

Premier Miton

# Multi-Asset Absolute Return 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

<b>Fund size</b>	£46.1m
<b>Launch dates</b>	Fund - 06 Oct 2008 Share class - 10 Nov 2010
<b>Fund structure</b>	Open Ended Investment Company (OEIC)
<b>Reporting dates</b>	Final - 31 Oct Interim - 30 Apr
<b>Base currency</b>	GBP
<b>Valuation point</b>	12:00 noon
<b>ISA eligible</b>	Yes

**Investment Association sector**  
IA Targeted Absolute Return

**Performance comparators**  
Bank of England Base Rate  
Sterling Overnight Index Average

## Investment team

Premier Miton multi-manager multi-asset investment team

**Managed fund since**  
01 December 2009

Ian Rees is Head of Premier Miton's multi-manager team with overall responsibility for the team's range of multi-asset, multi-manager funds. The team also includes fund managers David Thornton, Nick Kelsall and Mark Rimmer.

**Important notification:** There is a proposal to merge this Fund into the Premier Miton Alternative Investments Fund. If approved by Shareholders in the Fund, the merger will take place on 16th May 2025. Further details of the proposed merger are available on the product page of the website.

## Market review

It was a tumultuous period for markets, largely due to the threat of US tariffs, as President Trump launched a series of measures that went well beyond his first term, with US equities selling off sharply as a result. The quarter also saw the release of DeepSeek's AI (Artificial Intelligence) model which led to growing questions about large tech valuations, adding further weakness to US tech stocks. In contrast, European equities performed strongly as Germany relaxed their fiscal stance to allow much higher defence and infrastructure spending, while UK equities also continued to fare well. In the generally risk off tone for markets, gold continued to shine.

Markets were anxious ahead of the new Trump administration taking office on January 20th, and a slew of executive orders quickly followed, with tariffs imposed on Canada and Mexico, even though these were extended at the last minute. However, these were eventually imposed in March, even though some goods were exempted, with additional tariffs on China. Later in the quarter US tariffs on steel and autos were also imposed. Over in Europe there was a massive fiscal shift, which followed the German election in late February, where the incoming coalition proposed a fiscal reform to permit higher defence spending, triggering a sharp rally in equities. There was further policy divergence from central banks, as the US Federal Reserve kept rates on hold, though signalled two potential cuts for 2025, while the Bank of England cut the base rate by 0.25% to take it to 4.5%. The European Central Bank cut their deposit rate twice to 2.5%, while the Bank of Japan hiked rates to 0.5%.

UK equities performed well, though this was led by large companies, as small and mid-cap stocks struggled as the UK economy remained subdued. In the UK the Spring Statement passed relatively unscathed, but the limited fiscal headroom for the UK government raised the potential for more gilt issuance, which saw muted returns from gilts and corporate bonds. Despite the volatile bond environment, a number of commercial property funds performed well, as attractive valuations spurred interest from overseas buyers.

## Performance

	31.03.20	31.03.21	31.03.22	31.03.23	28.03.24
<b>Discrete annual performance (%)</b>	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25
<b>Fund</b>	13.55	3.40	-3.88	3.66	8.24
<b>Bank of England Base Rate</b>	0.10	0.19	2.29	4.98	4.99
<b>Sterling Overnight Index Average</b>	0.06	0.14	2.22	4.91	4.94

Source: FE Analytics. Based on Sterling class C - Accumulation shares, on a total return basis to 31 March 2025. Performance is shown net of fees with income reinvested. Data prior to the launch of the C accumulation share class is based on A accumulation shares. 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.**

We expressed our frustration at the end of last year about the unrealised value within the Fund. While we retained conviction in funds that had shown themselves to be fundamentally resilient with less sensitivity to the economic cycle, we were yet to benefit from their share prices reflecting this. We had anticipated falling cash rates would be the spur needed to unlock their value, instead it has been overseas buyers seeking to snap up these assets while their share prices are in a lull that has started to improve matters. As a result, the Fund performed strongly over the quarter, returning 4.03%, in comparison to the Sterling Overnight Index Average (SONIA) that returned 1.09% and the Bank of England Base Rate, which returned 1.12%.

