

SHINING A LIGHT ON THE.....
Premier Miton Global Smaller Companies Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to provide capital growth over the long term, being five years or more. Five years is also the minimum recommended term for holding shares in this Fund. This does not mean that the Fund will achieve the objective over this, or any other, specific time period and there is a risk of loss to the original capital invested. The Investment Adviser aims to achieve the objective of the Fund by investing a minimum of 80% of its assets in an actively managed portfolio of smaller company shares.

Inception Date	22 nd March 2021
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000016CB4

Management	
Manager Name	Start Date
Alan Rowsell	22 nd March 2021
Imogen Harris (assistant)	22 nd March 2021

FUND PERFORMANCE

Performance since launch:

	Since Launch
Premier Miton Global Smaller Companies Fund	19.60%
MSCI ACWI SMID NR USD	8.50%

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.

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	-	-	-	-	-	-	Growth / Mid

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

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Investment Style Details	
Giant	0.00%
Large	3.69%
Medium	49.01%
Small	42.95%
Micro	4.04%

Top 5 Holdings – 50 Equity Holdings		
Cactus Inc Class A	Energy	3.00%
Western Alliance Bancorp	Financial Services	2.89%
Crocs Inc	Consumer Cyclical	2.77%
Primerica Inc	Financial Services	2.76%
Shutterstock Inc	Communication Services	2.74%

Top 5 Sectors	
Industrials	20.44%
Technology	16.78%
Consumer Cyclical	13.66%
Financial Services	11.64%
Basic Materials	8.87%

Top 5 Regions	
United States	49.58%
United Kingdom	18.29%
South Korea	4.59%
Japan	4.06%
Australia	3.50%

UPDATE....

The challenge for any fund manager is to leave a successful franchise and start a new one. Alan Rowsell left the successful abrdn Global Smaller Companies Fund to set up a new fund at Premier Miton. Imogen Harris worked as an analyst on the team with Alan, and left at the same time to become the Assistant Manager. abrdn have not replaced Alan and just incorporated the management into the existing management structure. Their argument is that the strategy starts with the matrix and is very much fixed. They would also argue that it is difficult for a new fund manager to come on board as they would need to have to adjust to a different way of thinking.

This then leads to the question as to whether the performance is a mix of the matrix and the fund manager. If this is the case and you take away the matrix, can a fund manager deliver the same and better performance on their own? Alan, with Imogen, clearly think they can, and have started well. They may well have taken elements of the matrix and built their own version, as they talk about a quant screening system which scores companies on quality and momentum. From this it creates a basket of companies where they do deep research.

High quality for them covers areas like sustainable competitive advantage, high barriers to entry, pricing power, strong balance sheet and proven management. They also want to see earnings momentum. The scoring system is overlaid with sector and factor trends and macro view.

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In doing this they can see emerging themes which include, for example, plant-based food, commodity shortages, rising inflation, changing labour market, digital economy and cashless society, China rebalancing, electric vehicles, energy transition, bike boom etc.

A couple of examples they used are Hansol Chemical, which is a South Korean company who are a semiconductor manufacturer, but also building a strong presence in the EV battery market. It continues to beat market expectations but this is not reflected in the share price.

Another example is crocs, which had become a tired brand, but through using the internet and e-commerce as well as social media they have made them fashionable again and the “must have” shoe.

They believe this to be a truly global strategy with a round 50% in the US.

In summary, we have a feeling that they have tried to replicate the matrix in some form to ensure they can replicate the performance. It is important to understand that the matrix was developed over many years and so it is very difficult to see what this means. Clearly Premier believe that Alan and Imogen can repeat this performance but now the fund only has around £50 million, and abrdn haven't seen much money move out of the old fund.

We would be happy to add this on the watchlist as we have abrdn strategy already. It will be interesting over the next three years to see how this develops.

The source of information in this note has been provided by Premier Miton and is correct as of December 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 decide 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.