



Premier Miton Strategic Monthly Income Bond Fund - Fund Manager Review – April 2026

This review has been prepared based on publicly available fund information, including the latest webinar, alongside our own analysis of how the fund may behave within client portfolios.

Overview

The Premier Miton Strategic Monthly Income Bond Fund is a low-duration, actively managed fixed income strategy designed to generate consistent income with controlled volatility.

At its core, the strategy reflects a deliberate shift away from traditional bond investing.

Rather than relying on:

- Falling interest rates
- Expanding credit risk
- Or broad market exposure

The fund is built around a different premise:

Take less structural risk and generate returns through active management and trading.

This results in a portfolio that aims to be:

- More stable across market environments
- Less dependent on macro-outcomes
- More focused on incremental, repeatable gains

Investment Objective & Philosophy

The fund aims to deliver:

- Monthly income
- Capital preservation over the medium term
- Lower volatility relative to peers

The philosophy behind the strategy is simple, but increasingly relevant in the current environment.

Rather than seeking to maximise returns through market direction, the focus is on:

Avoiding risks that are not adequately rewarded and generating returns through disciplined execution.

This is shaped by three core beliefs:

1. Duration risk is increasingly unrewarded in a world of higher and more volatile inflation
2. Credit spreads are relatively tight, limiting compensation for taking excess credit risk
3. Alpha can be generated through trading, rather than relying solely on holding bonds

This reflects a broader view that markets have moved away from the traditional “bond bull market regime”, where falling yields and central bank support were the primary drivers of returns.

In this environment, a more active, risk-aware approach becomes increasingly important.

Team & Resources

The fund is led by Lloyd Harris (Head of Fixed Income), supported by a well-resourced and experienced team, including:

- Fund managers
- Credit analysts
- A dedicated trader

The team has a long track record of managing fixed-income strategies across market cycles, including prior mandates at Merian and Quilter.

A key strength is the integration of trading, credit research, and portfolio management, which sits at the heart of the strategy.

Rather than operating as separate functions, these elements work together to:

- Identify mispricing opportunities
- Execute trades efficiently
- Continuously optimise the portfolio

This structure is particularly important given the fund's emphasis on active trading as its primary source of returns, rather than relying solely on market movements.

Investment Philosophy

The philosophy behind the fund is simple, but meaningfully different from many peers.

Rather than asking "*how do we maximise returns from bonds?*", the starting point is:

"How do we avoid taking risks that we are not being paid for?"

The managers are clear that today's environment is not one where:

- Duration risk is particularly well rewarded
- Credit spreads offer significant compensation
- Passive exposure is sufficient

Instead, the fund is positioned around a view that markets have structurally changed.

As highlighted in the webinar, we are moving away from the post-2008 environment of ultra-low rates and central bank support, and into a world where:

- Inflation is more volatile
- Fiscal policy plays a larger role
- Market volatility is structurally higher

This is not a continuation of the old regime:

We are no longer in a world of ZIRP and QE — and that matters for how bonds behave.

Macro Backdrop & Positioning

A key strength of the strategy is its grounding in a clear macro framework.

1. Inflation is likely to remain volatile

Driven by:

- Geopolitics
- Deglobalisation
- Energy market disruption

The manager highlights the risk that higher, more volatile inflation becomes a persistent feature rather than a temporary phase.

2. Fiscal dominance is increasing

The webinar outlines a world of:

- Elevated government deficits
- Increased borrowing outside recessionary periods
- Greater reliance on market funding

Historically, this combination has been significant:

Bond bull markets have typically ended when fiscal and monetary stimulus combine.

3. Duration is losing its traditional role

One of the clearest conclusions from the manager is:

“Duration is losing its utility.”

In practical terms:

- Long-dated bonds may no longer provide the same diversification
- They introduce volatility without a clear reward

4. The short end of the curve is attractive

This leads to a key positioning decision:

- Focus on shorter maturities
- Capture yield without excessive risk

The manager describes the “maths at the short end” as compelling, allowing investors to earn attractive yields without taking significant duration risk.

Investment Process

The fund combines macro awareness with bottom-up credit selection, but its defining feature is how it generates returns.

