

Premier Miton Pan European Property Share Fund

Awards and ratings



Morningstar™ 2026 rating: Three year rating out of 150 EAA Fund Property - Indirect Europe funds as at 31.03.26

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	£44.2m
Historic Yield	4.05%
Launch dates	Fund - 01 Jul 2005 Share class - 01 Apr 2009
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 Other Property

Performance comparator
 GPR 250 Europe Capped Index (GBP Hedged)

Investment team



Fund manager
Alex Ross
 Joined Premier Miton
Jun 2005
 Manager since
Jul 2005



Fund manager
Kirsty Riddle-Turner
 Joined Premier Miton
Oct 2015
 Manager since
May 2017

Market Review

The quarter started very strongly for our sector which was among the market's stronger performers, with interest rate cuts expected ahead. With investment demand returning to the underlying real estate market, companies reporting results were in the main reporting the return of some capital value growth, prompting questions around the deep share price discounts to NAV.

This then more than fully reversed through the war in Iran from the start of March, with the expected tailwind of interest rate cuts then switching to fears over increasing interest rates from surging oil-price driven inflationary impacts. Real estate shares have been viewed (unfairly, in our view) as an area to avoid in an inflationary environment and thus were targeted for indiscriminate selling across our sector. Only the Swiss stocks once again proved a safe haven from this selling, despite their significant premium ratings and low yielding assets. These Swiss stocks have become a very large part of our comparator index after significant outperformance in the last few years, but we believe such high ratings are difficult to justify for some of these perceived defensive stocks when we consider our expected relative underlying returns from the heavily discounted stocks in our universe.

We have written extensively on how we believe there could be more corporate takeovers in our sector with shares prices not reflecting the positive underlying fundamentals in the sector. Our large holding in Picton was the latest beneficiary of this, with the company confirming during the period it has received proposals from a number of interested parties following its strategic review.

Performance

	31.03.21	31.03.22	31.03.23	28.03.24	31.03.25	31.03.26
Discrete annual performance (%)	31.03.22	31.03.23	28.03.24	31.03.25	31.03.26	
Fund	19.73	-32.31	19.03	-0.45	3.44	
Index	13.81	-34.90	22.94	-1.93	7.50	

Source: FE Analytics. Based on Sterling class C - Accumulation shares, on a total return basis to 31 March 2026. Performance is shown net of fees with income reinvested. Data prior to the launch of the C accumulation share class is based on A income 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.

The Fund was down by -3.87% over the quarter, compared with the -3.43% decline in the GPR 250 Europe Capped (GBP Hedged) index, with the relative limited exposure to the Swiss stocks detracting as investors sought the safety of Switzerland amidst the market turmoil in March, whilst our key small cap logistics holdings of Argan and Swedish Logistics Property were notably weaker than peers for no apparent fundamental reason.

Portfolio Activity

With higher inflation increasingly likely, we targeted the best inflation hedges in our sector and reduced or exited exposure to lower yielding property assets which are more vulnerable to higher bond yields. We exited our positions in Grand City Properties, Fabega and Derwent London, and reduced our holdings in Vonovia, Balder, Montea, and Wihlborgs.

We added to our holding in Aedifica, due to their ability to generate annual inflation hedging on their structurally in demand care homes portfolio.

We also added to our position on Swedish Logistics Property as this growing company deployed recently raised equity to target opportunities in their focused Swedish logistics market.

Outlook

The sharply higher oil price from the war in Iran is likely to lead to higher global inflation, the degree of which largely depends on how long the conflict lasts. The real estate securities sector has been one of the worst impacted since the hostilities in Iran commenced, with the knee-jerk reaction from investors looking at those areas of the market most impacted by the onset of the Ukraine war.

However, it is important to look at the relative cyclical positioning of the real estate sector at the time of the onset of the 2022 Ukraine war and the clear differences evident today. In 2022, the real estate sector had benefitted from a decade of ultra-low interest rates and property yields were at around record low levels to reflect the uniquely cheap cost of borrowing. The surge in inflation, driven by the combination of higher energy costs and economies bouncing out of their post-Covid lockdowns, meant interest rates increased sharply from their negligible levels with real estate valuation yields thus moving sharply higher to reflect these higher borrowing costs.

