

# Premier Miton Financials Capital Securities Fund

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# Company overview



## An active manager

- High conviction portfolios

## A collaborative culture

- Independent thinkers, no house view
- Cross fertilisation of ideas; no investment silos
- Free to perform

## Strong UK heritage

- Premier Asset Management & Miton both founded in the 1980s
- Strategic investment team hires since merger in 2019; diversifying product offerings
- Growth ambitions internationally & in the institutional channel

**\$14.2bn**

Total AUM

**54**

Products managed

**18**

Investment teams

**\$42.3m**

In cash<sup>1</sup>

## Responsible allocators of capital

- ESG factors considered in a proportionate and applicable manner in the investment approaches across our different investment strategies
- Strong focus on stewardship
- Active members of responsible investing initiatives including Climate Action100+, Investor Forum & CDP Non-Disclosure Campaign

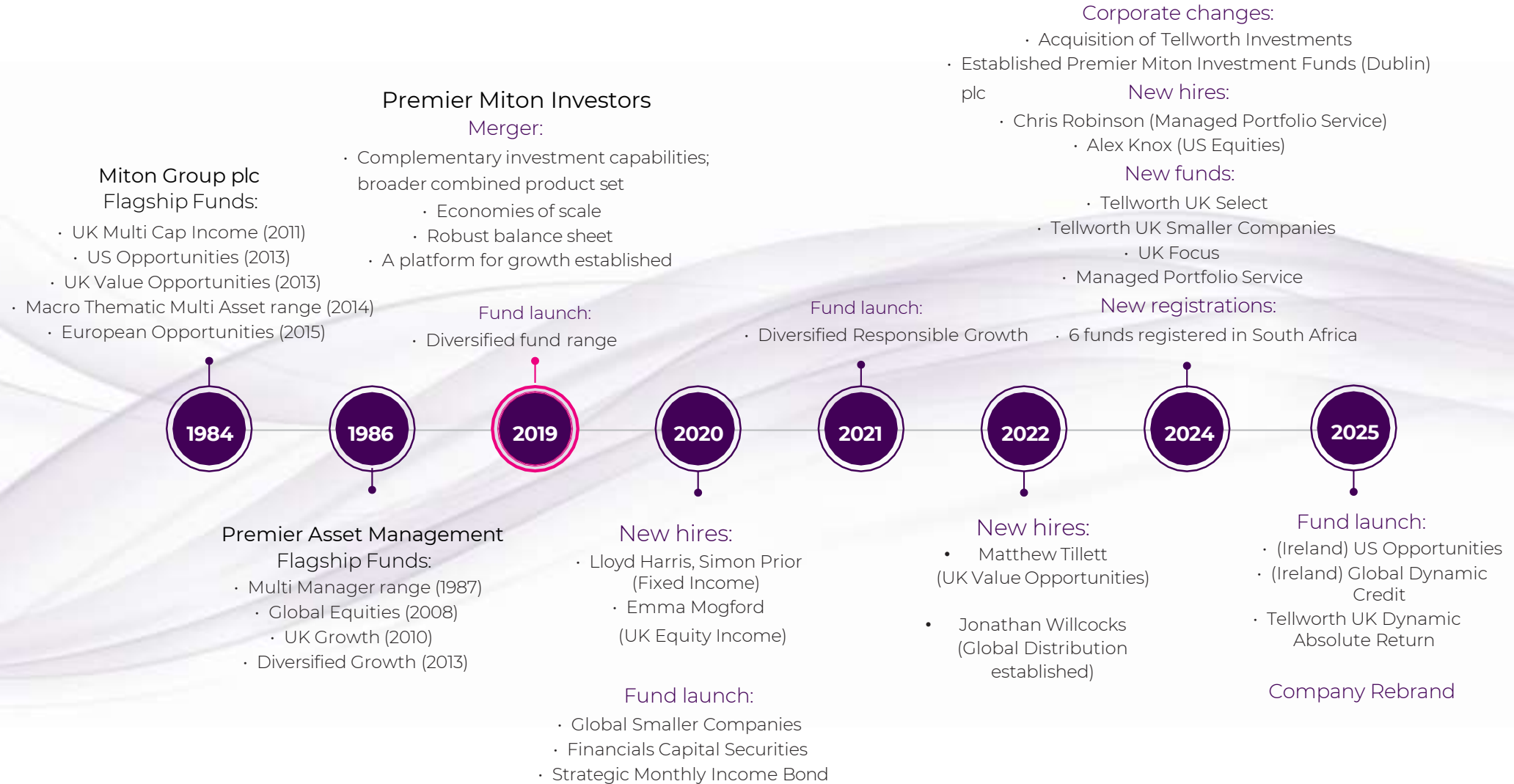


[www.premiermiton.com/responsibility/](http://www.premiermiton.com/responsibility/)

Source: Premier Miton, as at 30.06.2025. Pound Sterling converted to USD Dollar, on 24.07.2025. <sup>1</sup>As at 31.03.2025, GBP converted to USD on 08.07.2025.

Please note that the numbers above have been rounded.