Portfolio Construction

- Duration: 3–4 years
- Credit quality: Bias to investment grade (c. BBB+)
- Universe: 80–140 issuers
- Global developed market focus

There is a clear emphasis on:

- Liquidity
- Diversification
- Avoiding concentrated risks

Alpha Generation – The Key Differentiator

This is where the strategy stands apart.

Most bond funds generate returns through:

- Duration positioning
- Credit exposure
- Asset allocation

This fund takes a different approach.

Returns are generated through activity, not positioning.

How It Works

The fund:

- Operates heavily in the primary bond market
- Identifies mispriced securities
- Buys bonds at issuance
- Sells once they move to fair value

The rationale is simple:

- Bond markets are large and imperfect
- New issuance is frequent
- Mispricing occurs regularly

Trading Approach

- Typical holding periods: weeks to months
- Some trades completed in days
- Continuous portfolio optimisation

The manager highlighted that:

- The portfolio is “calm on the surface”
- But actively managed underneath on a daily basis

Outcome

- 200bps of annualised alpha from trading
- Numerous small, repeatable gains

This leads to a return profile that is:

- Less dependent on market direction
- More dependent on execution

Portfolio Characteristics

- Yield to maturity: 5.4%
- Distribution yield: 5.6%
- Duration: 3.5 years
- Average credit rating: BBB+

Credit exposure:

- 76% Investment Grade
- 19% High Yield
- 5% Not Rated

There is a preference for:

- Subordinated debt of strong issuers
- Rather than traditional high yield

Risk Management & Stress Testing

The strategy is designed to minimise exposure to key risks.

Stress Test Results

- 2008 crisis: -2.0%
- Brexit: +0.41%
- Liz Truss event: -0.92%
- 2022 drawdown: -5.96%
- Interest rates +100bps: -0.80%

These results demonstrate:

- Limited sensitivity to interest rate shocks
- Controlled downside across major events

This reflects:

- Short-duration positioning
- Higher quality bias
- Active risk management

Performance Overview

Since launch (Sept 2020 – Feb 2026):

- Total return: 26.4%
- Annualised return: 4.4%
- Sector average: 2.3%

The fund has delivered:

- Strong risk-adjusted returns
- Lower drawdowns than peers
- Consistency across different environments

Comparison to Other Strategies

vs Corporate Bond Funds

Traditional approach:

- Higher duration exposure
- Greater reliance on spread compression

This fund:

- Lower duration
- Less directional risk
- Trading-led returns

vs Strategic Bond Funds

Typical strategies:

- Macro-driven positioning
- Larger asset allocation shifts

This fund:

- Avoids large macro bets
- Focuses on relative value

vs Passive Strategies

Passive exposure:

- Full duration risk
- No downside control
- No alpha generation

This fund:

- Actively manages risk
- Generates additional return through trading
- Offers greater flexibility

Strengths

- Strong downside control
- Consistent alpha generation (200bps)
- Experienced and well-resourced team
- Low-duration positioning aligned with the current environment
- High liquidity enabling active trading

Key Risks & Considerations

- Reliance on the manager's skill and execution
- May lag in strong bond bull markets
- Alpha dependent on market inefficiencies
- Income not guaranteed
- Credit risk remains (though controlled)

Role in a Portfolio

The fund is well suited as:

- A core defensive bond holding
- An income-generating allocation
- A diversifier within multi-asset portfolios

Particularly relevant for:

- Retirement portfolios
- Decumulation strategies
- Clients seeking smoother return profiles

Money Wise UK View

This strategy feels particularly relevant in today's environment.

In a world where:

- Inflation is less predictable
- Central banks are less dominant
- Markets are more volatile
- Credit spreads are relatively tight

The traditional bond playbook becomes less reliable.

This fund reflects that shift.

It is not trying to:

- Predict markets
- Take large directional views
- Maximise returns in any single period

Instead, it focuses on:

- Consistency over time
- Capital preservation
- Taking opportunities as they arise

If traditional bond funds are about:

“Being right about markets”

This strategy is about:

“Not needing to be.”

And in the current environment, that distinction is increasingly valuable.

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Disclaimer

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Review Completed: April 2026