

SHINING A LIGHT ON THE..... Premier Miton Strategic Monthly Income Bond Fund

AT A GLANCE

Investment Objective

The objective of the Fund is to provide income, together with the potential for capital growth over the long-term, being five years or more. Five years is also the minimum recommended period 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 in a diversified portfolio of fixed, variable and zero interest rate investments, including bonds issued by governments and companies. The Fund will invest at least 70% in these investments (although no more than 5% will be invested in zero interest rate investments).

| | |
|----------------------------|---|
| Inception Date | 14 th September 2020 |
| Fund Factsheet Link | https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000015HZT |

Management

| Manager Name | Start Date |
|--------------|---------------------------------|
| Lloyd Harris | 14 th September 2020 |
| Simon Prior | 14 th September 2020 |

FUND PERFORMANCE

Performance from 14th September 2020 to 31st January 2023:

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



14/09/2020 - 31/01/2023 Data from FE fundinfo2023

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Pricing Spread: Bid-Bid • Currency: Pounds Sterling

| Customise Columns | 2023 ↑↓ | 2022 ↑↓ | 2021 ↑↓ | 2020 ↑↓ | 2019 ↑↓ | 2018 ↑↓ | 2017 ↑↓ | 2016 ↑↓ | 2015 ↑↓ | 2014 ↑↓ | 2013 ↑↓ |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Sector IA Sterling Strategic Bond TR in GB | 2.57 | -11.01 | 0.77 | 6.55 | 9.26 | -2.49 | 5.31 | 7.33 | -0.19 | 6.09 | 2.76 |
| Premier Miton Strategic Monthly Income Bond C Acc GBP in GB | 1.48 | -4.52 | 1.74 | | | | | | | | |

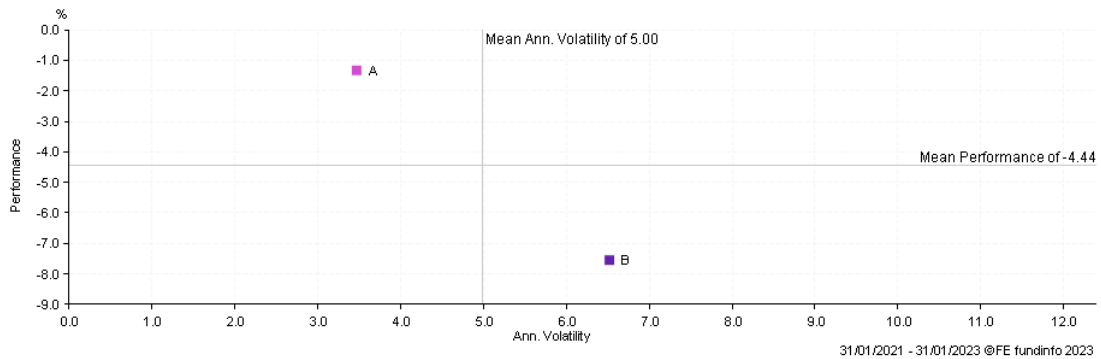
Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment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

RATIO DATA (2-years)

| Alpha | Beta | Max Drawdown | Max Gain | Max Loss | Negative Periods | Positive Periods | Tracking Error |
|-------|------|--------------|----------|----------|------------------|------------------|----------------|
| 0.84 | 0.35 | -8.17 | 3.59 | -3.19 | 47 | 47 | 3.81 |

