

Premier Miton

European Opportunities Fund

Awards and ratings



Morningstar™ 2025 rating: Three year rating out of 125
EAA Fund Europe ex-UK Small/Mid-Cap Equity funds as at
31.03.25

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	£937.4m
Launch dates	Fund - 14 Dec 2015 Share class - 14 Dec 2015
Fund structure	Open Ended Investment Company (OEIC)
Reporting dates	Final - 31 May Interim - 30 Nov
Base currency	GBP
Valuation point	12:00 noon
ISA eligible	Yes
Investment Association sector	IA Europe ex UK
Performance comparators	FTSE World Europe ex UK Index IA Europe ex UK

Investment team



Fund manager
Carlos Moreno
Joined Premier Miton
Aug 2015
Manager since
Dec 2015



Fund manager
Thomas Brown
Joined Premier Miton
Nov 2015
Manager since
Dec 2015

Market Review

On the back of Donald Trump entering office, the first quarter of the year saw a material change in the outlook for the European (indeed World) economy. Europe is being asked to raise defence spending whilst coping with American tariffs. We believe tariffs will have a significant and three-pronged impact; making profitable export access to the US market harder, depressing US demand, and making Europe more of a focus for Asian exports that are locked out of the US. On a subjective level, it appears to us that European leaders are not popular in Washington.

US tariffs are back to where they were in the early 1900s, upending a century of freeing trade, despite an actual experience of tariffs that isn't great. Both the McKinley tariffs of 1890 and the Smoot-Hawley Tariff Act of 1930 triggered or worsened recessions. Maybe this is merely a negotiating tactic (big businesses are likely to be pressuring their contacts, and many Republican businesspeople are expressing concern) or maybe this is a multiyear US push to rebuild their manufacturing base and supply lines to compete with China in a multi polar world.

The current uncertainty is certainly paralyzing for investment decisions and could be negative for GDP growth and deflationary for Europe (inflationary for the US). Domestic revenue is preferred to international. One small positive is that, so far, the bond market in both Europe and the US appears well behaved with expectations of cuts at the short end and falling yields at the long end in Europe.

Unlike the US, Europe as an equity market isn't expensive trading on historic earnings below its 20-year median PE. Smaller companies have performed poorly and have been trading at a record discount to the wider index.

Performance

	31.03.20	31.03.21	31.03.22	31.03.23	28.03.24
Discrete annual performance (%)	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25
Fund	55.56	-0.86	-5.94	16.73	-10.21
Index	34.86	6.51	8.73	13.78	3.79
Sector	39.57	4.15	6.52	12.32	0.92

Source: FE Analytics. Based on Sterling class B - Accumulation shares, on a total return basis to 31 March 2025. 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 returned -8.72%, compared to the IA Europe ex UK sector, which returned 6.21%, and the FTSE World Europe ex UK sector, which returned 7.64%. We are top quartile versus peers in the IA Europe ex UK sector since launch.

We focus on the products and markets which our companies serve. Q1 was very tough for us as the equity market was driven by politics and changes to the economic outlook. All our factors were against us, quality, growth and size.

Money flowed out of the US and into Europe in Q1. However, the 'theme' was set by US politics, out of technology, out of smaller companies, out of cross border earners and into perceived safe large domestic plays.

We lost relative money in two key sectors; technology and financials.

Technology is software and semiconductors. We continue to like software as the companies are high return on capital and difficult to tariff with IP flowing cross border. The first day of April saw one of our holdings, Fortnox, acquired by private equity. Time and again the solution to productivity issues is more software. Despite being a poor performer in Q1, cBrain – a provider of packaged government workflow software, is a perfect example. In the quarter, their management met representatives of the US Department of Government Efficiency (DOGE). A US contract would be transformative. Our performance was let down by semiconductors, which were hurt by; continuing inventory adjustments, news surrounding Deepseek / AI, cross border / political exposure and sectorial rotation in the US. Soitec hurt us as it warned on continued inventory adjustment for its mobile product. We believe we are near the end of inventory adjustments and the beginning of a new cycle, although we will be monitoring the tariff issue closely. Soitec is French / Singaporean and has a dominant market share. We continue to believe in its content roadmap. On AI, we continue to believe in high levels of investment. We are seeing rapid technological progress and the very real risk of obsolescence (for companies AND COUNTRIES) of existing business models should you not invest, in our view. Semiconductor tariffs are yet to be announced.

Although our financials did well, with investors turning to large capitalisation banks as a perceived safe haven, we are not overweight the sector. The logic is that earnings are domestic and a steep yield curve could benefit margins. Without being macro specialists, the case for lower short-term interest rates in Europe is compelling. Longer term, although re armament is expected to strain public finances, import deflation and a lack of GDP growth could contain yields. We remain unconvinced

that net interest margins could structurally expand. Large banks have had a great rebound from 2020. We are not convinced that they could be structural outperformers and we are also unconvinced in their defensive qualities in a real recession.

Portfolio Activity

We sold one name and bought one name in the quarter. We sold Allfunds, the financial distribution platform, as we believed the relentless rise of index tracking products could constrain its growth, and there was a large private equity overhang. We bought VU Group, which is rolling out electronic shelf labels in Europe and the US. Incredibly most supermarket shelf price labels are still printed on bits of paper. In a more price volatile time, being able to change prices over the air from a central office makes huge sense. We believe we are in the early days of this revolution.

Outlook

The outlook is as uncertain as we have experienced in our careers. High volatility will continue, we are less than three months into the new president's four-year term.

We aren't planning on making big changes to the portfolio. We want a balance of GDP sensitivity. None of the business models of our names appear ruined by tariffs, but some will certainly be affected. We will monitor things closely. Our actual strongest year for performance was the recession year of 2020. The return on capital (profitability) of our companies was better than the index. We are prepared for tough times.

Thomas and I have over 50 years of combined work experience. We strongly believe that an ability to keep calm when others are panicking is the main skill required of a fund manager. Tough times could throw up the greatest opportunities.

Our approach remains unchanged: we continue to focus on the medium to long term. We look for strong franchises that are expanding from a European base, which have potential to grow sales and increase margins, yet which trade at a substantial discount to their intrinsic value. We maintain our philosophy, which is to focus on long-term fundamentals and look for the few true long term growth companies.

One of our best performers (third best in the fund year to date and best contributor) is an example of our approach. Kongsberg Gruppen is a Norwegian marine technology and defence company. We have owned the company since launch a decade ago. For five years the share price drifted as the internal restructuring took longer than expected and contracts were delayed. Since 2020 the share price has risen 15-16x. We continue to hold the company if with a smaller position.

Over the long term medium sized companies tend to outperform. Proven businesses with their best days still ahead of them. We own none of the top 10 index names, and around two thirds of our NAV is in medium sized companies (with a market capitalisation between £2bn and £20bn). We look for businesses whose best days are ahead, not behind them. We feel that once the politics begins to settle, the market could look through the coming slowdown and medium sized companies could perform better than larger ones.

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.

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.

High volatility

This fund may experience high volatility due to the composition of the portfolio or the portfolio management techniques used.

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.

Performance comparators

The FTSE World Europe Excluding UK is used as a comparator which may assist investors in evaluating the fund's performance against

equity returns. The fund is classified in the IA Europe Excluding UK sector which we believe

is a meaningful comparator to help investors assess the performance of the fund.

Ratings, awards and other information

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Contact us

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



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