Growing together, with integrity and respect

Premier Miton Monthly Income Fund – Fund Research Summary

Strategy Overview

The Premier Miton Monthly Income Fund (formerly known as the Cautious Monthly Income Fund) is a UK-focused equity income strategy designed to deliver a regular income alongside capital growth over the long term (5+ years). It invests primarily in dividend-paying shares of companies listed in the UK (at least 80% of the portfolio), typically holding 40–60 stocks diversified across industries and company sizes.

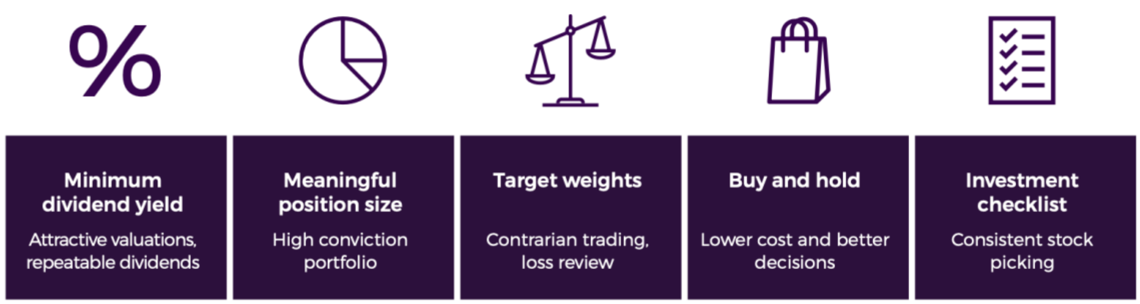
The fund's approach centres on "income style" investing: selecting quality companies with sustainable dividends and attractive valuations, and then distributing the dividends it earns to investors on a monthly basis. The managers adhere to a disciplined and transparent investment process focused on "quality at a reasonable price," aiming to preserve capital while still participating in rising markets. In practice this means they favour profitable businesses with resilient business models and maintainable dividends, seeking a balance of income generation and growth potential. Crucially, the fund takes charges from capital rather than income – reflecting its priority on delivering income – which can boost the payout but may slightly constrain capital growth over time. Overall, the strategy is positioned as a relatively cautious equity income fund that provides steady monthly distributions and a total return objective, making it a potential fit for investors who need regular income but also want equity market exposure for long-term growth.

Team

The fund is managed by Emma Mogford, who has led the strategy since joining Premier Miton in November 2020. Mogford is an experienced fund manager with a background in equity income investing and is supported by an assistant fund manager, Mahgul Ansari (with the team since 2021). Together they leverage the broader Premier Miton investment team's research, but day-to-day portfolio decisions are driven by Mogford's active management style and income focus. Notably, the fund manager has a strong alignment of interest with investors – *Emma Mogford has a sizeable personal investment in the fund*, underscoring her confidence in the strategy.

The team's philosophy emphasises discipline and consistency; as Mogford writes in the fund's Owner's Manual, success comes from sticking to a transparent process and focusing on what the team does best. The managers also bring valuable experience across market cycles, which is reflected in a proven track record of adapting the portfolio to different conditions. Importantly, the fund is not managed in isolation – it benefits from Premier Miton's governance and oversight (for example, internal reviews have deemed the fund to be providing value to investors). Overall, the combination of an experienced lead manager, a supportive team structure, and personal stake in the fund's outcome can give investors added confidence in the stewardship of this fund.

Process

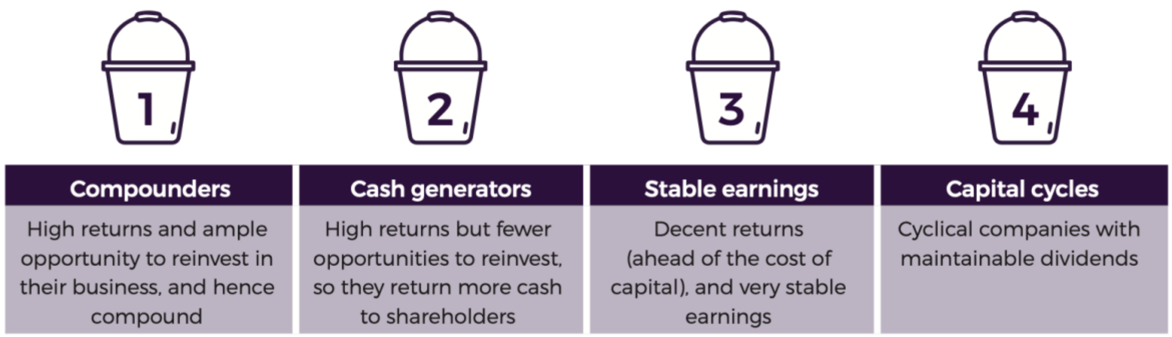


Investment Process:

The fund employs an active, unconstrained approach to equity income investing, guided by a mix of macroeconomic views and bottom-up stock selection. The managers first develop macro ideas and long-term themes to shape the portfolio's positioning. Macro ideas (such as views on interest rates or economic growth) tend to be shorter-term and help inform tactical tilts, while structural themes (for example, the energy transition, onshoring of supply chains, or demographic aging) are long-term drivers that influence stock selection. The portfolio is constructed as a collection of "baskets" of stocks tied to these themes, providing diversified exposure to each idea rather than reliance on any single company.