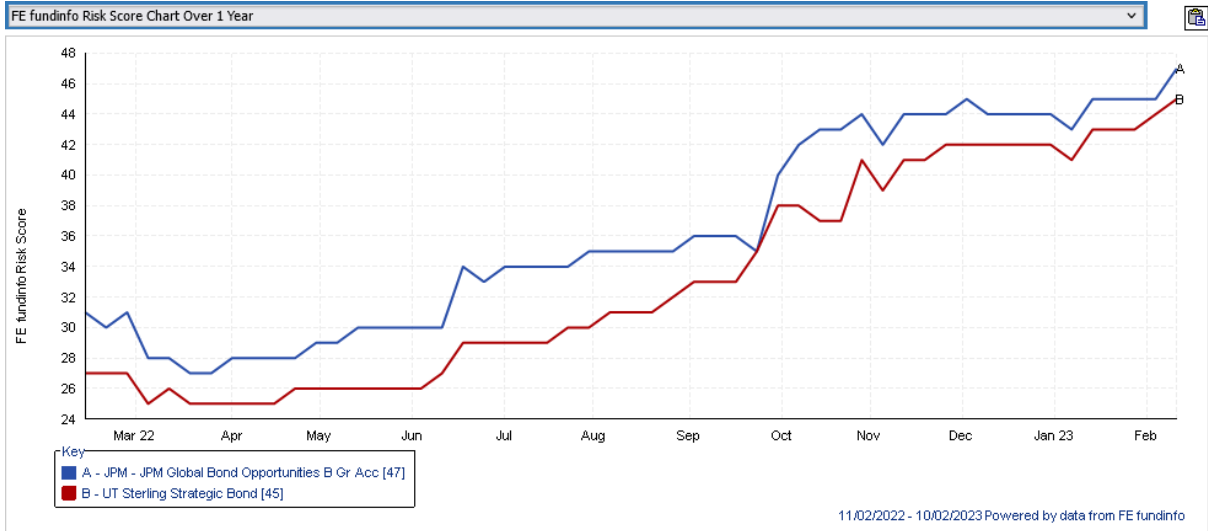
VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

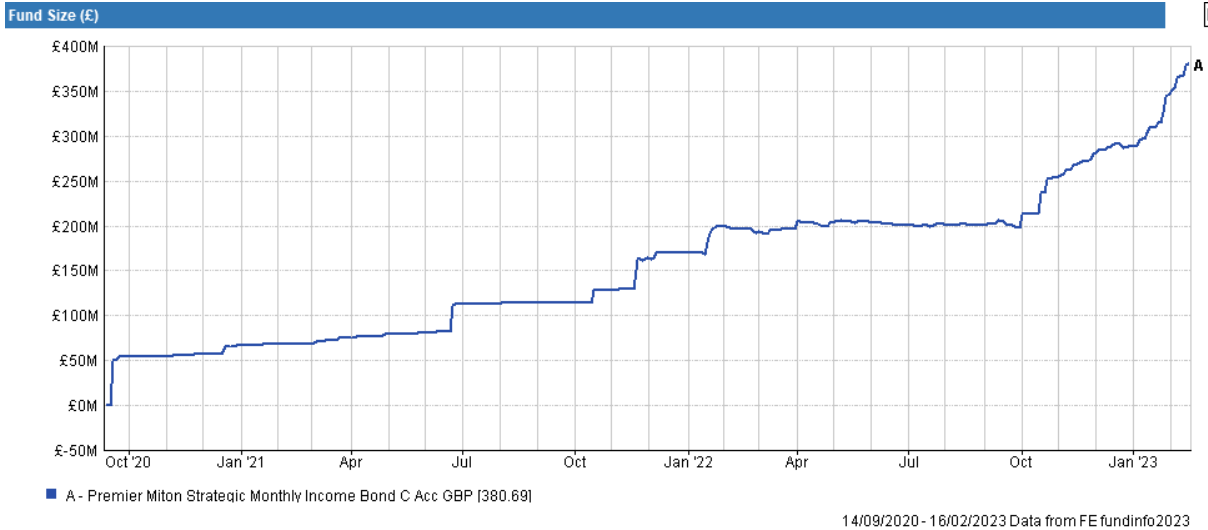


| Key | Name | Performance | Annualised Volatility |
|-----|---|-------------|-----------------------|
| ■ A | Premier Miton - Strategic Monthly Income Bond C Acc GBP in GB | -1.33 | 3.47 |
| ■ B | IA Sterling Strategic Bond TR in GB | -7.55 | 6.52 |

