

Premier Miton UK Multi Cap 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

Fund size	£333.7m
Historic Yield	5.13%
Launch dates	Fund - 14 Oct 2011 Share class - 14 Oct 2011
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 UK Equity Income

Performance comparators

FTSE All-Share Index
 FTSE AIM All-Share Index
 IA UK Equity Income

Investment team



Fund manager
Gervais Williams
 Joined Premier Miton
Mar 2011
 Manager since
Oct 2011



Fund manager
Martin Turner
 Joined Premier Miton
May 2011
 Manager since
Oct 2011

Market Review

Since taking office President Trump's numerous executive orders have led to US stock market weakness. Investors trimmed volatile holdings, particularly US listed holdings. Meanwhile, they increased participation in companies with somewhat more resilient characteristics, such as equity income stocks that are mostly listed in the UK and Europe.

FTSE 100 Index stocks were already buying back their shares in volume, and with the renewed global interest in equity income stocks, demand more than offset the ongoing UK OEIC redemption selling. It rose 6.11% over the quarter. Unfortunately, UK-quoted smallcaps normally invest for the future, so few have abundant surplus cashflow to buyback shares. The UK OEIC redemptions weighed on their share prices with the FTSE 250 Index down 5.03% and the FTSE AIM All-Share Index down 4.89% over the quarter.

Performance

	31.03.20	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25
Discrete annual performance (%)	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25	
Fund	48.15	1.41	-10.48	0.37	6.77	
FTSE All-Share Index	26.71	13.03	2.92	8.43	10.46	
FTSE AIM All-Share Index	76.89	-12.14	-21.16	-6.32	-6.50	
IA UK Equity Income sector	32.62	10.84	0.23	7.62	7.40	

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.

Performance

Over the quarter, the fund fell 3.00%, whilst the FTSE AIM All-Share Index fell 4.89%. The FTSE All-Share Index rose 4.51% and the IA UK Equity Income sector rose 1.40%.

Whilst many UK smallcap equity income share prices were weak this quarter, the ongoing growth in their dividend stream highlights the value intrinsic within the fund's holdings. Energy stocks were the greatest detractor to the fund's returns this quarter.

Portfolio Activity

The last of the profits were taken on the Mears and British Aerospace holdings. In addition, the BP and Shell positions were also sold.

With an unsettled political and economic background, and our ongoing caution about global growth, there were few portfolio purchases. Hunting was a new holding this quarter, because it can greatly increase the oil recoveries from oil wells Both Lloyds and NatWest were acquired given their funding costs are falling as the saving ratio rises.

Outlook

During the latter years of globalisation, the returns on megacaps were incredibly strong and consistent. With aggressive protectionist policies however, the future is now clouded by uncertainty, and reduced market liquidity. All global companies face an uncertain future from here, of course, but cash generative stocks, particularly equity income smallcaps have additional advantages. When competitors fail for example, these kinds of stocks can use their surplus cashflow to fund expansion into the vacated markets. During setbacks, they can then acquire overleveraged, but otherwise viable businesses debt-free from the receiver often for £1. For smallcaps specifically, these types of deals can generate potentially transformational earnings upgrades.

So, at a time when the prospects of most majors are coming under pressure, we believe that smallcaps are now set to deliver premium earnings and ultimately premium dividend growth. With the smallcap effect, the smaller the company the better its long-term returns.

Hence, in the context of Trump's political flux that is injecting such uncertainty, we believe that capital allocation is now set to progressively move away from high-beta US megacaps, into stocks with greater resilience and as such potential upgrades, such as equity income stocks listed in the UK. In that context, we see the UK's recent outperformance as presaging a new long-term trend. Between 1965 and 1985 when global uncertainty was rife, the FTSE All-Share Index outperformed the S&P 500 Index by a very, very considerable margin, even on a common currency basis.

Importantly, we believe that renewed UK capital allocation will in time be reflected in renewed UK-quoted smallcaps capital allocation too. Given that they stand on such low valuations currently, even

Income

Historic Yield 5.13%

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.

The yield is not guaranteed and will fluctuate.

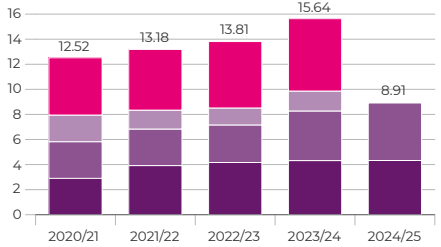
Payment frequency Quarterly

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.

the tiniest increase in interest now has the potential to drive up their share prices very considerably. We are incredibly upbeat about the potential for UK-quoted smallcaps.

Although we may be upbeat about the prospect of sustained UK stock market outperformance, aggressive protectionism could end up reducing corporate profit margins. If the profitability of largecaps were to fall significantly, then they may cease their stock market buybacks. If corporate profitability were to fall, then tax revenues might also disappoint, and government budget deficits could increase further as unemployment and defence expenditure increases. This might lead to extra bond issuance. Both factors could lead to unusually poor returns from global stock market indices.

Given this background, the portfolio also includes a FTSE 100 put option 'market insurance' to moderate the portfolio's drawdown were there to be a global stock market setback. Its exercise price is 6,600 and the put extends through to June 2026, covering just under 60% of the portfolio value.

Either way, the more unsettled the global economy becomes, the more we anticipate that additional capital allocations will flow into cash generative stocks such as equity income companies and hence drive UK stock market outperformance. A pattern like this has the potential to transform the prospects for a UK multicap strategy. As its returns outpace the UK majors that themselves are outperforming, it now has the scope to outpace the returns of most international comparatives. In short, now that global stock markets are unsettled, we believe the performance latency of the strategy has become exceptional, and the strongest it has been for decades.

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.

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 UK Equity Income sector, which we believe is a meaningful comparator to help investors assess

the performance of the fund. As the fund invests in UK companies, we believe the FTSE

All-Share Index and FTSE AIM All-Share Index are also useful performance comparators.

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



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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.

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