# Heritage



# Our team



# Fund management team

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Lloyd Harris

Fund manager &  
Head of Fixed  
Income

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Simon Prior

Fund manager

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Hoy Wan

Fund manager

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Kishan Paun

Assistant fund  
manager

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Anish Shah

Trader

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Sean Duff

Credit Analyst

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Toby Williams

Credit Analyst

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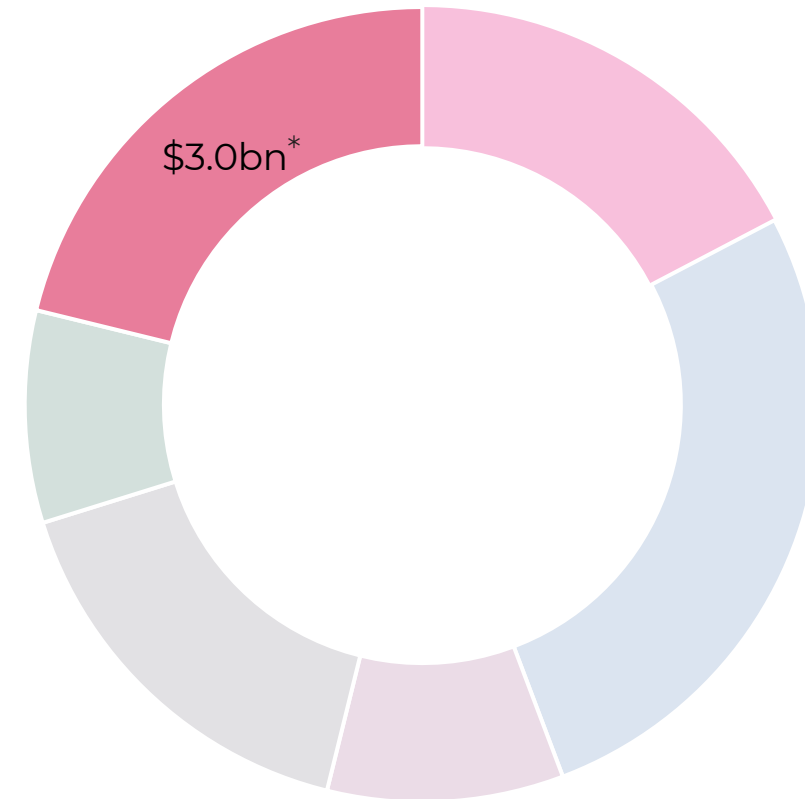
Joe Macland

Credit Analyst

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# Fixed income AUM

Fixed Income funds Registered section 65	AUM \$m	Year of tenure
Premier Miton Corporate Bond Monthly Income Fund	712	2020
Premier Miton Financials Capital Securities Fund	214	2020
Premier Miton Strategic Monthly Income Bond Fund	723	2020
Premier Miton (Ireland) Global Dynamic Credit Fund	22	2025



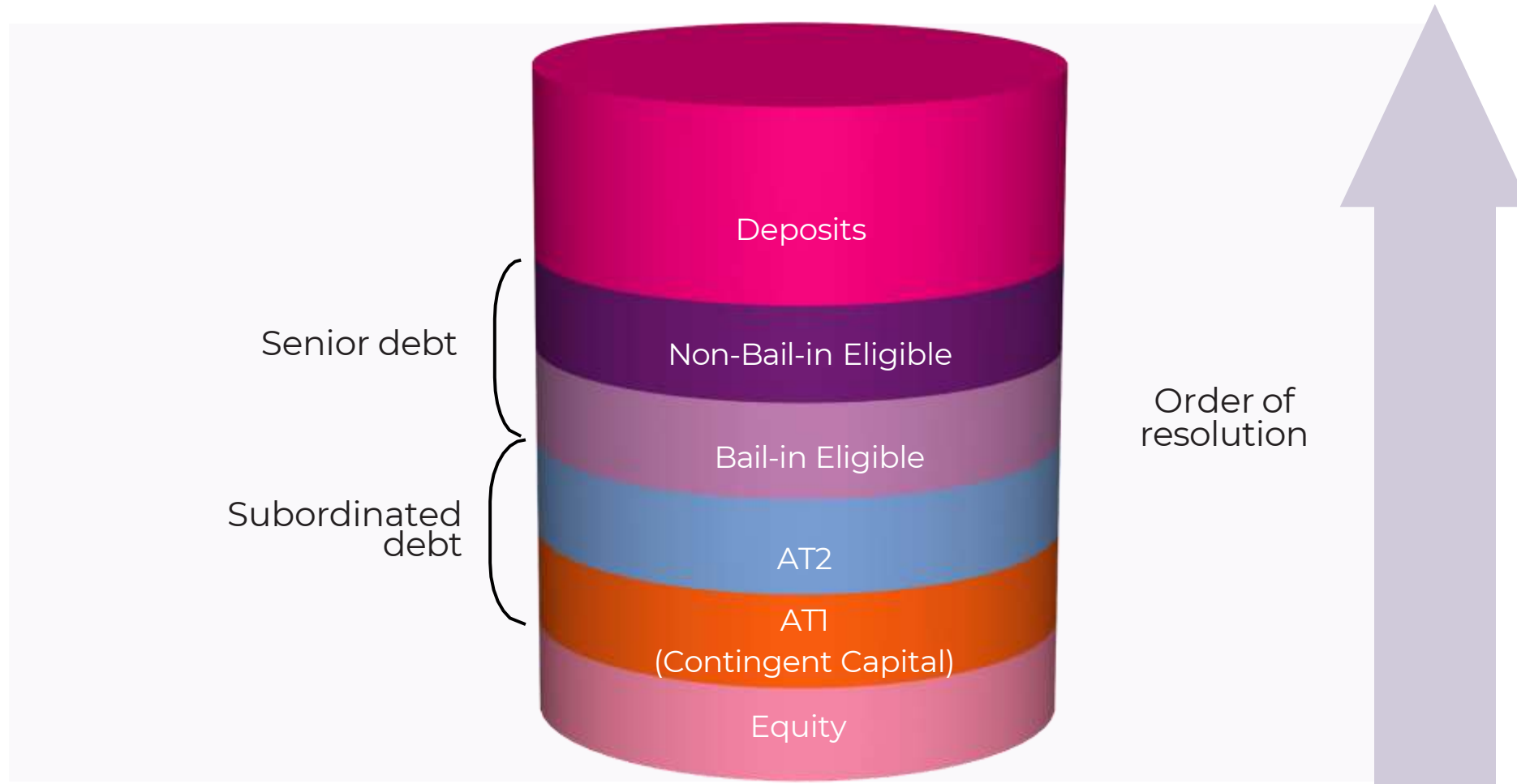
Source: Premier Miton – Individual strategy AUM breakdown (excludes cross holdings), as at 30.06.2025. Pound Sterling converted to USD Dollar, as at 30.06.2025.

