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Premier Miton Cautious Monthly Income Fund – Fund Manager Review – November 2026

An actively managed multi-asset income strategy seeking monthly distributions and long-term capital growth, using macroeconomic views, structural themes and active risk management.

This review considers investment philosophy, the management team, portfolio construction, sources of income, performance, recent weakness, drawdown experience and potential use within a Centralised Retirement Proposition®. It draws on Premier Miton's September 2026 reporting, the managers' Q3 discussion, the October team note and the fund manager questionnaire.

Key Conclusion

What interests me is the combination of a genuinely flexible investment approach, a long record of rising distributions and the managers' willingness to acknowledge when their decisions have not worked. The latest quarter was painful and reminds us that active management can add risk as well as manage it. For retirement income, the fund offers a useful natural-income conversation, but a cautious label and regular distributions should never be mistaken for capital protection.

Review completed November 2026. Portfolio and performance figures primarily to 30 September 2026; October positioning and November fund size updates are separately dated.

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1 Strategy Overview

Premier Miton Cautious Monthly Income Fund aims to deliver income and capital growth over five years or more. It normally invests directly in individual equities and bonds, with the flexibility to use commodities and other assets. It sits in the IA Mixed Investment 20–60% Shares sector and is not managed to replicate its average asset allocation.

Characteristic	Position / objective
Managers	David Jane and Anthony Rayner
Launch	19 May 2011; B unit class launched 9 June 2011
Structure	UK unit trust; predominantly direct investments
Sector	IA Mixed Investment 20–60% Shares
Objective	Income and long-term capital growth (five years or more)
Income	Monthly distributions; historic yield 4.90% (B accumulation factsheet, 30 September 2026)
Charges	B accumulation OCF 0.83% (30 June 2026); charges taken from capital
Fund size	£368.9m (30 September); £362m (6 November 2026)
Historical max drawdown	-24.78%, 20 February–23 March 2020

There is an important difference between an income fund and one solely designed to maximise yield. The managers describe total return and preservation of capital over the longer term as central considerations, even though monthly distributions are a visible output. Income can fluctuate and the capital remains fully exposed to investment risk.

2 Why This Review Is Interesting

Four aspects stand out from the supplied material:

- A flexible process. The team is prepared to move meaningfully between regions, sectors, bonds and commodities rather than own assets simply because they appear in a benchmark.
- Changing income sources. Higher short-dated bond yields now account for around 64% of portfolio income, reducing reliance on dividends from equities.
- A long record of income growth. Annual B income unit distributions have risen over recent years, although future payments are not guaranteed and charges are taken from capital.
- The latest setback. The managers have acknowledged that technology-related decisions exacerbated the poor third quarter, rather than attributing the result entirely to difficult markets.

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I find this combination more informative than simply looking at a yield or a five-year return. It helps explain how the fund works, why it may be different from its sector and how it could behave when market trends reverse.

3 Investment Philosophy: What Sustainable Means Here

David Jane and Anthony Rayner blend shorter-term macro views with structural themes they expect to develop over several years. Macro positioning reflects current economic conditions; themes include energy and resources, reshoring, the digital economy, ageing populations and economic nationalism. The managers regard asset allocation and portfolio construction as their most significant sources of potential value.

The four Ps

Principle	How it affects the portfolio
Plan for scenarios	Express several unrelated views rather than depend on one economic forecast
Pragmatic	Change positions and underlying assumptions as evidence changes
Position scaling	Size positions by volatility, correlation and liquidity, not just conviction
Pick your battles	Do not own a sector or security solely because it is in an index

Price momentum is a key part of deciding whether a theme or individual holding merits a position. The managers do not typically buy a falling asset merely because the headline valuation appears cheap. Equally, profitable holdings may be trimmed to contain risk. This can be effective in persistent trends but creates a vulnerability to sharp rotations and false signals.

The presentation offers a useful comparison between the traditional reliance on equities plus long-duration government bonds and the current portfolio blend of equities, short-dated investment-grade credit and commodities. This is an explanation of the managers' changing view of diversification, rather than proof that the newer blend will always protect investors.

