

## The Diverse Income Trust

With uncertainty proliferating we expect capital flows in equity income strategies to grow persistently

For investment professionals only. Capital at risk. Marketing communication.

Start with a blank sheet of paper...

**PREMIER  
MITON**

...and you can create something brilliant

That's why our fund managers start with a blank sheet of paper. A canvas that allows them to freely express their ideas.

You see, we believe it's not thinking differently that's risky. It's thinking the same that is.

*Great things start with a blank sheet of paper...*

# Agenda

**1**

An explanation why outsized stock specific and industry correlation risks have been justified to date

**2**

The current proliferation in uncertainty and its potential market impact

**3**

Can UK low-beta stocks really outperform global markets over long time periods?

**4**

To what degree might the Trust's return be degraded, if there were to be a sustained global recession?

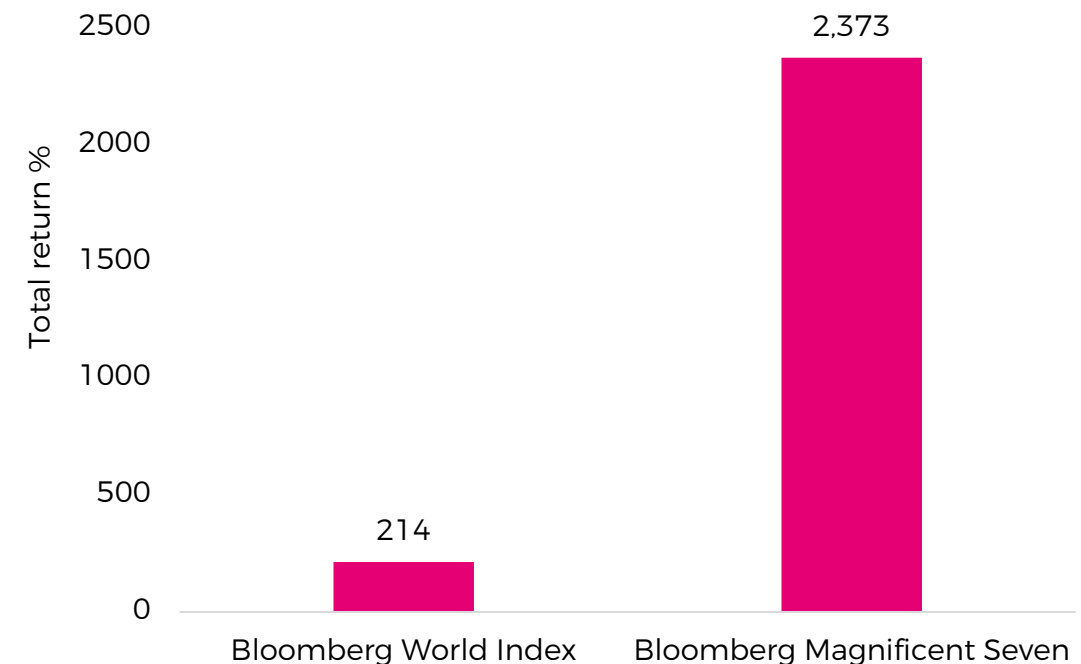
**5**

With so much past scar tissue within quoted smallcaps, what needs to change to generate a sustained and persistent appetite for them in future?

# Economic trends were consistent for so long, that market returns ultimately concentrated into a tiny group of tech megacaps...

- The Magnificent Seven (Mag7) earnings growth has been very rapid, leading to 2,373% total returns over the ten-year period to December 2025
- As their cost of equity declined, the Mag7 growth accelerated as acquisitions were funded by additional equity issues
- Since very few global investors were fully weighted to the Mag7 stocks at the start, and as they issued additional equity, institutions became even more underweight to the best performing part of the global equity markets
- Over recent years, numerous private investors have also greatly increased their participation in Mag7 holdings, which has driven up their valuations and boosted their return momentum yet further
- Overall, the Mag7 returns have been so large, that it has justified greater portfolio concentration and stock specific risks in portfolios, because even after a major setback their returns might still be considerably ahead of comparative indices

Total return performance 31.12.2015 to 31.12.2025



**...and Mag7 appreciation was so far ahead of the comparatives, that even after a giant setback it would still be well ahead**

Source: Bloomberg, data from 31.12.2015 to 31.12.2025.

Past performance is not a reliable indicator of future returns.

Generally, market liquidity was incredibly buoyant during globalisation, such that even near-insolvent companies often survived...

With greater uncertainty, the earlier stock market trends have become inconsistent. What are the implications of the changing geopolitical background, and what are the characteristics of a potential winning strategy in future?