\*Includes Fixed Income non - registered 65 funds and segregated mandates.

Please note that the numbers above have been rounded.

# Financials credit strategy

# Bank capital comes in many different forms

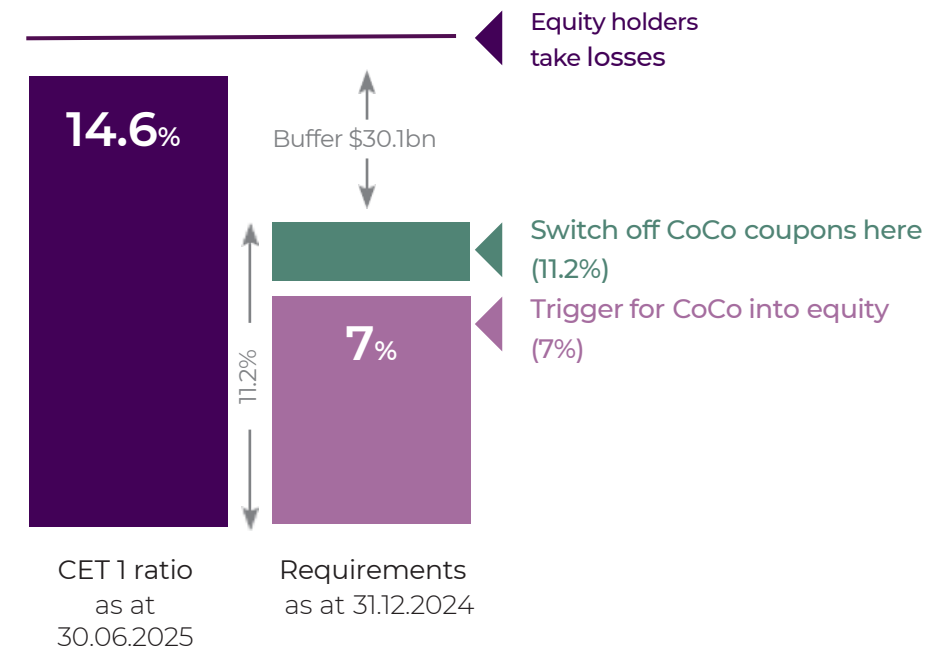




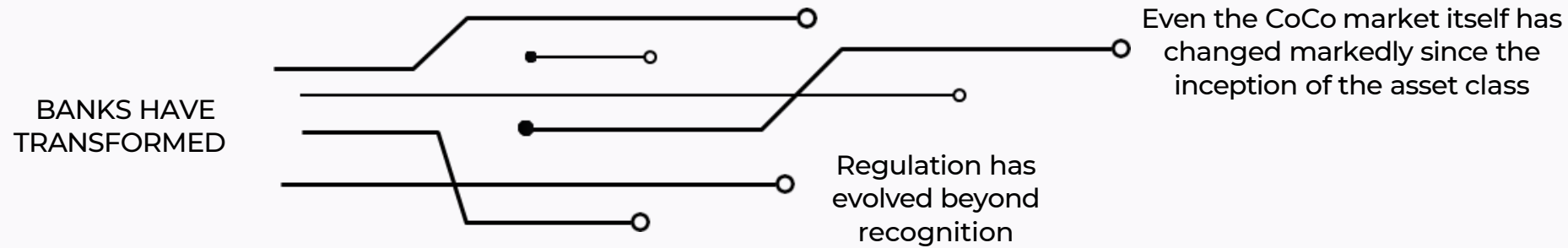
# What is contingent capital?