Security Selection:

Within this framework, the managers focus on quality companies with sustainable dividends. They have a clearly defined equity selection discipline: they look for businesses with above-average returns on capital, durable business models, and strong balance sheets that support maintainable and growing dividends. Stocks are only included if they contribute to both income and capital growth objectives – every holding must earn its place by meeting dividend yield criteria and fundamental quality tests (using an "investment checklist" to enforce consistency). This process naturally instils a valuation discipline: the managers seek companies trading at attractive prices relative to their income and growth prospects and will trim or sell positions as they become overvalued. They categorise target stocks into buckets like "compounders", "cash generators", "stable earners", and "capital cycle" companies, which helps ensure they understand the role of each holding and avoid style drift (e.g. not mistaking a cyclical high-yielder for a stable long-term compounder).



The fund does not track an index or adhere to the sector weights of any benchmark – the managers will completely avoid sectors or assets that they believe have unfavourable risk/reward profiles, rather than holding a token amount for the sake of representation[24]. This flexibility to "pick your battles" means the portfolio can look quite different from the broader market or peers at times, focusing only on investments that align with the fund's income and growth goals.

Portfolio Construction and Risk Management:

The managers employ a rigorous portfolio construction method summarized by "4 Ps": Plan for a range of scenarios; be Pragmatic; Position sizing by risk; and Pick your battles. In practice, they ensure the portfolio isn't predicated on a single economic scenario – instead it contains a mix of uncorrelated ideas so that it can perform reasonably across different market conditions. They remain *pragmatic* and open-minded, willing to change the portfolio's biases when the environment shifts. Positions are sized according to their risk (volatility, liquidity, correlation) rather than just conviction, to prevent any one holding or theme from dominating the fund's risk profile. And as mentioned, if an area offers poor prospects, the managers will simply avoid it altogether – there is no obligation to own anything that doesn't help meet the fund's objectives.

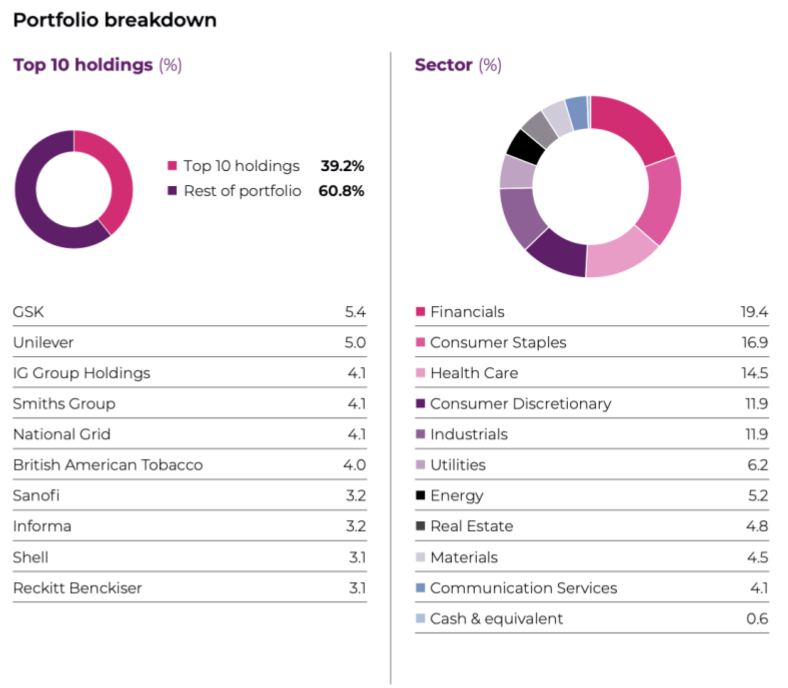
This active risk-managed approach is facilitated by maintaining a highly liquid portfolio of mostly large and mid-cap stocks, allowing the managers to adjust exposures quickly as needed. They also implement some currency hedging for overseas holdings when needed, to ensure that currency fluctuations don't dominate the fund's risk and the focus remains on the underlying investments' performance.

Notably, the fund's charges are taken from capital (not from income), a deliberate choice that helps maximise the distributable income for shareholders. While this can marginally reduce capital growth over time, it aligns with the fund's income priority and is transparently communicated to investors.

Overall, the process is outcome-oriented – the managers aim to deliver on the twin goals of steady income and capital preservation/growth by actively shifting the portfolio in line with their macro/thematic insights and by diligently selecting and monitoring quality dividend stocks. This dynamic approach has historically contributed more to performance through asset allocation and sector positioning decisions than through individual stock-picking wins, reflecting the team's skill in portfolio strategy. The result is a portfolio that can be repositioned as conditions change, rather than remaining static or tied to an index, with risk management embedded at every step.

Portfolio

As of late 2025, the fund’s portfolio is broadly diversified across sectors and contains a concentrated selection of dividend-paying stocks.

