological. We note that thus far the impact of both has been small. New entrants in payments such as Paypal, Apple Pay, Square etc etc all rely on 'tokenised' credit and debit card accounts. Regulatory interventions and rulings have been similarly benign. Overall we think Visa has one of the most powerful barriers to entry in global industry and, as such, it remains a core holding in the Brunner portfolio.

Haleon PLC

Sector Pharmaceuticals and Biotechnology

Headquarters United Kingdom

Value of holding 5,326,875

% of portfolio 1.0%

Haleon is one of the world's leading branded consumer health companies with a strong portfolio of brands that includes Sensodyne toothpaste, Panadol and Advil analgesics, Centrum vitamins and Nicorette smoking cessation aids. The company was demerged from FTSE 100 pharmaceutical company GSK in July 2022. This followed GSK's consolidation of the consumer health portfolios of pharmaceutical peers Novartis and Pfizer last decade. Haleon now holds number one or two market share positions in 70% of their markets, including the US, Germany and China. Many of their brands have decades long heritage in their markets and are deeply trusted by consumers. Equally important, the company has a long record of regulatory medical expertise.

The company targets 4-6% long term growth in revenues supported by a combination of volume growth and modest price inflation. Growth in 2022 was considerably higher than this as cost pressures were passed through to the consumer, demonstrating the equity's usefulness as an inflation hedge. In addition to ongoing share gains, long term growth in volumes is supported by two structural megatrends; demographics and

a shift in the healthcare burden to the individual, particularly for complaints where self-diagnosis and treatment is feasible. Recent examples of pharmaceuticals that have shifted from being prescription only to being branded products available 'over the counter' include Nexium, for heartburn, and allergy drug Flonase.

Research and development investment is equivalent to 3% of sales, in the top quartile of the industry. Operating margins were an impressive 22.8% in 2021. The company is highly cash generative, which will allow the company to rapidly pay down debt and pay a growing dividend. In comparison to peers with similar financial characteristics, the stock was attractively valued when we initiated the position. This was partly due to a technical situation, as many GSK shareholders immediately sold the Haleon stock that they received in the spin-off. As Haleon establishes a track record as a standalone public company we expect this gap to narrow which, alongside decent growth in profits and substantial cash returns, should make the investment a solid, reliable compounder similar to a best-in-class consumer staple.

ESG Focus

IG Group

Sector Investment Banking & Brokerage

Headquarters United Kingdom

Value of holding £6,965,750

% of portfolio 1.3%

IG Group is a financial trading platform headquartered in London. Its largest business by revenue is the provision of over-the-counter (OTC), leveraged derivatives trading to sophisticated investors. IG Group specialises in spread bets and contracts for difference (CFDs), and is the world's leading provider by volume. In its 2022 financial year, the company generated £812 million in revenues from leveraged derivatives, with a further £154 million spread across exchange-traded derivatives and stock trading and investments.

As investors, we regularly engage with portfolio companies. Speaking directly with management and non-executive directors enables us to address specific issues at a senior level, as well as advocating for any changes we think would be beneficial to the company. In both cases, our duty as stewards of client capital gives us a responsibility to address strategic and operational concerns, as well as Environmental, Social and Governance (ESG) issues. Throughout this process, we are ably supported by our stewardship team here at AllianzGI.

In February 2022, we wrote to the board of IG Group during a consultation on the company's capital allocation policy. We believed that IG's valuation suffered from volatility of earnings, and that a lack of clarity on capital allocation meant that periods of strong cash generation were not leading to a sustained benefit in terms of shareholder returns. We provided

detailed feedback as to how cash generation could be used to fund a core growing dividend, supplemented by either special dividends or share buybacks. The latter would increase future earnings per share, while a growing dividend would also underline the board's confidence in IG Group's growth prospects.

In its July results, we were pleased to see IG Group announce a new capital allocation framework which had adopted the key features that we had advocated. Management announced a progressive, well-covered ordinary dividend equivalent to approximately 50% annual earnings, as well as returning surplus capital through share buybacks or special dividends as appropriate. This included a £150 million buyback announced on the day, equivalent to 5% of the company's market capitalisation.

Whilst it is too soon to judge the long-term benefits of this new policy, the market reaction has initially been positive, and we believe the company's capital allocation is now much clearer and better understood. As a result, we considered the engagement to be a success. Further meetings with management confirmed that our input had been taken on board and helped to shape IG Group's capital allocation policy. We believe the net result will be a clear link between periods of strong trading to shareholder returns and future earnings growth.

"During our discussions on establishing a formal capital allocation framework – the first of its kind at IG – feedback and suggestions from shareholders, such as Allianz Global Investors, were helpful to the board in formulating a framework that we believe is optimal for all stakeholders."

Feedback from IG Group CFO, Charlie Rozes

Portfolio Breakdown

at 30 November 2022

North America

42.23%

United Health
Microsoft
Visa
Microchip Technology
AMETEK
Accenture
Yum China Holdings
Agilent Technologies
Charles Schwab
The Cooper Companies
Estée Lauder
Amphenol
Intuitive Surgical
Intuit
AbbVie
CME Group
FleetCor Technologies
Adobe
MarketAxess
Ecolab
S&P Global
International Flavors & Fragrances
Align Technology

United Kingdom

21.95%

Shell
Unilever
SSE
IG Group
St. James's Place
RELX
Haleon
Close Brothers
Rio Tinto
Ashmore
Paragon Banking
Redrow
Baltic Classifieds
SThree
DCC
GSK
SSP
Helical
Tyman

Continental Europe

27.11%

Munich Re

Roche Holdings

TotalEnergies

Schneider Electric

Novo Nordisk

Partners Group

Assa Abloy

LVMH Moët Hennessy Louis
Vuitton

Atlas Copco

Nestle

Adidas

UBS

Jumbo

Iberdrola

Japan

2.88%

Itochu

Astellas Pharma

Pacific Basin

5.83%

Taiwan Semiconductor

AIA

Brambles

Australia & New Zealand
Bank

Name	Sector	Value (£)	% of Invested Funds
North America Listed Equity Holdings			
United Health	Health Care Providers	25,718,899	4.92
Microsoft	Software & Computer Services	24,412,979	4.67
Visa	Industrial Support Services	19,593,985	3.75
Microchip Technology	Technology Hardware & Equipment	13,451,962	2.57
AMETEK	Electronic & Electrical Equipment	11,843,628	2.27
Accenture	Industrial Support Services	10,733,310	2.05
Yum China Holdings	Travel & Leisure	10,635,737	2.03
Agilent Technologies	Medical Equipment & Services	10,399,529	1.99
Charles Schwab	Investment Banking & Brokerage	10,203,335	1.95
The Cooper Companies	Medical Equipment & Services	9,569,367	1.83
Estée Lauder	Personal Goods	8,711,327	1.67
Amphenol	Technology Hardware & Equipment	8,100,428	1.55
Intuitive Surgical	Medical Equipment & Services	6,472,029	1.24
Intuit	Software & Computer Services	6,160,416	1.18
AbbVie	Pharmaceuticals & Biotechnology	6,079,477	1.16
CME Group	Investment Banking & Brokerage	5,631,236	1.08
FleetCor Technologies	Industrial Support Services	5,601,192	1.07
Adobe	Software & Computer Services	5,358,149	1.02
MarketAxess	Investment Banking & Brokerage	5,170,316	0.99
Ecolab	Chemicals	4,404,904	0.84
S&P Global	Finance & Credit Services	4,397,016	0.84
International Flavors & Fragrances	Chemicals	4,159,493	0.80
Align Technology	Medical Equipment & Services	3,963,254	0.76
		220,771,968	42.23

Name	Sector	Value (£)	% of Invested Funds
United Kingdom Listed Equity Holdings			
Shell	Oil, Gas & Coal	14,444,750	2.76
Unilever	Personal Care, Drug & Grocery	10,878,000	2.08
SSE	Electricity	8,250,347	1.58
IG Group	Investment Banking & Brokerage	6,965,750	1.33
St. James's Place	Investment Banking & Brokerage	6,894,000	1.32
RELX	Media	6,589,200	1.26
Haleon	Pharmaceuticals & Biotechnology	5,326,875	1.02
Close Brothers	Banks	5,254,567	1.01
Rio Tinto	Industrial Metals & Mining	5,304,800	1.01
Ashmore	Investment Banking & Brokerage	4,967,600	0.95
Paragon Banking	Finance & Credit Services	4,930,800	0.94
Redrow	Household Goods & Home Construction	4,802,700	0.92
Baltic Classifieds	Software & Computer Services	4,680,000	0.90
SThree	Industrial Support Services	4,657,500	0.89
DCC	Industrial Support Services	4,608,450	0.88
GSK	Pharmaceuticals & Biotechnology	4,220,400	0.81
SSP	Travel & Leisure	4,258,000	0.81
Helical	Real Estate Investment & Services	3,978,125	0.76
Tyman	Construction & Materials	3,748,500	0.72
		114,760,364	21.95