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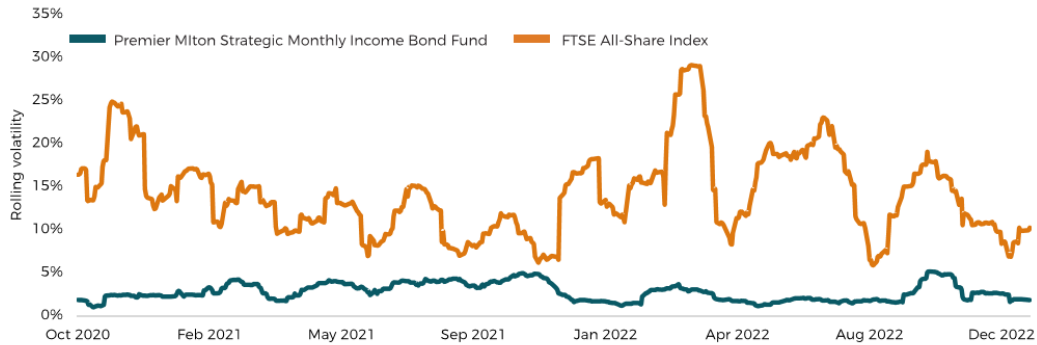


FUND SIZE



YIELD – CURRENT YIELD 5.00%

Premier Miton Strategic Monthly Income Bond Fund vs FTSE All-Share Index
13.10.2020 - 31.12.2022



| | Yield | Volatility | Yield per unit of risk |
|--|--------------------|------------|------------------------|
| Premier Miton Strategic Monthly Income Bond Fund | 4.96% ¹ | 3.0% | 1.67 |
| FTSE All-Share Index | 3.55% ² | 15.0% | 0.24 |

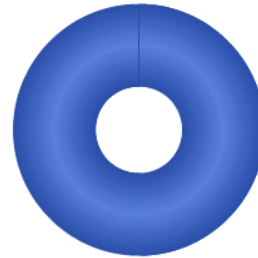
Source: Bloomberg. Volatility taken on a weekly basis. ¹Source: Premier Miton, distribution yield based on class C income shares, as at 31.12.2022. It is based on a snapshot of the portfolio on that date. The distribution yield reflects distribution amounts that may be expected to be distributed over the next 12 months as a percentage of the fund price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. ²Source: Bloomberg as at 30.12.2022.
Past performance is not a reliable indicator of future returns.

ASSET / CREDIT RATING WEIGHTINGS

Asset Weightings as at January 31, 2023

| Rank | Change | Name | % |
|------|--------|-----------------------|--------|
| 1 | ▶ | GLOBAL FIXED INTEREST | 100.00 |

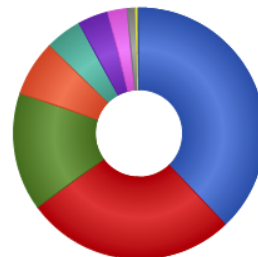
▼ Faller ▲ Riser ▶ No Change ■ New Entry



Credit Rating Weightings as at December 30, 2022

| Rank | Change | Name | % |
|------|--------|--------------|-------|
| 1 | ▶ | BBB | 37.90 |
| 2 | ▶ | A | 27.10 |
| 3 | ▲ | MONEY MARKET | 15.20 |
| 4 | ▼ | BB | 7.10 |
| 5 | ▶ | AA | 4.80 |
| 6 | ▲ | B | 3.90 |
| 7 | ▲ | NON-RATED | 2.50 |
| 8 | ▼ | AAA | 1.10 |
| 9 | ▶ | CCC | 0.30 |
| 10 | ■ | OTHERS | 0.10 |