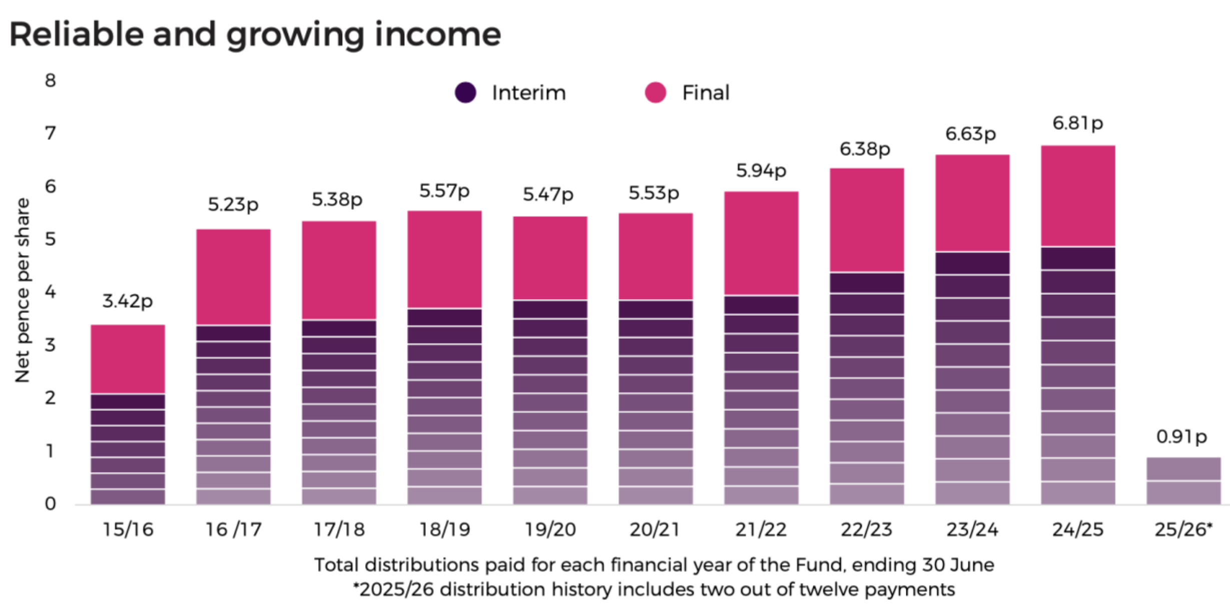


It holds approximately 50–60 stocks (within the 40–60 range indicated in its mandate, mainly UK-listed companies with a handful of overseas names for added diversification. The top 10 holdings account for about 39% of the fund, a relatively focused upper tier, and consist of well-known, blue-chip companies.

For example, leading positions include healthcare and consumer staples giants GSK (5.4%) and Unilever (5.0%), financial services firm IG Group (4.1%), industrial technology company Smiths Group (4.1%), and utility National Grid (4.1%), among others. These are all established businesses with strong dividend histories, reflecting the fund’s quality income bias. Notably, the portfolio spans multiple sectors: its largest exposures are to Financials (~19%), Consumer Staples (~17%), Health Care (~14%), and Consumer Discretionary (~12%), with meaningful allocations also in Industrials, Utilities, Energy, Real Estate, and other sectors. This indicates a blend of defensive, income-rich sectors (like staples, healthcare, utilities) and more cyclical or value-oriented areas (financials, energy, etc.), which can help balance the income stream and respond to different macro conditions. The fund typically avoids highly speculative or non-dividend sectors; for instance, it has minimal exposure to areas like Technology or does so indirectly if needed.

While UK equities dominate the portfolio (by mandate at least 80% UK holdings), the managers have the flexibility to invest up to ~20% in overseas stocks or fixed-income instruments. In practice, the current holdings include a few international names such as Sanofi (a French healthcare company, ~3% position), which complement the UK positions and provide exposure to global themes. Any foreign currency exposure is monitored and can be hedged back to GBP to mitigate currency risk. The fund does not hold significant bonds or cash at present – cash is kept low (around 0.6% as of the latest factsheet), indicating that the managers remain fully invested in pursuit of income opportunities. They will, however, use cash tactically or defensive assets (e.g. an ETF for gold or a bond holding) if their outlook turns very cautious, but such moves are the exception rather than the rule.

In terms of style, the portfolio strongly leans into dividend sustainability and value. The weighted average historic yield of the fund is around 4–5% (4.09% on the sterling Class C shares as of Oct 2025), which is substantially higher than the broad market yield – reflecting the focus on income-generative stocks. The fund pays out whatever income it collects from these holdings on a monthly schedule (ex-dividend on the 1st of each month, with distributions paid on the 28th). This means investors receive 12 income payments per year, a feature that sets it apart from many equity funds that pay quarterly or semi-annually. The actual distribution per share will fluctuate with market conditions and company dividends, but the managers aim to keep the income stream as stable and rising over time as possible by investing in businesses capable of growing their dividends. Indeed, the fund's income distribution history shows a steady climb in recent years: total dividends paid by the fund have increased from roughly 4.2 pence per share in 2015/16 (when the strategy had just refocused on income) to about 6.8 pence per share in the 2024/25 financial year.



This growth in payout demonstrates the success of the strategy in capturing rising corporate dividends and passing them through to investors. It's also worth noting that the fund's

Ongoing Charges Figure (OCF) is 0.88%, which is in line with or slightly below the median for comparable income funds. The charges are reasonable for an actively managed fund of this nature, and the fact they are taken from capital (as mentioned) boosts the income yield slightly, albeit with the caveat of potential long-term capital drag. All in all, the portfolio is constructed to deliver a blend of diversified income sources – from high-yielding defensive stocks to cyclical dividend payers – with an eye on maintaining a reliable monthly income for investors and modest capital appreciation over time.

Performance

Total Return:

Performance summary (%)

— Manager start date: 19 Nov 2020

Fund share class ■ Sterling class C - Income shares

Performance comparators ■ Index: FTSE All-Share Index
■ Sector: IA UK Equity Income

Performance over 5 years

	1 month	3 months	1 year	3 years	5 years	10 years	Manager start
■ Fund	4.76	4.54	14.38	39.67	86.96	61.12	61.49
■ Index	3.71	6.61	22.50	50.86	98.57	116.30	74.52
■ Sector	3.40	4.77	17.07	44.46	88.48	83.95	62.53

	2020	2021	2022	2023	2024	YTD
Fund	-23.85	19.12	0.45	8.35	9.93	12.42
Index	-9.82	18.32	0.34	7.92	9.47	20.91
Sector	-10.73	18.39	-1.69	7.02	8.73	16.03

	30.10.20 29.10.21	29.10.21 31.10.22	31.10.22 31.10.23	31.10.23 31.10.24	31.10.24 31.10.25
Fund	31.37	1.89	3.21	18.31	14.38
Index	35.40	-2.78	5.89	16.30	22.50
Sector	38.27	-5.64	4.75	17.81	17.07

The fund’s performance has been solid but not spectacular, generally keeping pace with its peer group and delivering positive returns through varied market conditions, though it may lag a roaring equity market due to its cautious stance.

