PREMIER MITON

Premier Miton

European Opportunities 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

Fund size	£688.0m
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

As is customary we start with the US where Q4 saw the announcement of a temporary trade truce with China, the so called Kuala Lumpur Joint Arrangement. The key reciprocal tariff will be set at 10% until at least November 2026, although 'Section 301' goods, which covers a large range of industrial products are much higher. A national policy framework was implemented around AI, intending to maintain US leadership. With reference to Europe, Switzerland signed a 'framework for an agreement on fair, balanced and reciprocal trade', which saw the headline rate drop from 39% to 15%, although the final agreement is to be signed in Q1 2026'. Although the impact on the growth of tariffs was not seen in 2025, with little change in GDP growth forecasts from the beginning of the year to the end, most economists believe it is coming and the neutral effect in 2025 was due to the booming AI sector. France saw a budget deadlock and further leadership churn. The Merz government continued to focus on reforming the 'debt brake', arguing that massive public investment in infrastructure and defence is necessary to pull Germany out of its economic stagnation. The painful to watch negotiations around funding Ukraine continue to show the uncoordinated nature of European politics.

Markets, though, shrugged much of this off, with global equities rallying, especially US and US tech in particular. Bond markets are following different narratives depending on where one looks: at the short end yields are falling on expectations of central bank rate cuts while at the long end, yields are levelling out. In a more uncertain world, Gold and Silver continue to do well.

Performance

Discrete annual performance (%)	**31.12.20 31.12.21**	**31.12.21 30.12.22**	**30.12.22 29.12.23**	**29.12.23 31.12.24**	**31.12.24 31.12.25**
Fund	15.24	-22.13	14.46	4.58	0.51
Index	17.40	-6.98	15.69	3.02	27.90
Sector	15.76	-9.02	14.00	1.71	22.52

Source: FE Analytics. Based on Sterling class B - Accumulation shares, on a total return basis to 31 December 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 FTSE World Europe ex UK Index rose 6.48% on a total return basis over the quarter. The Fund underperformed peers and the market, returning 1.75% in sterling, vs the IA Europe ex UK sector return of 4.94%. The fund remains in the first quartile of the peer group since inception, however, 2025 performance has been fourth quartile.

Underperformance was driven by our three largest sector bets and stock picking within those sectors:

Firstly, we have a structural underweight to traditional banks vs other funds in the sector. This manifests itself as both a sector underweight and also a bias towards fintech and against bank/insurers. Banks performed well in the quarter, driven by temporary cost cutting and short term trading profits, which are cyclical. This does not change our long term view that banks will continue to cede share to fintechs and therefore underperform in the long term. Europe is low growth and to this the banks are directly exposed. To us the Mario Draghi plan to see an integrated European financial system will remain a pipe dream, with politics being country rather than EU focused.

Secondly, we are great believers in the European technology sector and have been overweight over the long term. The benefits of AI investment to the European technology ecosystem have been largely ignored this year and the great gains that we've seen in the US have not been mirrored here. In the quarter, ASML, which we don't own, finally started to perform, but our slightly less well known holdings continued to lag. We expect fundamentals to reassert themselves in the future and close this performance gap. We believe that we are in the early stages of the impact of AI on society. 2026 should see demand for equipment to make the chips pick up noticeably, we are very bullish here. At the same time, we need to watch that we aren't exposed to the losers of this change. An example here would be Online Classifieds, where we have reduced our holdings.

Software as a sector performed poorly in Q4 2025. AI will have a huge impact here with programmers no longer writing code but rather proof reading what AI has written. We aren't fully signed up to the peak software idea, but rather believe we are entering a period where name selection is key. Our largest name here, Raysearch, underperformed in Q4 despite strong results in November. Raysearch provide software to plan and analyse radiotherapy treatment. We feel confident that niches such as this will be very well defended against vibe coding, consumer apps less so.

Our stock picking was mixed in the quarter in our biggest sectors. Our strongest and weakest contributors were both in the semiconductor space. On the positive side Technoprobe, which for most of the quarter was our largest holding, performed very well. They provide the probe cards that test silicon chips. The more complicated the chip, such as an AI one, the more money they make.

On the negative, Soitec, a producer of specialised semi conductor substrates, disappointed with its Q3 outlook. We see a sensible plan to reduce inventory by the new finance director and substantial growth potential in a number of new products. In Heathcare, Polypeptide was a strong positive contributor: the shares had performed poorly earlier in the year on expectations that the company would struggle to scale up its new anti obesity drug manufacturing plant, which the Q2 and Q3 results contradicted, leading to the share price recovery. However, after a strong 2024, Bonesupport struggled for the whole of 2025 including Q4. Bonesupport sell an antibiotic doped bone filler which is increasingly being used in trauma repair. We are in the early stages of the products penetration roadmap and we remain happy holders.

Portfolio Activity

We run a consistent strategy which relies on a long-term focus on high quality companies with substantial growth opportunities, and we do not substantially change our positioning from one period to the next in response to short term macroeconomic trends.

We added two new names in the quarter and sold one. We added to Defence after a large correction in the share prices since the summer. Europe is going to spend more on defence. We bought Invisio, which produce high end headphones/microphones for use in noisy battle environments, such as in tanks or around artillery. Already used widely with special forces, new products are broadening the product range and moving down to the mainstream solider. We bought back into Kongsberg Gruppen after selling earlier in the year. We also bought a position in Tonies, a maker of pre school screen free audio story products for children. The company has done exceptionally well in its launch market of Germany, and we believe has substantial potential to replicate this globally. We sold out of Elmos, a maker of low end Automotove semiconductors. We bought this stock as we liked the management plan to become fabless, and the shares have done well, however this is the area Chinese competition is most intense. Happy to take profits.

Outlook

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

Over the long term, medium sized companies tend to outperform. 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 market begins to believe that interest rates have peaked, it will look through the coming slowdown and medium sized companies can resume their outperformance.

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 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.

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 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.

The FTSE World Europe Ex UK Index, which is comprised of large and medium sized companies in Europe, is used as a comparator to assist investors in evaluating the fund's performance.

Ratings, awards and other information

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Contact us

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Important information

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Please refer to the Prospectus and to the KIID before making any final investment decisions. A free, English language copy of the Prospectus, Key Investor Information Document 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.

Whilst every effort has been made to ensure the accuracy of the information provided, we regret that we cannot accept responsibility for any omissions or errors.

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