▼ Faller ▲ Riser ▶ No Change ■ New Entry



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HOLDINGS

Top 10 Holdings as at January 31, 2023

| Rank | Change | Name | % | Sector Ranking* |
|--------------|--------|---|--------------|-----------------|
| 1 | ▶ | PREMIER MITON FINANCIALS CAPITAL SECURITIES C INC GBP | 5.25 | n/a |
| 2 | ▲ | PREMIER MITON UK MONEY MARKET B INC GBP | 3.51 | n/a |
| 3 | ▼ | HEATHROW FUNDING LTD 5.225% UNWRP BDS 15/02/25 GBP50000 A REG S | 3.34 | n/a |
| 4 | ■ | OLDENBURGISCHE LANDESBANK AG REGS | 3.05 | n/a |
| 5 | ▼ | PRINCIPALITY BUILDING SOCIETY 2.375% NTS 23/11/23 GBP100000 | 2.67 | n/a |
| 6 | ▼ | VIRGIN MONEY UK PLC 7.875% RST CALL T2 CAP NTS 14/12/28 GBP | 2.59 | n/a |
| 7 | ■ | IBM CORP 4.875% 06/02/2038 | 2.28 | n/a |
| 8 | ▼ | VOLKSWAGEN FINANCIAL SERVICES N.V. 1% BDS 05/02/24 GBP100000 | 2.00 | n/a |
| 9 | ▼ | SCOTTISH WIDOWS LTD 5.5% NTS 16/06/23 GBP1000 | 1.90 | n/a |
| 10 | ■ | LLOYDS BANKING GROUP PLC 8.5% UNDATED BDS GBP200000 | 1.84 | n/a |
| Total | | | 28.43 | |



* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).

FIXED INCOME MEASURES

| Fixed Income Measures | Investment | Category Average |
|-----------------------|------------|------------------|
| Effective Duration | — | 3.46 |
| Modified Duration | — | 4.39 |
| Effective Maturity | — | 6.32 |
| Credit Quality | — | BBB |
| Weighted Coupon | 5.56 | 5.94 |
| Weighted Price | 97.73 | 92.98 |
| Yield to Maturity | — | 5.85 |

MATURITY SCHEDULE

| Maturity (Years) | Investment % | Category % |
|------------------|--------------|------------|
| 1–3 | 15.85 | 13.29 |
| 3–5 | 21.42 | 23.36 |
| 5–7 | 15.68 | 10.36 |
| 7–10 | 6.42 | 6.10 |
| 10–15 | 2.96 | 8.34 |
| 15–20 | 2.29 | 4.04 |
| 20–30 | 3.06 | 7.77 |
| >30 | 0.34 | 4.71 |

As of 31 Jan 2023 | Category: GBP Flexible Bond | Source: Holdings-based calculations.

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OTHER DATA

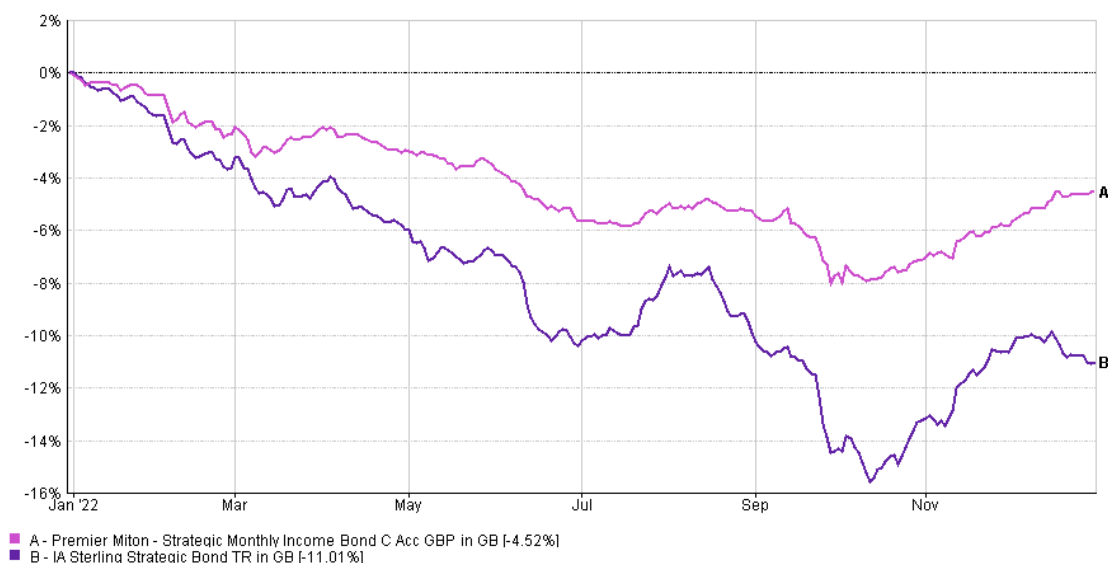
| | |
|------------------|-------------------|
| Benchmark | IA Strategic Bond |
| Fees | 0.45% |