Over the five years to late 2025, the fund produced an annualised total return of around 4–5%, which was slightly above the average for cautious multi-asset income peers (in the IA Mixed 20–60% Shares sector). Under the current manager (since November 2020), it has navigated a tumultuous period – including the pandemic recovery, rising inflation, and interest rate shocks – with relative resilience. For instance, in calendar 2022, the fund managed a small positive return of +0.45%, outperforming both its benchmark FTSE All-Share Index (+0.34%) and the typical UK Equity Income peer (the sector average was –1.7% that year). This was a year when many dividend-focused strategies struggled, so a flat-to-slight gain reflects prudent positioning (benefiting from sectors that held up).

In 2023, the fund delivered about +8.3%, roughly matching the All-Share (+7.9%) and sector average (+7.0%) – a respectable outcome in line with the market. During 2024, the fund also posted a positive return (around +9% for the full year 2024), although it lagged the FTSE All-Share's stronger rally (the index was boosted by a rebound in certain cyclical stocks that the fund underweighted). In the 12 months to October 2025, the fund returned approximately +14.4%, which, while healthy in absolute terms, trailed the UK market's +22.5% surge over the same period. This underperformance in a sharp rally is not unexpected – given its cautious remit, the fund typically won't capture all of the upside of a booming equity market. Over a full market cycle, however, its risk-adjusted returns have been competitive.

Looking at longer-term metrics, the fund has achieved roughly +87% cumulative return over 5 years, in line with the IA UK Equity Income sector average (~+88%). It has thus delivered on its goal of growing capital while paying out income. The management's adaptability has also meant that drawdowns have been relatively contained outside of extreme events. (One notable tough period was the COVID-19 crash in early 2020, where the fund fell sharply – about –23.9% in 2020 – reflecting its equity exposure. However, it rebounded strongly thereafter, and the income continued uninterrupted through that period.)

The volatility of the fund is moderate-to-high (rated 5 on the 1–7 synthetic risk scale as of mid-2025), commensurate with an equity-heavy portfolio, but tends to be a bit lower than a pure equity index because the fund diversifies across sectors and occasionally holds defensive assets. Over 2020–2023, the fund's performance pattern shows it outperformed in weaker markets (e.g. 2022) and lagged slightly in very strong markets – a pattern consistent with its cautious income style. This indicates that it may provide some downside cushion during market stress (through stock selection and tactical moves) at the expense of forgoing some upside in speculative rallies.

Income Delivery:

From an income standpoint, the fund has a strong track record. It has consistently paid distributions every month, and importantly those distributions have generally grown year-on-year (with minor fluctuations). As noted earlier, the annual dividend per share has almost doubled since the fund's strategic shift to income in 2015.

- £250,000 invested
- Income payment in 2019 = £12,073
- Income payment in 2024 = £18,145
- Income increased every year

+50%

increase in annual income

In practical terms, an investor who held the fund over the past several years would have seen their monthly income payments increase over time. For example, the total income distributed in the 2022/23 fiscal year was about 6.38p per share, rising to 6.63p in 2023/24 and 6.81p in 2024/25. These incremental increases, while not guaranteed going forward, illustrate the fund's ability to capture dividend growth from its holdings. The current historic yield on the fund is around 4% (4.1% on the C share class as of Oct 2025), which is an attractive level of income in the context of equity funds. It places the fund's yield towards the higher end among comparable multi-asset or equity income funds (one internal analysis noted it as a top-decile yield within its former Mixed Investment peer group).

Importantly, this yield is achieved through actual dividends from companies – the fund does not employ gimmicks like constant pay-out of capital as "income" (apart from using capital to cover fees, which many income funds do). The sustainability of the income is supported by the managers' focus on companies with maintainable dividends. That said, investors should remember that fund distributions can and will fluctuate – they are not fixed interest payments. If a number of portfolio companies cut or cancel dividends, the fund's income will temporarily drop. We saw an industry-wide example of this during 2020's pandemic, when many UK companies suspended dividends; even then, this fund managed to navigate relatively well (its total payout for 2020/21 was roughly flat on the prior year), but such resilience can vary depending on the crisis.

The Assessment of Value report (for year-end 2024) concluded that the fund has delivered value in terms of performance and cost, indicating that the outcomes for investors (including income received) were reasonable relative to what one should expect given the fund's objectives and fees. Overall, performance of the Premier Miton Monthly Income Fund can be characterised as steady and in line with its aims: it won't shoot the lights out in bull markets, but it has provided a dependable return stream with a valuable income component, which is exactly what it advertises.

