PREMIER MITON

Premier Miton

Diversified Responsible Growth Fund

Awards and ratings

DYNAMIC PLANNER PROFILED 6

Awards and ratings are based on past events and are not an indication of future performance. Correct as at date of publication. Please see page 3 for further information.

Fund facts

Fund size	£13.4m
Launch dates	Fund - 29 Jan 2018 Share class - 29 Jan 2018
Fund structure	Open Ended Investment Company (OEIC)
Reporting dates	Final - 30 Jun Interim - 31 Dec
Base currency	GBP
Valuation point	12:00 noon
ISA eligible	Yes

Investment Association sector
IA Mixed Investment 40-85% Shares

Performance comparator
IA Mixed Investment 40-85% Shares

Fund manager

Lead fund manager
Neil Birrell
Joined Premier Miton
Jan 2013
Manager since
Mar 2021

Market Review

What a quarter it has been for financial markets. Geopolitics has once again been the key driver of returns across asset classes. Operation 'Epic Fury' which began at the end of February has already significantly interrupted the supply of oil, gas and other crucial commodities. Disruption has been caused by the near total closure of the Strait of Hormuz and strikes on key extraction, processing and refining facilities across the Gulf. At the end of the quarter the impact of the war had yet to fully feed through into inflation figures, but shortages of key materials were already in evidence across several economies in the Asia Pacific region.

Unsurprisingly, equity markets globally were hit by the uncertainty resulting from the war. Across Europe equity markets, including in the UK, were particularly hurt by the continent's vulnerability to energy and inflation shocks. US equity markets were less impacted, partly because the US is a big producer of oil and gas and, in some ways, stands to benefit from the conflict as an exporter of energy. Many trades that had been popular in the run up to the conflict unwound as investors unsurprisingly became more risk averse. Gold was a key example, with the gold price falling during the conflict as speculators exited their positions. Expectations of higher inflation hurt government bonds, with yields rising sharply, particularly in the gilt market.

Markets fluctuated based on the perceived likelihood of an imminent end to the conflict, with sentiment being driven by Trump's social media posts and comments by US officials. The quarter ended with little clarity on the resolution of the war.

Performance

Discrete annual performance (%)	**31.03.21 31.03.22**	**31.03.22 31.03.23**	**31.03.23 28.03.24**	**28.03.24 31.03.25**	**31.03.25 31.03.26**
Fund	8.94	-4.51	4.98	-3.62	-1.33
Sector	5.23	-4.54	10.16	3.33	11.05

Source: FE Analytics. Based on Sterling class B - Accumulation shares, on a total return basis to 31 March 2026. Performance is shown net of fees with income reinvested. On 30.11.2020, this fund moved from a single pricing basis (mid) to a swing pricing basis.

Past performance is not a reliable indicator of future returns.

The fund was down -4.30% during the quarter, which compares to a fall of -1.87% from the IA Mixed Investment 40-85% Shares Sector.

For some time, the fixed income portfolio has been cautiously positioned in terms of duration, as well as focusing on higher quality corporate credit. This served the fund very well as the Iran conflict saw investors rapidly change their view on the direction of inflation and interest rates for the year. Unfortunately, this rapid change in expectations had a large negative impact on the performance of the property companies portfolio, as property companies can trade as bond proxies in the short term particularly when interest rate expectations change quickly. Property companies were therefore unsurprisingly a significant detractor from performance.

It was a weak quarter for the equities portfolio, which was impacted by rapidly changing sector leadership in markets over the quarter. Semiconductor related names enjoyed a strong start to the year, which benefited the fund, but many pulled back sharply as the Iran conflict began, with market leadership taken by energy related stocks. In the allocation to alternative asset classes, performance was greatly helped by the exposure to renewable energy which was unsurprising boosted by expectations of higher energy costs as a result of the war.