| Bull Points (pros) | Bear points (cons) |
|--|--|
| <ul style="list-style-type: none"> • Good reputation within the market • Good performance since launching the strategy • Total return mindset • Low charges • Quality focus | <ul style="list-style-type: none"> • Short track record although can look at Quilters Investors Diversified Bond Fund for a longer track record |

UPDATE....

We are in an environment where bond strategies have come back into “fashion”. Effectively as part of a balanced portfolio they can provide an element of downside protection. However, 2022 was a difficult year for these strategies. The strategic bond sector was down -11.01%.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

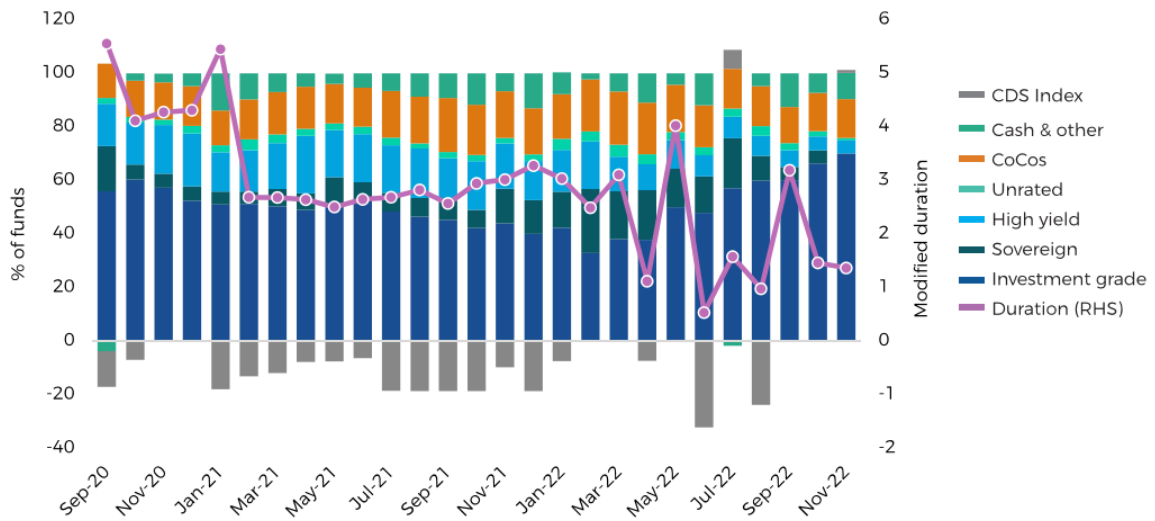


31/12/2021 - 30/11/2022 Data from FE fundinfo 2023

This chart is important because it provides the essence of what this strategy is about, which is protecting the downside risk. The yield to maturity is a good measure of potential future returns, which is currently 6.1%.