Macro and Themes

Macro Environment:

The fund's positioning is influenced by the prevailing macroeconomic environment, and recently that environment has been defined by higher inflation, rising interest rates, and moderate economic growth in the UK. The managers recognise that we are in a changing macro regime compared to the low-inflation decade of the 2010s. They cite factors such as deglobalisation, resource constraints, and conflicting monetary/fiscal policies as reasons why inflation is likely to remain structurally higher than before. A higher-inflation backdrop has several implications for the fund's strategy. For one, it encourages the managers to seek companies with pricing power and real asset exposure – for example, consumer staples or utilities that can pass on costs, or infrastructure-related businesses – to help protect the portfolio's real income. It also means interest rates are higher, which affects sector preferences: financial companies (banks, insurers) might benefit from higher rates, and indeed the fund has a significant weighting in Financials, while highly leveraged sectors or bond proxies might be less favoured.

The fund's allocation is dynamic in response to macro data. If the managers believe a recession is coming, they may tilt more defensively (raising cash, adding to defensive stocks like pharmaceuticals or telecoms). Conversely, if growth is picking up, they might add to cyclical dividend-payers (like consumer discretionary or industrials). They do *not* attempt precise economic forecasts, but rather respond to observable trends and market pricing. For example, in periods of central bank tightening, the portfolio might reduce exposure to rate-sensitive assets and increase holdings in companies with strong balance sheets and reliable dividends. As of late 2025, the UK and global economy are in a late-cycle phase with interest rates at their highest in over a decade – the fund's cautious tilt (e.g. its defensive sector bias and relatively low exposure to speculative growth stocks) aligns with this environment, prioritizing steady income over aggressive growth bets.

Thematic Positions:

Alongside macro adjustments, the managers embed several long-term themes in the portfolio construction. These themes represent structural shifts or multi-year trends that can drive company earnings and investor returns. According to the team, some key themes influencing the fund include:

- **Energy Transition ("New Energy")** – Investments related to the shift from fossil fuels to renewable and low-carbon energy. The managers see this as a source of long-term opportunity, as trillions of dollars will be invested in new energy infrastructure. The fund might express this theme by holding utilities and industrials involved in renewable power, or even oil & gas companies that pay strong dividends and are transitioning their business models (for instance, Shell – a top 10 holding – which offers a high yield and is investing in renewables).

- **Onshoring and Domestic Revival** – A theme stemming from deglobalisation, where companies bring supply chains or manufacturing back to domestic markets. This trend can benefit certain UK industrial companies, logistics firms, and banks focused on local business investment. The fund's stake in companies like Smiths Group (which provides industrial technology and could benefit from increased domestic security and infrastructure spending) may tie into this onshoring theme.
- **Demographic Change** – The aging population in developed economies and changing consumer demographics drive this theme. The fund plays it via healthcare and financial services exposure. For example, holdings in pharmaceutical companies (e.g. GSK, Sanofi) align with increased healthcare demand from older populations, and life insurers or wealth managers could benefit from retirement saving trends.
- **Value Rotation** – While not a "structural societal theme," the managers have indicated a belief in the cyclicality of investment styles. After a long period where growth stocks outperformed, they have positioned the fund to take advantage of a potential sustained rotation into value stocks (which include many dividend payers). This is more of a tactical theme: they lean into sectors like financials, energy, or materials when those are undervalued and poised to rebound.

These themes provide a natural diversification within the portfolio. Not all themes are sensitive to the same economic variables – for instance, the demographic trend is relatively insensitive to economic cycles (people age and require healthcare regardless of short-term GDP fluctuations), whereas something like onshoring might accelerate during geopolitical stress or supply chain disruptions.

By combining several themes, the fund avoids concentrated bets. The managers often implement theme exposure by holding a *basket of stocks* tied to that theme, rather than a single name, to reduce idiosyncratic risk. For example, for the new energy theme they might hold a mix of a utility, an industrial equipment maker, and an materials company – each benefiting from the trend in different ways. This basket approach means if one company stumbles, the theme's impact on the portfolio can still be captured by the others.

In summary, the fund is actively managed with an eye on macro developments and thematic tailwinds. The current macro stance is somewhat cautious given inflation and high rates (which is reflected in the fund's value and defensive leanings), while the embedded themes position it to benefit from long-term changes like energy transition and demographic shifts. The managers will adjust these positions as conditions evolve – for instance, if inflation unexpectedly collapses and central banks ease policy, they might rotate into sectors that benefit from lower rates (perhaps REITs or utilities even more), or if a new theme emerges (say, technological innovation in an area that also offers income opportunities), they could incorporate that. This flexibility in macro and thematic allocation is a key aspect of how the fund differentiates itself from more static income funds.

