

Premier Miton

Diversified Cautious Growth Fund

Six month update from 1 April 2025 to 30 September 2025

What is this document for? This document provides an update from the manager of this fund, explaining what has impacted the fund's performance and how they have been managing the fund over the past six months.

For information purposes only. Any views and opinions expressed here are those of the fund manager at the time of writing and can change; they may not represent the views of Premier Miton and should not be taken as statements of fact, nor should they be relied upon for making investment decisions.

Investing involves risk. The value of an investment can go down as well as up which means that you could get back less than you originally invested when you come to sell your investment. The value of your investment might not keep up with any rise in the cost of living.

Investment advice. Premier Miton is unable to provide investment, tax or financial planning advice. We recommend that you discuss any investment decisions with a financial adviser.

For further information on the risks of investment and glossary terms, please refer to the end of this document.

At a glance

- Trump's announcement at the beginning of April of tariffs on key trading partners, which were much higher than most had expected, led to considerable turbulence in stock markets.
- The fund (class D income shares) rose 7.78% over the period, which compares to a rise of 7.02% from the IA Mixed Investment 20% to 60% Shares sector.
- So far this year the UK government has borrowed considerably more money than it expected to, against a backdrop of low economic growth.

Background - market overview

Trump's announcement at the beginning of April of tariffs on key trading partners, which were much higher than most had expected, led to considerable turbulence in equity, bond and currency markets. Equity markets fell across most regions, with the US particularly hard hit. Uncertainty reduced as the deadline for imposing tariffs was repeatedly extended, and key markets then rose notably for much of the period.

Perhaps unsurprisingly, tariff announcements drove a mood swing relating to the US and particularly investing there in the first few months of the period, with many investors looking to invest outside of the US and in other regions, such as Europe. The third quarter saw this change to the shares reverse, particularly in equity markets, with investors turning back not just to the US, but in particular the shares of very large US technology companies. Many believe that AI technologies could facilitate a step-change in economic growth, and that the companies enabling that growth could be very successful.

While tariff relief and AI drove key global stock markets higher over the period, there was at points considerable volatility in government bond markets, and particularly the markets for long-dated government bonds. These are bonds which mature a long time in the future, typically at least 15 years. The UK was particularly in focus for much of the period due to the government's challenging budget situation,

in order to meet its spending commitments, taxes would need to rise, significant bond issuance would be needed or both would be required.

Fund performance

The fund (class D income shares) rose 7.78% over the period, which compares to a rise of 7.02% from the IA Mixed Investment 20% to 60% Shares sector. The fund was diversified across a range of asset classes; fixed income (including bonds), equities, property companies and alternative investments (which are investments in a range of different asset classes). Performance is affected by the movement of each of the asset classes overall and the individual investments held within the fund.

More information about how the fund has performed over different periods is available on the fund factsheet, or you can use our online performance charting tool which allows you to choose the time periods that you wish to show performance for. See the individual fund pages on the website.

Performance (%)	30.09.2020 - 30.09.2021	30.09.2021 - 30.09.2022	30.09.2022 - 30.09.2023	30.09.2023 - 30.09.2024	30.09.2024 - 30.09.2025
Fund	18.52	-7.45	1.23	15.37	4.06
IA Mixed Investment 20% to 60% Shares sector	12.21	-10.56	4.17	12.01	7.30

The performance information presented on this page relates to the past. Past performance is not a reliable indicator of future returns.

Other share classes are available which may have higher or lower charges which will impact the returns of the fund. Fund factsheets are published on our website for each available share class.

Performance source: FE Analytics. Based on UK Sterling, class D income shares, on a total return basis. 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, which is where the price can swing to either a bid or an offer basis depending on the investment and redemption activity in the fund. This means the investor selling or buying the fund shares bears the associated [dis]investment costs and protects the continuing holders in the fund. Performance could be shown on a combination of bid, mid or offer prices, depending on the period of reporting.

The fund is classified in the IA Mixed Investment 20% to 60% shares sector, which we believe is a meaningful comparator to help investors assess the performance of the fund.

Portfolio activity

The fund's equity portfolio includes an allocation to the UK and to global ex-UK equities. Following a review of the investment team and the investment approach that was applied to the global ex-UK equity allocation, we decided to make some changes. Neil Birrell, lead fund manager, and Benji Dawes (fund manager), took over the management of the global ex-UK equities portfolio. They have continued to work alongside an assistant fund manager and investment analyst.

These changes to the team afforded the opportunity to refocus and clarify the investment process. The team concentrate on identifying high quality businesses that have competitive advantages which should enable them to lead in growing industries. Broadly speaking, they seek to invest in two types of companies: market leaders or emergent leaders. The former includes larger businesses that have strong positions within established and growing markets. The latter group is more varied; some companies will be disrupting existing markets and rapidly taking market share, others could be leading a nascent market that should see long-term structural growth.