Portfolio Activity

Each time we reviewed the asset class allocations for the fund we were satisfied with the current asset allocation and made no notable changes over the quarter. The allocation to fixed income remains relatively high as bonds continue to offer good yields and the portfolio has proven relatively defensive in uncertain times. A solid allocation to alternative asset classes has proven a valuable diversifier, and with inflation expectations much changed by the Iran conflict we are not inclined to increase our exposure to property companies, whose shares are typically vulnerable to rising interest rates in the short term.

We made multiple changes within most of the individual asset class portfolios over the period in line with our investment approach. Examples in the equities portfolio include the inclusion of several consumer staples names, such as Johnson & Johnson and Danone. Japanese electronic systems manufacturer Anritsu was another addition, along with Ceres Power Holdings, a developer of clean energy technology.

Outlook

Despite the announcement of a two week ceasefire at the time of writing, the ultimate outcome of the Iran war is still unknown. History is littered with examples of superpower overreach, but at the time of writing the US and Israel look set to bring yet more military pressure to bear on the regime. Regardless of the result, enough economic damage has been done to be confident that there will be an impact on inflation and economic growth this year. How great those impacts will be are still unclear, but the longer the conflict goes on the more serious they are likely to be.

We retain confidence in the value of a diversified portfolio in uncertain times and will continue to carefully monitor the fund's asset allocation. A key question for asset allocators at the moment is the extent to which the geopolitical and macroeconomic backdrop of the last few years is the new normal. We are increasingly of the view that it is. Re-shoring and security of supply all look set to remain in focus for many years. Ensuring we are sufficiently exposed to these long-term trends will be a key focus in the months ahead.

General risks

The value of stock market investments will fluctuate, which will cause fund prices to fall as well as rise and investors may not get back the original amount invested.

Specific fund risks

Some of the main specific risks of investing in this fund are summarised here. Further detail is available in the prospectus for the fund.

Derivatives
Derivatives may be used within funds for different reasons, usually to reduce risk, which can be called "hedging". This can limit gains in certain circumstances as well. Derivatives can also be used to generate income or to increase the risk being taken, which can have positive or negative outcomes. The derivatives used can be options or futures which are types of contracts that are dealt on an exchange or negotiated with a third party. More complex derivatives may also be used. Derivatives can also introduce leverage to a fund, which is similar to borrowing money to invest.

Equities
Equities (company shares) can experience high levels of price fluctuation. Smaller company shares can be riskier than the largest companies, companies in less developed countries (emerging markets) can be risker than those in developed countries and funds focused on a particular country or region can be riskier than funds that are more geographically diverse. These risks can result in bigger movements in the value of the fund. Equities can be affected by changes in central bank interest rates and by inflation.

Fixed income
Fixed income investments, such as bonds, can be higher risk or lower risk depending on the financial strength of the issuer of the bond, where the bond ranks in the issuer's structure or the length of time until the bond matures. It is possible that the income due or the repayment value will not be met. They can be particularly affected by changes in central bank interest rates and by inflation.

Other investment risks
Funds may have holdings in investments such as commodities (raw materials), infrastructure and property as well as other areas such as specialist lending and renewable energy. These investments will be indirect, which means accessing these assets by investing in companies, other funds or similar investment vehicles. These investments can also increase risk and experience sharp price movements. Funds focused on specific sectors or industries, such as property or infrastructure, may carry a higher level of risk and can experience bigger movements in value. Certain investments can be impacted by decisions made by third parties, such as governments or regulators.

Other risks
There are many other factors that can influence the value of a fund. These include currency movements, changes in the law, regulations or tax, operational systems or third-party failures, or financial market conditions that make it difficult to buy or sell investments for the fund.

Sustainable company concentration
Funds that follow a responsible or sustainable investment approach exclude investments which do not meet certain Environmental, Social, Governance (ESG) or sustainability criteria. This means they may be higher risk than more diversified funds.

Ratings, awards and other information

The methodology and calculations used by the third parties providing the ratings/awards are not verified by Premier Miton Investors and we are unable to accept responsibility for their accuracy, nor should they be relied upon for making an investment decision.

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Contact us

From 9:00am to 5:30pm, Monday to Friday, excluding bank holidays.

0333 456 4560

contactus@premiermiton.com

Important information