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4 Team and Resources

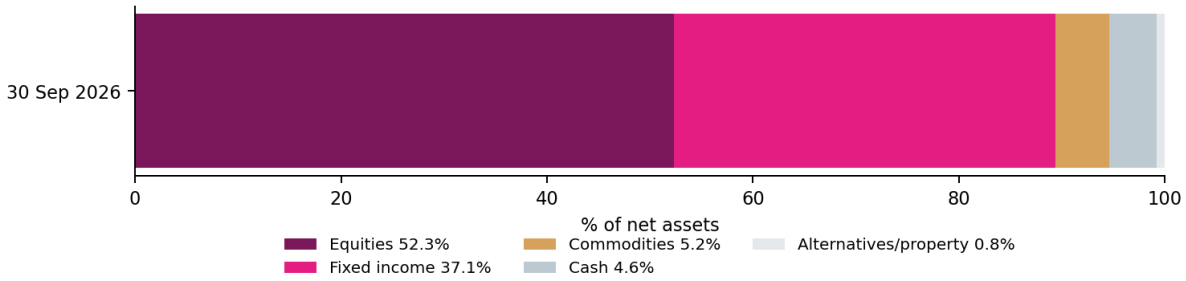
The fund has been managed by David Jane and Anthony Rayner since June 2011. Premier Miton reports 38 years of investment experience for David and 31 for Anthony, with complementary backgrounds in equities, asset allocation, portfolio construction and risk management. The core management team is small, although it has access to the wider group's investment resources and an independent risk function.

The team uses Bloomberg portfolio analytics, individual holding research, liquidity checks and scenario analysis. An Investment Risk Committee oversees mandate, risk and liquidity matters. The questionnaire identifies internal succession and broader-team contingency arrangements, although the continuity of the two named managers remains relevant to the proposition.

The managers' comments in the Q3 discussion are useful evidence of how they think. David acknowledged both the difficulty of choppy markets for a momentum-based process and the impact of their own mistimed technology decisions. I would regard that openness as positive, but it is the subsequent investment outcomes that will test the explanation.

5 Portfolio Overview and the Available Levers

As at 30 September 2026, the fund held 52.3% in equities, 37.1% in fixed income, 5.2% in commodities, 4.6% in cash and smaller exposures elsewhere. These numbers describe the portfolio at a point in time; its regional and sector composition can change materially.



Premier Miton September 2026 factsheet – asset allocation, recreated from reported weights. The small property and alternatives positions are grouped for clarity.

The October team note shows the US growing from 33% to 55% of the equity sleeve between December 2025 and 28 October 2026, UK equities falling from 20% to 4%, and Japan rising from 6% to 16%. These are percentages of the equity allocation, not the entire fund. The managers connected the Japanese exposure particularly with financials and beneficiaries of domestic wage growth.

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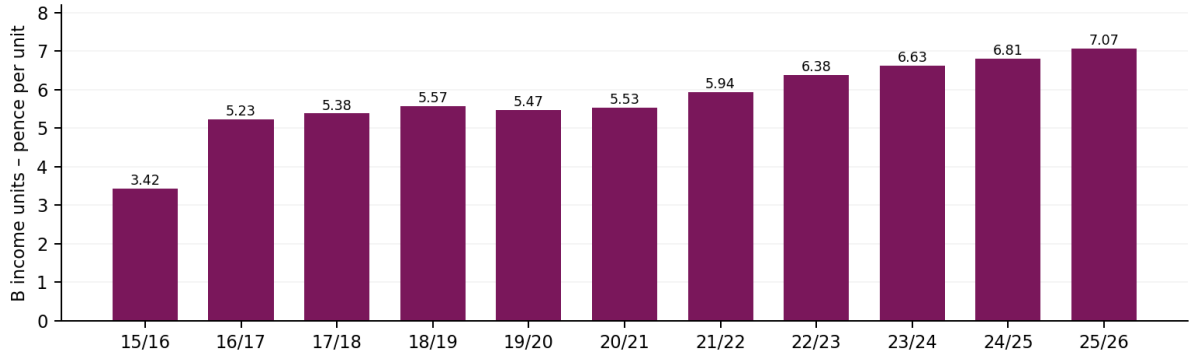
The levers available