Name	Sector	Value (£)	% of Invested Funds
Continental Europe Listed Equity Holdings			
Munich Re	Non-Life Insurance (Germany)	19,434,001	3.72
Roche Holdings	Pharmaceuticals & Biotechnology (Switzerland)	13,021,337	2.49
TotalEnergies	Oil, Gas & Coal (France)	12,512,462	2.39
Schneider Electric	Electronic & Electrical Equipment (France)	11,830,830	2.26
Novo Nordisk	Pharmaceuticals & Biotechnology (Denmark)	11,326,437	2.17
Partners Group	Investment Banking & Brokerage (Switzerland)	11,057,258	2.12
Assa Abloy	Construction & Materials (Sweden)	9,249,275	1.77
LVMH Moët Hennessy Louis Vuitton	Personal Goods (France)	8,843,454	1.69
Atlas Copco	Industrial Engineering (Sweden)	8,647,571	1.66
Nestlé	Food Producers (Switzerland)	8,646,862	1.65
Adidas	Personal Goods (Germany)	7,588,403	1.45
UBS	Investment Banking & Brokerage (Switzerland)	7,590,580	1.45
Jumbo	Leisure Goods (Greece)	6,553,653	1.25
Iberdrola	Electricity (Spain)	5,452,414	1.04
		141,754,537	27.11
Pacific Basin Listed Equity Holdings			
Taiwan Semiconductor	Technology Hardware & Equipment (Taiwan)	11,876,731	2.27
AIA	Life Insurance (Hong Kong)	10,131,404	1.94
Brambles	General Industrials (Australia)	5,211,353	1.00
Australia & New Zealand Bank	Banks (Australia)	3,247,363	0.62
		30,466,851	5.83
Japan Listed Equity Holdings			
Itochu	General Industrials	10,982,090	2.10
Astellas Pharma	Pharmaceuticals & Biotechnology	4,093,272	0.78
		15,075,362	2.88
Total Invested Funds		£522,829,082	100.00

Distribution of Invested Funds

at 30 November 2022

Breakdown of Equity Portfolio

Sector	% Held
Industrials	20.41
Financials	20.25
Health Care	19.18
Technology	14.17
Consumer Discretionary	11.08
Energy	5.15
Consumer Staples	3.73
Basic Materials	2.65
Utilities	2.62
Real Estate	0.76

Total Invested Funds - £522,829,082 (2021 - £533,923,937)

	United Kingdom %	North America %	Other Countries %	2022 Total %	Composite Benchmark Sector Weighting	2021 Total %
Industrials						
Aerospace & Defence	-	-	-	-	1.54	-
Construction & Materials	0.72	-	1.77	2.49	1.22	2.39
Electronic & Electrical Equipment	-	2.27	2.26	4.53	1.26	4.36
General Industrials	-	-	3.10	3.10	2.02	2.50
Industrial Engineering	-	-	1.66	1.66	1.16	1.48
Industrial Support Services	1.77	6.87	-	8.64	3.57	8.53
Industrial Transportation	-	-	-	-	1.97	0.58
	2.49	9.14	8.79	20.42	12.74	19.84
Financials						
Banks	1.01	-	0.62	1.63	7.00	0.59
Finance & Credit Services	0.94	0.84	-	1.78	0.80	0.97
Investment Banking & Brokerage	3.60	4.02	3.57	11.19	3.56	10.77
Life Insurance	-	-	1.94	1.94	1.47	1.79
Mortgage REITs	-	-	-	-	0.02	-
Non-Life Insurance	-	-	3.72	3.72	1.85	3.65
	5.55	4.86	9.85	20.26	14.70	17.77

	United Kingdom %	North America %	Other Countries %	2022 Total %	Composite Benchmark Sector Weighting	2021 Total %
Health Care						
Health Care Providers	-	4.92	-	4.92	1.46	5.09
Medical Equipment & Services	-	5.82	-	5.82	2.65	5.58
Pharmaceuticals & Biotechnology	1.83	1.16	5.44	8.43	8.35	9.93
	1.83	11.90	5.44	19.17	12.46	20.60

Technology						
Software & Computer Services	0.90	6.87	-	7.77	7.83	8.60
Technology Hardware & Equipment	-	4.12	2.27	6.39	7.71	6.58
	0.90	10.99	2.27	14.16	15.54	15.18

Consumer Discretionary						
Automobiles & Parts	-	-	-	-	1.83	-
Consumer Services	-	-	-	-	0.68	0.78
Household Goods & Home Construction	0.92	-	-	0.92	0.50	1.27
Leisure Goods	-	-	1.25	1.25	0.60	0.99
Media	1.26	-	-	1.26	1.69	1.42
Personal Goods	-	1.67	3.14	4.81	1.19	6.33
Retailers	-	-	-	-	3.92	-
Travel & Leisure	0.81	2.03	-	2.84	2.15	2.30
	2.99	3.70	4.39	11.08	12.56	13.09

Energy						
Oil, Gas & Coal	2.76	-	2.39	5.15	7.07	3.17
Alternative Energy	-	-	-	-	0.14	-
	2.76	0.00	2.39	5.15	7.21	3.17

Consumer Staples						
Beverages	-	-	-	-	2.36	-
Food Producers	-	-	1.65	1.65	1.53	1.44
Personal Care, Drug & Grocery	2.08	-	-	2.08	3.73	1.63
Tobacco	-	-	-	-	1.59	-
	2.08	0.00	1.65	3.73	9.21	3.07

	United Kingdom %	North America %	Other Countries %	2022 Total %	Composite Benchmark Sector Weighting	2021 Total %
Basic Materials						
Chemicals	-	1.64	-	1.64	1.56	2.04
Industrial Materials	-	-	-	-	0.12	-
Industrial Metals & Mining	1.01	-	-	1.01	3.20	0.86
Precious Metals & Mining	-	-	-	-	0.36	-
	1.01	1.64	0.00	2.65	5.24	2.90
Utilities						
Electricity	1.58	-	1.04	2.62	1.78	1.13
Gas, Water & Multi-Utilities	-	-	-	-	1.29	1.74
Waste & Disposal Services	-	-	-	-	0.20	-
	1.58	0.00	1.04	2.62	3.27	2.87
Real Estate						
Real Estate Investment & Services	0.76	-	-	0.76	0.52	0.74
Real Estate Investment Trusts	-	-	-	-	2.18	0.77
	0.76	0.00	0.00	0.76	2.70	1.51
Telecommunications						
Telecommunications Equipment	-	-	-	-	0.51	-
Telecom Service Providers	-	-	-	-	1.98	-
	0.00	0.00	0.00	0.00	2.49	0.00
Not classified	-	-	-	-	1.88	-
Total	21.95	42.23	35.82	100.00	100.00	100.00

Historical Record

Revenue and Capital	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total income (£000s)	9,113	9,031	8,735	9,996	11,000	10,968	11,505	9,195	11,487	12,623
Earnings per share	15.22p	14.71p	14.09p	16.40p	18.40p	19.67p	21.66p	15.96p	20.35p	22.66p
Dividend per share	14.50p	15.00p	15.30p	15.80p	16.50p	18.15p	19.98p	20.06p	20.15p	21.50p
Total net assets (£000s)*	268,254	278,363	273,630	318,334	368,014	360,273	403,787	422,099	502,452	497,097
Total net assets (£000s)†	255,769	264,945	262,487	307,707	359,228	361,105	400,207	416,486	497,526	503,217
Net asset value per ordinary share*	622.6p	646.0p	636.2p	742.8p	862.0p	843.9p	945.8p	988.7p	1,176.9p	1,164.4p
Net asset value per ordinary share†	593.6p	614.9p	610.3p	718.0p	841.4p	845.8p	937.4p	975.5p	1,165.4p	1,178.7p
Share price	508.0p	541.0p	540.5p	591.8p	785.0p	745.0p	862.0p	842.0p	1,050.0p	1,020.0p
Year end discount %†	14	12	11	18	7	12	8	14	10	14

* Debt at par. † Debt at fair value.