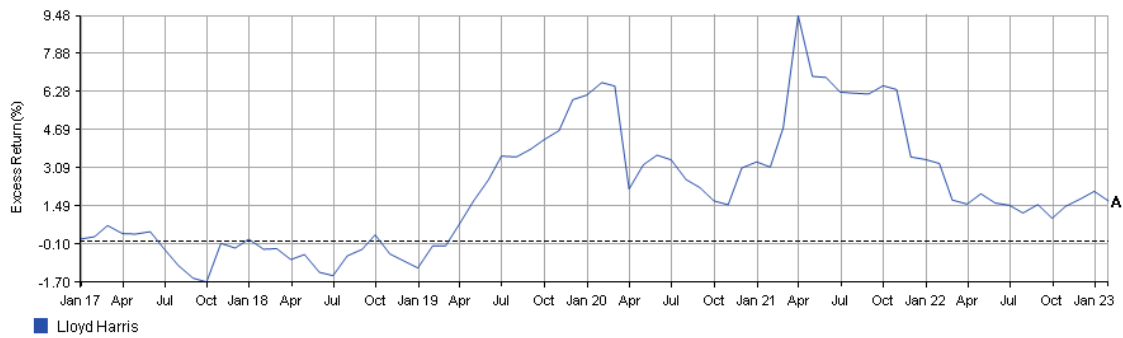
This strategy should be seen as a strategic bond fund where the managers look to maximise the returns across different asset classes, although the manager doesn't invest in emerging markets.

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Lloyd Harris, the Manager, came from Merian and has built an excellent reputation within the Fixed Income market. The chart below shows the excess returns delivered vs the peer group.

Rolling 12 month excess return chart for Lloyd Harris vs. peer group composite



30/12/2016 - 31/01/2023 Powered by data from FE fundinfo

This provides an overall summary of performance over different periods.

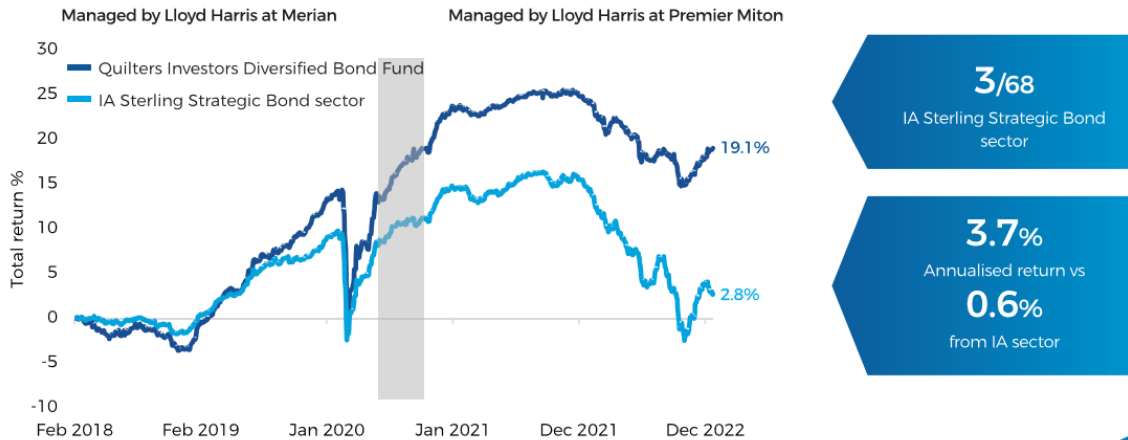
Key measurements of performance vs. peer group composite

| Alpha Rank | Over performance vs Under performance | | | Length of track record analysed here | |
|--------------|---------------------------------------|--------------|---------------|--------------------------------------|-------|
| | Overall | Over Periods | Under Periods | | Ratio |
| Top Quartile | Overall | 5 | 2 | 71.43% | 7 yrs |
| | In rising mkts | 3 | 1 | 75.00% | |
| | In falling mkts | 2 | 1 | 66.67% | |

Below is performance since 2018:

Returns & rankings from 23.02.2018 to 31.12.2022

The shaded area shows the period that Lloyd was not a manager of the fund; 30.06.2020 to 22.10.2020



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IA Sterling Strategic Bond sector

3.7%

Annualised return vs

0.6%

from IA sector

Source: FE Analytics. Based on UK Sterling, class U2 Accumulation shares, taken on a total return basis from 23.02.2018 to 31.12.2022. Performance is shown net of fees with income reinvested. The performance information presented on this page relates to the past. Past performance is not a reliable indicator of future returns.