This new strategy led to the team changing around 30% of the global ex-UK equity portfolio. There was little impact on the geographical composition of the portfolio, but there was a change to the industry sectors with an increased weight to information technology and communication services, with meaningful reductions to the consumer discretionary, materials and industrials sectors.

In addition, there was an asset allocation change in the fund over the period to reduce the fund's exposure to UK equities in favour of global ex-UK equities. Holdings in property companies were also reduced and within that, Europe was favoured over the UK, the proceeds being added to bonds, alternative investments and cash. While the investment team maintain a significant exposure to the UK through UK equities and property companies, they were concerned about the increasing headwinds facing the UK economy.

Outlook

Looking ahead into the final quarter of 2025 there are many reasons to be cautious about the outlook for equity and bond markets, for the global economy, and particularly for the UK economy.

We believe the economic outlook for the UK is frankly quite bleak. So far this year the government has borrowed considerably more money than it expected to, against a backdrop of low economic growth. November's budget will almost certainly require taxes to be raised once again. Higher taxes inevitably act as a drag on economic growth and can often have unintended consequences.

Looking at the global economy as a whole, growth remains relatively robust, particularly given both much higher trade tariff levels globally and the uncertainty caused by tariff negotiations. Part of this resilience, particularly in the US economy, is likely because the impact of tariffs has not yet fully been passed through to consumers. This may change as the year progresses, and as tariff costs are passed through these could lead to increasing inflation and financial strain on consumers.

In US equity markets, one clear risk is that a lot of investors' money is invested in the shares of a comparatively small number of very large technology companies. As discussed, most of these companies are considered to be well placed to profit from the roll out of AI technologies in coming years. If it starts to look like this AI-related growth will not materialise as markets expect, then the share prices of these companies could fall considerably, which in turn would have a significant impact on any of the several major US or global markets that these companies form a sizeable part of.

Despite this there are some reasons for optimism. In the UK, many households are financially strong, meaning that when they have a reason for optimism they may start to spend money quickly and thereby spur economic growth. Moreover, globally, central banks continue to cut interest rates and look set to do so going forward. This should act as a stimulus to economic growth.

We will continue to focus on identifying opportunities and risks across financial markets as we progress through the final quarter of 2025 and into 2026.

Neil Birrell

Lead Manager, Premier Miton Diversified Fund Range

Risks of investing

Typically, there is less risk of losing money over the long-term (which we define as over 5 years) from an investment that is considered low risk, although potential returns may also be lower. Investments considered higher risk typically offer greater opportunities for better long-term returns, though the risk of losing money is also likely to be higher.

Some of the main specific risks of investing in this fund are summarised here. Further detail is available in the prospectus for the fund.

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.

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.

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.

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.

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.

Glossary

Alternative investments / assets

Typically, these are investments other than the more traditional company shares or bonds which could include, for example, commodities (such as gold), infrastructure, private equity, real estate, and hedge funds. Alternative investments can be useful to help with diversification, as some of them are not expected to perform in the same way as more traditional investments.

Assets

Different groups of investments such as company shares, bonds, commodities or property.

Bonds (or fixed income)

Types of investments that allow investors to loan money to governments and companies, usually in return for a regular fixed level of interest until the bond’s maturity date, plus the return of the original value of the bond at the maturity date. The price of bonds will vary, and the investment terms of bonds will also vary.

Equities

Another name for shares (or stock) in a company.

Government bonds

A type of bond, issued by a government. They pay out a regular fixed amount of interest until the bond’s maturity date, when the issue value of the bond should also be repaid. In the UK they are called gilts and in the US they are referred to as treasuries.

Investment Association (IA)

The trade association that represents investment management firms in the UK.

Investment Association (IA) sectors

To help with comparisons between the thousands of funds available, funds are categorised into different groups or sectors, organised and reviewed by the Investment Association (IA).

IA Mixed Investment 20-60% Shares sector

Funds in this sector are expected to have a range of different investments. The fund must have between 20% and 60% invested in company shares (equities). At least 30% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or "cash" investments. "Cash" can include investments such as current account cash, short-term fixed income investments and certificates of deposit.

- Maximum 60% equity exposure (including convertibles)
- Minimum 20% equity exposure
- Minimum 30% fixed income and cash
- Minimum 60% investment in established market currencies (US Dollar, Sterling & Euro) of which 30% must be Sterling
- Sterling requirement includes assets hedged back to Sterling

Income shares

A fund may have accumulation and income shares. If an investor selects income shares, any income generated by the fund is paid out to the investor.

Total return

A way of showing how an investment has performed and is made-up of the capital appreciation or depreciation and includes any income generated by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of that period.

Important information**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.

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.

Reference to any investment should not be considered advice or an investment recommendation.

All data is sourced to Premier Miton unless otherwise stated.

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