Premier Miton INVESTORS

Premier Miton
Balanced Multi Asset Fund
Macro thematic range

Fund update | Fourth quarter 2020

Premier Miton Balanced Multi Asset Fund

Need to know

Avoid forecasting - focus on current market and economic information plus longer term macro and thematic ideas

Macro & thematic ideas will not be dependent on one scenario

Macro & thematic ideas represented by a basket of investments rather than one or two large positions

Pragmatic approach to asset allocation and not benchmark constrained

Predominantly direct investments designed to give cost-effective and precise exposure to macro & thematic ideas

Diversified portfolios with no individual position dominating risk or returns

Contents

The performance information for Premier Miton Balanced Multi Asset Fund in this document is based on the B Accumulation share class, which has the lowest charging structure of the share classes available. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to facilitate comparison between funds with broadly similar characteristics. The fund is classified in the IA Mixed Investment 40% to 85% shares sector, which we believe is a meaningful comparator to help investors assess the performance of the fund.

On 27.11.20, the LF Miton fund prefix was changed to Premier Miton, reflecting the change of ACD and the name of the new company, Premier Miton Investors, formed following the merger of Premier Asset Management Group plc and Miton Group plc in November 2019.

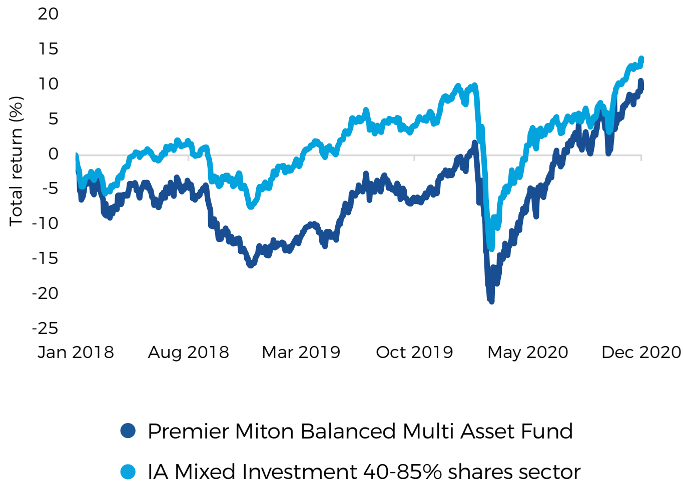
Summary

- The final quarter of 2020 saw strong gains across equity markets, with bond markets mixed.
- Most assets contributed to fund performance, particularly equities and corporate bonds.
- Portfolio activity was dominated by shifting the equity bias towards cyclicals, thereby achieving a more balanced exposure to cyclical and growth stocks.
- We believe that political and economic risks will be the key drivers of 2021.

Discrete annual performance

Total returns %	2019	2020
Premier Miton Balanced Multi Asset	14.8	13.0
IA Mixed Investment 40%-85% Shares	15.8	5.3

Performance since launch* to 31.12.2020



Source: FE Analytics, to 31.12.2020, based on a total return, net income reinvested, UK sterling basis, class B shares. *Fund launched: 29.01.2018. **Past performance is not a guide to future returns and there is a risk of loss to capital.**

Risk summary

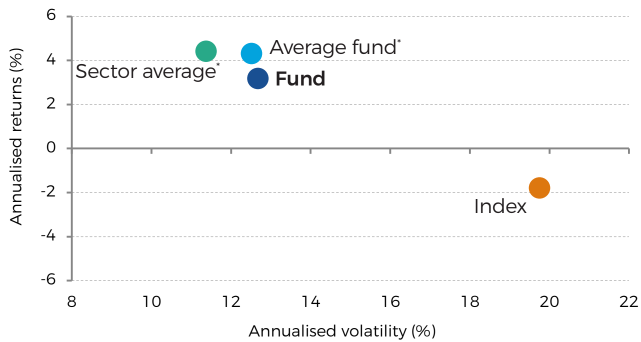
— In terms of outcomes, we consider risk in terms of relative volatility to the FTSE 100 Index. However, we also consider absolute volatility, correlations within the portfolio and liquidity of assets. We look to slice and dice the portfolio in as many different ways as possible to gain a true understanding of portfolio risk.