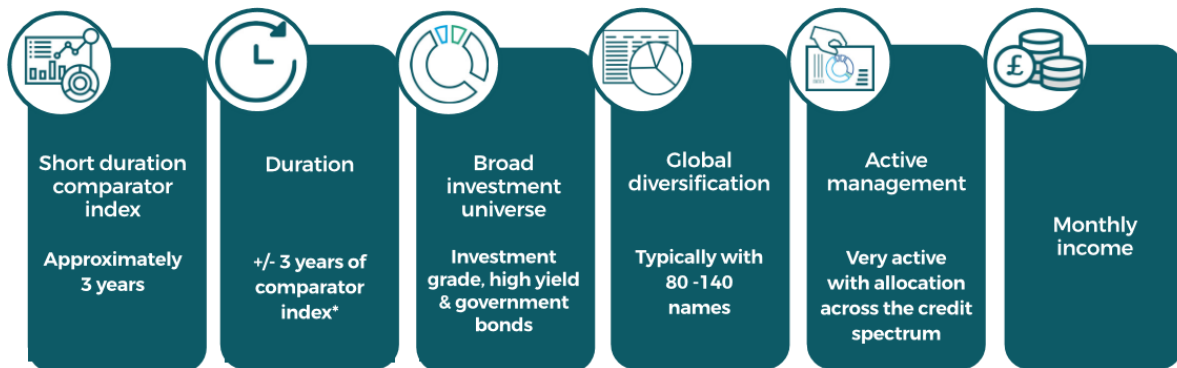
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Where this is different to many strategies is the concentrated portfolio of holdings. This is currently around 140, and the focus is on keeping the volatility as low as they can. This is not looking to suddenly race ahead but gives investors a steady yield with the potential for growth. This means they avoid areas such as emerging markets because they see this carrying too much risk, and currently they favour investment grade bonds as they feel they don't need to take the risk with high yield.

Duration is another area that they are active with. This can be between 0 and 6 years, and currently is close to zero. This protects the strategy from interest rate fluctuations.

It is a highly active strategy and we discussed the "risk" of a smaller team vs a larger specialist bond fund manager. They feel they have the team to do what they are looking to do. The smaller number of holdings and size of strategy means they can be nimble and proactive. They also don't need to be "clever". The focus on income and lower volatile is a key part of the strategy.

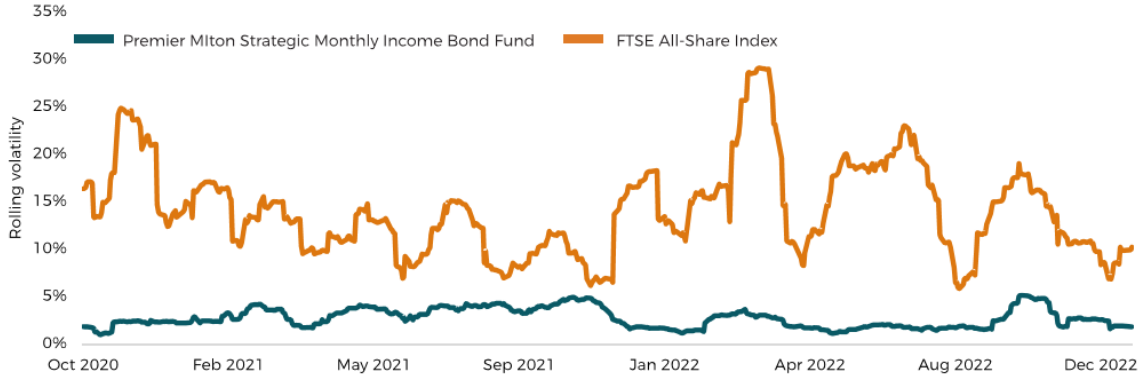
The framework is summed up below:



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The chart below demonstrates the ability to deliver a higher yield compared to equities, without the same level of risk.