- ✓ Given the extra risks, many more stocks may be at risk of insolvency, it might be appropriate to avoid corporates with margins of safety in all its forms, including those running significant cashflow deficits
- ✓ Given that unexpected geopolitical events may be more frequent, by actively participating in the broadest range of industry sectors, it could make the Trust's return somewhat more resilient
- ✓ Prioritise selecting stocks that have resilient profit margins even when others are cutting prices, either because they have outstanding customer service, noteworthy innovation and/or have substantial capital invested in assets where there are shortages
- ✓ When market volatility is cheap, consider investing in a Put option so that if there were to be a major setback, this would not only offset it in part, but also provide a source of additional cash at the bottom

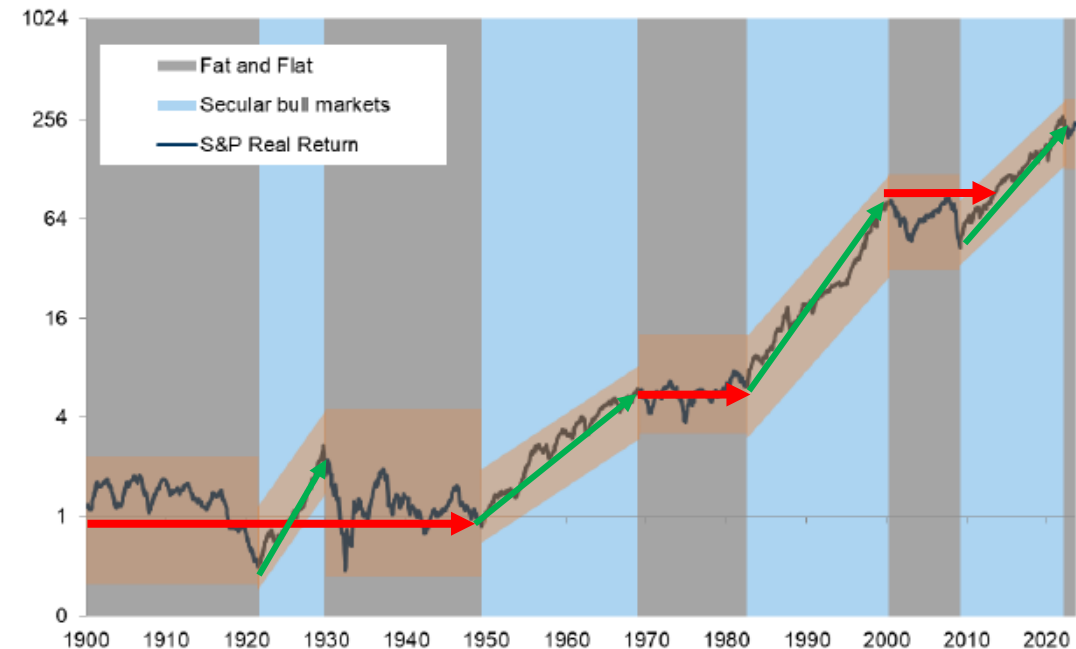


...but with Trump now imposing capricious trade tariffs etc, the prior stock market trends have stumbled, and the weak appear vulnerable

# All this raises a major dilemma for investors, because active strategies need to take risks to significantly outperform...

- During globalisation, there was a natural inclination for countries to resolve differences via compromise, and geopolitical crises were frequently defused
- The risk with nationalism with its 'me first' attitude is that geopolitical events prove to be both frequent and intractable because opposing national blocks become entrenched
- Meanwhile, government budget deficits will become more difficult to finance especially as if low-cost imports are scaled back, as Quantitative Easing would be unavailable because it would drive up inflation,
- Overall, the future appears to be a heady mix of unpredictability and uncertainty, and in the past, this has led to mainstream stock markets flatlining, and investment beta becoming worthless
- In the context of this background, how can active investors generate a return when any assumptions made at the time of investment are prone to be suddenly undermined?

The return on the S&P 500 Index since 1900, after the rate of inflation has been deduced from its total return



...but with nationalism, a series of unknowable events could frequently undermine investors assumptions and hence potential returns

# We prioritise adding value via an intensive program of one-to-one meetings which helps us to better diversify risk...



- Most large caps do group or IR meetings, but with our multi cap approach we can add considerable value via an intensive program of numerous one-to-one meetings with CEO's and CFOs
- In a one-to-one meeting we can ask a sustained series of uncomfortable questions, that in our view gives much deeper insight into the management's attitude to risk compared with that evident in a group meeting that mainly comprises the presentation
- Alongside, meetings with numerous customers, competitors and suppliers of portfolio holdings helps us to better scale them in the context of the current market dynamics
- Investing in companies operating across the full range of industry sectors adds considerable value because when a major unexpected geopolitical event invalidates assumptions, the trust's holdings often include less correlated stocks where prospects have been enhanced
- Furthermore, the multi cap nature of the trust's portfolio includes numerous stocks where their upside potential that can amount to multiples of the initial investment
- The outcome is that the trust's portfolio is well placed to navigate nationalism, being both more diversified than many others, and yet also having greater upside potential as well

## The contribution of individual stocks to the return of the Diverse Income Trust

	Contribution %
Pan African Resources	6.2
Galliford Try	4.7
Xps Pensions Group	3.6
Plus500	2.4
Secure Trust Bank	2.4
Aviva	2.3
Greatland Gold	2.1
TP ICAP Group	2.1
Concurrent Technologies	2.0
Just Group	1.8

**...but importantly also helps the trust to back holdings with upside potential that can amount to multiples of the initial investment**

Source: Bloomberg, data from 31.12.2020 to 31.12.2025.