- A form of regulatory capital issued by banks
- Attractive to banks because issuance costs are as little as half that of equity
- Attractive to investors because of high relative yield and low volatility
- Converts to equity or written down when capital drops below specified level
- Designed by regulators in conjunction with banks

For illustrative purposes

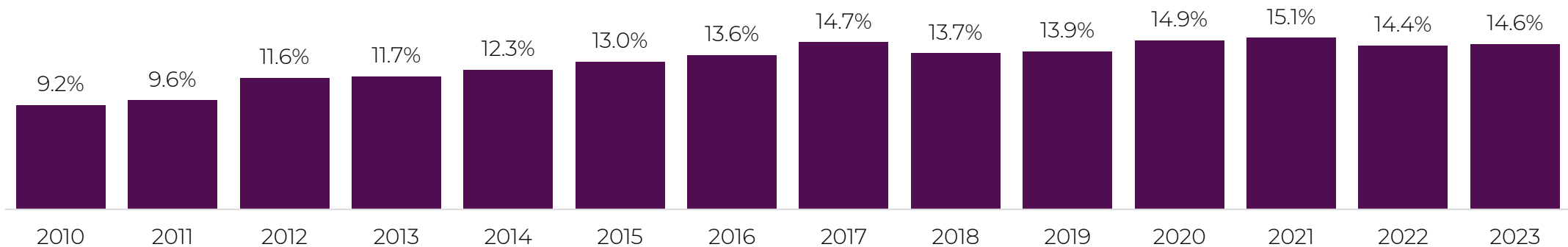


# Banks have changed!



## European banks - CET1 ratio evolution

Banks' capital buffers rose significantly in the aftermath of the financial crisis, giving them a much safer footing to weather a future storm.



# Bank of England 2022/23 stress test

Perhaps the most stringent



House prices	-31%
Commercial property	-45%
UK Real GDP	-5%
World Real GDP	-2.5%
Unemployment	8.5%

Minimum ratio reached*		Pass / Fail
Nationwide	20.4%	✓
Lloyds	11.6%	✓
Santander	11.3%	✓
NatWest	11.1%	✓
Virgin Money UK	10.8%	✓
HSBC	10.7%	✓
Standard Chartered	8.8%	✓
Barclays	8.5%	✓
Aggregate	10.8%	✓

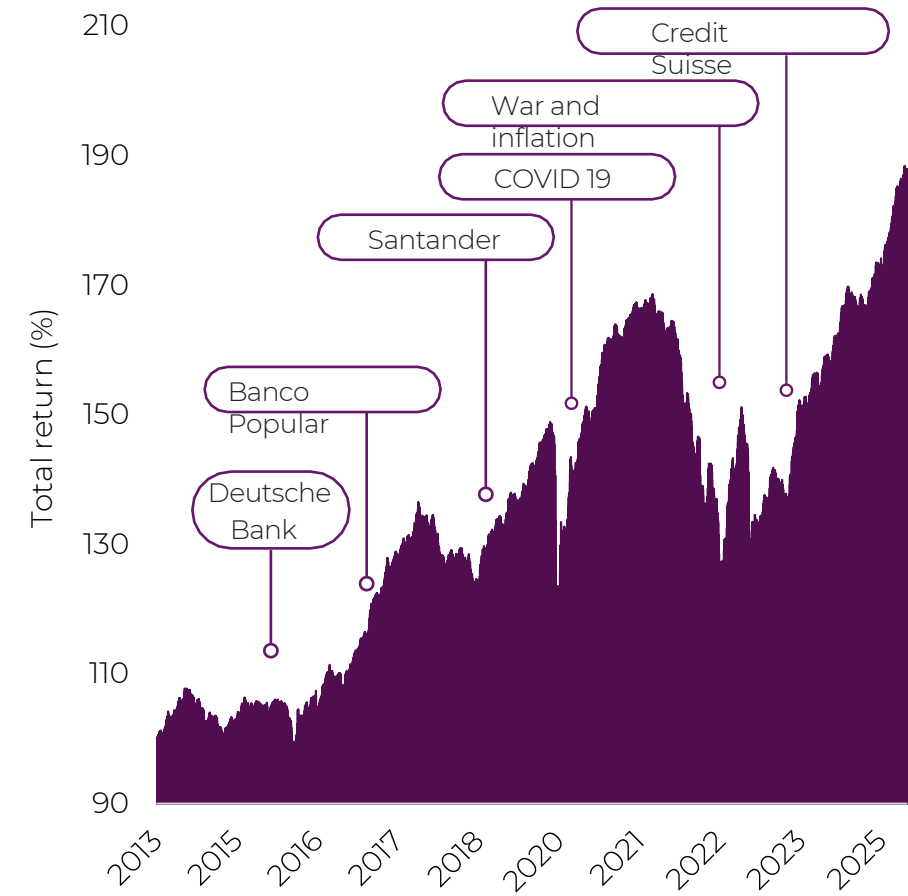
Stress test would reduce the aggregate capital ratio across the seven banks to 10.8%  
well above CoCo trigger levels