Lever	Current investment logic / risk
Global equities	Income and growth; active sector and regional selection, with risk from momentum reversals
Short-dated credit	Higher coupon income with less interest-rate sensitivity than long-duration bonds; credit risk remains
Government bonds	Potential liquidity and income; October note records an increased allocation
Commodities and energy	Possible inflation sensitivity and alternative return drivers; can be volatile
Cash and currency	Liquidity and risk control; overseas currency exposure may be hedged

The managers' base case is one of persistent inflation and relatively high interest rates. This explains their preference for shorter-duration bonds and inflation-sensitive assets, but it is still an economic view that could prove wrong. They have also expressed concern that bonds and equities may become positively correlated, reducing one of the traditional benefits of a balanced portfolio.

6 Where the Income Comes From

Perhaps the most useful recent development is the source of the income. In the October update, the team attributed approximately 64% of total income to bonds and 36% to equities. Higher bond yields, including at shorter maturities, have changed the opportunity set compared with the exceptionally low-rate period.



Annual distributions on B income units, financial years ended 30 June; source: Premier Miton October 2026 presentation. Payments are historical and not guaranteed.

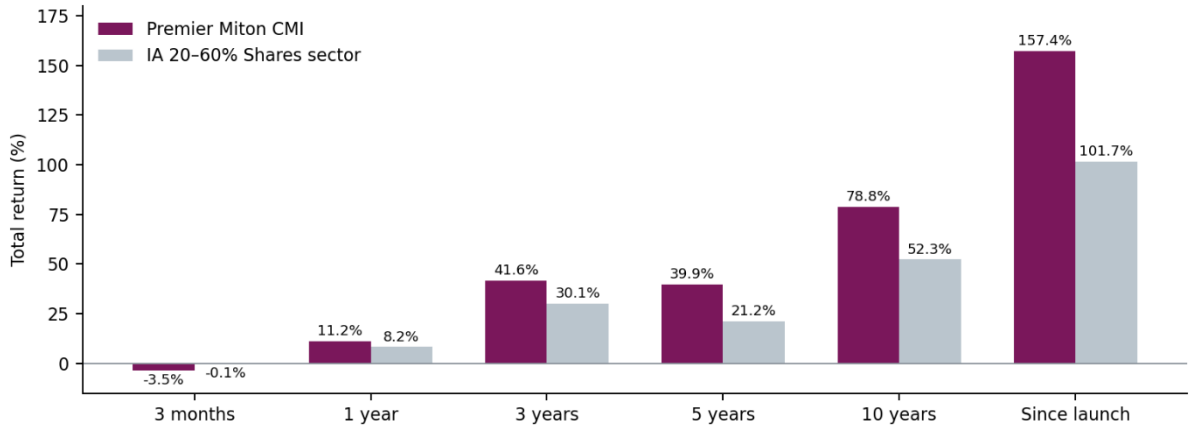
Distributions increased from 5.23p per unit in 2016/17 to 7.07p in 2025/26. The managers reported income growth of just over 3.3% for the latest completed financial year, ahead of the cited 2.8% inflation rate. The September factsheet quoted a 4.90% historic yield; the October team note refers to a yield above 5% under its specified rolling-payment calculation. The dates and calculation bases differ.

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Charges are deducted from capital. That may support the income distributed, but it can also constrain capital growth or contribute to capital erosion. An attractive distribution rate is therefore not sufficient evidence of a sustainable long-term outcome. I would want advisers to consider distributions, total return and the real value of the remaining capital together.

7 Performance: The Outcome and the Recent Setback

The longer-term record is strong relative to the IA Mixed Investment 20–60% Shares sector. The following returns are for Sterling B accumulation units to 30 September 2026, net of fund charges and with income reinvested.



Total returns to 30 September 2026, fund versus IA Mixed Investment 20–60% Shares sector; numerical data from the Premier Miton factsheet.