Strengths

- **Consistent Income Focus with Growing Distributions:** A core strength of this fund is its ability to deliver a reliable monthly income stream that has grown over time. The fund prioritises income in its mandate – even taking expenses from capital to maximise payouts – and has built a track record of increasing or maintaining dividends each year. Investors seeking regular cash flow (e.g. for retirement needs) benefit from the frequency (12 payments a year) and the generally rising trend of distributions (the fund's payout roughly doubled in the decade since 2015). The current yield of ~4% is attractive relative to many peers and inflation, offering a genuine income without dipping into capital by design.
- **Quality Stock Selection and Downside Risk Management:** The fund's stock-picking approach is rooted in quality and value discipline, which contributes to capital preservation. By investing in companies with strong profitability and sustainable dividends, the portfolio inherently tilts toward businesses that can better weather economic stress (e.g. firms with solid balance sheets and resilient earnings). The managers also emphasise *preserving capital* – they place great importance on assessing the downside risk of each investment and will cut losers or avoid areas that look risky. This discipline has helped the fund hold up comparatively well during weaker markets (e.g. mitigating losses during downturns like 2022) and reduces the likelihood of severe permanent capital impairment. Essentially, the strategy doesn't chase fad stocks or yield at any cost; it sticks to fundamentally sound income generators, which is a strength for long-term investors.
- **Active and Flexible Management:** Unlike many income funds that hug benchmarks, this fund is unconstrained and highly active, which has been beneficial in navigating changing market conditions. The experienced management team can significantly reposition the portfolio when needed – for instance, shifting sector allocations or raising cash ahead of anticipated volatility. Their pragmatic, momentum-aware style means the fund can adapt to new regimes (e.g. moving from a growth-led market to a value-led market) more readily than a static strategy. Over time, asset allocation calls by the team (such as overweighting equities vs. holding some bonds, or tilting towards certain themes) have added value, as evidenced by performance attribution data. This flexibility is a strength because it allows the fund to exploit opportunities and manage risks that a rigid strategy might miss – effectively, the managers are an *added layer of risk management*, steering the fund through macro waters.
- **Broad Diversification Across Sectors and Assets:** The Premier Miton Monthly Income Fund is diversified both horizontally and vertically. Horizontally, it spreads investments across a wide range of sectors – financials, consumer goods, healthcare, utilities, etc. – preventing over-concentration in any single industry (the largest sector is ~19% of the fund). This means the fund's fortunes aren't tied to one segment of the economy. Vertically, it holds a mix of large-cap stalwarts and some mid/small-cap names, plus has the ability to include a portion of non-UK assets or fixed-income instruments. Such diversification can enhance the stability of returns

and income. For example, if UK domestic stocks are struggling but global pharma or energy stocks are doing well, the fund's blend of holdings can balance those effects. The portfolio's 40-60 stock range ensures it's concentrated enough for each holding to matter, but not so concentrated as to be overly dependent on a few names. This level of diversification, combined with the multi-thematic approach, is a strength as it reduces idiosyncratic risk and makes the income more resilient (since dividends come from many sources).

- **Investor Alignment and Transparency:** The fund exhibits good alignment with investor interests. The lead manager has personally invested in the fund, which fosters trust that she is committed to the same objectives and will manage risks prudently. Additionally, Premier Miton provides transparent communications – the existence of an "Owner's Manual" for the fund and regular Q&A/factsheet materials means investors and advisers can clearly understand the process and positioning. The fund's costs are reasonable (OCF ~0.88%) and were found to be slightly below the peer median in the latest assessment, indicating investors are not overpaying for what they receive. In the firm's 2024 Assessment of Value review, the fund was rated Green (good value) on all criteria including performance, costs, and quality of service. This external scrutiny confirms that the fund is delivering outcomes commensurate with its fees. All these factors – manager co-investment, clarity of strategy, fair fees – can be seen as strengths that enhance the fund's appeal to both advisers and clients looking for a reliably managed income solution.

Risks

- **Market Risk – Equity Volatility and Capital Loss:** Despite the "Cautious" moniker, this is fundamentally an equity fund and carries stock market risk. Investors must be prepared for the value of the fund to fluctuate, sometimes significantly. The fund's official risk rating is 5 out of 7 (medium-high risk), meaning it has experienced moderate to high volatility historically. In sharp market downturns, the fund's value can fall. For example, during the COVID-19 crisis in early 2020 the fund dropped by over 20% in a short period – a reminder that it is not a capital-protected product. A prolonged bear market or recession would likely lead to a decline in the fund's net asset value as stock prices of even high-quality companies come under pressure. Investors could get back less than they originally invested, especially if they have to sell during a downturn. Thus, it's critical that anyone using this fund has an appropriate time horizon (at least five years, as per the fund's guidance) and the risk tolerance to withstand equity market swings. "Cautious" in the context of this fund refers to its relatively conservative equity approach (quality/value bias and some flexibility), but it does not mean low risk in the absolute sense – it's not akin to a cash or bond fund in risk profile.
- **Income Not Guaranteed (Dividend Risk):** The monthly income payments from the fund are variable and not guaranteed. They depend on the dividends paid by the companies in the portfolio. These dividends can be cut or suspended by companies

for numerous reasons (economic downturn, earnings trouble, regulatory changes, etc.). If several major holdings reduce their dividends, the fund's distribution to investors will likely fall. We saw industry-wide dividend cuts in 2020; while this fund managed to maintain its payout in that period, there is no promise it can always do so. The historic yield of ~4% is a snapshot based on the last 12 months' distributions – future yields could be lower or higher. Investors should be comfortable with the amount of income going up and down over time. Relying on the fund for a fixed withdrawal need (like a set amount each month) carries the risk that income might temporarily be insufficient, potentially forcing the sale of some units (at possibly a bad time). It's also worth noting that the fund's policy of taking fees from capital boosts income in the short term but can lead to capital erosion if market growth doesn't compensate. Over very long periods, this could marginally reduce the NAV and thus the base on which future income is generated. In summary, while the fund aims to provide a steady income, *neither the income nor the capital value can be guaranteed*.

