

For investment professionals only

Premier Miton European Opportunities Fund

Key Facts

Fund launch date	14 December 2015
Fund type	OEIC
Fund managers	Carlos Moreno Thomas Brown
Fund size	£2,210.4m
No of holdings	54
IA Sector	Europe ex UK
Base Currency	GBP
Valuation point	12:00 midday
Accounting dates	Final - 31 May Interim - 30 Nov

Summary

- In January, the FTSE World Europe ex UK Index fell -2.2% in sterling terms. The IA Europe ex UK peer group outperformed the index, returning -2.0% in sterling terms.
- The fund returned -2.3% in sterling terms, which was third quartile relative to peers in the month. Over one year, we remain top decile relative to peers and we are the best performing fund in our peer group over three years and since inception.
- At month end, assets under management were £2210.4m, which we have fully invested.

Calendar year performance (%)

	YTD	2020	2019	2018	2017	2016
Fund	-2.3	38.3	33.9	-4.2	28.4	22.3
Sector	-2.0	10.3	20.3	-12.2	17.3	16.4
FTSE World Europe ex UK Index	-2.2	8.6	20.5	-9.5	17.5	19.7

Source: FE Analytics. On 30 November 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 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. Performance is shown net of fees with income reinvested. The fund is classified in the IA Europe Excluding UK Sector which we believe is a meaningful comparator to help investors assess the performance of the fund. The FTSE World Europe Excluding UK is used as a comparator which may assist investors in evaluating the fund's performance against equity returns.

Market Review

The economic backdrop is now extremely uncertain. COVID-related lockdowns are suppressing economic activity in the short term, whilst record monetary and fiscal stimulus are promising a strong recovery medium term. China is outperforming, whilst a less belligerent US president might offer the potential to reset trade relations.

and Germany. We like the business model very much for customer convenience, growth potential and significant barriers to competition (limited bricks & mortar consolidation and strict 'medical' distribution standards). This last point is key, as we worry about long-term margins for a lot of online retail.

The largest detractor from performance was CTS Eventim, the ticketing company (German). We don't know when the pandemic will end, but it will be some time in the next couple of years. CTS are very depressed at the moment and we have been buying more. It is a great scale cash generative business in normal times (and they have the cash to survive the next couple of years). People will love concerts, theatre, festivals just as much at some point again.

Performance

The FTSE World Europe ex UK Index fell -2.2% in sterling terms. The IA Europe ex UK peer group outperformed the index returning -2.0% in sterling terms. The fund returned -2.3% in sterling terms.

Our strongest performer in the month was Zur Rose (Swiss), an online pharmacy platform primarily operating in Switzerland

Ratings and Awards



Past performance is not a guide to future returns

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Portfolio Activity

As we focus on the medium term, monthly position changes tend to be modest.

Outlook

Our essential approach remains unchanged: we continue to focus on the medium to long-term. We look for strong, stable franchises that are expanding globally from a European base, which have outstanding potential to grow sales and increase margins, yet which trade at a substantial discount to their intrinsic value. We believe that in markets like these it is more, not less, important to focus on the long-term fundamentals, to look for the few true growth companies and ignore the short term noise.

We continue to try and run the fund in an economically neutral fashion. Imagine two equally balanced baskets, one of 'defensive' names and the other of 'cyclical' names. We try and outperform with our defensives relative to defensives and cyclicals relative to cyclicals. Furthermore, this approach helps with individual stock selection as you separate out the 'economic' drivers from the 'business'.

We remain underweight in the Energy, Telecoms and Consumer Staple sectors. We believe that many of the companies in these areas face significant earnings pressure over the long-term. We are overweight Healthcare (through equipment not pharmaceutical companies), Industrials and Technology.

These are areas with substantial barriers to competition, where European companies are globally competitive, and have long-term demographic growth potential.

We continue to have a bias away from the very largest companies owning just one of the top 10 index names, and 42% of our NAV is in medium sized companies (with a market capitalisation between £500m and £5bn). We look for businesses whose best days are ahead, not behind them.

Risks

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

The value of investments may fluctuate which will cause fund prices to fall as well as rise and investors may not get back the original amount invested.

Forecasts are not reliable indicators of future performance.

This fund may experience high volatility due to the composition of the portfolio or the portfolio management techniques used.

For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.

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Important Information

For Investment Professionals only. Not for onward distribution. No other persons should rely on any information contained in this document.

Source of performance data: FE, as at 31.01.2021. On 30 November 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 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. Performance is shown net of fees with income reinvested. Source for other data: Premier Miton Investors and Bloomberg as at 31.01.2021.

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A free, English language copy of the fund's full prospectus, the Key Investor Information Document and Supplementary Information Document are available on the Premier Miton website, or you can request copies by calling us on 01483 306090.

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