Geographical Disposition

% of Investment Funds* at 30 November

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
United Kingdom	50.5	47.0	42.1	35.0	30.8	26.4	24.7	17.5	20.4	22.0
Europe	13.3	13.6	16.0	20.4	20.8	21.6	23.3	27.9	27.5	27.1
Americas	25.3	30.7	32.5	34.1	37.5	42.7	41.3	43.7	43.1	42.2
Japan	4.0	3.0	3.4	3.7	2.6	2.1	2.6	2.7	2.4	2.9
Pacific Basin	6.9	5.7	6.0	6.8	8.3	7.2	8.1	8.2	6.6	5.8
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, cash equivalents and other receivables

Governance

Directors, Manager and Advisers

Carolán Dobson BSc Chartered FCSI*†

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

Joined the board in December 2013 and has been Chair since the AGM in March 2016. She is also Chair 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 her calm steering of the company through the Covid pandemic and the inflation crisis and wide knowledge and experience of the industry.

*Independent of the manager.

†Independent on appointment as Chair.

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 Impact Healthcare REIT plc and also chairs the audit and risk committee of The Low Carbon Contracts Company and The Electricity Settlements Company. She was formerly a partner at KPMG LLP 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 has non-executive director and audit committee chair experience 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.

Elizabeth Field MA*

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

Joined the board in December 2022. Elizabeth recently retired as a partner at Stephenson Harwood. Elizabeth was a corporate lawyer for 35 years with extensive experience of advising public and private companies on a wide range of corporate transactions across a variety of sectors, specifically including investment trusts.

Experience:

Elizabeth is a lawyer and has experience of providing legal and corporate governance advice to investment trusts, asset managers and investment trust sponsors.

Reasons for the recommendation for election:

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

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.

Peter was on the board throughout the year. He is retiring from the board at the AGM and is not standing for re-election

Jim Sharp MA*

Chair 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. Limited from 1992 to 2002 where he was a director. He is Chairman of The Cotswold Company and In The Style and a non-executive director of James Cropper PLC.

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 broad commercial and operational experience and knowledge 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).

In April 2021 the board announced that steps are being taken by AllianzGI to establish a UK AIFM and this is expected to take place in 2023.

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 2022, AllianzGI had €521 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 December 2022 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

Christian Schneider, 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.

Independent Auditors

PricewaterhouseCoopers LLP

Registrars

Link Group

(full details on page 109)

Stockbrokers

J.P. Morgan Cazenove

Directors' Report

The directors present their Report which incorporates the audited financial statements for the year ended 30 November 2022.

Share Capital

Details of the company's share capital are set out in Note 11 on page 98. 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 page 111.

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 auditors are 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 68.

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 £9,673,972 or 22.66p per share (2021 - £8,689,051, 20.35p per share).

The first two quarterly dividends of 5.15p (£2,198,675) were paid during the company's financial year to 30 November 2022 and the board declared a third quarterly dividend of 5.15p (£2,198,675) per ordinary share which was paid on 12 December 2022. The board recommends a final dividend for the year ended 30 November 2022 of 6.05p (£2,582,910), payable on 4 April 2023, making a total distribution for the year of 21.50p per ordinary share. The next quarterly dividend payment is expected to be made in July 2023.

Invested Funds

The market value of the Company's investments at 30 November 2022 was £523m (2021 - £534m). Sales of investments during the year resulted in net losses based on historical costs of £3.7m (2021 - gains: £82.4m). 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 86. The revenue and capital split is explained in more detail in the Statement of Accounting Policies on page 90 under 'Investment management fee and administrative expenses' and on page 93 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 11 on page 98.

Listing Rule 9.8.4R

There are no matters requiring disclosure under this Rule.

Voting Rights in the Company's Shares

As at 14 February 2023, 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 Group, 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 14 February, the company was aware of the following interests in the company's share capital greater than 3%: J Maitland (as trustee 14.17%); Sir Hugo Brunner (beneficial 2.32% – as trustee 11.96%); TBH Brunner (beneficial 1.67% – as trustee 4.62%).

J Maitland acts as a co-trustee with TBH Brunner in respect of 1,707,180 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 4,342,688 ordinary shares (10.17%) 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: Rathbones Investment Management Limited (4.98%) and 1607 Capital Partners, LLC (4.98%).

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 six 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.

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. This may mean that directors might be on the board for longer than nine years to allow for continuity of experience and a smooth transition.

The biographies of the directors are set out on pages 58 and 59 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 Chair 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 Chair following a similar method to the board evaluation. This exercise confirmed that the Chair demonstrates effective leadership, makes an excellent contribution to the company and is assiduous in her engagements with the company's stakeholders.

Gender and Ethnic Diversity

At the most recent Nomination Committee meeting, attended by all of the directors, the forthcoming changes to the Listing Rules on board diversity and inclusion on company boards were noted and reflected upon. The board is very supportive of the improvement of transparency on the diversity of company boards. It was noted that the rules apply to accounting periods starting on or after 1 April 2022 and so numerical disclosures and targets will be introduced in next year's annual report. It was agreed that the recruitment and board refreshment process would continue with the board's policy and the Committee's terms of reference already in place to have a diverse board, including the specific inclusion of candidates and where possible appointees from diverse ethnic backgrounds. In the recent non-executive director recruitment exercise candidates were sought from diverse ethnic backgrounds. The board agreed that in the report for the year ending 30 November 2023 the company would show it had identified the Chair, the Senior Independent Director and the Chair of the Audit Committee as the senior positions. Currently, three of the company's directors are male and three are female. As the company is an investment trust, all of its activities are outsourced and it does not have any employees and 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 Chair 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 page 74.

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 Chair of the board, and met once in the last year when it considered the re-election of directors at the annual general meeting and the plans for new recruitment to the board. The members of the committee met separately under the leadership of the Senior Independent Director to review the tenure of the Chair and consider the plans for succession. 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 69.

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 Chair of the board.

The Management Engagement Committee Report is on page 68.

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 page 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 Information/Legal Documents section.

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	6	1	2	1	1	1
Carolan Dobson	6	1	2 ¹	1	1	1
Amanda Aldridge	6	1	2	1	1	1
Elizabeth Field ²	-	-	-	-	-	-
Andrew Hutton	6	1	2	1	1	1
Peter Moynard	6	1	2	1	1	1
Jim Sharp	6	1	2 ¹	1	1	1

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

² Appointed to the board on 1 December 2022.

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.

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 Report.

The key elements of the process are as follows:

- In addition to the review of the principal risks (see pages 16 to 19), 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.

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 year ended 30 November 2022.

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 2022

Further information about the relationship with the Depositary is on page 108.

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 77 and a statement of going concern is on page 20. The Independent Auditors' Report can be found on page 80.

The UK Stewardship Code and Exercise of Voting Powers

The board has delegated the exercise of voting powers on its behalf to discharge its responsibilities in respect of investments, including the exercise of voting powers on its behalf to the manager, AllianzGI, and receives regular reports on voting activity. There is more information on company engagement in the Strategic Report on page 9, and in the Investment Manager's Review on page 23.

TCFD and Greenhouse Gas Emissions

The board continues to look at the carbon footprint of the portfolio which is reported in the monthly factsheets. Whereas as an investment company we do not report following the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) we take an interest in how the portfolio compares against available indexed data. On page 37 we look at various ESG MSCI performance metrics against those of the benchmark.

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 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 69. Peter Maynard has

held office for twelve years and will retire from the board at the conclusion of the AGM in 2023. His successor, Elizabeth Field, was appointed on 1 December 2022 and will offer herself for election at the AGM in 2023. Carolan Dobson, Amanda Aldridge, Andrew Hutton and Jim Sharp each retire in accordance with the board policy on the annual re-election of directors and offer themselves for re-election at the AGM in 2023. Biographical details of the directors are on page 58 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 2022 are set out in the Directors' Remuneration Report on page 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 30 March 2022 under section 551 of the Companies Act 2006. The current authority will expire on 30 June 2023 and approval is therefore sought for the renewal of this authority, which will last until the conclusion of the annual general meeting in 2024 or 30 June 2024 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 31 March 2023.