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

# Galliford Try is a profitable company where in its case, its market capitalisation had fallen below its net cash balance...



Prospects for rising turnover?



Do unexpected cost increases get padded on to the customer?



Does the management team make decisions that we feel will build real intrinsic value?



How much financial headroom is there in the balance sheet?



Are there low expectations in the share price?

- Galliford Try is one of the UK's leading construction groups within the UK, with a notably strong position in the construction of water infrastructure
- They have an unusually strong balance sheet, so as it has generated increasing sums of surplus capital, that it has used this to fund a good and growing dividend plus it started to buyback shares in modest scale from September 2022 onwards
- As the buyback scaled up, it overwhelmed any ongoing selling caused by the UK OEIC redemptions, such that the Galliford Try share price has now risen well

## The Galliford Try buyback has initiated its share price recovery



**...and with its share buyback, note that its share price has already appreciated well even prior to the smallcap sector outperforming**

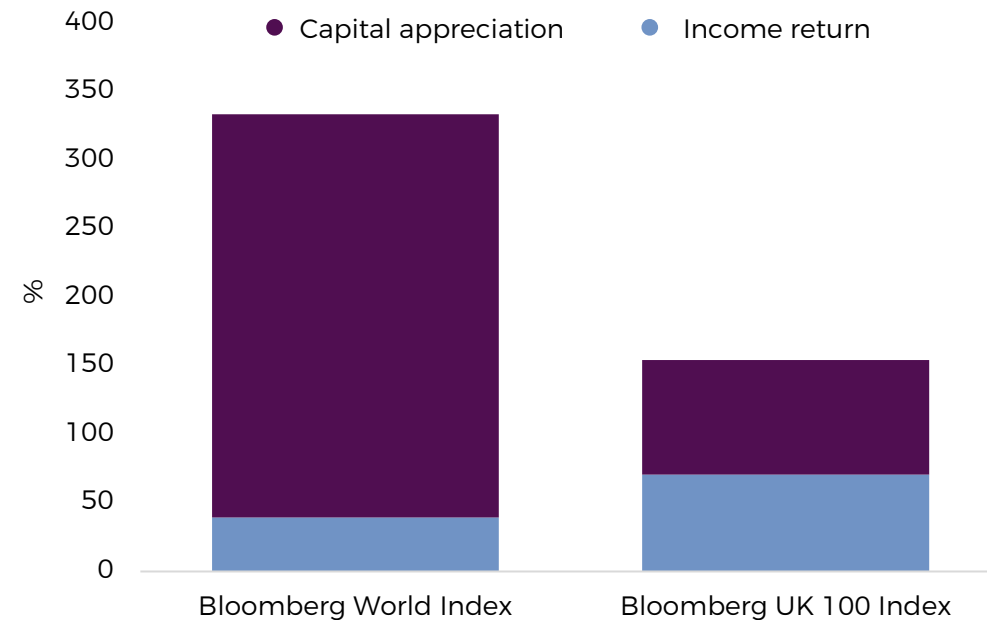
Source: FE Analytics. Based on UK Sterling, from 31.12.2020 to 31.12.2025.

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

# Specifically, we worry that when the next recession comes, numerous corporates will suspend their share buybacks...

- The success of transactional strategies relies heavily on near perfect precision buying and sale transactions
- Transactional strategies are particularly successful in persistently rising markets, as high-beta stocks outperform, even when the transactions are mis-timed they yield less profit or modest losses
- During the latter period of globalisation, as corporate profit margins rose, numerous listed companies could enhance their share prices further by buying back their shares persistently
- Whilst the capital returns on dividend income strategies are clearly not immune from weak markets, the fact that the income continues can justify retaining the holding, and remaining invested for the market recovery when it comes
- When there is a global recession, we anticipate that corporate profit margins might drift down to past norms, such that many corporates may terminate their share buybacks and as such lead their share prices particularly vulnerable
- In this context we anticipate investors will skew towards equity income strategies, in a new trend that may favour UK equities persistently

The two sources of asset market return, expressed in capital appreciation and aggregate income



**...and thus, market liquidity might suddenly move from surplus to deficit, in a somewhat abrupt market pattern change**

# Whilst the persistent UK OEIC redemptions may have depressed the trust's returns, we equate longer-term upside potential...



