

For investment professionals only

Premier Miton US Opportunities Fund

Key Facts

Fund launch date	18 March 2013
Fund type	OEIC
Fund managers	Nick Ford Hugh Grieves
Fund size	£954.5m
No of holdings	42
IA Sector	North American
Base Currency	GBP
Valuation point	12:00 midday
Accounting dates	Final - 31 May Interim - 30 Nov

Calendar year performance (%)

	Fund	Sector
2021 YTD	-0.8	-0.3
2020	23.9	16.2
2019	22.9	24.4
2018	-2.9	-1.4
2017	10.8	10.5
2016	38.0	29.3

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.

Ratings and Awards



ALPHA MANAGER 2020
Nick Ford



Past performance is not a guide to future returns.

Summary

- The fund fell -0.8% in sterling terms compared to a fall of -0.3% for the IA North America peer group over the period.
- Stock level contributors included NextEra Energy Partners and Western Alliance Bancorp.
- We sold Analog Devices, Bright Horizons Family Solutions and Costar Group.

Market Review

Heightened prospects for significant fiscal stimulus under the incoming Biden administration supported stocks in January. The incoming president announced his plans for USD 1.9 trillion of spending. The prospects for the Democrats taking the Senate and achieving unified control of the government also bolstered sentiment. The extraordinary assault on the US Capitol only modestly unsettled markets.

Economic data included the Institute for Supply Management (ISM) gauge of US manufacturing activity in December, which rose to its highest level since August 2018. Conversely, the labour market showed signs of a sharp slowdown, due mostly to job losses at bars and restaurants shuttered by coronavirus containment measures. Nonfarm payrolls fell by 140,000 in December, marking the first monthly decline since April. The manufacturing sector remained in much better shape, however, with industrial production surging 1.6% in December, roughly three times consensus estimates. Housing data was also very encouraging, with existing home sales and housing starts at their highest levels since 2006. As a result, the yield on the benchmark 10-year Treasury note continued to move higher over the month.

Performance

Fund: -0.8% in sterling terms compared to -0.3% for the IA North America peer group.

performance over the period included NextEra Energy Partners and Western Alliance Bancorp with these stocks adding 0.54% and 0.35% respectively to the fund's return.

NextEra Energy Partners owns interests in wind and solar projects in North America. Its business is expected to benefit from newly elected President Biden's plans to encourage investments in clean energy projects.

Bank stocks continued to outperform the benchmark in January as investors focussed on the potential for accelerating loan growth amid a scenario of economic recovery in 2021. In addition, the yield curve has begun to steepen making lending activities for regional banks such as Western Alliance more profitable.

Global Payments and Fidelity National Information Services detracted from performance. Their share price declines were driven by investor concerns about the impact of COVID-19 driven lockdowns on transaction processing businesses globally and the fact that analysts have been reducing earnings estimates as a result. We expect the headwind from lower global consumer spending activity to abate in 2021 as the vaccine is distributed. (Another factor behind the underperformance of both stocks may have been sector rotation out of payment processors into bank stocks for the reasons highlighted above).

Portfolio Activity

Positive contributors to We sold Analog Devices, Costar

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Group and Bright Horizons Family Solutions.

Shares in childcare provider Bright Horizons Family Solutions have appreciated substantially since purchase in March last year but valuation now looks full and leaves little margin of safety there is a shortfall in earnings results relative to investor expectations. Real estate data services provider Costar Group, another nicely profitable investment for the fund, was sold for similar reasons.

We also banked gains in Analog Devices, one of the fund's few technology holdings. Shares in the semiconductor company now trade at record levels on a price

to earnings basis as investors focus on Analog's recovering automotive and industrial end markets. We are concerned that some customers may be double ordering to ensure chip supplies and business could decelerate quite sharply once this trend recedes.

Outlook

The fund has substantial exposure to a number of small and mid-cap companies set to benefit from the economic recovery currently underway with particular representation in the industrial and housing sectors. US consumers have considerable pent-up buying power in the

aftermath of the pandemic and we expect economic growth to surprise on the upside over the course of this year.

This stands in contrast to our underweight position in the technology sector, which we see as potentially vulnerable to a correction, given high stock valuations (particularly within the popular software sector). We remain very much focussed on capital preservation and have concerns that the current trend towards higher Treasury Bond yields could cause this area to undergo an unfavourable re-rating because long term interest rates are a key component in analyst valuation frameworks.

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 returns.

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

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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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The fund is classified in the IA North American sector, which we believe is a meaningful comparator to help investors assess the performance of the fund.

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For your protection, calls may be monitored and recorded for training and quality assurance purposes.

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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