Disapplication of Pre-emption Rights

A resolution was passed at the annual general meeting of the company held on 30 March 2022 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 2023 and approval is therefore sought for the renewal of this authority, which will last until the conclusion of the annual general meeting in 2024 or 30 June 2024 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 31 March 2023.

Accordingly resolution 12 as set out in the notice of meeting on page 111 will be proposed as an ordinary resolution and resolution 13 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 equal to or at a premium to net asset value.

Share Buy Back Programme

As referred to in the Chair'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 13, 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 14, 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 £264 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 31 March 2023 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 2024 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 9,663,408 shares, representing 22.63% 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 26.63% 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 Report

Following the process reported in the Audit Committee Report, on page 74, the board is able to state that it considers that the Annual Report, taken as a whole, is fair, balanced and understandable.

By order of the board
Kirsten Salt
Company Secretary
14 February 2023

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.

The manager also reported to the board on its succession plans for the key individuals, including the members of the portfolio management team.

Performance information is set out on page 8.

AIFM

Details of the current AIFM are on page 108. As the board announced in April 2021, as a result of the UK leaving the UK, AllianzGI has formed a UK management company so that it can continue as a licensed AIFM in the UK. A temporary permission regime is currently in place and AllianzGI is in the process of applying for the licence to operate as an AIFM in the UK. This is expected to take effect during 2023. There will be no increase in the management or administrative expenses of the company with this change.

Manager reappointment

The annual evaluation that took place in December 2022 included a presentation from the portfolio manager and AllianzGI's Head of Investment Trusts. This covered the work done with the board on strategy, including the reporting of the ESG strategy; the dividend strategy; the investment strategy in some overseas markets; the sales and marketing activity, covering the work with investment platforms and wealth managers; and the relaunch of the website. 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 Financial Statements on page 92 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 63. 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 Chair
14 February 2023

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, as mentioned below, 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.

One issue considered was the chair of the Remuneration Committee. Whereas this committee is chaired by a member of the board not considered by some corporate governance commentators to be independent due to his connection to the Brunner family, the board is unanimous that Jim Sharp brings independence of thought and strong commercial and operational experience, knowledge and understanding to the role and facilitates good debate around the topics in the committee's remit.

Succession planning

Peter Maynard attained 12 years' service in 2022 and will retire from the board at the conclusion of the AGM in 2023 in accordance with the succession plan. The board had decided to retain all of its directors during 2022 to ensure continuity through times when face to face meetings were difficult. During 2022 steps were taken to recruit a replacement on the board for Peter and Elizabeth Field was appointed to the Board on 1 December 2022. The recruitment was managed through Sapphire Partners, an independent executive search firm. The committee also considered the succession plan for the Chair.

The members of the committee met separately under the leadership of the Senior Independent Director to review the tenure of the Chair and consider the plans for succession.

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 63. The conclusion from the process was that the committee was operating effectively, with the right balance of membership and skills.

Carolyn Dobson
Nomination Committee Chair
14 February 2023

Remuneration Committee Report

I am pleased to present my report as Chair 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 2022.

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 forthcoming 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.

Ordinary shares of 25p	2022 Beneficial	2022 Non-beneficial	2021 Beneficial	2021 Non-beneficial
Carolyn Dobson	4,750	-	4,750	-
Amanda Aldridge	4,000	-	4,000	-
Elizabeth Field*	4,000	-	-	-
Andrew Hutton	6,000	-	6,000	-
Peter Maynard	4,000	-	4,000	-
Jim Sharp	117,218	651,956	117,043	651,956

* Appointed 1 December 2022

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 Chair and the Chair 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 30 March 2022.

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 £26,500 per annum and the Chair at a rate of £42,000 per annum, with an additional £6,000 for the Chair of the Audit Committee, and an additional £2,000 for the Senior Independent Director. The current fees have been effective since 1 December 2021.

The fees were reviewed during the year and the committee compared industry reports and other independent data. It was noted that fees had fallen against the market. With further board recruitment planned it was agreed that it was important to make relatively modest increases to remain competitive. It was determined that the following fees would apply with effect from 1 December 2022: Chair £44,500, directors £28,100, with an additional £6,400 to the Chair of the Audit Committee, and an additional £2,100 for the Senior Independent Director.

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:

	2022			2021		
	Base salary £	Taxable expenses** £	Total £	Base salary £	Taxable expenses** £	Total £
Carolyn Dobson	42,000	931	42,931	39,000	226	39,226
Amanda Aldridge	32,500	-	32,500	32,000	-	32,000
Ian Barlow*	-	-	-	330	-	330
Andrew Hutton	26,500	-	26,500	26,000	-	26,000
Peter Maynard	28,500	-	28,500	28,000	-	28,000
Jim Sharp	26,500	-	26,500	26,000	-	26,000
Total	156,000	931	156,931	151,330	226	151,556

* Retired from the board 8 December 2020.

** Taxable travel and subsistence expenses incurred in attending Board and Committee meetings, gross pre-tax amounts
Elizabeth Field appointed to the Board 1 December 2022.

	2022 £	% change from 2021 to 2022	2021 £	% change from 2020 to 2021	2020 £
Base Salary					
Board Chair	42,000	7.7	39,000	0.0	39,000
Audit Chair	32,500	1.6	32,000	0.0	32,000
Senior Independent Director	28,500	1.8	28,000	0.0	28,000
Independent Director	26,500	1.9	26,000	0.0	26,000
Expenses					
Carolyn Dobson	931	311.9	226	-94.3	3,935

Any increase in pay was effective from 1 December in any given year.

The requirements to disclose this information came into force for financial years on or after 10 June 2019 and the comparison will be expanded in future annual reports until such time as it covers a five year period.

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

	2022 £	2021 £
Remuneration paid to all directors	156,000	151,330
Distributions paid during the financial year	8,986,818	8,589,776

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 Chair's Statement and the Investment Manager's Review.

The Brunner Investment Trust PLC

30 November 2012 – 30 November 2022

Source: AllianzGI/Thomson Reuters DataStream

Jim Sharp
Remuneration Committee Chair
14 February 2023

Audit Committee Report

As chair of the audit committee I am delighted to present the committee's report for the year ended 30 November 2022.

Composition

Andrew Hutton and Peter Maynard served on the committee throughout the year. The Chair of the board and Jim Sharp are invited to attend audit committee meetings, as are representatives of the manager. I was delighted to welcome Elizabeth Field to the committee on her appointment to the board on 1 December 2022.

As you will see from my biography on page 58, I am a Chartered Accountant and until 2017, I was an audit and advisory partner, at KPMG, London. I also chair the audit committee of another listed company. 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 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 auditors, 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 2022 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 2022. 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 continuing response to cyber security risks 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'. Economic volatility, rising inflation and the increase in international conflict and 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 page 9.

Viability Statement

Based on this review of risk the committee reviewed a paper that supported the board's conclusion, set out on page 20 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 2022.

Following the audit of these accounts, Gillian Alexander will be rotating off the audit after a five year term as partner. Her successor, Iain Kirkpatrick, has been introduced to the committee and the committee is satisfied that he has the appropriate experience to take on the role.

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 2021/22.

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 2022.

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 this year, that is, those identified as presenting the greatest risks, were the valuation and existence of the investments in the portfolio; and the accuracy, occurrence and completeness of dividend income. 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.

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 90 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

Income reports and forecasts are reviewed in detail with the manager at each meeting of the board, including yield information. Changes to the forecast for each portfolio stock from meeting to meeting are also scrutinised.

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

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 90, 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 improprieties for appropriate 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 Chair or Senior Independent Director.

Amanda Aldridge
Audit Committee Chair
14 February 2023

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements 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).

Under company law 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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 and the Directors' Remuneration Report comply with the Companies Act 2006.

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

Directors' confirmations

Each of the directors, whose names and functions are listed in Directors, Manager and Advisers on page 58, confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- 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 it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This responsibility statement was approved by the board of directors on 14 February 2023 and signed on its behalf by:

Carolyn Dobson
Chair

Financial Statements

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 2022 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, including 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 Report, which comprise: Balance Sheet as at 30 November 2022; the Income Statement, Cash Flow Statement and 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.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- The company is a standalone Investment Trust Company and engages Allianz Global Investors GmbHUK 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.

