Premier Miton

Global Sustainable Optimum Income Fund

Sustainability Focus

Sustainable Investment Labels help investors find products that have a specific sustainability goal. This fund holds the 'Sustainability Focus' label. Information on the sustainability characteristics of the fund can be found in the Sustainability Factsheet.

Awards and ratings

MSCI ESG RATINGS AA

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	£30.8m
Target yield	6.00% p.a.
Launch dates	Fund - 10 Sep 2018 Share class - 10 Sep 2018
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 Global Equity Income

Performance comparator
IA Global Equity Income

Investment team

Fund manager
Duncan Goodwin
Joined Premier Miton
Jan 2020
Manager since
Jan 2020

Fund manager
Geoff Kirk
Joined Premier Miton
Jul 2017
Manager since
Sep 2018

Notification: This Fund has adopted the FCA's "Sustainability Focus" label, recognising the investment team's approach to investing in environmentally and/or socially sustainable companies. The Fund's prospectus was updated on 01.04.2025 to provide further detail on the investment approach, including an update to the objective. Further information about the changes is available on the fund page of the Premier Miton website.

Market review

To a great extent, global equity markets were driven by US government policy. President Trump's strained relationship with the European Union led to a promise of German fiscal expansion and greater cooperation amongst member-states, which resulted in outperformance of continental European equites. Then, the imposition of tariffs on China, Canada and Mexico as well as threats to extend them worldwide, weighed heavily on North American equities. In early April, the US did announce wide sweeping tariffs on nearly all countries, at rates well in excess of expectations. Uncertainty then reigned supreme, and markets sold off sharply as investors tried to gauge the impact on companies that have spent decades building out global supply chains.

Performance

Discrete annual performance (%)	31.03.20 31.03.21	31.03.21 31.03.22	31.03.22 31.03.23	31.03.23 28.03.24	28.03.24 31.03.25
Fund	40.29	8.32	-6.03	6.78	-9.05
Sector	32.04	11.83	2.27	13.33	4.83

Source: FE Analytics. Based on Sterling class C - Income shares, on a total return basis to 31 March 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 Fund fell 6.42% through the quarter, compared to the IA Global Equity Income sector's 0.30% return. The fund stands out from the sector in that it does not hold high yielding companies. Instead, the focus is on high-quality, growing businesses and the fund's 6% targeted yield is generated through the sale of options. This means the fund's returns are relatively uncorrelated to the sector.

It should be noted that the fund ended the period with a portfolio focussed on high-quality businesses, with strong returns on capital, robust balance sheets and durable barriers to competition.

During the first quarter of the year, and at a stock level, the largest contributions came from American Tower (up 15.1%), MercadoLibre (up 11.3%) and Intercontinental Exchange (ICE) (up 12.3%). The first, American Tower, is a US company that owns cellular communication towers; their operating model generates relatively stable earnings that become more valuable to investors during times of market stress. The second, MercadoLibre, is Latin America's largest ecommerce platform, offering a marketplace for buyers and sellers of goods as well as digital payments and logistics solutions. The company is founder-led, fast growing and should benefit from strong economic development across South America. The third, ICE, is the owner of several exchange venues, including the New York Stock Exchange. The company is high-quality, benefitting from strong network effects and low capital requirements.

The biggest detractors were First Solar (down 31.0%), Cadence Design Systems (down 18.1%) and Novo Nordisk (down 22.7%). Each company's share price fell for stock specific reasons. First Solar is the largest developer of solar panels in the US and investors, including ourselves, have been concerned about the potential impact of the Trump administration's antipathy towards renewable energy (albeit, less vociferously against solar than wind power), and the likelihood of changes to legislation that supported the energy transition. Having previously trimmed our holding in the company, we have now exited completely. Cadence Design Systems provides software that is essential for the design of semiconductors; the company generates high-quality, recurring revenue and operates with high margins, but during the period they tempered expectations for growth in China, and the share price reacted badly. Novo Nordisk is a pioneer of GLP-1 medicines for the treatment of diabetes and obesity. During the period, they released trial data for the next generation drugs that showed weight loss at the lower end of expectations and the share price declined sharply. We remain shareholders in the company, given the fact they remain one of two incumbents in a huge, fast-growing market.

