FUND MANAGER COMMENTARY 31 March 2026
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CAPITAL AT RISK.

Premier Miton

European Opportunities Fund

Fund facts

Fund size	£531.1m
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

Two big stories have dominated the first part of the year; AI and the War in the Middle East. I write this on 14th April and therefore my tone is brighter than it would have been had I written it on the 31st March!

The conflict in the Middle East appears to be entering more of a jaw-jaw phase. However, the world economy will likely have taken a hit from restricted and expensive oil. The US, being a net oil exporter, will only have seen a redistribution within the economy. For Europe and China, the impact will likely be negative. I do wonder how long the Chinese will tolerate the Strait of Hormuz staying shut, considering its importance to their economy. Of course, the European index isn't the European economy – it has very global exposure. For us, the pressure on overall net global growth appears to be positive – as in 2020? – with the few genuine structural growth stocks that we seek out standing out more clearly in this environment. After several tough years is quality growth finally coming back into fashion? The financial sector, the big outperformer of the last few years, has cooled somewhat as fears around bad debts and slower credit demand surface. Private credit anyone? It continues to be the case that most, if not all news, that freaks markets out in the very short term are buying, not selling, opportunities.

We think the most important story of Q1 is AI. We believe AI is a significant development, and that buying the winners and selling the losers exposed to this theme will be THE key investment trend of the next 10 years. Q1 saw semiconductor exposed names, where Europe is strong in equipment manufacturers, making new highs relative. Unsurprisingly ASML is back to being the largest European company. On the flip side the market worries about software names where the barriers to competition, AI can write code cheaply and quickly, are falling. Those annual SAAS inflation plus subscription fee increases are coming to an end as a minimum. Not every software company is going to disappear, but they will need to change to solution providers that incorporate and tailor AI for specific markets. More generally white-collar work will significantly change as AI moves towards human level abilities.

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	-0.86	-5.94	16.73	-10.21	4.59
Index	6.51	8.73	13.78	3.79	16.50
Sector	4.15	6.52	12.32	0.92	12.13

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.

Over the quarter, the fund returned -5.02%, whilst the FTSE World Europe ex UK Index returned -2.10%. The IA Europe ex UK sector fell -3.93%.

For many years our largest overweight has been in European technology. 4 of our top 10 holdings are semiconductor companies and a further company, Munters, is an industrial whose main business is datacentre cooling systems. We are approximately neutrally exposed to software.

Our biggest contributor in Q1 was Soitec, a company we have written about before. A fresh upcycle appears to have begun. Soitec dominates the market for wafers used in photoelectric circuits, and datacentres are moving away from copper connectors. Technoprobe, ASM International and BE Semiconductor, all top 10 names, have also done well. TSMC admitted to no longer being able to say no to their customers, they need to invest more to keep up with demand. Capacity is tight at the leading nodes and especially in memory. We think the next 18 months could see a super cycle in semiconductor fabrication plant capex and hence equipment orders.

We aren't fully signed up to the 'peak software idea', but rather believe we are entering a period where company selection is key. Our largest holding here, Raysearch, underperformed in Q1 despite strong results for 2025. Raysearch provides software to plan and analyse radiotherapy treatment. We feel confident that niches such as this will be very well defended against vibe coding, while consumer apps may be less so. We continue to like marketplaces, be that Euronext or Scout24, the housing portal. Yes, these are software companies, but their business is a service.

We continue to like Healthcare as a sector. The world continues to generate older people every day. Polypeptide, the outsourced manufacturer of biological drugs, was a positive contributor as it began successfully scaling its anti-obesity GLP1 drug manufacturing plant. We are playing this theme in a **'**picks & shovels**'** fashion with not only Polypeptide, but also Ypsomed, the autoinjector manufacturer.

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 one new name in the quarter, MIPS, a Swedish designer and licenser of helmet protection systems. Seemingly everyone bought a new cycle helmet in the Covid years which drove a boom bust cycle. Cycling and Winter Sports helmets now appear to be entering a replacement cycle whilst the company is gaining traction in the new market for them of Industrial Safety. The valuation also contracted which provided an attractive cash multiple entry point. Most helmets continue to be basic when it comes to impact protection, so a lot of white space remains.

We continue to like companies such as MIPS with an asset light business model which has produced high returns on capital. This remains what Private Equity wants to buy as it produces cash earnings to cover the interest payments, and such investors need to diversify away from software.

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 we believe 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.

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 could 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.

Other information

Contact us

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

0333 456 4560

contactus@premiermiton.com

Important information