- The overall returns of the trust are not closely correlated with those of most other UK equity income investment strategies
- The outcome is that the trust has a history of sometimes delivering returns when the mainstream equity indices are not

Cumulative performance %	1 year	3 years	5 years	Since launch <sup>1</sup>
Trust NAV	23.5	38.4	38.8	306.8
Trust share price	23.0	34.5	33.7	263.5
IT UK Equity Income sector	22.2	40.1	66.3	241.8
Deutsche Numis Smaller Co + AIM (ex ICs) Index	11.9	21.2	13.6	130.2
Deutsche Numis All-Share (ex ICs) Index	25.9	49.4	72.8	176.0

Discrete annual return %	31.12.2020 – 31.12.2021	31.12.2021 – 31.12.2022	31.12.2022 – 31.12.2023	31.12.2023 – 31.12.2024	31.12.2024 – 31.12.2025
Trust NAV	15.8	-13.4	-2.6	15.1	23.5
Trust share price	19.5	-16.8	-5.7	15.9	23.0
IT UK Equity Income sector	18.7	0.1	3.9	10.3	22.2
Deutsche Numis Smaller Co + AIM (ex ICs) Index	20.0	-21.9	3.2	5.0	11.9
Deutsche Numis All-Share (ex ICs) Index	17.3	-1.3	8.1	9.9	25.9

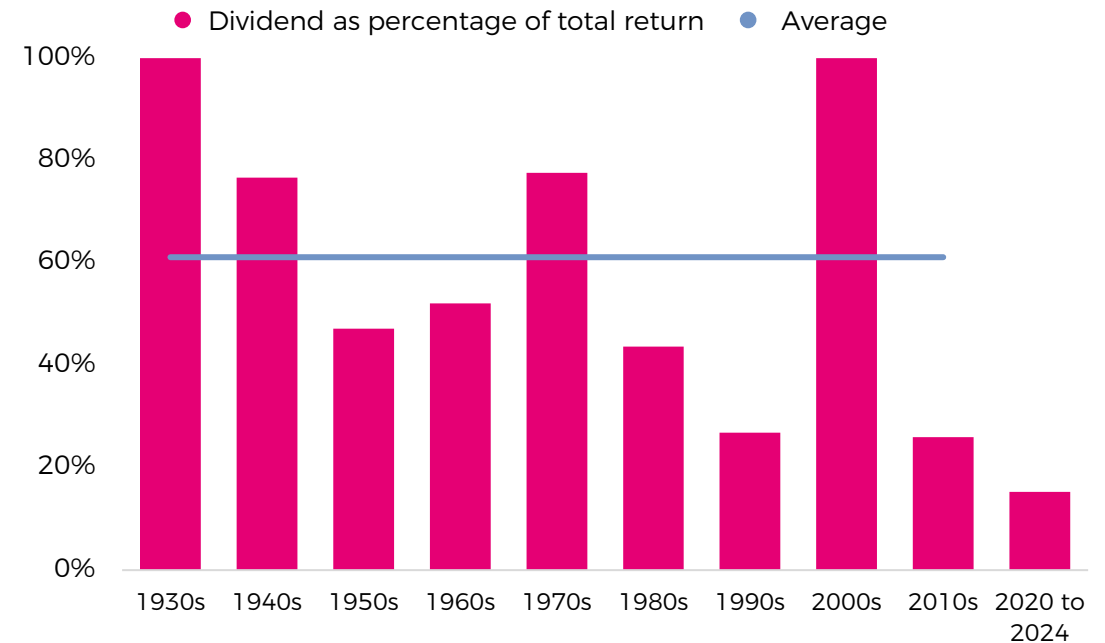
...with a diverse portfolio of stocks, that have the potential to generate surplus cash during unsettled economic conditions.

Source: Morningstar™, to 31.12.2025, net income reinvested, bid to bid basis. ©2025 Morningstar. All Rights Reserved. The information contained herein; is proprietary to Morningstar and/or its content providers; may not be copied or redistributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. <sup>1</sup>Trust launched on 28.04.2011. **Past performance is not a reliable indicator of future returns.**

# To some degree, this pattern is merely the replication of the market trends prior to globalisation...

- In the chart alongside, it is evident that the percentage of return on the S&P 500 Index derived from the compounding of equity dividends can be very considerable from decade to decade
- In fact, return data since 1930 implies that around 60% of all of the S&P 500 Index return are derived from its accumulated dividends
- And yet during the period of globalisation, the bulk of return has been generated from capital appreciation, other than during the 2000's when corporate return was depressed by corporate weakness following the dot.com bubble and poor capital returns after the Global Financial Crisis
- Given the change in electoral mood away from globalisation towards nationalism, we believe that the capital appreciation of the S&P 500 Index might be modest, potentially for quite some time
- If mainstream markets were to largely flatline, then we believe that allocations will flow away from high-beta strategies that rely on transactional success to generate a return and into equity income strategies
- Specifically, we would not be surprised if looking back in a couple of decades, we find that the bulk of the return from the S&P 500 Index would once again come from the compounding of dividend income