Though many of our listed property and infrastructure positions have provided a strong contribution to returns this quarter, we still think there remains ongoing potential for them to contribute positively. While we evaluate the recycling of capital from existing positions, it is our reflection that bids have so far been directed at the better-quality assets and funds.

The unpredictable policy announcements from the Trump administration have raised levels of uncertainty and caused some inflationary fears regarding the impact of tariffs. This has seen equity markets led by the US fall, as well as holding back returns for longer dated bonds. This has supported Gold in reaching an all-time high, demonstrating the benefits of having a broad spread of alternative diversifiers. The welcome performance trends are evidence of the valuation opportunity within the Fund. We are hopeful this continues for the benefit of all investors within the Fund.

## Activity

The bid activity within the listed property sector, in particular the specialist property vehicles where this fund has an interest, has resulted in the property allocation increasing notably. With further upside to share prices still expected, we have been deliberate in not trimming this allocation too much. We did however replace one of our specialist Property holdings with a healthcare REIT that subsequently received a bid. Whilst fortunate, the motivation for the switch was a loss of confidence in the management and growth strategy of the fund sold.

To maintain our total Alternatives allocation in accommodating a higher weighting to Property, we have instead trimmed other alternative funds which have either performed well, such as gold and an absolute return equity strategy, or reduced positions where the outlook is a little more pedestrian.

Despite some reductions to our autocall holdings, our overall Conservative Equity weighting has increased. This has resulted from an improvement in value for a zero-dividend preference position that will mature in the second quarter of 2025. With a high degree of asset cover and such a short term until this position matures, we have allowed its size to creep above a ceiling weight of 5%. Specialist Bonds increased their weighting a little due to positive performances across the holdings. Cash as a consequence was a little lower by the end of the period.

## Outlook

Markets are currently focused on the extent to which further US tariffs are actually implemented. In turn, markets are also concerned about the implications for US inflation, and the extent to which the US Federal Reserve will continue on their rate cutting cycle. The UK economic landscape appears somewhat mixed given worries of US tariffs, as well as broad concerns on the outlook for economic growth. However, if the US economy is able to withstand the uncertainty over tariffs and China's economic stimulus reboots demand for commodities, there is no reason to think that the UK market, which we believe has significantly cheaper valuations, won't benefit, giving us comfort in our Conservative Equity exposure here. While bonds had a lacklustre quarter, we feel that yields remain at attractive levels that adequately compensate for the risks of tariffs and/or stubborn inflation, while short-dated corporate bonds also remain appealing, hence we retain confidence in the Specialist Bond allocation. Some stabilisation in bonds should also prove supportive for the commercial property holdings in the Alternatives sleeve. Alongside these positions, our mix of alternative strategies provide the potential for positive returns to be generated in the event of any market surprises. Overall, we believe the fund retains a good deal of performance potential from across the breadth of holdings, in contrast to the returns from Cash where rates are likely to decline further from here.

## 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.

### 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 comparators

To help investors assess the performance of the fund, SONIA (Sterling Overnight Index Average) is used for comparison purposes. SONIA is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans. As the fund aims to deliver a positive return over rolling three year periods through a portfolio

that includes investments with predictable return profiles, we believe it is a meaningful comparator to help investors assess the performance of the fund.

### Bank of England base rate

One of the fund's aims is to deliver returns in excess of the Bank of England base rate over rolling three year periods. This target is

considered suitable because the fund invests in a globally diversified lower risk portfolio of investments covering different asset classes including deposits, cash and near cash. The Bank of England base rate is the fund's target benchmark and the fund's performance can be measured against this to demonstrate whether the fund has achieved this objective.

## 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

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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](mailto:contactus@premiermiton.com).

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