Period	Premier Miton	IA sector
3 months	-3.51%	-0.13% (factsheet)
1 year	+11.19%	+8.25%
3 years cumulative	+41.61%	+30.11%
5 years cumulative	+39.85%	+21.23%
10 years cumulative	+78.82%	+52.26%
Since B unit launch	+157.38%	+101.65%

It is worth being precise about the difficult recent quarter. The fund fell 3.51% from July to September 2026, while the sector was broadly flat. The managers' own Q3 commentary identifies two connected factors: limited exposure to the most resilient technology companies and poorly timed decisions within technology as leadership reversed rapidly. Financials, healthcare and agricultural commodities helped, but not enough.

David Jane described the environment as difficult for a process with a momentum component and was clear that they had made errors while following that process. The discipline has not been abandoned. For advisers, that creates an appropriate monitoring question: was this a temporary cost of a consistent approach or evidence that the process is becoming less effective in rapid, concentrated market rotations?

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8 Risk Management, Drawdowns and Turnover

The team measures position risk through volatility, correlations and liquidity rather than simply allocating more capital to the highest-conviction views. Holdings are typically kept liquid so that exposures can be reduced or changed. In normal markets the questionnaire describes typical holding periods of around 12 months; annual portfolio turnover to September 2025 was 104.32% on its stated SEC methodology.

The historical maximum drawdown of -24.78% occurred from 20 February to 23 March 2020, with the recovery dated 3 December 2020. That is significant for a fund described as cautious. The label reflects the IA sector and the intention to control risk; it is not an assurance against substantial short-term losses. The worst points of a drawdown matter for clients withdrawing capital, even if the annual return later looks more comfortable.

The portfolio also carries risks from equity sensitivity, corporate credit, commodity prices and currency movements. Its conviction that structural inflation will favour short-duration bonds and selected real assets could be challenged by disinflation or a sharp slowdown. The latest quarter demonstrates another risk: decisions to reduce or increase exposure based on momentum may be costly when markets reverse abruptly.

9 The Role in Decumulation

This is an area where I think the strategy merits discussion. A visible monthly distribution may appeal to clients approaching or already in retirement. Premier Miton's presentation illustrates a £250,000 investment beginning in 2019 with natural income reinvested before retirement; that is useful historically, but it is not a forecast of future payments or evidence of a safe withdrawal rate.

Route one: taking natural income

A client could hold income units and receive the monthly distributions, reducing the need to sell units routinely to meet that portion of expenditure. The income will vary with underlying dividends, coupons, fund policy and market conditions. Because charges are taken from capital and asset values can decline, natural income does not automatically preserve the real value of the investment.

Route two: accumulation units and planned sales

Alternatively, accumulation units can be held and units sold to meet a pre-agreed spending need. This allows withdrawals to be adjusted to the client's plan, but introduces explicit decisions about how many units to sell and when. Selling into falling markets can amplify sequence-of-returns risk if withdrawals are inflexible or cash reserves inadequate.

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Natural income	Accumulation and unit sales
Payment depends on distribution policy and underlying cash flows	Payment can be planned in pounds and pence
No routine sale needed for that income portion	Requires managed unit sales
Income can be reduced or interrupted	Falls can require selling more units
Capital can still fall and charges come from capital	Capital can still fall and the withdrawn units no longer recover
Needs income buffers and reviews	Needs cash runway, guardrails and reviews

Neither route is a complete retirement solution. The fund could be a growth-and-income component within a broader Centralised Retirement Proposition®, alongside cash reserves, secure income and other diversified investments. Suitability must start with the client's spending needs and capacity for loss, not the existence of a monthly distribution.

10 When It May Be Helpful — and When It May Struggle

Potentially supportive	Potentially challenging
Persistent market trends reward selective macro and thematic exposures	Sharp reversals create false signals for a momentum-led process
Short-dated bonds deliver competitive coupon income	A sudden fall in yields makes longer bonds more rewarding
Inflation-sensitive commodities diversify some equity or duration risk	A global slowdown weakens equities, corporate credit and commodities together
Multiple regions and themes contribute rather than one dominant market	A narrow technology-led rally leaves the portfolio relatively behind
Monthly income grows alongside long-term capital returns	Distributions weaken while capital values are already falling

The central distinction is between a fund that seeks to manage risk actively and one that guarantees a low level of capital loss. Premier Miton belongs in the first category. Its behaviour should be assessed against the actual role it plays for each client.