The current positioning and pricing of the real estate sector is in stark contrast to that evident in 2022. Property yields are not at their 2022 record low and have already adjusted materially higher to account for the higher interest rate environment, with equivalent yields in the UK currently at close to their long-term historical average. Leading up to the Ukraine war, the Pan European property

Income

Historic Yield 4.05%

The historic yield reflects distributions declared over the past twelve months as a percentage of the fund price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. Some or all fund charges are taken from capital.

The yield is not guaranteed and will fluctuate.

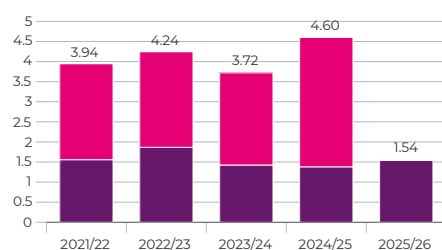
Payment frequency Biannually

Payment dates 31 Aug, 31 Jan

Ex dividend dates 1 Jun, 1 Dec

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.

sector was trading at a tight discount to NAV. Despite a positive start to the year, prior to the onset of the Iran war the sector was already trading at a significant discount to NAV, and importantly these current NAV's have already seen material write-downs since 2022 (in contrast to the strong NAV growth seen in the decade leading up to 2022 from the tightening of property yields as finance costs reduced to negligible levels). Furthermore, the scope of expectations for the level of interest rate increases from the onset of this war appear more limited than that seen at the onset of the Ukraine war, given the current materially higher starting level of interest rates and the lack of 'demand-pull' inflationary pressures currently relative to that seen in 2022 when economies were re-opening from Covid.

Real estate is a 'real asset' that offers fundamental inflation-hedging qualities. This is due to either the annual inflation-linked rents, which are prevalent in our European commercial property holdings, or indirectly from the rising cost of construction leading to higher rent requirements to make required new supply of in-demand buildings viable. The sector has traditionally seen a significantly higher relative equity market rating at around times of higher inflation over the last half century to reflect this inflation-hedging quality, but this relationship broke down in the 2022 inflation surge as the negative impact of record low property yields priced off negligible borrowing costs (following the prolonged period of Quantitative Easing) moving back towards their long term average more than offset the benefit of the inflation driven rental growth.

After this major property yield expansion cycle between 2022-2024, we believe property valuation yields are less vulnerable to further material expansion given the current high 'yield gap' between property yields and real interest rates.

In the short-term, the sector could remain exposed to bond yield movements and interest rate expectations. Despite this, we remain confident the fundamental inflation hedging qualities of the sector can be reflected ahead in earnings growth (particularly from our European commercial property exposures with their annual index-linked leases, whilst most of the underlying debt financing is long term with fixed or hedged debt costs). We believe that at a time of elevated earning valuations in areas of equity markets, the lowly valued yet highly tangible earnings from the real estate sector may become more attractive to generalist investors ahead. As ever, at times of heightened inflationary periods it is imperative to have pricing power, and we are focused on positioning the portfolio in areas where tenants need to be and where there is limited availability. The lack of development over recent years means new supply and vacancy in high quality real estate is extremely limited, so where there is this structural demand against limited choice for the tenant, we see strong pricing power evident. An end to hostilities should see a sharp recovery from this sector, but we also see a fundamental return resilience from the underlying real estate assets that makes this a different crisis to that seen in 2022.

The equity market has so far indiscriminately marked the sector down using 2022 as a proxy, but deep discounts to what we see as resilient NAV's ahead, in combination with heavily discounted price to earnings ratios against earnings that are highly tangible from long term leases (with inflation protection, either directly or indirectly and largely hedged finance costs) in an environment where earnings outlooks are increasingly uncertain, gives us cause to be positive on the relative outlook of this real assets sector despite the very poor current sentiment evident.

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.

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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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.

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