Fund

Fund volatility relative to FTSE 100 Index**

68.0%

Return vs. volatility from launch to 31.12.2020

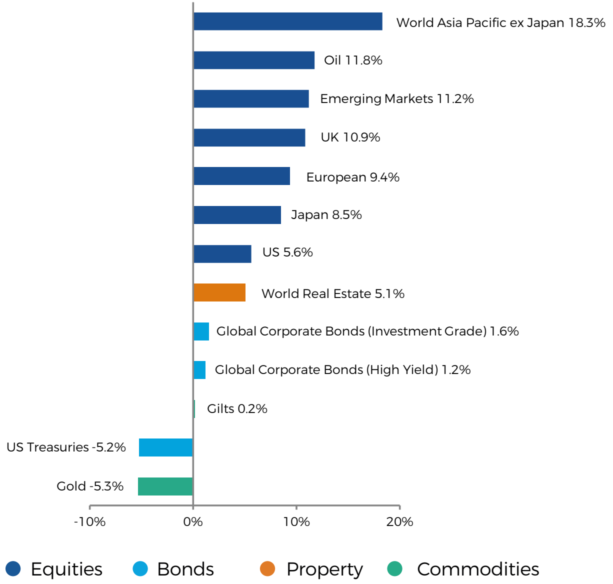


	Annualised returns	Sharpe ratio	Annualised Volatility
Fund	**3.2%**	**0.25**	**12.7%**
FTSE 100	-1.8%	0.00	19.8%
Sector average*	4.4%	0.38	11.4%
Average fund*	4.3%	0.35	12.5%

Data since launch, 29.01.2018 to 31.12.2020. Source: FE Analytics, based on a weekly, total return, net income reinvested, UK sterling basis. Performance based on class B shares. *The Fund is in the IA Mixed Investment 40-85% shares sector. The sector average is a composite, and therefore not representative of the volatility of the average fund in the sector. The 'average fund's' figures represent the simple average of the data for all funds in the sector over the period under review. Index: FTSE 100. **Source: Bloomberg. **Past performance is not a guide to future returns and there is a risk of loss to capital.**

Market background

Total returns for quarter ending 31.12.2020



— The fourth quarter was a strong month for equity markets globally, led higher by cyclicals such as oils, miners and banks, though defensives such as utilities and consumer staples also made decent gains.

— Bond markets were mixed, dominated by the steady move higher in the US Treasury yield, though gilts and European government bonds managed a positive return. In terms of corporate bonds, returns were positive, boosted by the broad risk-on dynamic.

— Commodity markets were dominated by a sharp move higher in oil and agriculture prices, with gold broadly flat. Currency markets were led by USD weakness and sterling strength.

Source: FE Analytics, bid to bid, total return, UK sterling basis. Indices: US 10 Years Treasury Bill in US (US Treasuries), FTSE UK Government Bond 1-10 Years TR (Gilts), FTSE 100 TR in GB (UK), The LBMA Gold Price AM in US (Gold) ICE BofA Global High Yield Investment Grade Country Constrained TR (Global Corporate Bonds (High Yield)), ICE BofA BB-B Global High Yield TR (Global Corporate Bonds (Investment Grade)), FTSE All World - Real Estate Investment & Services GTR (World Real Estate), FTSE Japan TR (Japan), FTSE World Asia Pacific ex Japan GTR (World Asia Pacific ex Japan), FTSE Emerging TR (Emerging Markets), FTSE Europe ex UK TR (European), S&P 500 TR in US (US), Bloomberg WTI Crude Oil Sub GTR in US (Oil). **Past performance is not a guide to future returns and there is a risk of loss to capital.**

Fund performance drivers

- The fund returned 7.0% over the quarter.
- Most assets contributed to performance.
- Within equity, there were broad gains from the US, Europe and Japan exposures.
- The UK also contributed, as did Emerging Markets, though less so, due to their smaller exposure.
- Turning to bonds, government bonds detracted, while the small exposure to corporate bonds contributed. The impact from the fund's property and gold exposure was pretty limited.

Quarter ending 31.12.2020

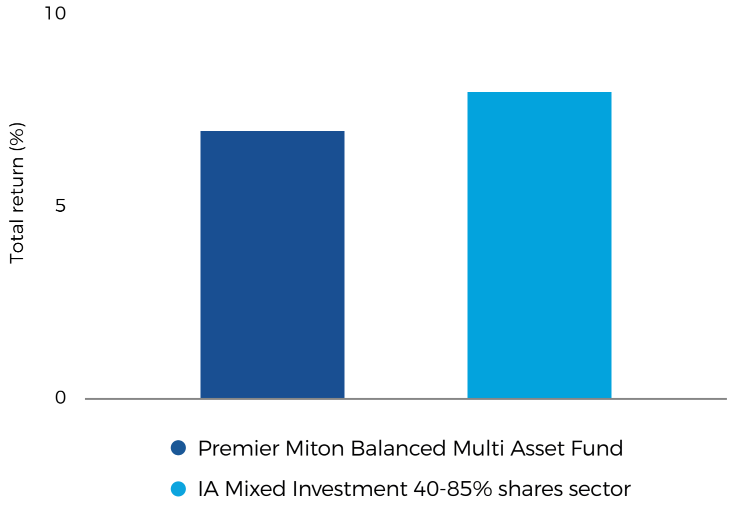


Chart source: FE Analytics, to 31.12.2020, based on a total return, net income reinvested, UK sterling basis, class B shares. **Past performance is not a guide to future returns and there is a risk of loss to capital.**