- **Equity Income Style Risks:** The fund's focus on dividend-paying stocks means it has certain style biases that can be out of favour. It is likely overweight in value-oriented sectors (financials, utilities, consumer staples) and underweight in high-growth sectors (tech, biotech) relative to the broad market. If the market undergoes a strong growth-led rally or if low-yielding growth stocks significantly outperform (as they did in the late 2010s), the fund could lag notably behind broader equity indices. Conversely, in a scenario of rising bond yields (which we've seen recently), high-dividend stocks sometimes underperform because their relative attractiveness vs. bonds diminishes – the fund could face headwinds in such an environment as well. The managers' *momentum-driven approach* may also introduce risk: they tend to perform best when trends persist and can struggle when the market suddenly rotates or mean-reverts. For instance, a rapid shift from a value market to a growth market, or a sharp sector rotation, could catch the fund on the wrong foot in the short term. The managers themselves acknowledge that periods of mean reversion or regime change can cause underperformance until they reposition. Essentially, the fund is not style-neutral; it makes active bets on certain investment styles (quality, momentum, value) and themes. If those are out of favour, performance will suffer relative to more agnostic funds. Investors should understand the inherent cyclicality in an equity income strategy – it won't outperform in every market phase.
- **Concentration and Liquidity Risks:** While the fund is diversified across sectors and holdings, it still has areas of concentration. The top 10 stocks make up roughly 39% of the portfolio, so each of those positions is significant. If one of those large holdings encounters a severe problem (say a dividend suspension or a scandal causing its share price to collapse), it would have a noticeable impact on the fund. Sector concentrations pose risk as well – for example, nearly one-fifth of the fund is in financials, so an adverse event that broadly impacts UK banks or insurers (e.g. a financial crisis or regulatory clampdown on bank dividends) would hurt the fund more than it would the overall market. Another consideration is liquidity: the fund primarily owns large, liquid UK equities, so under normal circumstances liquidity risk is low

(investors can buy/sell the fund without issue, and the fund can trade its holdings readily). However, in extreme market conditions, even large-cap stocks can become less liquid, and if there were ever a surge of redemptions (for instance, if that one large 10% holder decided to exit), the fund might face pressure to sell positions at unfavourable times. The presence of an institutional holder over 10% means a single investor action could lead to material outflows, though there's no indication of any such intent and platforms typically manage redemptions in an orderly way. Overall, these risks are mitigated by the fund's liquid holdings and diversified nature, but they are not absent.

- **External and Regulatory Risks:** As a UK-focused fund, it is exposed to the health of the UK economy and stock market. UK equities have underperformed some global markets in the past decade; factors like Brexit, political instability, or sterling currency fluctuations can influence returns. Although the fund can invest up to 20% overseas, it's still largely tied to UK market fortunes. Additionally, changes in tax or regulation could affect dividend yields (for example, if corporation tax changes reduce company profits available for dividends, or if government policy forces certain companies to cut payouts). The fund operates as an OEIC (Open-Ended Investment Company), which means it's subject to UK fund regulations – this generally protects investors (e.g. daily liquidity, oversight), but also means in extreme scenarios the fund could be gated or suspended (though that would be a last resort if markets became disorderly, as happened briefly with some funds during 2020). Another risk to note is inflation risk: if inflation remains very high, the real value of the income (and capital) could be eroded even if nominal returns look okay. The fund attempts to mitigate this by seeking dividend growth above inflation, but there's no guarantee it always will. Finally, manager risk is present: Emma Mogford has been instrumental in the fund's strategy since 2020 – should she leave or change roles, there is risk in transition to a new manager (though Premier Miton would likely maintain the same philosophy).

In sum, while the Premier Miton Monthly Income Fund is managed cautiously relative to pure equities and has several risk controls, it is not without risks. Investors and advisers should weigh these factors: the potential for capital volatility, fluctuating income, and periods of underperformance, against the fund's benefits. Ensuring the fund's risk profile aligns with the client's objectives and comfort is key – it is most suitable for those who can tolerate equity risk and are looking for income, rather than those who need guaranteed or very stable returns.

Role in Retirement

The Premier Miton Monthly Income Fund can play a valuable role in a retirement income strategy for suitable investors. Its design aligns well with the needs of retirees or those in drawdown who seek a regular, natural income from their investments:

- **Regular Monthly Payouts:** The fund's monthly distribution schedule is a clear advantage for retirement planning. Many retirees have ongoing living expenses – bills, leisure, etc. – that occur monthly. This fund provides income every month, closely matching that cash flow need, unlike typical funds that distribute quarterly or semi-annually. For an investor drawing down in retirement, receiving 12 smaller payments spread across the year can aid budgeting and reduce the risk of having to dip into capital between infrequent payouts. It essentially functions somewhat like a "homemade pension" in that regard, turning investment returns into a steady income.
- **Attractive Yield for Drawdown:** With a yield around 4%–5%, the fund offers a level of income that is in the range often cited as a sustainable withdrawal rate for retirees. If a retiree is comfortable targeting, say, 4% of their portfolio per year as income, this fund's distributions could roughly provide that without the need (in normal conditions) to sell down units. For example, a client investing £250,000 could expect on the order of £10,000+ in annual income from the fund (though it will vary year to year). Moreover, the fact that the fund has grown its payout over time means it has the potential to help combat inflation in retirement – a crucial consideration. As the cost of living rises, a static income becomes inadequate, but this fund's income has trended upward (historically outpacing inflation during low-inflation years, and at least partially keeping up in more recent high-inflation years). This could help preserve the retiree's purchasing power. That said, there is no guarantee future increases will match inflation, especially if inflation is very high, but the prospect of income growth sets equity income funds apart from fixed annuities or bond interest which are fixed or slow-growing.
- **Long-Term Growth and Capital Preservation:** Unlike an annuity that exchanges your principal for income, this fund keeps the investor's capital invested and aims to grow it over the long term. This is important for retirees who want to maintain flexibility (you retain access to your money) or leave a legacy. The fund's objective explicitly includes capital growth over 5+ year periods. If the strategy is successful, a retiree can enjoy the income and still have their initial investment (possibly even larger in nominal terms) after many years. For instance, had an investor retired a decade ago and put money in the fund, they would have received steady income and potentially seen their portfolio value rise along with the market (notwithstanding interim ups and downs). Of course, capital growth is not assured and there will be periods where the capital value declines, but the equity exposure offers the upside potential that more conservative income products lack. This makes the fund suitable as a core holding for retirees who have a moderate risk tolerance and need growth to sustain a retirement that could span decades.
- **Use in Tax-Efficient Wrappers:** The fund is eligible to be held in tax-advantaged accounts like an ISA or SIPP (self-invested personal pension). This is significant for retirement income, because dividends from an equity fund can otherwise be taxable if not sheltered. By holding it in an ISA/pension, a retiree can receive the monthly income *tax-free* (in an ISA) or at their applicable rate in a pension but with potentially 25% tax-free lump sum or other advantages. This enhances the net income received.