## The performance of dividends reinvested in the average decade Dividend contribution to total return, S&P 500 Index

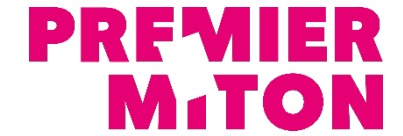


...when the compounding of equity income typically generated the lion's share of equity market returns

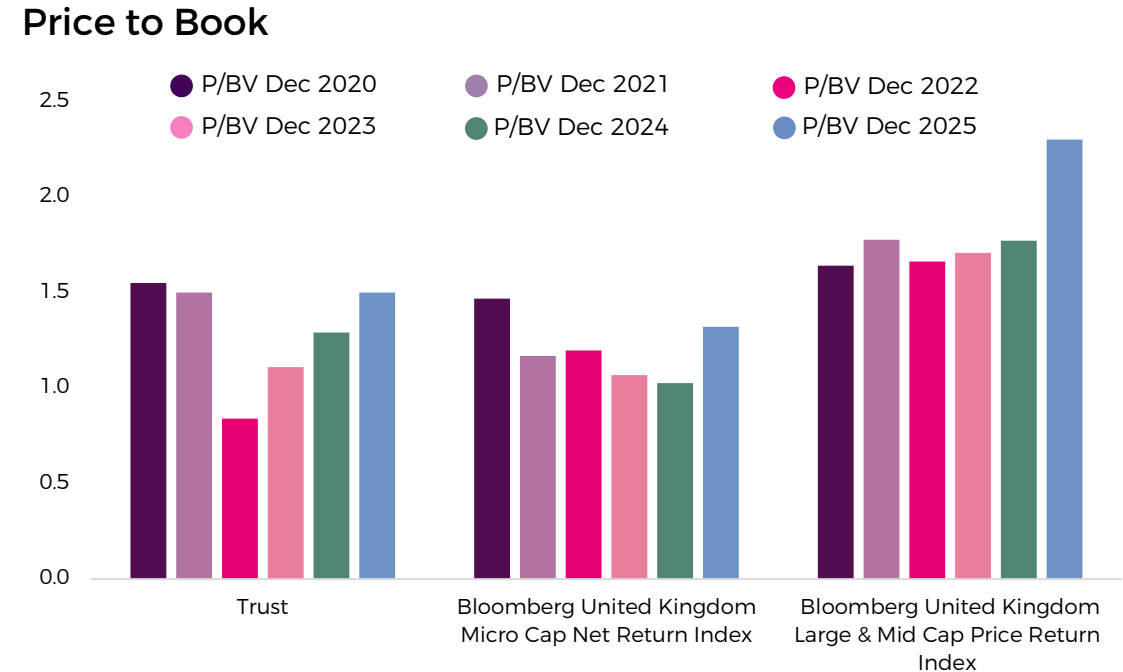
Source: Bloomberg, S&P 500 Index. Data as at 31.12.2024.

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

# We believe the core advantages of the strategy will now be enhanced by a new UK super-cycle tailwind...



- As outlined earlier in this presentation, investors have come to regard the UK exchange as one that is a perennial underperformer
- Even so, since issue in 2011, the trust has been able to deliver attractive returns that outpaced its peer group, despite its returns having been depressed over recent years with the devaluation of UK small-caps
- As the UK stock market starts to recover, it will be noted that the UK mainstream stocks are still standing on very undemanding valuations
- The bar charts highlight how much the valuation of AIM listed stocks have been devalued over recent years, and their additional recovery potential compared with UK mainstream stocks
- Specifically, the bar charts also highlight the lowly valued nature of the trust, which in some cases may include quoted small-cap equity stocks that have the potential to generate exceptional dividend growth
- Furthermore, we believe the new tailwinds will become persistent for an extended period, maybe lasting for decades



...with the switchback in UK small-cap capital flows driving transformational improvements in their prospective returns