Portfolio activity

	Quarter end %		
	Q3	Q4	% Change
Equities (total)	**75.0%**	**75.2%**	**+0.1%**
North America	34.8%	31.8%	-3.0%
European ex-UK	25.4%	17.8%	-7.6%
Japanese	10.7%	13.5%	+2.8%
UK	2.2%	10.7%	+8.5%
Asian ex-Japan	1.6%	0.9%	-0.7%
Emerging markets	0.4%	0.4%	0.0%
Bonds	**9.5%**	**8.9%**	**-0.6%**
UK	0.0%	4.4%	+4.4%
Overseas	9.1%	4.1%	-5.0%
Overseas corporate	0.3%	0.3%	0.0%
UK corporate	0.2%	0.2%	0.0%
Property	**1.8%**	**0.0%**	**-1.8%**
Commodities	**5.2%**	**4.4%**	**-0.8%**
Cash	**8.6%**	**11.5%**	**+2.9%**

- In terms of changing the shape of the portfolio, the focus was on equity and specifically adding to cyclical value, so that there is a more balanced exposure to growth and cyclicals.
- In practice, this meant adding to the UK exposure, specifically oils, miners and banks, as well as adding to Japanese cyclicals.
- At the same time, we sold interest rate sensitive stocks, such as US home builders and housing related stocks.

Source: Premier Miton & Bloomberg. Please note the asset allocation may be above or below 100% due to rounding. * Cash, inc currency hedges. Both portfolio activity and market movement will drive asset allocation changes.

Key macro and thematic drivers

Macro views

	Implementation
Macro visibility poor	Retain exposure to gold, US Treasuries and US and UK corporate bonds, as well as some property, through REITs
Corporate profit visibility poor too	Broadly neutral equity exposure, in terms of value vs growth, but bias to developed and large cap
Policy response also unclear (extent and response by markets)	Retain high liquidity assets across portfolios

Maintain "lower for longer" as the base case

Thematic views

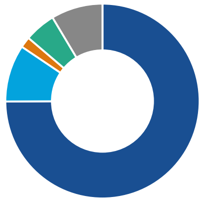
	Exposure	Implementation
Technological change	Robotics	Expressed largely through Japan
	Renewable energy	Broad based exposure
	Cybersecurity	Not held
	Digital revolution	Dominated by US equity. Currently a material exposure
Demographic change	Ageing population	Healthcare technology
	Emerging consumer (India)	Not held
	Feeding the world (agriculture)	Not held
	Retirement savings	Not held

Structural forces that are largely independent of the economic cycle

Outlook

- The mix of risks will likely be dominated by politics and economics, in large part due to the uncertainties around Covid and the related lockdowns. Even the policy responses are inherently political, such as vaccine rollouts and fiscal stimulus, particularly the quantity and quality of the latter. Central to markets is the degree of sustainability in the economic recovery.
- How these factors evolve will help define the environment for the first months of 2021. For our part, we remain pragmatic, rather than dogmatic: sustainable price momentum in underlying assets drive our decision making process, rather than forecasting, or having a pre-defined view of the world.
- Currently, our equity exposure is broadly balanced between cyclical and growth stocks, with a strong preference for developed markets and large, liquid stocks. In bonds we retain a fairly short duration, with limited credit risk, as well as a global property basket and a material position in gold.

Asset allocation %



Equity	**75.2**
North America	31.8
European ex-UK	17.8
Japanese	13.5
UK	10.7
Asian ex-Japan	0.9
Emerging markets	0.4
Bonds	**8.9**
UK	4.4
Overseas	4.1
Overseas corporate	0.3
UK corporate	0.2
Property	**0.0**
Commodities (Gold)	**4.4**
Cash	**11.5**

Source: Premier Miton & Bloomberg, data as at 31.12.2020. Please note the asset allocation may be above or below 100% due to rounding.
*Cash, inc currency hedges. Both portfolio activity and market movement will drive asset allocation changes.

General investment risks

Reference to any particular stock does not constitute a recommendation to buy or sell the stock.

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.

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

Future forecasts are not reliable indicators of future returns.

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

Changes in interest rates will affect the value of, and the interest earned from bonds held by the funds. When interest rates rise, the capital value of the fund is likely to fall and vice versa.

The funds do not use derivatives extensively, although it may use them in an attempt to reduce risk, reduce costs and to generate additional income. Investing in derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions. Derivatives may expose the funds to credit risks of counterparties, who may not meet payment obligations. The use of derivatives may result in the fund being leveraged (where economic exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will magnify losses.

All types of investment carry a degree of risk. It is possible you could lose some, or all, of the money you invest. The level of risk varies depending on the type of investment.