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9 What We Like, What We Would Monitor, And Conclusion

What We Like

- A credible long-term record of total returns compared with its IA sector.
- An established history of monthly income distributions, with a greater contribution now coming from bonds.
- A genuine willingness to change asset allocation and avoid benchmark-dependent positions.
- The team's experience, clear process and explanation of how risk is scaled.
- The candour with which David Jane discussed the technology mistakes in Q3 2026.
- The potential for use as a component of a retirement-income strategy.

What We Would Monitor

- Recovery from the Q3 2026 setback and whether choppy equity leadership remains a persistent weakness.
- Annual drawdowns and recovery periods, not just volatility or headline total return.
- The sustainability of distribution growth, especially with charges deducted from capital.
- Correlation between equities, bonds and commodities as the inflation regime changes.
- The quality, liquidity and duration of the fixed-income sleeve and exposure to commodity shocks.
- Turnover, transaction costs and whether rapid portfolio repositioning adds measurable value.
- Concentration and succession risk in the two-person lead management team.

Where it may fit

For an investor requiring a professionally managed mix of income and capital growth, who can accept meaningful capital fluctuations and understands that monthly payments may vary. It may be considered within a diversified income portfolio or as one part of a CRP® rather than as a substitute for secure income or a cash runway.

Where it may be less suitable

For clients whose priority is protection of nominal capital, a guaranteed level of income or dependable short-term access to an unchanged fund value. The 2020 drawdown is a particularly relevant illustration of why the word "cautious" must be explained.

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Money Wise UK Summary

Premier Miton Cautious Monthly Income Fund has a strong long-term relative record, an experienced management team and a clear philosophy. The managers are trying to achieve an income and capital-growth outcome by adapting to how markets behave, rather than maintaining a fixed blend of assets. In the current higher-yield environment, the increased contribution from bonds is potentially attractive.

The recent quarter should not be brushed aside. The fund's -3.51% return when the sector was close to flat was disappointing, and management decisions contributed. I value the managers' willingness to discuss those decisions, but the process needs to demonstrate that it can adapt without repeatedly being caught on the wrong side of sharp market changes.

For retirement planning, natural monthly income is useful, but it is only one part of the discussion. A client can take distributions or use accumulation units with planned withdrawals; neither method eliminates capital losses or sequence risk. Fund charges taken from capital also need to remain visible in any assessment of income sustainability.

Money Wise UK view

A genuinely active and flexible multi-asset income strategy, supported by a credible track record and experienced managers. The more recent weakness is a timely test of the momentum-led process. It has a potential place as one element in a diversified retirement-income proposition, but the real test is the balance between income, total return and the capital risk clients actually experience.

Sources and Important Notes

Primary sources: Premier Miton B accumulation factsheet dated 30 September 2026; Q3 2026 commentary; Q3 income and macro thematic manager discussion; October team note; fund manager questionnaire; and "Navigating the new normal: Multi asset & Income strategies for a changing world" presentation. Portfolio allocations, yield and performance relate to the specific dates shown.

Charts in this review were recreated from the provided numerical disclosures. Particularly helpful original presentation pages are page 11 (equity/bond and commodity correlations), pages 12–13 (the change in diversification approach), page 24 (income versus yield), page 28 (pre-retirement income illustration), page 30 (income distribution history), and page 32 (total return comparison). Any external reproduction of Premier Miton's original imagery should respect its stated usage permissions.

The historic yield reflects past distributions, not a guaranteed level of future payments. Taking charges from capital can support distributions while reducing the scope for capital growth. Past performance is not a reliable indicator of future returns; investment

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values and income may fall. The fund's published performance reflects the B accumulation unit class, unless otherwise stated.

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