Premier Miton Strategic Monthly Income Bond Fund vs FTSE All-Share Index
13.10.2020 - 31.12.2022



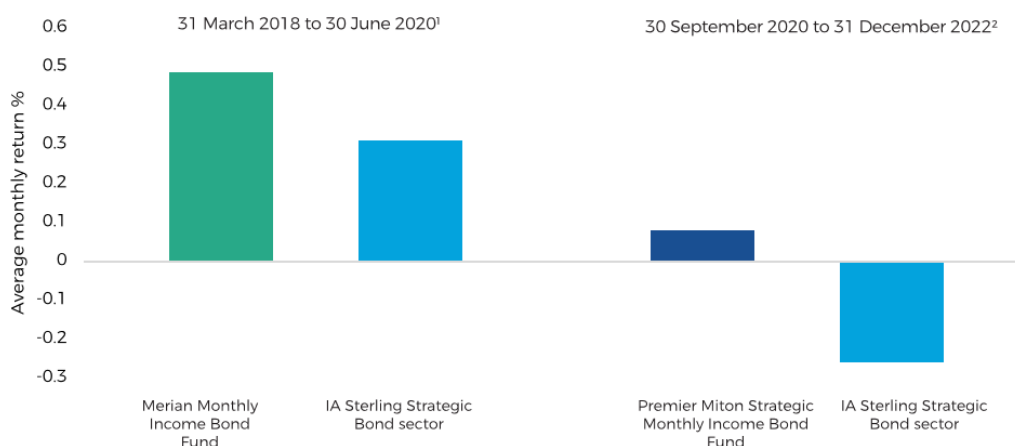
| | Yield | Volatility | Yield per unit of risk |
|--|--------------------|------------|------------------------|
| Premier Miton Strategic Monthly Income Bond Fund | 4.96% ¹ | 3.0% | 1.67 |
| FTSE All-Share Index | 3.55% ² | 15.0% | 0.24 |

Source: Bloomberg. Volatility taken on a weekly basis. ¹Source: Premier Miton, distribution yield based on class C income shares, as at 31.12.2022. It is based on a snapshot of the portfolio on that date. The distribution yield reflects distribution amounts that may be expected to be distributed over the next 12 months as a percentage of the fund price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. ²Source: Bloomberg as at 30.12.2022.
Past performance is not a reliable indicator of future returns.

As a feature of the strategy, it is important to understand that compared to other strategies this should deliver steady and consistent returns. There are other strategies which have performed well over the longer term, but the journey is not as smooth. It comes down to what someone wants from a bond strategy. This could be a blend with a more risky strategy as part of a diversified portfolio, or a standalone investment.

The chart below demonstrates the steady outperformance over time.

Lloyd Harris managed the Merian Monthly Income Bond Fund from 24 February 2018 to 30 June 2020



Source: FE Analytics, based on UK Sterling, on a total return, monthly basis ¹Class I Acc shares, ²Class C accumulation shares to 31.12.2022. Performance is shown net of fees with income reinvested. Premier Miton Strategic Monthly Income Bond Fund launched 14.09.2020. Past performance is not a reliable indicator of future returns.

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In summary, as we meet more bond managers it is clear that no two bonds are the same. It is important to understand what we are getting and therefore the risk / reward profile. This fund doesn't look to be complex. 70% of the fund will be held in company and government bonds. This is a highly concentrated portfolio and the managers will be active within the areas they understand. As an investor there shouldn't be any nasty surprises. This should deliver a steady income stream with the potential for growth over time. As part of a diversified portfolio this could be a standalone strategy or a blend with a more high-risk fund.

The source of information in this note has been provided by Premier Miton and is correct as of January 2023. 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.