Typically, you are less likely to lose money over the long term 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.

When you invest, it is important that you understand the risk to your money and are comfortable with that level of risk. If you are unsure, we would recommend that you consult a financial adviser.

You could lose money if financial markets fall.

There is no guarantee that the investment objective of the fund will be achieved.

The levels of taxation that apply to income or capital gains from the fund, including any tax relief that may be available, will depend on your personal tax situation.

Funds with similar objectives may not perform in the same way as they are likely to have different holdings.

Fund performance will be affected by investment decisions made by the fund manager.

Fund specific 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.

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

Alternative investments: These typically behave differently to traditional investments such as bonds and equities. They can include a range of assets such as specialist lending, private equity, hedge funds and gold. Adding alternative investments to a portfolio can help to make it more diverse but can also make it more volatile.

Collective investment schemes (funds): Where other funds are held in a portfolio, or where there is indirect exposure to other funds, these could include higher-risk investments like hedge funds, property funds or commodity funds (e.g. investing in gold, oil), which would increase the overall risk in the fund.

General investment risks (continued)

Counterparty credit: Some securities or financial instruments rely on payments or guarantees from a counterparty. This is a role usually undertaken by a bank or similar entity.

Currency: Where investments in a fund are denominated in currencies other than sterling (for example, if a fund holds assets priced in euros), its value will be affected by changes in the relevant exchange rate. Certain other investments, such as the shares in companies with profits from other countries, will also be effected.

Emerging markets: Investments made in bonds, equities or other assets in less-developed countries generally carry higher risk than in developed countries.

Equities: Equities (shares) can experience high levels of price fluctuation.

Fixed interest securities: Government and corporate bonds generally offer a fixed level of interest to investors, so their value can be affected by changes in interest rates. When central bank interest rates fall, investors may be prepared to pay more for bonds and bond prices tend to rise. If interest rates rise, bonds may be less valuable to investors and their prices can fall.

Inflation: Higher inflation can lead to some investments falling in value, particularly those with a fixed level of interest, for example government bonds and corporate bonds.

Infrastructure: Investments are often in large-scale projects whose profitability can be affected by supply problems or rising prices for raw materials or natural resources. Changes in the wider economy and government regulation can also have a significant influence.

Interest rate: Changes in central bank interest rates can affect all types of assets, in particular, securities such as government bonds and corporate bonds that generally offer a fixed level of interest. If interest rates go up, the value of a bond may fall, and vice versa.

Issuer credit: There are times when the issuer of a security (for example, a company that has issued a bond) is unable to make income payments or repay its debt. When this happens it can result in losses for the fund.

Legal and tax: The income or capital gains from investments can sometimes be affected by changes in legal and tax regulations or how these rules are applied.

Liquidity: In some instances, for example, when market conditions generally are difficult, holdings in a fund may be difficult to sell and buy at the desired price. The fund value could fall as a result.

Non-investment grade bonds: Bonds with a higher risk that the bond issuer might not meet its income or repayment obligations, as assessed by independent bond rating companies.

Operational: Processes, systems and controls around your investment might fail. The more complex or unusual the investments that the fund holds, the more likely this is to happen. For example, developing markets may have less reliable systems or lower standards of governance than more developed markets.

Property and Real Estate Investment Trusts: Property values can rise and fall sharply depending on the strength of a country's economy.

Securities with loss-absorbing features: these instruments may be subject to regulatory intervention and / or specific trigger events relative to regulatory capital levels falling to a pre-specified point. This may result in their conversion to company shares, or a partial or total loss of value.

Structure: the providers of the Collective Investment Schemes in which the fund invests may experience operational or credit issues which could impact the value or liquidity of their funds.

Important information

For Investment Professionals only. No other persons should rely on any information contained in this document.

Whilst every effort has been made to ensure the accuracy of the information contained within this document, we regret that we cannot accept responsibility for any omissions or errors. The information given and opinions expressed are subject to change and should not be interpreted as investment advice. Reference to any particular stock or investment does not constitute a recommendation to buy or sell the stock / investment. Past performance is not a guide to future returns. The value of the shares of the fund and any income generated are not guaranteed and can go down as well as up. There is a risk of loss to capital.

The Investment Association groups funds into sectors with each sector having a clear definition setting out the criteria a fund must fulfil. The fund's investments are managed in accordance with the constraints of the Investment Association Mixed Investment 40-85% Shares sector.

As the fund invests in a range of asset classes there is no single index that is reflective of the fund. The comparator benchmark has been selected as we consider it assists in evaluating the fund's performance and volatility from diverse assets against the performance and volatility of a single well-known asset class that UK investors are able to relate to (large capitalised UK equities) that the fund may have exposure to.

All data is sourced to Premier Miton unless otherwise stated.

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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