

# Premier Miton Diversified Income Fund

## Awards and ratings



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

<b>Fund size</b>	£88.7m
<b>Historic Yield</b>	4.68%
<b>Launch dates</b>	Fund - 19 Jun 2017 Share class - 19 Jun 2017
<b>Fund structure</b>	Open Ended Investment Company (OEIC)
<b>Reporting dates</b>	Final - 29 Feb Interim - 31 Aug
<b>Base currency</b>	GBP
<b>Valuation point</b>	12:00 noon
<b>ISA eligible</b>	Yes
<b>Investment Association sector</b>	IA Mixed Investment 20-60% Shares
<b>Performance comparator</b>	IA Mixed Investment 20-60% Shares

## Fund manager



Lead fund manager  
**Neil Birrell**  
 Joined Premier Miton  
**Jan 2013**  
 Manager since  
**Jun 2017**

## 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

	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25
<b>Discrete annual performance (%)</b>	31.03.22	31.03.23	28.03.24	31.03.25	31.03.26
<b>Fund</b>	4.14	-3.23	6.28	5.28	8.16
<b>Sector</b>	2.73	-4.80	7.71	3.71	8.89

Source: FE Analytics. Based on Sterling class D - Income shares, on a total return basis to 31 March 2026. Performance is shown net of fees with income reinvested. On 20.01.2020, 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 up 0.36% during the quarter, which compares to a fall of -1.07% from the IA Mixed Investment 20%-60% Shares Sector.

The UK equity portfolio enjoyed a good start to the year and proved quite defensive amid March's war related declines in UK equity markets. The war coincided with results season for many of the portfolio's companies, and several holdings posted strong results which supported their share prices even as markets fell more broadly. IT infrastructure firm Softcat is a good example here, which posted both strong results and a positive outlook for the year. In addition to UK equities, the alternative asset classes portfolio saw strong performance from its renewables holdings which helped fund performance in a volatile period.

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.

The global ex-UK equity portfolio performed very strongly in difficult markets, benefitting from its exposures to semiconductors, staples companies and energy and utilities companies. Semiconductors benefitted from surging prices for computer memory, with staples aided by investors' concerns around the Iran conflict and rising energy prices benefitting energy and utilities names.

## Portfolio Activity

We made no changes to the fund's asset allocation over the period. In the management of the fund we look to achieve capital growth but crucially we also look to ensure we have access to resilient and preferably growing sources of income. Based on what income we expected to receive from each asset class we concluded that no changes to the asset class allocation were needed over the quarter.

While we have concerns about the outlook for the UK economy overall, we retain a high allocation to UK equities in the equities portfolio versus the equivalent allocation in the Diversified growth fund range. The UK equity market remains home to many companies that pay sustainable and in many cases growing dividends, even if it has less exposure to fast growing technology businesses than the US and some other global equity markets.

## Income

**Historic Yield** 4.68%

The historic yield reflects distributions declared over the past twelve months as a percentage of the fund price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. Some or all fund charges are taken from capital.

**The yield is not guaranteed and will fluctuate.**

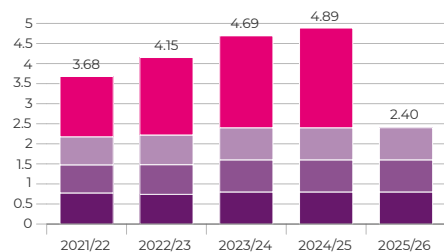
**Payment frequency** Quarterly

**Payment dates** 30 Apr, 31 Jul, 31 Oct, 31 Jan

**Ex dividend dates** 1 Mar, 1 Jun, 1 Sep, 1 Dec

### Income distribution (pence per share)

Total income distributions in each of the fund's last 5 financial years.



**The dividend amount that is paid each year can go down and up and is not guaranteed.**

One of the challenges we had been preparing to confront over the coming financial year was the declining income on offer from bonds as yields on new issues fell. The Iran war may have changed the calculus here as inflation and rates could move higher once again boosting the income on offer for bonds. Regardless, we will remain focused on identifying attractive sources of income both across and within asset classes.

## 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, defence 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 riskier 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.

## 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.



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## Important information

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Investors should refer to the Prospectus and to the Key Investor Information Document (KIID) before making any final investment decisions. A free, English language copy of the Prospectus, KIID and Supplementary Information Document are available on the Premier Miton website, or copies can be requested by calling 0333 456 4560 or emailing contactus@premiermiton.com.

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