Key audit matters

- Valuation and existence of investments
- Accuracy, occurrence and completeness of Income from investments

Materiality

- Overall materiality: £4,970,970 (2021: £5,024,523) based on 1% of Net Assets.
- Performance materiality: £3,728,228 (2021: £3,768,392).

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.

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments	
Refer to page 74 (Audit Committee Report), page 90 (Statement of Accounting Policies) and page 92 (Notes to the Financial Statements). The investment portfolio at the year-end comprised listed equity investments valued at £522.8m.	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 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.	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.
Accuracy, occurrence and completeness of Income from investments	
Refer to page 74 (Audit Committee Report), page 90 (Statement of Accounting Policies) and page 92 (Notes to the Financial Statements).	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 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 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.
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.	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.

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.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Investment Manager to understand the extent of the potential impact of climate change on the Company's financial statements.

The Directors and Investment Manager stated they are cognisant of the long-term risk to performance from inadequate attention to Environmental, Social, and Governance ('ESG') issues, and in particular the impact of Climate Change. This is explained on page 66 of the Directors' Report. The Company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the climate change disclosures included in the Directors' Report and Investment Manager's Review with the financial statements and our knowledge from our audit.

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 company materiality	£4,970,970 (2021: £5,024,523).
How we determined it	1% of Net Assets
Rationale for benchmark applied	Entity is focused on net assets as a key indicator.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £3,728,228 (2021: £3,768,392) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £248,549 (2021: £251,226) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats to the Company;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report, which is included within the Remuneration Committee Report, to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

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

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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the net asset value of the Company. 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. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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, which is included within the Remuneration Committee 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 5 years, covering the years ended 30 November 2018 to 30 November 2022.

Gillian Alexander (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
14 February 2023

Income Statement

for the year ended 30 November 2022

	Notes	2022 Revenue £	2022 Capital £	2022 Total Return £	2021 Revenue £	2021 Capital £	2021 Total Return £
(Losses) gains on investments held at fair value through profit or loss	8	-	(3,737,462)	(3,737,462)	-	82,406,614	82,406,614
Losses on foreign currencies		-	(50,522)	(50,522)	-	(24,280)	(24,280)
Income	1	12,622,989	-	12,622,989	11,487,165	-	11,487,165
Investment management fee	2	(688,660)	(1,606,874)	(2,295,534)	(666,745)	(1,555,738)	(2,222,483)
Administration expenses	3	(789,354)	(1,975)	(791,329)	(723,214)	(1,624)	(724,838)
Profit (loss) before finance costs and taxation		11,144,975	(5,396,833)	5,748,142	10,097,206	80,824,972	90,922,178
Finance costs: interest payable and similar charges	4	(303,980)	(654,611)	(958,591)	(269,638)	(571,335)	(840,973)
Profit (loss) on ordinary activities before taxation		10,840,995	(6,051,444)	4,789,551	9,827,568	80,253,637	90,081,205
Taxation	5	(1,167,023)	-	(1,167,023)	(1,138,517)	-	(1,138,517)
Profit (loss) after taxation attributable to ordinary shareholders		9,673,972	(6,051,444)	3,622,528	8,689,051	80,253,637	88,942,688
Earnings per ordinary share (basic and diluted)	7	22.66p	(14.17p)	8.49p	20.35p	187.98p	208.33p

Dividends to be distributed in respect of the financial year ended 30 November 2022 total 21.50p (2021 - 20.15p), amounting to £9,178,935 (2021 - £8,602,584). Details are set out in Note 6 on page 95.

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.

Profit after taxation attributable to ordinary shareholders disclosed above represents the company's total comprehensive income.

The Statement of Accounting Policies on pages 90 and 91 the notes on pages 92 to 106 form an integral part of these Financial Statements.

Balance Sheet

at 30 November 2022

	Notes	2022 £	2022 £	2021 £
Fixed assets				
Investments held at fair value through profit or loss	8		522,829,082	533,923,937
Current assets				
Other receivables	9	2,747,156		2,255,211
Cash and cash equivalents	9	7,918,710		3,694,667
		10,665,866		5,949,878
Current liabilities				
Other payables	9	(11,306,871)		(12,339,748)
Net current liabilities			(641,005)	(6,389,870)
Total assets less current liabilities			522,188,077	527,534,067
Creditors: amounts falling due after more than one year	10		(25,091,114)	(25,081,783)
Total net assets			497,096,963	502,452,284
Capital and reserves				
Called up share capital	11		10,673,181	10,673,181
Capital redemption reserve	12		5,326,819	5,326,819
Capital reserve	12		465,250,733	471,302,177
Revenue reserve	12		15,846,230	15,150,107
Total shareholders' funds	13		497,096,963	502,452,284
Net asset value per ordinary share	13		1,164.4p	1,176.9p

The financial statements of The Brunner Investment Trust PLC, company number 00226323, were approved and authorised for issue by the Board of Directors on 14 February 2023 and signed on its behalf by:

Carol Dobson

Carol Dobson
Chair

The Statement of Accounting Policies on pages 90 and 91 the notes on pages 92 to 106 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 November 2022

	Notes	Called up Share Capital £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net assets as at 1 December 2020		10,673,181	5,326,819	391,048,540	15,050,832	422,099,372
Revenue profit		-	-	-	8,689,051	8,689,051
Dividends on ordinary shares	6	-	-	-	(8,589,776)	(8,589,776)
Capital profit		-	-	80,253,637	-	80,253,637
Net assets as at 30 November 2021		10,673,181	5,326,819	471,302,177	15,150,107	502,452,284
Net assets as at 1 December 2021		10,673,181	5,326,819	471,302,177	15,150,107	502,452,284
Revenue profit		-	-	-	9,673,972	9,673,972
Dividends on ordinary shares	6	-	-	-	(8,986,818)	(8,986,818)
Unclaimed dividends		-	-	-	8,969	8,969
Capital loss		-	-	(6,051,444)	-	(6,051,444)
Net assets as at 30 November 2022		10,673,181	5,326,819	465,250,733	15,846,230	497,096,963

The Statement of Accounting Policies on pages 90 and 91 the notes on pages 92 to 106 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 30 November 2022

	Notes	2022 £	2021 £
Operating activities			
Profit before finance costs and taxation*		5,748,142	90,922,178
Add (Less): Losses (gains) on investments held at fair value through profit or loss		3,737,462	(82,406,614)
Less: Overseas tax suffered		(1,167,023)	(1,138,517)
Add: Losses on foreign currency		50,522	24,280
Purchase of fixed asset investments held at fair value through profit or loss		(79,629,586)	(70,571,279)
Sales of fixed asset investments held at fair value through profit or loss		85,530,947	64,919,529
Increase in other receivables		(72,588)	(276,366)
(Decrease) increase in other payables		(93,914)	201,037
Net cash inflow from operating activities		14,103,962	1,674,248
Financing activities			
Interest paid and similar charges		(829,048)	(804,243)
Proceeds from Revolving Credit Facility		-	2,500,000
Dividend paid on cumulative preference stock		(22,500)	(22,531)
Dividends paid on ordinary shares	6	(8,986,818)	(8,589,776)
Unclaimed dividends over 12 years		8,969	-
Net cash outflow from financing activities		(9,829,397)	(6,916,550)
Increase (decrease) in cash and cash equivalents		4,274,565	(5,242,302)
Cash and cash equivalents at the start of the year		3,694,667	8,961,249
Effect of foreign exchange rates		(50,522)	(24,280)
Cash and cash equivalents at the end of the year		7,918,710	3,694,667
Comprising:			
Cash at bank		7,918,710	3,694,667

* Cash inflow from dividends was £11,034,636 (2021 - £10,096,758) and cash inflow from interest was £12,814 (2021 - £nil).

The Statement of Accounting Policies on pages 90 and 91 the notes on pages 92 to 106 form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 30 November 2022

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 60. The principal activity of the company and the nature of its operations are set out in the strategic report on page 9. 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), the requirements of the Companies Act 2006 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 July 2022.

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. Accordingly, the directors believe that the company has adequate financial resources, to continue in operational existence 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 page 9.

- 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 2022.

