

Premier Miton
US 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	£1,659.3m
Launch dates	Fund - 18 Mar 2013 Share class - 18 Mar 2013
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 North America
Performance comparator	IA North America

Investment team



Fund manager
Hugh Grieves
Joined Premier Miton
Jan 2013
Manager since
Mar 2013



Fund Manager
Alex Knox
Joined Premier Miton
Aug 2024
Manager since
Sep 2024

American shares had a roller coaster start to the year. Shares initially rose with a wave of optimism. It followed the Republicans' clean sweep of winning the White House and both Houses of Congress at the end of 2024. Market confidence started to slip, however, in February. Firstly, cracks began to appear in the investment case for Artificial Intelligence (AI) stocks, especially for the very largest US companies that dominate the S&P 500 Index, the commonly named 'Magnificent Seven', which many believed could be the biggest beneficiaries. Then President Trump's unpredictable actions against trading partners, foreign allies and federal workers created uncertainty, making investors nervous as to what may happen next.

In January, on the day of Trump's inauguration, a relatively unknown Chinese company called DeepSeek quietly released its latest AI product. For several days only AI technologists took note, but over the following weekend the news went global before triggering shockwaves around Wall Street on the Monday. Hope for the potential of AI has been a large driver of the performance of the S&P 500 Index over the last 18 months. It had been widely believed that only the very largest American companies had the depth of technical and financial resources, as well as access to the latest semiconductors, that would be required to develop leading AI products that would underpin a new technology wave. The fact that a small Chinese company apparently produced a competitive product with a fraction of the resources available to a Microsoft or Google makes the barriers to entry, and hence the potential profitability, of any future AI-related products much less certain. This in turn undermined confidence in the outlook for the so-called 'Magnificent Seven', triggering sharp falls in the share prices of these stocks. We have long believed that there has been a 'bubble' in the shares of AI-related companies as expectations, and valuations, have gotten ahead of reality. If further cracks appear in the narrative, expectations may continue to reset lower.

From the very first day of his second term in office, President Trump has kept up a pace of disruption that has created sharp divisions. The radical actions of the Department of Government Efficiency (DOGE) in virtually shutting down entire Federal government departments, such as the United States Agency for International Development (USAID), took most by surprise, and even greater cuts are expected in the budget this year. However, government spending has increased by **half** since the start of the pandemic, resulting in the budget deficit ballooning to over **7%** of GDP. Such an unsustainable level would leave the US highly vulnerable in the next economic downturn, during which deficits would only expand even further to reach crisis levels, hence the Republicans' urgency to curb spending and improve fiscal security.

President Trump's focus on America's trade deficit and threats to weaponise tariffs to rebalance trade has deeply antagonised partners like Canada as well as unsettling investors. With little idea of where and at what level tariffs may be imposed, companies will likely postpone making purchase and investment decisions, weakening the economy. Trump likes to create uncertainty and put forward outrageous demands to make his final bid more palatable, but the wide range of outcomes that is being discussed by the White House makes everyone else nervous. The impact of this on more domestically focused small and mid-sized companies, where the fund is concentrated, has been significant. Whereas the more global larger company S&P 500 Index fell by **4.3%** (in US dollars) over this period, the mid-cap S&P 400 Index fell by **6.1%** and the small-cap Russell 2000 Index fell by **9.5%**.

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	51.42	13.58	-9.21	28.04	-5.41
Sector	42.35	16.05	-4.02	25.10	2.24

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 fell **-7.34%** in Sterling terms compared to a fall of **-7.63%** for the IA North American Companies peer group over the period. Sterling returns were hurt by a **3.2%** decline in the value of the US dollar versus Sterling.

We initiated a new holding in Bright Horizons Family Solutions for the fund and sold our holding in WEX. The top contributors to the fund were Beacon Roofing and AJ Gallagher. Beacon Roofing was finally acquired for a decent premium by industry consolidator QXO after a protracted hostile takeover. Insurance broker AJ Gallagher shares performed well following strong results and a significant, well-priced acquisition.

The top detractors were Manhattan Associates and Chipotle Mexican Grill. Shares in Manhattan were weak as the company indicated that some large customers were slowing their deployment of the company's warehouse management software as a result of wider economic uncertainty; a backdoor also witnessed by other software companies. Chipotle Mexican Grill shares slipped lower as investors

worried about the impact of poor weather on restaurant traffic as well as the threat of tariffs on ingredients from Mexico.

Portfolio Activity

We invested in Bright Horizons Family Solutions, a new holding. It is a leader in both kindergartens and back-up childcare. The kindergarten business had a tough pandemic, but profitability is slowly recovering as lengthy leases of underperforming sites are gradually terminated. The back-up childcare agency business is thriving as companies are really appreciating the value of being able to offer employees the benefit of an emergency nanny if a worker's regular child carer is not available.

We sold our investment in WEX. Its fuel card customers are under pressure as the trucking industry continues to struggle with overcapacity.

Outlook

Despite the temporary winds of political, trade and AI uncertainty, the US economy is starting the year in a robust position with considerable momentum. The economy expanded by a healthy 2.8% in 2024 and finished the year on a strong note. The labour market remains tight and inflationary pressures continue to be subdued. President Trump's plans for trade policies, however, are highly uncertain and could cause significant market disruption. Once these uncertainties clear and economic confidence returns, we expect companies and investors can then look forward to benefits from future deregulation and possible tax cuts. We believe this should particularly favour more domestically focused small and mid-sized companies which the fund is concentrated on.

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 comparator

The fund is classified in the IA North American sector, which we believe is a meaningful

comparator to help investors assess the performance of the fund.

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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Contact us

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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