Many retirees will have built up ISAs or will draw from pensions in drawdown – plugging a fund like this into those vehicles aligns well with the goal of generating spendable income in the most efficient way.

- **Diversification in a Retirement Portfolio:** In a well-crafted retirement plan, this fund would typically be one component – likely forming part of the "income bucket" or equity portion of a portfolio that also includes other asset classes (like bonds, cash, or other dividend funds) to manage risk. Its role would be to provide equity-driven income and growth, complementing lower-risk fixed income holdings that provide stability. For example, an adviser might pair this fund (to cover equity income) with a gilt or bond fund (to cover interest income and capital stability), achieving a balance. The Premier Miton Monthly Income Fund could be seen as a slightly more conservative equity allocation that still yields strongly. It might also appeal to those in retirement who do not want to manage a stock portfolio themselves – by investing in this fund, they outsource stock selection and enjoy professionally managed income. The multi-asset flexibility (albeit limited in practice) also means the fund can adjust on behalf of the retiree as conditions change, which is valuable in drawdown when regular oversight and rebalancing is needed.
- **Considerations and Suitability:** It's important to stress that this fund is suitable for retirees who understand the risks discussed earlier. The value of their investment and the income will fluctuate. Therefore, it fits investors who have some capacity for loss (for instance, those who have other sources of guaranteed income like State Pension or annuities to cover essential expenses, so that the variability of this fund's income is acceptable for discretionary spending). For such an investor, the fund can provide a higher income than many lower-risk options, with growth potential, which can meaningfully improve their retirement lifestyle. On the other hand, if a retiree cannot tolerate any capital loss or income drop, this fund would not be appropriate – an annuity or bond ladder might be more fitting. Advisors often use risk profiling to determine if a "cautious equity income" fund is a good fit for a given retiree. The target market assessment for the fund confirms it is intended for investors (even basic or first-time investors, provided they have advice) who are looking for regular income and willing to accept variations in that income and capital in pursuit of longer-term growth. That description aligns well with many retirement investors.

In conclusion, the Premier Miton Monthly Income Fund can serve as a core income-generating holding in retirement portfolios. It offers the allure of equity-like returns and rising income, packaged in a convenient monthly payout format. When used appropriately – typically in a diversified plan and in a tax-efficient wrapper – it helps address two key retirement challenges: generating reliable income and preserving the value of capital over a retirement horizon that could be 20+ years. Advisors considering this fund for clients should ensure that the client is comfortable with the equity exposure and understands that while the fund aims to deliver a steady retirement income, it does not come with guarantees. For the right investor, however, it provides an effective way to turn investment savings into ongoing income in the golden years.

Summary / Conclusion

The Premier Miton Monthly Income Fund (Cautious Monthly Income) is a distinctive option for income-seeking investors, blending an equity income approach with a cautious, adaptive philosophy. In summary, the fund offers regular monthly income distributions (around a 4% historic yield currently) and pursues capital growth over the long term.

It is managed by an experienced team led by Emma Mogford since 2020, who implements a disciplined process focusing on high-quality, dividend-paying companies and dynamic asset allocation to navigate different market conditions.

The strategy's strengths lie in its consistency and balance: it has delivered steady income (with a rising trend in payouts) and competitive total returns relative to peers, without taking undue risk or straying from its core mandate. The portfolio is diversified across sectors and primarily invested in large-cap UK equities, providing familiarity and transparency to investors, while also being nimble enough to adjust when the economic backdrop shifts. This independent analysis finds that the fund has generally fulfilled its objectives – it provides the income it promises and has added value through active management, as evidenced by the firm's own assessment deeming it a good value product for its target market.

That said, potential investors should view it realistically: it is not a guaranteed income product nor a substitute for a deposit account. The "cautious" label is relative; in absolute terms, it carries the risks of an equity-based investment. In roaring bull markets the fund may lag more aggressive funds, but in more challenging times it has shown resilience.

For financial advisers and their clients, the Premier Miton Monthly Income Fund can be considered a suitable holding for those in need of income and moderate growth, such as retirees drawing an income or conservative investors aiming to supplement their earnings. It plays a role as a core equity income holding, potentially alongside other assets, in a diversified portfolio geared towards retirement or income generation. The fund's unique selling points – monthly payouts, a proven process, and active risk management – make it an appealing choice in the income fund universe, as long as the client's risk profile aligns with its equity exposure.

In conclusion, the Premier Miton Monthly Income Fund stands out as a professionally managed, income-oriented fund that has demonstrated an ability to deliver on its dual aims over multiple years. It offers a blend of reliability and prudence, without sacrificing all growth potential. Money Wise UK's independent view is that the fund provides a clear value proposition for income-focused investors: a transparent strategy aiming to turn the power of equity dividends into a steady stream of cash flow. As always, investors should consult with their advisers to ensure the fund fits their individual circumstances, but for the right scenario – particularly in the context of retirement income planning – this fund has the credentials to be a valuable component of an investment solution.

Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

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