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 net of amortised premiums 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 2022

1. Income

	2022 £	2021 £
Income from Investments*		
Equity income from UK investments†	4,791,041	3,958,066
Equity income from overseas investments††	7,819,134	7,529,099
	12,610,175	11,487,165
Other Income		
Deposit interest	12,814	-
	12,814	-
Total income	12,622,989	11,487,165

* All dividend income is derived from listed investments.

† Includes special dividends of £45,600 (2021 - £660,395).

†† Includes special dividends of £474,916 (2021 - £450,985).

2. Investment Management Fee

	2022 Revenue £	2022 Capital £	2022 Total £	2021 Revenue £	2021 Capital £	2021 Total £
Investment management fee	688,660	1,606,874	2,295,534	666,745	1,555,738	2,222,483

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

	2022 £	2021 £
Auditors' remuneration		
for audit services	38,500	35,000
VAT on Auditors' remuneration	7,700	7,000
	46,200	42,000
Directors' fees	156,000	151,330
Depository fees	52,623	50,623
Custody fees	48,541	54,350
Registrars' fees	70,258	69,252
Association of Investment Companies' fees	21,188	21,185
Marketing costs	265,946	236,516
Printing and postage	37,849	31,841
Directors' and officers' liability insurance	11,805	8,163
Professional and advisory fees	65,692	10,800
Other	67,889	86,608
VAT recovered	(54,637)	(39,454)
	789,354	723,214

- (i) The above expenses include value added tax where applicable.
(ii) Directors' fees are set out in the Directors' Remuneration Report on page 70.
(iii) Custodian handling charges of £1,975 were charged to capital (2021 - £1,624).

4. Finance Costs: Interest Payable and Similar Charges

	2022 Revenue £	2022 Capital £	2022 Total £	2021 Revenue £	2021 Capital £	2021 Total £
On Fixed Rate Interest Loan*	-	-	-	928	2,165	3,093
On 5% Cumulative Preference Stock repayable after more than five years	22,500	-	22,500	22,531	-	22,531
On 2.84% Fixed Rate Notes 2048 repayable after more than five years	215,800	503,532	719,332	215,720	503,346	719,066
On Revolving Credit Facility	64,748	151,079	215,827	28,210	65,824	94,034
On Sterling overdraft	932	-	932	2,249	-	2,249
	303,980	654,611	958,591	269,638	571,335	840,973

* The Fixed Rate Interest Loan was repaid on 2 July 2018. Fintrust was placed into liquidation on 25 November 2019 and formally dissolved on 30 June 2021. The company paid its share of any additional expenses borne out of the liquidation process.

5. Taxation

	2022 Revenue £	2022 Capital £	2022 Total £	2021 Revenue £	2021 Capital £	2021 Total £
Overseas taxation	1,167,023	-	1,167,023	1,138,517	-	1,138,517
Total tax	1,167,023	-	1,167,023	1,138,517	-	1,138,517
Reconciliation of tax charge						
Profit before taxation	10,840,995	(6,051,444)	4,789,551	9,827,568	80,253,637	90,081,205
Tax on profit (loss) at 19.00% (2021 - 19.00%)	2,059,789	(1,149,774)	910,015	1,867,238	15,248,191	17,115,429
Effects of						
Non taxable income	(2,395,493)	-	(2,395,493)	(2,182,594)	-	(2,182,594)
Non taxable capital losses (gains)	-	719,717	719,717	-	(15,652,644)	(15,652,644)
Disallowable expenses	4,275	375	4,650	4,281	309	4,590
Overseas tax suffered	1,167,023	-	1,167,023	1,138,517	-	1,138,517
Excess of allowable expenses over taxable income	331,429	429,682	761,111	311,075	404,144	715,219
Total tax	1,167,023	-	1,167,023	1,138,517	-	1,138,517

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 2022, the company had accumulated surplus expenses of £105.4 million (2021 - £101.4 million) and eligible unrelieved foreign tax of nil (2021 - nil).

The company has not recognised a deferred tax asset of £26.4 million (2021 - £19.3 million) in respect of these expenses, based on a prospective corporation tax rate of 25% (2021 - 19%) because there is no reasonable prospect of recovery.

The increase in the standard rate of corporation tax was substantively enacted on 24 May 2021 and is effective from 1 April 2023.

6. Dividends on Ordinary Shares

	2022 £	2021 £
Dividends paid on ordinary shares		
Third interim dividend - 4.70p paid 10 December 2021 (2020 - 4.67p)	2,006,558	1,993,750
Final dividend - 6.05p paid 1 April 2022 (2021 - 6.05p)	2,582,910	2,582,910
First interim dividend - 5.15p paid 21 July 2022 (2021 - 4.70p)	2,198,675	2,006,558
Second interim dividend - 5.15p paid 15 September 2022 (2021 - 4.70p)	2,198,675	2,006,558
	8,986,818	8,589,776

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 90 - Statement of Accounting Policies). Details of these dividends are set out below.

	2022 £	2021 £
Third interim dividend - 5.15p paid 12 December 2022 (2021 - 4.70p)	2,198,675	2,006,558
Final proposed dividend - 6.05p payable 4 April 2023 (2022 - 6.05p)	2,582,910	2,582,910
	4,781,585	4,589,468

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

	2022 Revenue £	2022 Capital £	2022 Total £	2021 Revenue £	2021 Capital £	2021 Total £
Profit (loss) after taxation attributable to ordinary shareholders	9,673,972	(6,051,444)	3,622,528	8,689,051	80,253,637	88,942,688
Earnings per ordinary share (basic and diluted)	22.66p	(14.17p)	8.49p	20.35p	187.98p	208.33p

The earnings per ordinary share is based on a weighted number of shares 42,692,727 (2021 - 42,692,727) ordinary shares in issue.

8. Investments Held at Fair Value Through Profit or Loss

	2022 £	2021 £
Opening book cost	300,448,489	269,261,065
Opening investments holding gains	233,475,448	175,854,472
Opening market value	533,923,937	445,115,537
Additions at cost	78,592,911	70,844,971
Disposals proceeds received	(85,950,304)	(64,443,185)
(Losses) gains on investments	(3,737,462)	82,406,614
Market value of investments held at 30 November	522,829,082	533,923,937
Closing book cost	321,784,618	300,448,489
Closing investment holding gains	201,044,464	233,475,448
Closing market value	522,829,082	533,923,937
(Losses) gains on investments		
(Losses) gains on investment	(3,737,462)	82,406,614
(Losses) gains on investments	(3,737,462)	82,406,614

The company received £85,950,304 (2021 - £64,443,185) from investments sold in the year. The book cost of these investments when they were purchased was £57,256,782 (2021 - £39,653,208).

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.

Transaction costs and stamp duty on purchases amounted to £187,149 (2021 - £199,265) and transaction costs on sales amounted to £18,885 (2021 - £16,862).

9. Other Receivables and Other Payables

	2022 £	2021 £
Other receivables		
Sales for future settlement	973,513	554,156
Accrued income	1,732,319	1,625,783
Prepayments	41,324	75,272
	2,747,156	2,255,211
Cash and cash equivalents		
Current account	7,918,710	3,694,667
	7,918,710	3,694,667
Other payables: amounts falling due within one year		
Purchases for future settlement	-	1,036,675
Other payables	877,710	971,624
Interest on borrowings (see below)	313,934	313,934
Revolving Credit Facility	10(i) 10,115,227	10,017,515
	11,306,871	12,339,748

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

	2022 £	2021 £
Interest on outstanding borrowings consists of:		
5% Cumulative preference stock	11,311	11,311
2.84% Fixed Rate Note 2048	302,623	302,623
	313,934	313,934

- (i) On 27 June 2022 the company entered into a revolving credit facility agreement of £10m (replacing an existing facility of £10m). The full amount of £10m is currently drawn down. The rate of interest for the revolving credit facility is set each month and is made up of a fixed margin plus SONIA rate. Under this agreement £10m was rolled over on 27 December 2022, with a maturity date of 27 June 2023. The repayment date of the revolving facility is the last day of its interest period and the termination date is 27 June 2025.

The company pays a commitment fee of 0.30% p.a. on any undrawn amounts.

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

		2022 £	2021 £
5% Cumulative preference stock	(i)	450,000	450,000
2.84% Fixed Rate Note 2048	(ii)	24,641,114	24,631,783
		25,091,114	25,081,783

(i) The 5% Cumulative Preference Stock is recognised as a creditor due after more than one year under the provisions of FRS102 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 £24,641,114 (2021 - £24,631,783) being the net proceeds of £24,601,800 plus accrued finance costs of £39,314 (2021 - £29,983).