# CoCo market evolution

## Attractive total returns

- Early 2015 saw a rise in volatility due to very low levels of market liquidity. Contingent capital, along with all other risk assets, traded poorly. As the weakest large cap name DB, was subject to rumours it may skip coupons. This ultimately led to a regulatory change so investors could accurately model the “distance to coupon deferral”.
- In 2016, Banco Popular was seized by the regulator and the entire subordinated capital stack was effectively written down, including contingent capital – an isolated event at a very weak institution.
- In 2018, we saw the first non-call of contingent capital by Santander. A much feared event, the bond ended the day trading up.
- The Covid-19 induced liquidation spiral led to a sharp sell-off in contingent capital, mainly due to their superior liquidity. Hence, once central banks injected liquidity, the asset class recovered losses rapidly.
- One of the largest government bond sell-offs in history reduced the attractiveness of many assets, including contingent capital
- In the market’s greatest test, Credit Suisse’s AT1 were written down by the regulator. The market has recovered once again.

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# On-going regulatory support for contingent capital

**“Additional Tier 1 is and will remain an important component of the capital structure of European banks”**

Joint Statement from SRB and EBA<sup>1</sup>

**“As a resolution authority in charge of the banking union resolution framework... I will respect this hierarchy starting by absorbing equity stack, and then the AT1”**

Dominique Laboureix,  
Chair of the EU's Single Resolution Board<sup>3</sup>

**“AT1 instruments rank ahead of equity and behind Tier 2 in the creditor hierarchy”**

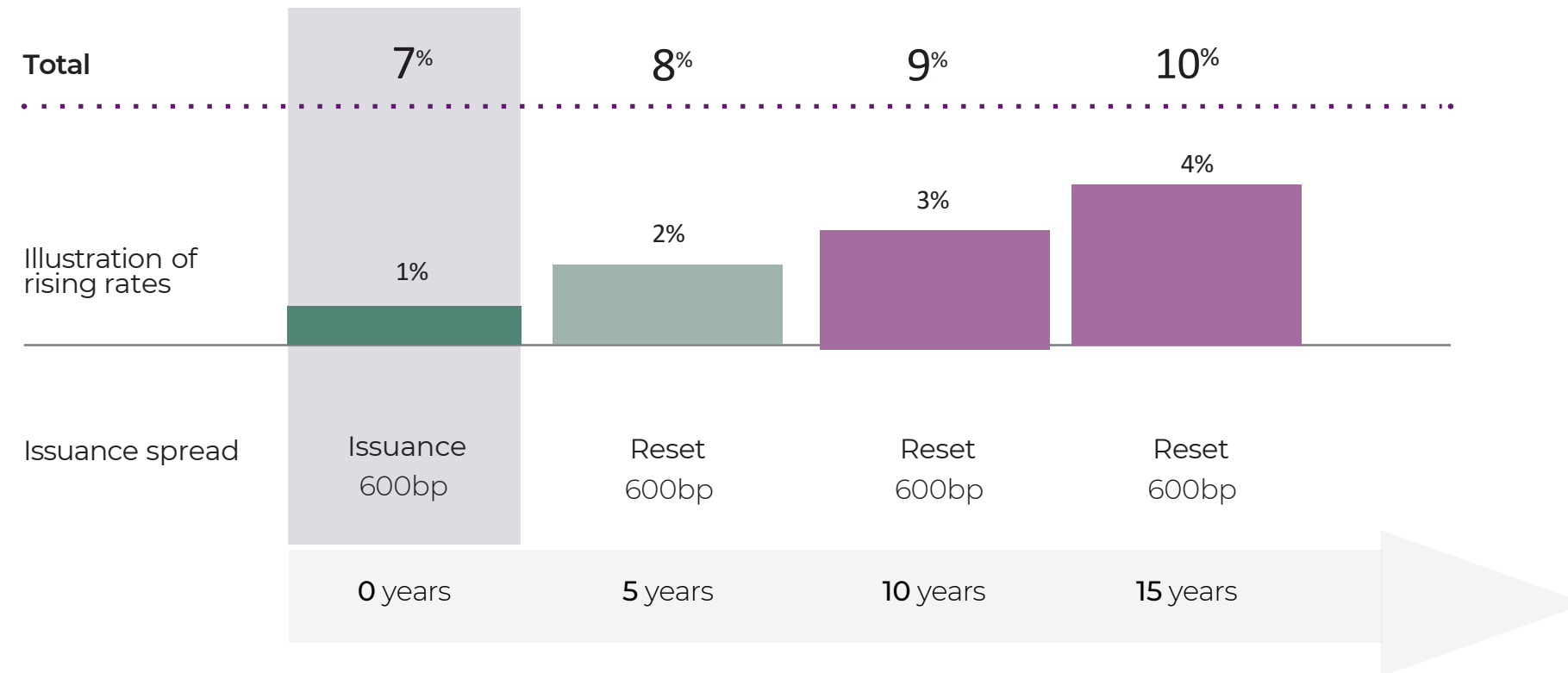
Dave Ramsden,  
Deputy Governor for Markets and Banking at the Bank of England<sup>2</sup>

# CoCos

## Duration reduction from resetting structure

CoCos are correlated to equities rather than government bonds

As interest rates rise, fundamentals for banks improve (they reprice loans faster than deposits).



