Premier Miton

Corporate Bond Monthly Income Fund

Awards and ratings

Morningstar™ 2026 rating: Three year rating out of 417 EAA Fund GBP Corporate Bond funds as at 31.12.25

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	£557.1m
Distribution yield	4.97%
Launch dates	Fund - 06 Nov 1995 Share class - 15 Jan 2001
Fund structure	Open Ended Investment Company (OEIC)
Reporting dates	Final - 30 Apr Interim - 31 Oct
Base currency	GBP
Valuation point	12:00 noon
ISA eligible	Yes

Investment Association sector
IA Sterling Corporate Bond

Performance comparator
IA Sterling Corporate Bond

Investment team

Fund manager
Lloyd Harris
Joined Premier Miton
Aug 2020
Manager since
Aug 2020

Fund manager
Simon Prior
Joined Premier Miton
Aug 2020
Manager since
Aug 2020

Assistant fund manager
Kishan Paun
Joined Premier Miton
Dec 2020

Market Review

The final quarter of 2025 was dominated by central bank policy and fiscal events, causing an element of volatility within the fixed income markets.

October started with the US government in shutdown, which caused not only uncertainty in markets but a lack of economic data to sway arguments either way. Treasury yields initially rose but reversed lower as the shutdown ended although there were significant data gaps month-to-month. Despite the lack of data, the Federal Reserve cut interest rates twice in the period, each by 25bps, bringing the target range to 3.50%-3.75%. The dovish pivot was aimed at cushioning any labour market softness as payroll data came in below expectation, while inflation remained stubbornly at 3%. However, Chairman Powell signalled that future cuts were not guaranteed acknowledging the upside risks to inflation. The 10-year US government bond yield increased by 2bp over the quarter to 4.17%, but the front end rallied significantly with the US 2-year government bond falling by 13bps as the US government bond curve steepened.

The UK also saw an improvement in sentiment, albeit slightly more measured than being overly optimistic. The well-flagged Autumn Budget prioritised back-loaded tax rises and raised the fiscal headroom with tax receipts higher from inflation effects than previously envisaged. The Debt Management Office's decision to reduce long-end government bond issuance and the Bank of England cutting rates by 25bps in December to 3.75% saw UK government bond yields fall for the period, although the BOE indicated that further moves would be data-dependant, with services inflation still sticky whilst the labour market continued to soften. The 10-year UK government bond yield fell by 22bps to 4.48%.

Eurozone growth surprised to the upside, with revised 2025 GDP at 1.2% supported by fiscal stimulus in Germany, including plans announced to amend the debt brake and unlock hundreds of billions for defence and infrastructure. The ECB kept interest rates unchanged throughout the quarter, and the 10-year German Government bond yield rose by 14bps to 2.86% driven by expectation of sovereign issuance to finance fiscal expansion. The ECB stated that they were now data dependent, with mixed views on the rate path from committee members.

Credit markets performed well for the quarter, with Investment grade spreads grinding tighter into the year-end, with financials continuing to outperform corporate bonds. The period saw spread initially widen due to issuance and macro uncertainty, before retracing later in the quarter as the risk sentiment improved, especially with events such as the UK budget proving to be benign. Spreads continued to trade at multi-year tights with continued flows into the asset class. High quality short-dated corporate and financial bonds continued to be in demand from investors, with all-in yield being attractive.

Compression was a dominant theme across the quarter, notably in higher beta bank names and UK regulated utilities, with **UK Water** remaining a standout—despite intermittent supply-driven weakness—culminating in strong December performance following equity support for some of the weaker names. The end of the year saw investors retain healthy cash balances, ready to be deployed in January.

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	-1.32	-12.38	7.37	4.35	7.22
Sector	-1.92	-16.09	9.42	2.57	7.11

Source: FE Analytics. Based on Sterling class C - Income shares, on a total return basis to 31 December 2025. Performance is shown net of fees with income reinvested. On 20.01.2020, 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 overall performance of the fund was 2.2% for the quarter, compared to the IA Sterling Corporate Bond sector which returned at 2.43%, an underperformance of 23 bps. The credit market performed well with some spread tightening, despite tight valuations, with continued inflows into the asset class as all-in yields were still attractive to investors. High beta credit rallied, and the fund's defensive positioning marginally detracted from the performance. As government bond yields fell, longer dated bonds for the fund performed well including **Church of England**, **Vodafone** and **IBM**. **East Japan Railway** was a standout contributor, supported by upgraded earnings guidance, a multi-year M&A strategy, and positive equity-market momentum. **SNCF** also performed well following major fleet investment decisions and long-dated renewable-energy agreements. An underperformer for the fund was **Citigroup** despite solid operational performance. **Ineos Group** was also an underperformer as European industry continued to suffer from cheap imports from Asia, undermining competitiveness.

Income

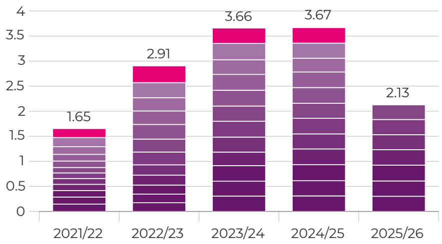
Distribution yield	4.97%

The distribution yield reflects the expected income distribution over the next twelve months as a percentage of the fund price as at the date shown. The distribution yield is higher than the underlying yield because some or all expenses are charged to capital. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Payment frequency	Monthly
Payment dates	28th of each month
Ex dividend dates	1st of each month

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.

Portfolio Activity

The fund continued to maintain a high-quality, diversified list of financial and corporate issuers. The primary market continued to provide opportunities for the fund as to invest in investment grade bonds which came at a discount to their secondary curves such as **Rothesay Life** and **Iberdrola** while remaining selective due to tight credit valuations and macroeconomic uncertainty. With macro uncertainty, credit spreads tightening and a deluge of new issuance potentially to come in the new year, we opportunistically looked to rotate out of positions which had performed well, such as **Barclays**, **Verizon** and **CI Financial Group**.

Outlook

Our core stance for 2026 is simple and disciplined: stay anchored at the short-end of the curve where the maths works in your favour, maintain a high-quality bias in credit, and let carry and compounding do the heavy lifting, complemented by the customary alpha generation. We expect longer-dated rates may be volatile and could underperform; we see limited upside in high yield given tight spreads and a default cycle normalising toward long-run averages. Private credit may continue to reveal hidden 'cockroaches' where marks are stale and underwriting less robust, though strong nominal growth may delay the most acute stress. We will remain active, selective, and opportunistic, adding paper that prices wider than fair value, and tactically extending duration only into dislocations when central banks may need to act as lenders of last resort to restore market order.

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.

Fixed income

Fixed income investments, such as bonds, can be higher risk or lower risk depending on the financial strength of the issuer of the bond, where the bond ranks in the issuer's structure or the length of time until the bond matures. It is possible that the income due or the repayment value will not be met. They can be particularly affected by changes in central bank interest rates and by inflation.

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 Sterling Corporate Bond 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.

Contact us From 9:00am to 5:30pm, Monday to Friday, excluding bank holidays. 0333 456 4560 contactus@premiermiton.com

Important information

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

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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