

# Premier Miton UK Smaller Companies Fund

## Fund facts

|                                      |   |
|--------------------------------------|---|
| <b>Fund size</b>                     | £48.4m  |
| <b>Launch dates</b>                  | Fund - 14 Dec 2012<br>Share class - 14 Dec 2012                                     |
| <b>Fund structure</b>                | Open Ended Investment Company (OEIC)  |
| <b>Reporting dates</b>               | Final - 31 May<br>Interim - 30 Nov  |
| <b>Base currency</b>                 | GBP   |
| <b>Valuation point</b>               | 12:00 noon  |
| <b>ISA eligible</b>                  | Yes   |
| <b>Investment Association sector</b> | IA UK Smaller Companies   |
| <b>Performance comparators</b>       | FTSE AIM All-Share Index<br>FTSE Small Cap (ex IT) Index<br>IA UK Smaller Companies |

## Investment team



Fund manager  
**Gervais Williams**  
 Joined Premier Miton  
**Mar 2011**  
 Manager since  
**Dec 2012**



Fund manager  
**Martin Turner**  
 Joined Premier Miton  
**May 2011**  
 Manager since  
**Dec 2012**

## Market Review

After a strong early rally, global equities peaked as the Iran conflict triggered a rare, correlated sell-off in both global stocks and bonds.

Despite volatile markets, the major UK indices still appreciated modestly over the first quarter and continued to outperform most international indices, including the US.

Importantly, contrary to the last five-year trend, market breadth widened somewhat over the first quarter, as some small-cap energy and mining stocks performed strongly. Many other small-cap share prices reflected the weak market trend however, so small-cap indices still fell.

## Performance

|  | 31.03.21 | 31.03.22 | 31.03.23 | 28.03.24 | 31.03.25 | 31.03.26 |
|--|----------|----------|----------|----------|----------|----------|
| <b>Discrete annual performance (%)</b> |          |          |          |          |          |          |
| <b>Fund</b>                            | -9.85    | -29.46   | -1.63    | -0.31    | 21.03    |          |
| <b>FTSE AIM All-Share Index</b>        | -12.14   | -21.16   | -6.32    | -6.50    | 7.08     |          |
| <b>FTSE Small Cap (ex IT) Index</b>    | 5.50     | -12.91   | 11.03    | 7.40     | 13.04    |          |
| <b>IA UK Smaller Companies sector</b>  | -1.71    | -16.65   | 4.98     | -2.55    | 4.72     |          |

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 rose 10.88%, whilst the FTSE AIM All-Share Index returned -6.16%. The FTSE Small Cap Index (excluding Investment Companies) fell -4.74% while the IA UK Smaller Companies sector fell -6.90%.

With the vast majority of portfolio holdings being UK-quoted small and microcaps, it might be assumed that the fund's positioning would have detracted from returns over recent periods. But since its investment universe includes micro-caps, it performed strongly relatively to its peer group.

## Portfolio Activity

The portfolio remains lightly weighted in popular globalisation stocks. As a result, despite new uncertainties following the Iranian conflict, there was very little need to adjust the fund's portfolio. Indeed, as the cost of capital rises and asset markets become more volatile, many capital-intensive sectors such as energy and mining holdings have performed relatively well.

The term of the current out-of-the-money FTSE100 Put option had already been extended to December 2026 and currently covers approximately 75% of the fund's capital.

## Outlook

During globalisation, relatively few companies failed. During recessions, since monetary stimulus could be injected at will, even zombie companies often survived.

Yet over the last decade or so, globalisation-focused politicians have increasingly been displaced by nationalist agendas. Whilst this increased the potential corporate downsides, bond and equity market liquidity was generally so buoyant that the risks associated with the shift away from globalisation often remained under-recognised.

Interestingly, during the first quarter, the correlated nature of some globalisation led to them underperforming. Thereafter, following the Iran conflict, petrochemical shortfalls have introduced further downside risks.

Commodity price inflation can suppress economic demand. And if monetary and fiscal stimulus becomes less readily available, recessions could be deep.

When corporates get into financial difficulties or fail, well-financed quoted stocks can have disproportionate advantages. First, being cash generative, they can be more resilient when demand is weak or bad debts are rising. Second, as the weak companies fail, businesses that generate surplus cash can accelerate earnings and cashflow growth, by acquiring overleveraged but otherwise viable companies, debt-free from the receiver often for as little as £1.

Given this background, it is perhaps unsurprising that stock exchanges like the UK, which are dominated by equity income stocks, outperformed during 2025 and the first quarter of 2026.

With nationalism, 'me first' politics may increasingly favour enhancing the upside potential of local corporates. Most are small or microcaps. Given the scale of small-cap devaluation over recent years, there is a potential for a small-cap performance catch-up trade.

1. First, small and microcaps are so undervalued, that even at twice or three-times the current share price, they may still not appear fairly valued.
2. Second, small-caps only comprise a tenth of the equity market. Microcaps only account for one fiftieth. Hence, when capital chases into them, it tends to drive amplified share price uplifts.
3. Perhaps most importantly, when a quoted small-cap acquires an overleveraged but otherwise viable company, debt-free from the receiver, the potential EPS and cashflow upgrades are typically much greater than the equivalent large-cap transaction. Some microcap deals can generate significant EPS upgrades.

A key feature of the Premier Miton UK Smaller Companies Fund strategy is that the portfolio comprises of financially strong small and micro-cap companies, across the full range of industry sectors,

Its alpha is generated through selective stock-picking and disciplined profit-taking , as was the case with the gold miners last year. Numerous small and micro-caps regularly present opportunities that have the potential to generate disproportionate cash surpluses

Overall, we believe the fund can be complementary to global equity markets. When markets are volatile, the fund's capital returns can perform differently to others.

We remain positive on the outlook.

## 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.

## Other information

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## Contact us

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## Important information

**For Investment Professionals only. No other persons should rely on the information contained within. This is a marketing communication.**

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](mailto: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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