Of the 137 options that expired during the quarter, only 37 expired in-the-money requiring us to make payments to our counterparties. The cash received upfront for selling all of these options outweighed the cash paid out to settle the contracts on expiry, thus contributing positively to performance as well as keeping the fund on track to hit the 6% yield target.

Activity

During the period, we purchased Daifuku, a Japanese provider of clean room services for the semiconductor industry; Japan Elevator Service, a company that (as the name suggests) services

Income

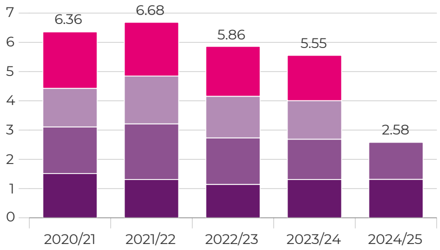
Target yield	6.00% p.a.

The annual yield is the sum of the quarterly yields for the four quarterly periods ending 31 August. Each quarterly yield is calculated by dividing the dividend covering the quarter by the share price at the start of the quarter and is expressed as a percentage. For example, if the dividend was 1p on 28 February and the price was 100p on 1 December, the quarterly yield would be 1/100 = 1%. **Please note that the target yield and the income paid out are not guaranteed and the income paid to investors will fluctuate.**

Payment frequency	Quarterly
Payment dates	31 Jul, 31 Oct, 31 Jan, 30 Apr
Ex dividend dates	1 Jun, 1 Sep, 1 Dec, 1 Mar

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.

elevators across Japan; and Yadea Group, a Chinese developer of electric two-wheel vehicles. All three companies generate attractive returns on capital, have strong management teams and either dominate, or are gaining share within, the industry in which they operate.

To fund these purchases, we exited our holdings in Icon, a contract research organisation to the pharmaceutical industry and KLA, a developer of quality assurance and testing equipment for the semiconductor manufacturing industry. In the case of Icon, a series of profit warnings meant we questioned our original investment case. With respect to KLA, we exited because the valuation of the shares had risen to extremes. We will continue to monitor the company going forward.

At the end of the quarter 26 names and around 52% of the portfolio was overwritten. Options on each name are broken up into two tranches each sold on a different day, so they have a different strike price, and each expiring on a different day when the share price will be different. This has the effect of reducing our exposure to specific share prices on specific days and should lead to a more consistent and predictable outcome.

Outlook

As we write, global stock markets are in freefall, as investors attempt to gauge the potential impact of US tariffs on global trade. There is much uncertainty; it is not clear whether the headline tariff rates are here to stay or will be negotiated down. Then, there is the impact on the real-world economy. Tariffs of this magnitude will surely slow down the global economy, but if a compromise is reached, can the world avoid a recession?

There are so many questions, with a huge range of possible scenarios. Making accurate predictions would mean reading the mind of President Trump, correctly guessing how other countries will retaliate and then being able to deduce the impact this will have on the economy. History would suggest that attempting to make such predictions is fraught with danger. From the scale of the decline, we know that equity markets have already priced in significant damage from these tariffs. Attempting to time this market, and trade in and out of stocks, brings with it significant risks.

More positively, market corrections can bring long-term opportunities. Our approach is to focus on finding high quality businesses, that have durable competitive advantages and strong balance sheets, with capable management teams that can allocate capital at attractive rates of return. Such businesses, we believe, have the best chance of weathering any storm and then capitalising on any opportunities that emerge. These characteristics mean such stocks usually trade at a premium to the market, but during times of market stress, we look to purchase such stocks at an attractive price. Over the long-term, we think that a portfolio filled with such companies will provide the greatest opportunity for 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.

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 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.

Funds with sustainability objective
As a result of the strategy used to pursue the Fund's sustainability objective there will be occasions when the financial performance will be different to that of other funds without such a sustainability goal, where there are less limits on what they may hold. It is not envisaged that there will be material negative environmental or social outcomes that may arise from pursuing this objective.

Performance comparator

The fund is classified in the IA Global Equity Income 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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