For illustrative purposes, to show the effect of a hypothesized rising rate scenario.

# Offering genuine diversification

## Correlation of CoCos to other key asset classes

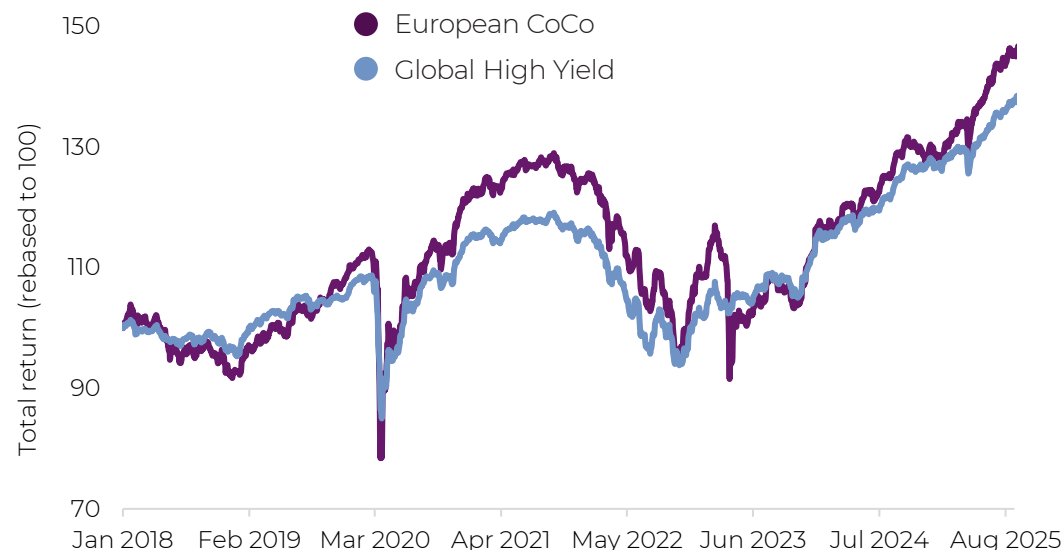
Due to their convertible nature and the way that their coupons can be reset if not called, CoCos are expected to exhibit low correlation with many other key asset classes.

	ICE BofA Contingent Capital Index <sup>1</sup>	ICE BofA US High Yield index <sup>1</sup>	S&P 500 Total Return Index	FTSE Eurofirst 300 Banks Index	ICE BoA US 5-7 Treasuries Index <sup>1</sup>
ICE BofA Contingent Capital Index	1				
ICE BofA US High Yield index	0.73	1			
S&P 500 Total Return Index	-0.13	0.49	1		
FTSE Eurofirst 300 Banks Index	0.49	0.61	0.30	1	
ICE BoA US 5-7 Treasuries Index	0.26	0.18	-0.24	-0.19	1

# The case for contingent capital over high-yield



## Total return of European CoCos vs Global High Yield



## Option-adjusted spread (OAS) of CoCos vs Global High Yield



- Banking and insurance are highly regulated industries, most issuers are investment grade
- Outlook for Banks is more positive than high yield given the change in the rate environment
- Bank balance sheets are in a very strong position, driven by post financial crisis regulation
- Higher rates have not yet been absorbed by the majority of high yield companies
- The refinancing wall is large in high yield over the next few years, no such wall exists in contingent capital
- Contingent capital is a much more liquid asset class

### Past performance is not a reliable indicator of future returns.

There is no guarantee in respect of capital or returns in a portfolio. Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request. Source: Bloomberg data from 02.01.2018 to 29.08.2025.



# Investment philosophy

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Tactical positioning on the curve, driven by a macro awareness, can add meaningful performance



A highly active approach, driven by specialist trading, is crucial



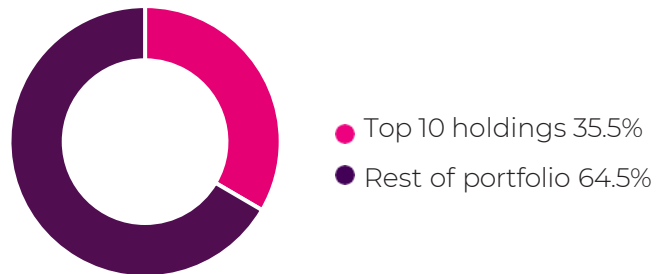
A focus on quality credits can help to protect on the downside



ATIs are often mis-priced, and the market can be inefficient – relative value analysis is key to identifying opportunities