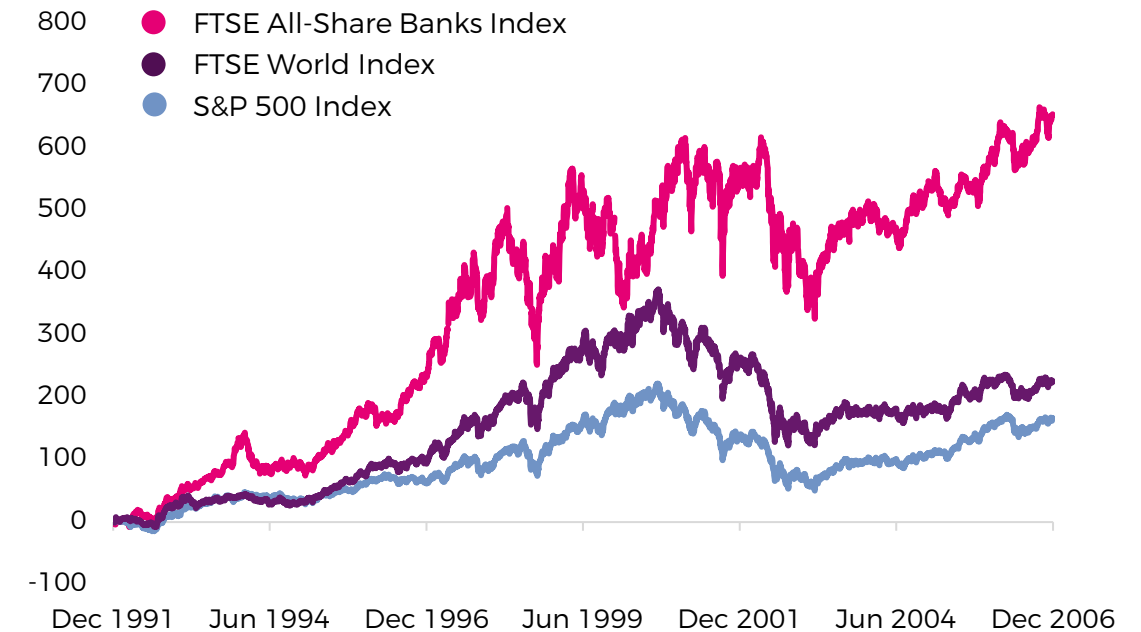
Source: Bloomberg, as at 31.12.2025.

Past performance is not a reliable indicator of future returns.

# Interestingly, over very long time periods, equity income stocks do sometimes outperform international exchanges...

- Over recent decades, when asset market returns have been excellent, generally the best performing stocks have been high-beta stocks, such as US technology mega caps whilst often the worst performers have been low-beta stocks such as equity income companies
- Given this background, many investors believe that whilst equity income stocks may have performance catch-ups, generally this will be temporary in nature, and thus high-beta stocks will continue to outperform soon thereafter
- This assumption is not correct, with the FTSE UK Banking sector for example greatly outperforming over the 15 years prior to 2007 for example
- Interestingly, over the last five years to May 2025 the FTSE UK Banking sector has greatly outperformed again
- Specifically, the Natwest Group for example has generated a total return of circa 5x since May 2020

Total returns from 31.12.1991 to 29.12.2006



...such as when the UK banking sector for example, outperformed international indices for a 15-year period

Source: Bloomberg, data from 31.12.1991 to 29.12.2006.

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

# The trust's added value strategy is near-unique, not only greatly contrasting with global income...

- The top 20 holdings of the trust, highlight that its portfolio differs considerably from others such as global income investment strategies
- Whilst the trust does invest in many UK large-caps, the weightings of these holdings are generally modest in line with most others in the portfolio
- Since all individual stocks are vulnerable to disappoint, in general we look to limit the scale of new holdings to 1.5% of the portfolio at the time of investment. Most are around 1% and many small-caps lesser still
- The modest percentage weighting in each portfolio holding means that the trust can include some stocks where the availability is very limited
- Portfolio of numerous holdings actively enhances the potential of the trust to diversify risk, whilst also giving it the potential to invest in some undervalued small-caps that have the potential to deliver exceptional dividend growth and capital appreciation

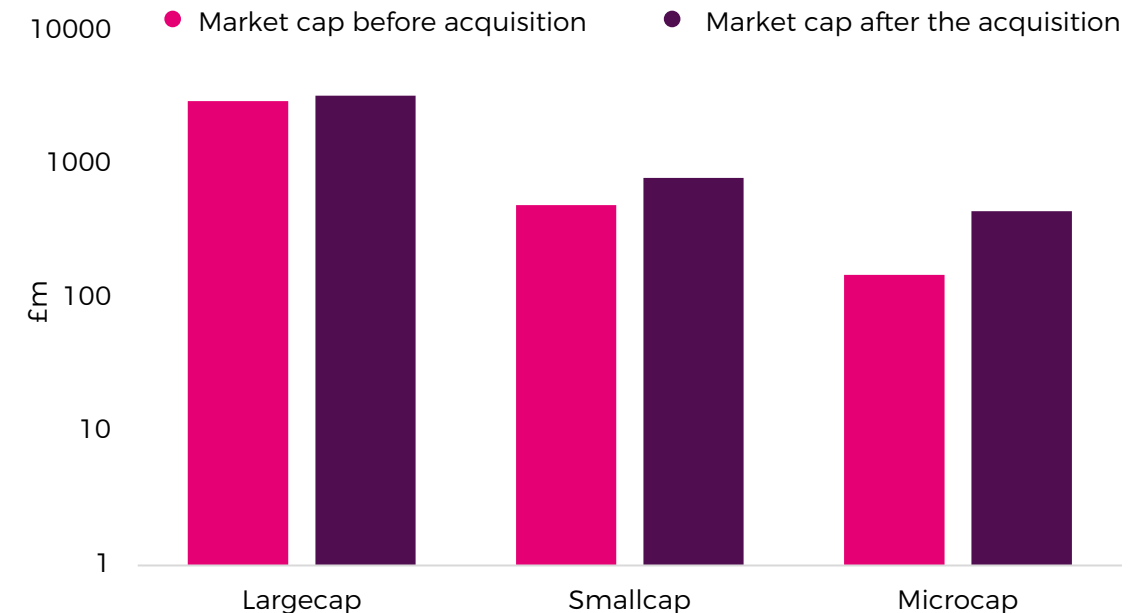
Top 20 trust holdings	Weight %
Galliford Try Holdings	3.3%
CMC Markets	2.8%
Concurrent Technologies	2.6%
TP ICAP Group	2.6%
Yu Group	2.3%
Paypoint	2.2%
Aviva	2.1%
Rio Tinto	2.1%
NewRiver REIT	1.9%
ACG Metals	1.9%
Plus500	1.9%
Diversified Energy	1.8%
Sabre Insurance Group	1.6%
BT Group	1.6%
Secure Trust Bank	1.6%
Hunting	1.6%
Ithaca Energy	1.6%
Man Group	1.6%
AO World	1.6%
M&G	1.6%