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%.

11. Called up Share Capital

	2022 £	2021 £
Allotted and fully paid		
42,692,727 ordinary shares of 25p each (2021 - 42,692,727)	10,673,181	10,673,181

The directors are authorised by an ordinary resolution passed on 30 March 2022 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 2023 and accordingly a renewed authority will be sought at the annual general meeting on 31 March 2023.

During the year nil (2021 - nil) ordinary shares were repurchased by the company. The aggregate purchase price of these shares, amounting to £nil (2021 - £nil) was charged to the capital reserve, within gains on sales of investments (see Note 12).

12. Reserves

		Capital Reserve			
	Capital Redemption Reserve £	Gains (losses) on sales of Investments £	Investment Holding Gains (losses) £	Revenue Reserve £	
Balance at 1 December 2021	5,326,819	238,019,190	233,282,987	15,150,107	
Gains on realisation of investments	-	88,372,933	-	-	
Transfer on disposal of investments	-	(59,679,411)	59,679,411	-	
Movement in investment holding losses	-	-	(92,110,395)	-	
Losses on foreign currency	-	-	(50,522)	-	
Investment management fee	-	(1,606,874)	-	-	
Finance costs of borrowings	-	(654,611)	-	-	
Other capital expenses	-	(1,975)	-	-	
Dividends appropriated in the year	-	-	-	(8,986,818)	
Profit retained for the year	-	-	-	9,673,972	
Unclaimed dividends	-	-	-	8,969	
Balance at 30 November 2022	5,326,819	264,449,252	200,801,481	15,846,230	

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 (2021 - same). In accordance with the company's Articles of Association, net capital returns may not be distributed by way of a dividend.

13. 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 2021 to the net asset value, on a total return basis as at 30 November 2022. The net asset value total return with debt at fair value is 3.0% (2021: 21.5%) and the net asset value total return with debt at par is 0.8% (2021: 21.1%).

The net asset value per ordinary share is based on 42,692,727 ordinary shares in issue at the year end (2021 - 42,692,727). The method of calculation of the net asset value with debt at fair value is described in Note 15(c) on page 104.

The net asset value per ordinary share was as follows:

	Debt at fair value 2022	Debt at par 2022	Debt at fair value 2021	Debt at par 2021
Net asset value per ordinary share attributable	1,178.70p	1,164.40p	1,165.40p	1,176.90p
Effect of dividends reinvested on the respective ex-dividend dates	21.50p	21.50p	20.15p	20.15p
Net asset value total return	1,200.20p	1,185.90p	1,185.55p	1,197.05p
Net asset value attributable	£503,217,127	£497,096,963	£497,525,622	£502,452,284

14. Contingent Liabilities, Capital Commitments and Guarantees

At 30 November 2022 there were no contingent liabilities (2021 - £nil).

15. 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 of 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 begins on page 48.

Market Price Risk Sensitivity

The value of the company's listed equities which were exposed to market price risk as at 30 November 2022 and 2021 was as follows:

	2022 £	2021 £
Listed equity investments held at fair value through profit or loss	522,829,082	533,923,937

The following illustrates the sensitivity of the return after taxation for the year and the net assets to an increase or decrease of 30% (2021 - 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.

	2022 30% Increase in fair value £	2022 30% Decrease in fair value £	2021 30% Increase in fair value £	2021 30% Decrease in fair value £
Revenue earnings				
Investment management fee	(211,746)	211,746	(216,239)	216,239
Capital earnings				
(Losses) gains on investments at fair value	156,848,725	(156,848,725)	160,177,181	(160,177,181)
Investment management fee	(494,073)	494,073	(504,558)	504,558
Change in net earnings and net assets	156,142,906	(156,142,906)	159,456,384	(159,456,384)

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:

	2022 Investments £	2022 Other net assets (liabilities) £	2022 Total Currency Exposure £	2021 Investments £	2021 Other net assets (liabilities) £	2021 Total Currency Exposure £
Pounds Sterling	114,760,363	(29,215,772)	85,544,591	108,890,020	(33,455,140)	75,434,880
Australian Dollar	8,458,716	97,171	8,555,887	7,248,144	84,474	7,332,618
Danish Krone	11,326,437	35,822	11,362,259	12,909,812	16,522	12,926,334
Euro	72,215,216	319,906	72,535,122	79,479,916	(853,801)	78,626,115
Hong Kong Dollar	10,131,404	1,226,423	11,357,827	12,650,353	-	12,650,353
Japanese Yen	15,075,362	201,974	15,277,336	13,010,488	167,900	13,178,388
Swedish Krona	17,896,846	7,800	17,904,646	14,491,287	-	14,491,287
Swiss Franc	40,316,036	494,052	40,810,088	39,924,301	487,828	40,412,129
Taiwan Dollar	-	913,699	913,699	-	936,480	936,480
US Dollar	232,648,702	186,806	232,835,508	245,319,616	1,144,084	246,463,700
Total	522,829,082	(25,732,119)	497,096,963	533,923,937	(31,471,653)	502,452,284

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.

	2022 20% Decrease in sterling against foreign currencies £	2022 20% Increase in sterling against foreign currencies £	2021 20% Decrease in sterling against foreign currencies £	2021 20% Increase in sterling against foreign currencies £
Australian Dollar	2,138,972	(1,425,981)	1,833,155	(1,222,103)
Danish Krone	2,840,565	(1,893,710)	3,231,584	(2,154,389)
Euro	18,133,781	(12,089,187)	19,656,529	(13,104,353)
Hong Kong Dollar	2,839,457	(1,892,971)	3,162,588	(2,108,392)
Japanese Yen	3,819,334	(2,546,223)	3,294,597	(2,196,398)
Swedish Krona	4,476,162	(2,984,108)	3,622,822	(2,415,215)
Swiss Franc	10,202,522	(6,801,681)	10,103,032	(6,735,355)
Taiwan Dollar	228,425	(152,283)	234,120	(156,080)
US Dollar	58,208,877	(38,805,918)	61,615,925	(41,077,283)
Total	102,888,095	(68,592,062)	106,754,352	(71,169,568)

(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.

	2022 Fixed rate interest £	2022 Floating rate interest £	2022 Nil Interest £	2022 Total £	2021 Fixed rate interest £	2021 Floating rate interest £	2021 Nil Interest £	2021 Total £
Financial assets	-	7,918,710	522,829,082	530,747,792	-	3,694,667	533,923,937	537,618,604
Financial liabilities	(25,091,114)	-	-	(25,091,114)	(25,081,783)	-	-	(25,081,783)
Net financial (liabilities) assets	(25,091,114)	7,918,710	522,829,082	505,656,678	(25,081,783)	3,694,667	533,923,937	512,536,821
Short term receivables and payables	-	-	-	(8,559,715)	-	-	-	(10,084,537)
Net (liabilities) assets per balance sheet	(25,091,114)	7,918,710	522,829,082	497,096,963	(25,081,783)	3,694,667	533,923,937	502,452,284

As at 30 November 2022, the interest rates received on cash balances, or paid on bank overdrafts respectively, is approximate to 1.50% and 4.00% per annum (2021: 0.00% and 1.10% per annum).

The fixed rate interest bearing liabilities bear the following coupon and effective rates as at 30 November 2021 and 30 November 2022.

	Maturity date	Amount borrowed £	Coupon rate	Effective rate since inception*
2022				
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%
2021				
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 90.

The weighted average effective rate of the company's fixed interest bearing liabilities (excluding the 5% cumulative preference stock) is 2.94% (2021 - 2.94%) and the weighted average period to maturity of these liabilities is 25.5 years (2021 - 26.5 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 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 10 on page 98. 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 £
2022					
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	197,214	10,000,000	-	-	10,197,214
Other payables	877,710	-	-	-	877,710
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	15,247,500	18,177,500
	1,441,174	10,366,250	2,930,000	40,697,500	55,434,924
2021					
Other payables					
Finance costs of borrowing	366,250	366,250	-	-	732,500
Revolving Credit Facility	82,217	10,000,000	-	-	10,082,217
Other payables	2,008,299	-	-	-	2,008,299
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	15,957,500	18,887,500
	2,456,766	10,366,250	2,930,000	41,407,500	57,160,516

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 (2021 - £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 2022 (30 November 2021 - 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 2022 and 2021 was as follows:

	2022 £	2021 £
Other Receivables:		
Outstanding settlements	973,513	554,156
Accrued income	1,732,319	1,625,783
Prepayments	41,324	75,272
	2,747,156	2,255,211
Cash and cash equivalents	7,918,710	3,694,667
	10,665,866	5,949,878

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 2022 the financial assets at fair value through profit and loss of £522,829,082 (2021 - £533,923,937) are categorised as follows:

	2022 £	2021 £
Level 1	522,829,082	533,923,937
Level 2	-	-
Level 3	-	-
	522,829,082	533,923,937

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 30 November 2022 and 30 November 2021.