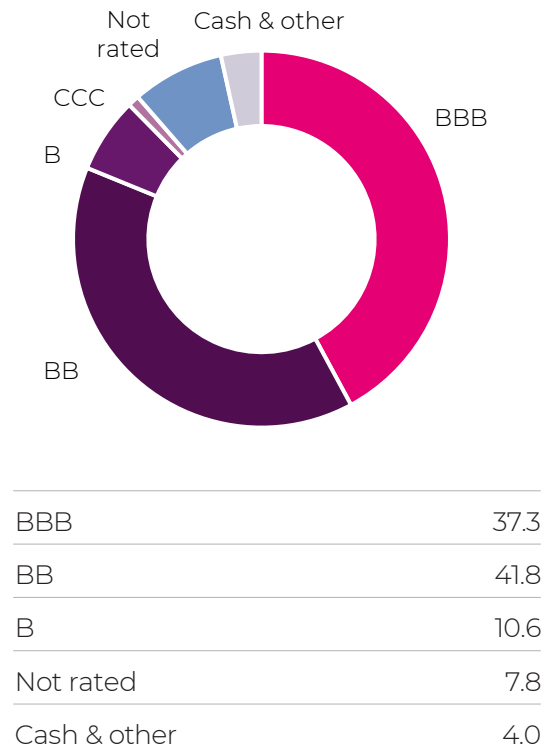
# Portfolio breakdown

## Top 10 holdings %

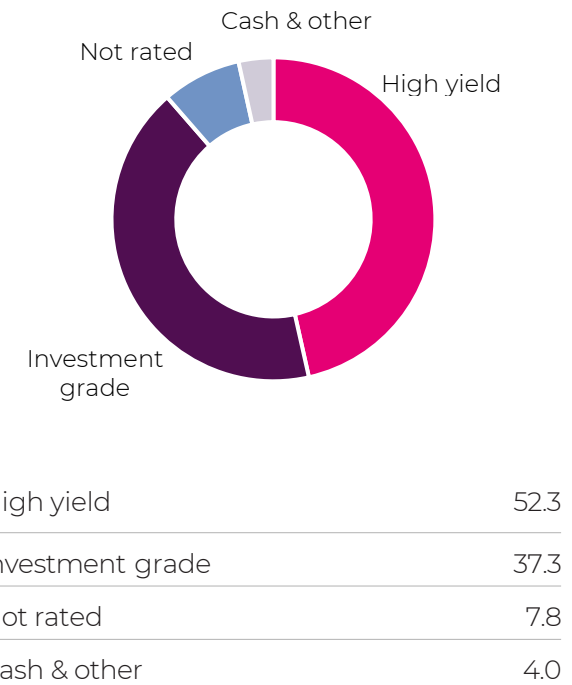


KBC Group NV 6% Perpetual	4.8%
UniCredit 3.875% Perpetual	4.7%
Barclays 9.25% Perpetual	3.8%
NatWest Group 5.125% Perpetual	3.6%
Banco Comercial Portugues 8.125% Perpetual	3.4%
Credit Agricole 7.50% Perpetual	3.2%
Rothsay Life 6.875% Perpetual	3.1%
EFG International 5.5% Perpetual	3.1%
Banco Santander 6.00% Perpetual	3.0%
Intesa SanPaolo 7.75% Perpetual	2.9%