**...but with its UK bias, it has been able to buy into many equity income stocks at what we consider to be at artificially depressed valuations**

# The key point is that during economic setbacks, stocks generating surplus cash can take advantage of the weakness of others...

- Flows of capital within equity markets can sometimes be in surplus, and at other times in shortage
- At times of shortage of equity market capital, the potential for stocks that are not generating surplus cash are typically constrained, which means that those which are have additional opportunity
- When these periods coincide with economic setbacks, with some corporates becoming insolvent, there is scope to acquire those that are overleveraged but otherwise viable, debt-free from the receiver often for as little as £1
- These acquisitions typically enhance the potential earnings of the combined group, and their longer-term prospects
- The bar charts alongside illustrate the uplift in terms of market capitalisation when a large cap, a small cap or a microcap make such an acquisition that adds £300 million in value uplift
- Whilst the absolute uplift in each case is similar, given the different notional starting points in market capitalisation, such acquisitions have a much greater impact on the small cap acquirer, with the greatest uplift being on the microcap acquirer

**Illustrative impact of acquiring a business generating £300m of value uplift on different market caps**

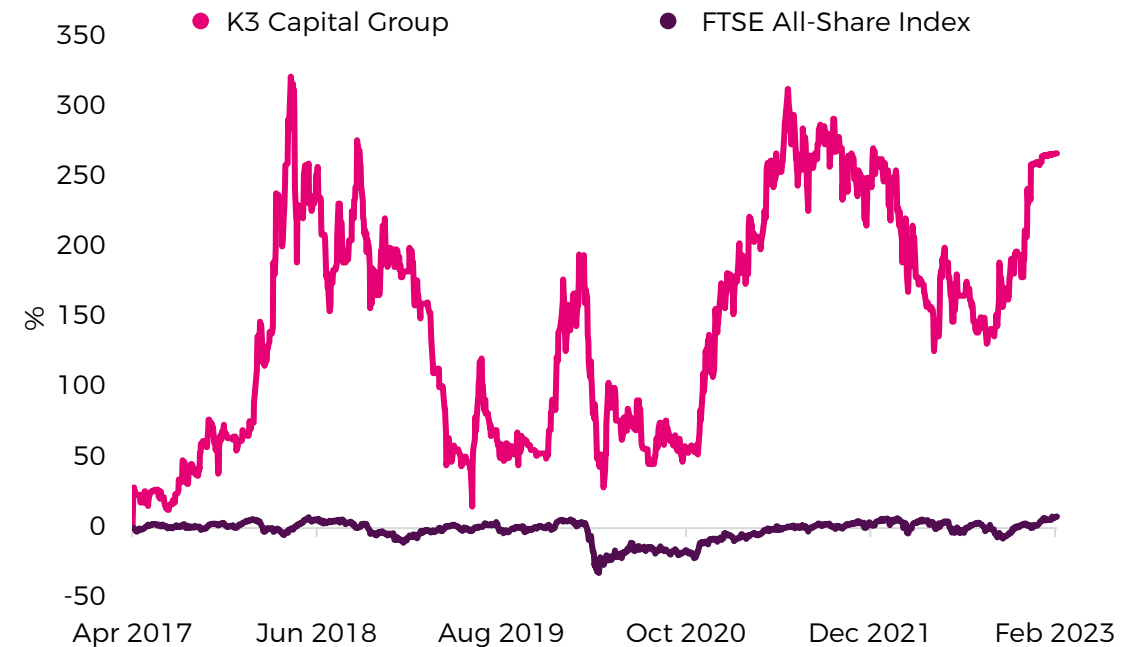


**...but it is small cap equity income stocks making distressed acquisitions that have the potential to generate extraordinary upgrades**

