

## SHINING A LIGHT ON THE..... Premier Miton Ethical Fund

### AT A GLANCE

Investment Objective
The fund aims to achieve capital growth over the long term. The Fund invests in companies which meet defined ethical criteria predominantly in the UK, although the Fund may invest internationally when appropriate. The Fund has an independent Committee of Reference, which meets regularly to discuss research on topical issues relating to the ethical criteria. Under some guidance from the Committee of Reference, the Fund will at all times: Seek to invest in companies which benefit the community in which they operate or the environment in general; Avoid investing in companies with any significant involvement in gambling, the arms trade or any other activities considered to have an adverse effect overall or effect on health, the environment or human dignity.

<b>Inception Date</b>	28 <sup>th</sup> July 1986
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04E9T">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04E9T</a>

Management	
Manager Name	Start Date
Benji Dawes	1 <sup>st</sup> July 2019
Jon Hudson	1 <sup>st</sup> July 2019

### FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2015 to 31<sup>st</sup> January 2021:

	2015	2016	2017	2018	2019	2020	2021
<b>Premier Miton Ethical Fund</b>	14.42%	3.98%	18.69%	-16.75%	38.99%	10.58%	-1.08%
<b>FTSE All Share</b>	0.98%	16.75%	13.10%	-9.47%	19.17%	-9.82%	-0.81%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
<b>Premier Miton Ethical Fund</b>	7.95%	26.72%	65.67%	32.80%
<b>FTSE All Share</b>	-7.55%	-1.60%	31.47%	-5.65%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
10.71	89.61	132.38	92.74	50.00	1.18	9.49	Mid/Growth

Volatility Measurements	
3-Yr Std Dev (volatility)	21.89%
3-Yr Mean Return (average)	8.21%

Investment Style Details	
Giant	8.05%
Large	7.64%
Medium	23.43%
Small	39.69%
Micro	16.06%

Top 5 Holdings – 59 Equity Holdings		
Frontier Developments PLC	Communication Services	4.32%
Games Workshop Group PLC Ordinar...	Consumer Cyclical	3.30%
Sumo Group PLC	Communication Services	3.16%
Hikma Pharmaceuticals PLC Ordina...	Healthcare	2.84%
RWS Holdings PLC	Industrials	2.63%

Top 5 Sectors	
Consumer Cyclical	21.35%
Communication Services	18.03%
Healthcare	12.84%
Financial Services	11.62%
Industrials	11.57%

### UPDATE....

The fund was taken over by Jon Hudson and Benji Dawes in 2019. They have managed the mainstream UK Growth Fund since 2017. Jon joined Premier in 2007, and Benji in 2014. Benji's recorded track record is short but has outperformed the peer group 3 years out of a possible 3, which includes two years of a falling market. Jon has the same track record.

The fund has been in existence since 1986 and since coming in they have looked at how they can evolve the fund whilst retaining some of the underlying foundations. The core to this is that they want to create a fund where investors are proud to invest in. The fund excludes stocks in certain industries, but they are more pro-active with the companies they invest in by using their voting rights and pushing companies to make change.

They use their own criteria for what is good for society and use the phrase "doing good" and "a force for good". They are aware that some investors may disagree with their view on a company and for this reason they are happy to be more cautious.

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This may mean that a company that they believe is good, but might not fit the strict Ethical criteria, is held in the mainstream fund and not this strategy.

An example we discussed was Glencore, who are involved with mining minerals required for battery technology, and have recently seen changes where there is management drive to change the company for good and actively look to decarbonisation as part of that strategy.

The fund looks across the market cap and tends to be more exposed to small and mid-cap because this is where they find the best companies. They do have exposure to large cap, as small and mid-cap can fall sharply in down markets, although the recovery can also be quick. But this can also apply to large cap. B&M dropped 40% during March and April and they added to the position. They have recently announced like-for-like growth of 25%.

They focus heavily on risk mitigation and over three years 0.8% of the holdings had a loss of more than 50%. They are style agnostic, looking to find companies that will win whatever the weather. They have a 5-to-10-year view and believe that the right business model will take market share. At the same time, they are not prepared to overpay for these companies and are mindful to watch for signs of slowing growth.

Ultimately, they believe companies go through stages of evolution, from high growth to maturity and then decline. The investment is only right where there is a mismatch between the market and they believe, effectively, the market expectations are too low.

They feel the portfolio is well placed to pick up some of the pent-up demand when people come out of lockdown, with investments like Jet 2, Gym Group, Gear4Music, B&M, Purple Bricks, Liontrust and L&G, all examples of stocks that have already done well. This will likely continue or will benefit from people coming out of lockdown.

In summary, we talked less about the ethical side as it just feels part of who the team are. They want to do what is right for investors and they want to evolve this strategy. Interestingly 85% of the fund overlaps with the UK strategy and it will be interesting over time to see whether the two just become one. There is no doubt about the enthusiasm they have for the fund and what they want to achieve.

They are not looking to make outside bets but looking for the best companies who contribute to the requirements of a sustainable civilised society and whose products or services are of widespread benefit to the community. They do not believe that investors should give up performance to achieve these outcomes and this comes through in the performance delivered since they have taken over this strategy. Therefore, for investors looking for a UK strategy, whether ethical or not, then this would be one that they might want to review and consider.

*The source of information in this note has been provided by Premier and is correct as at February 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*