## Credit ratings %

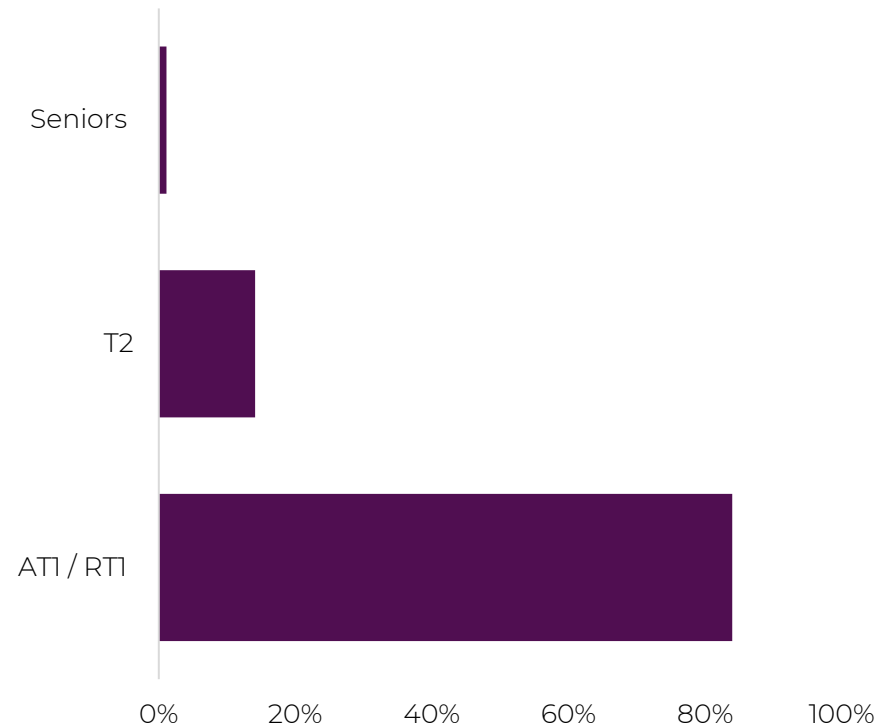


## Credit quality %

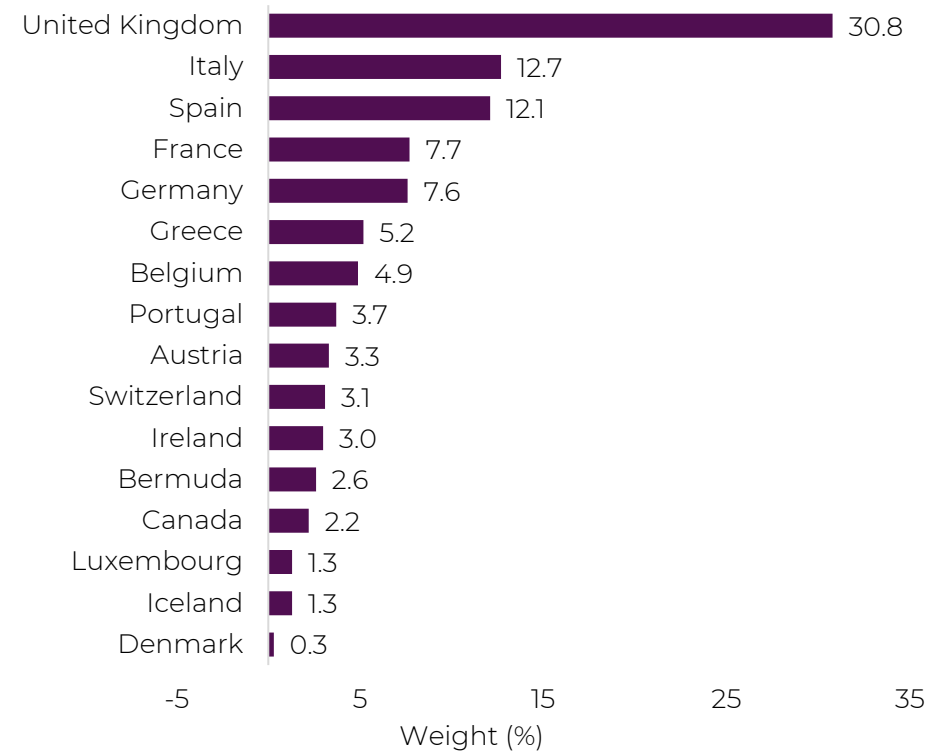


# Portfolio breakdown

## Capital structure positioning



## Top 10 country exposure\*



# Conclusion



A highly active approach



A robust and repeatable process



Focusing on identifying quality & eliminating weak names – provides downside protection



Specialist trading is central to the strategy



Tactical positioning adds meaningful returns



Draws on experience of the team

# Fund risks



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Some of the main specific risks of investing in Premier Miton Financials Capital Securities Fund are summarised here. Further detail is available in the prospectus for the fund.

**Derivatives:** Derivatives may be used within funds for different reasons, usually to reduce risk, which can be called “hedging”. This can limit gains in certain circumstances as well. Derivatives can also be used to generate income or to increase the risk being taken, which can have positive or negative outcomes. The derivatives used can be options or futures which are types of contracts that are dealt on an exchange or negotiated with a third party. More complex derivatives may also be used. Derivatives can also introduce leverage to a fund, which is similar to borrowing money to invest.

**Equities:** Equities (company shares) can experience high levels of price fluctuation. Smaller company shares can be riskier than the largest companies, companies in less developed countries (emerging markets) can be riskier than those in developed countries and funds focused on a particular country or region can be riskier than funds that are more geographically diverse. These risks can result in bigger movements in the value of the fund. Equities can be affected by changes in central bank interest rates and by inflation.

**Fixed income:** Fixed income investments, such as bonds, can be higher risk or lower risk depending on the financial strength of the issuer of the bond, where the bond ranks in the issuer’s structure or the length of time until the bond matures. It is possible that the income due or the repayment value will not be met. They can be particularly affected by changes in central bank interest rates and by inflation.

**Other investment risks:** Funds may have holdings in investments such as commodities (raw materials), infrastructure and property as well as other areas such as specialist lending and renewable energy. These investments will be indirect, which means accessing these assets by investing in companies, other funds or similar investment vehicles. These investments can also increase risk and experience sharp price movements. Funds focused on specific sectors or industries, such as property or infrastructure, may carry a higher level of risk and can experience bigger movements in value. Certain investments can be impacted by decisions made by third parties, such as governments or regulators.

**Other risks:** There are many other factors that can influence the value of a fund. These include currency movements, changes in the law, regulations or tax, operational systems or third-party failures, or financial market conditions that make it difficult to buy or sell investments for the fund.

# Important information



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The Premier Miton Financial Capital Securities Fund is registered and approved under section 65 of CISCA

All data is sourced to Premier Miton unless otherwise stated.

Whilst every effort has been made to ensure the accuracy of the information provided, we regret that we cannot accept responsibility for any omissions or errors.

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## Contact Details

### Representative Office:

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### Scheme:

Premier Fund Managers Limited  
Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey, GU1 3DE

### Depository:

Northern Trust Investors services  
50 Bank Street, London E14 5NT

### Investment Manager:

Premier Fund Managers limited  
Eastgate court, High street, Guildford, Surrey GU1 3DE

### Administrator:

Northern Trust Global Services SE  
Premier Portfolio Managers Limited, Sunderland SR43 4AW

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