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

	2022 Book Value £	2022 Fair Value £	2021 Book Value £	2021 Fair Value £
Preference Stock	450,000	423,450	450,000	945,945
Fixed Rate Note	24,641,114	18,547,500	24,631,783	29,062,500
	25,091,114	18,970,950	25,081,783	30,008,445

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

	2022 £	2021 £
Net assets per balance sheet	497,096,963	502,452,284
Add: financial liabilities at book value	25,091,114	25,081,783
Less: financial liabilities at fair value *	(18,970,950)	(30,008,445)
Net assets (debt at fair value)	503,217,127	497,525,622
Net asset value per ordinary share (debt at fair value)	1,178.7p	1,165.4p

* The fair value has been derived from the closing market value as at 30 November 2022 and 30 November 2021.

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 2022 (2021 - 42,692,727).

16. 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:

	2022 £	2021 £
Debt		
Revolving Credit Facility	10,115,227	10,017,515
Creditors: amounts falling due after more than one year	25,091,114	25,081,783
	35,206,341	35,099,298
Equity		
Called up share capital	10,673,181	10,673,181
Share premium account and other reserves	486,423,782	491,779,103
	497,096,963	502,452,284
Total Capital	532,303,304	537,551,582
Debt as a percentage of total capital	6.6%	6.5%

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 (2021 - £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.

17. 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 92. 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 FRS102 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 on page 70.

There are no other identifiable related parties at the year end, and as of 14 February 2023.

18. Post Balance Sheet Events

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

Investor Information

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 92).

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 2021 (all values in Euro).

Number of employees: 1,668

	All employees	Risk Taker	Board Member	Other Risk Taker	Employees with Control Function	Employees with Comparable Compensation
Fixed remuneration	155,709,850	6,149,684	853,418	1,430,671	220,480	3,645,115
Variable remuneration	103,775,068	10,383,891	746,730	1,949,415	155,462	7,532,283
Total remuneration	259,484,918	16,533,575	1,600,148	3,380,086	375,942	11,177,398

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 under Information/Documents 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 96 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 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 7,573.05 at 30 November 2022, compared to 7,059.45 at 30 November 2021, an increase of 7.3%.

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/about-us/how-to-invest.

Dividend

The board is recommending a final dividend of 6.05p to be payable on 4 April 2023 to shareholders on the Register of Members at the close of business on 24 February 2023, making a total distribution of 21.5p per share for the year ended 30 November 2022, an increase of 6.7% over last year's distribution. The ex-dividend date is 23 February 2023.

A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant Election Date is 10 March 2023.

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 Group. Dividends mandated in this way are paid via Bankers' Automated Clearing Services (BACS).

Registrars

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: shareholderenquiries@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 Group 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 Group 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 Group 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.

Shareholder Proxy Voting

There are two new ways that shareholders can vote this year. Shareholders may submit their proxy electronically using the Share Portal service at www.signalshares.com. Or via the registrars' new LinkVote+ shareholder App. Further details on voting via the LinkVote+ App, online through the registrars' Share Portal, or by post using the personalised proxy card provided, are contained within the Notice of Meeting Notes on page 112.

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. Voting via the Proximity platform is also available to institutional shareholders. Further details are contained within the Notice of Meeting Notes on page 113.

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 Group, 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-sixth annual general meeting of The Brunner Investment Trust PLC will be held at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH on Friday 31 March 2023 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 2022 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 Jim Sharp as a director.
7. To elect Elizabeth Field as a director.
8. To approve the Directors' Remuneration Policy.
9. To approve the Directors' Remuneration Implementation Report.
10. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the company.
11. 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 12 will be proposed as an ordinary resolution and resolutions 13 and 14 will be proposed as special resolutions:

12. 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 2024 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.
13. 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 12 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 2024, 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.

14. 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 2024 or 30 June 2024 if earlier, unless such authority is renewed prior to such time; and
- (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.

By order of the board
Kirsten Salt
Company Secretary
14 February 2023
199 Bishopsgate, London EC2M 3TY

Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on Wednesday 29 March 2023 (the record date). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
3. A personalised form of proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the registrar of the Company whose contact details are provided in note 6 below.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. To be valid, any form of proxy or other instrument appointing a proxy, must be returned by no later than 12 noon on Wednesday 29 March 2023 through any one of the following methods:
 - i) by post, courier or (during normal business hours only) hand to the Company's registrar at:
Link Group
PXS1
Central Square
29 Wellington Street
Leeds
LS1 4DL
 - ii) electronically through the website of the Company's registrar at www.signalshares.com (see note 8 below).
 - iii) via LinkVote+ (see note 9 below).
 - iv) via Proxymity (see note 10 below).
 - v) in the case of shares held through CREST, via the CREST system (see notes below).
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. To submit your proxy instructions electronically through the company's registrar, please complete the online form of proxy by logging on to www.signalshares.com. If you have not previously registered for the share portal you will need your investor code (IVC) which is detailed on your share certificate or is available by calling our Registrar, Link Group on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
9. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play. QR codes to facilitate this are shown below. Your vote must be lodged by 12 noon on Wednesday 29 March 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

Apple App Store



GooglePlay



10. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 12 noon on Wednesday 29 March 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
11. The return of a completed form of proxy, electronic voting online or via the app or any CREST Proxy Instruction (as described in note 13 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on Wednesday 29 March 2023. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
16. 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.
17. As at 14 February, (being the latest practicable business day prior to the publication of this Notice), 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 14 February 2023 is 42,692,727. The 5% cumulative preference shares do not ordinarily have any voting rights.
18. 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.
19. 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.

20. 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.
21. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
22. 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.
23. Contracts of services 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 2022, the NAV with debt at par value was £497,096,963 (2021 - £502,452,284) and the NAV per share was 1,164.4p (2021 - 1,176.9p).

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 2022 earnings per ordinary share was 22.66p (2021 - 20.35p), calculated by taking the profit after tax of £9,673,972 (2021 - £8,689,051), divided by the weighted average shares in issue of 42,692,727 (2021 - 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 100). As at 30 November 2022, the NAV with debt at market value was £503,217,127 (2021 - £497,525,622) and the NAV per share with debt at market value was 1,178.7p (2021 - 1,165.4p). (Further details can be found in Note 15(c) on page 104).

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 13 on page 100).

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 2022 was 1,020.0p, a decrease of 30.0p from the price of 1,050.0p as at 30 November 2021. The reduction in share price of 30.0p plus the dividends declared for the year of 21.5p are divided by the opening share price of 1,050.0p to arrive at the share price total return for the year ended 30 November 2022 of -0.8% (2021 - 27.1%).

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 page 2).

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 15).

	2022 £	2021 £
Management fee	2,295,534	2,222,483
Administration expenses	789,354	723,214
Less: non-recurring expenses*	(22,491)	-
Total expenses (A)	3,062,397	2,945,697
Average net asset value with debt at market value (B)	482,686,739	469,448,313
Ongoing charge (A/B)	0.63%	0.63%

* Taiwan tax advisors fees

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.

	2022	2021
Dividends declared for the year	21.5p	20.15p
Share price at year end	1,020.0p	1050.0p
Annual dividend as a percentage of share price	2.1%	1.9%

Gearing is the amount of debt as a percentage of the net assets (see Note 16 on page 105).

Revenue Reserve per ordinary share of 25.9p (2021 - 24.7p) is the revenue reserve per the balance sheet of £15,846,230 (2021 - £15,150,107) less the third dividend and final proposed dividend in respect of the year (Note 6) of £4,781,585 (2021 - £4,589,468), payable after the year end, divided by the total number of ordinary shares in issue of 42,692,727 (2021 - 42,692,727).