# We have had glimpses of this kind of market pattern in the past...

- K3 Capital was listed on the UK stock market between April 2017 and February 2023
- With the uncertainty of Covid in 2020, K3 Capital believed that there was great advantage in acquiring during the year, because the acquisition valuations were low
- K3 Capital acquired Quantuma and randd during this period, and subsequently were able to report that these transactions had been 'transformational'
- We believe this illustrates how well financed quoted small caps can take advantage of unsettled economic conditions, to not only sustain their commercial advantage, but also sometimes greatly enhance their prospects by making low-cost acquisitions
- When this is replicated within a number of quote small caps, then the general acceleration of their earnings can sometimes be reflected in a general acceleration in their outperformance relative to the mainstream stocks

Total returns from 10.04.2017 to 14.02.2023



...such as during Covid, when K3 Capital's acquisitions generated 'transformational' upgrades

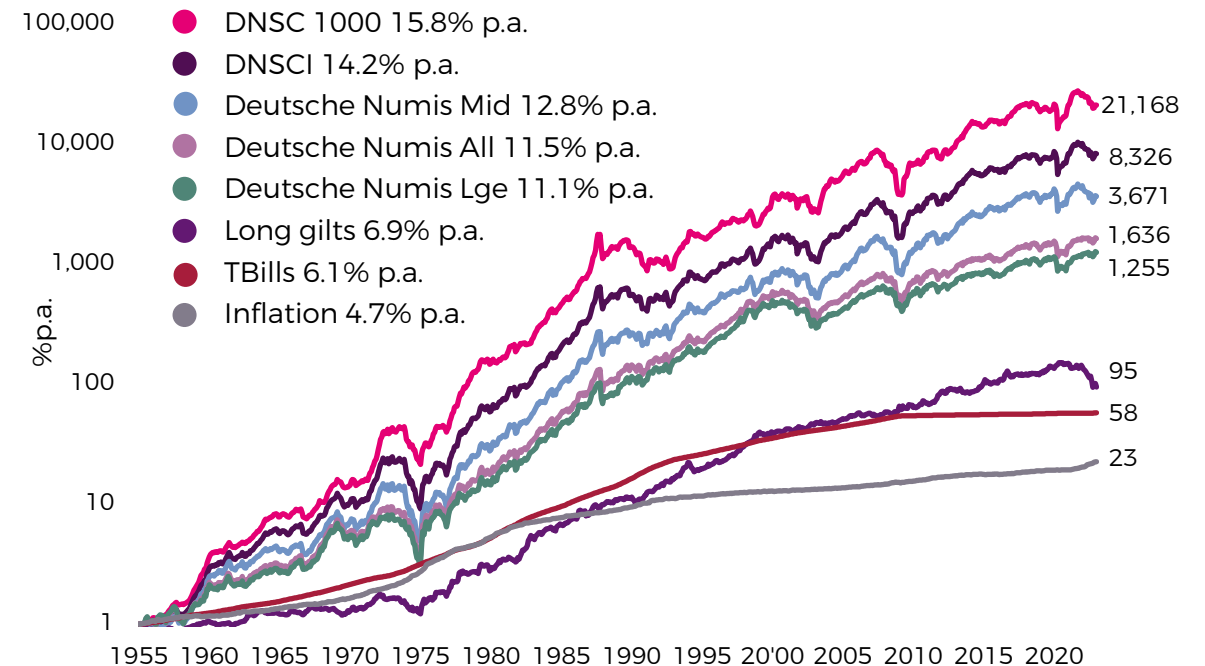
Source: Bloomberg, data from 10.04.2017 to 14.02.2023.

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

# The new market trends are merely replicating patterns that occurred during unsettled times previously...

- During economic setbacks companies with large market positions, typically find it hard to access enough extra growth to fully offset the effects of recessions
- Smaller quoted companies are not immune from setbacks, but they do have better potential to generate enough additional growth elsewhere to offset the impact of an economic setback
- Furthermore, small cap stocks also have the advantage that acquiring overleveraged but otherwise viable businesses from the receiver often generates a better uplift than the same deal within a major quoted company
- Given this pattern, the return on the smallest 10% of UK-quoted companies (known as the Deutsche Numis Small cap Index) typically outperforms those in the largest 80% (known as the Deutsche Numis Large cap Index)
- Indeed, the return on a quoted stock is, on average, inversely proportional to its market capitalisation, with quoted microcaps typically delivering the strongest returns

**Total return of the Deutsche Numis family of UK stock market indices, 1955-2023**



**...when a multicap equity income strategy specifically had scope to add considerable value over time**

Source: Numis; Evans and Marsh, Numis Indices 2023 Annual Review; Dimson-Marsh-Staunton DMS Database, 2023.

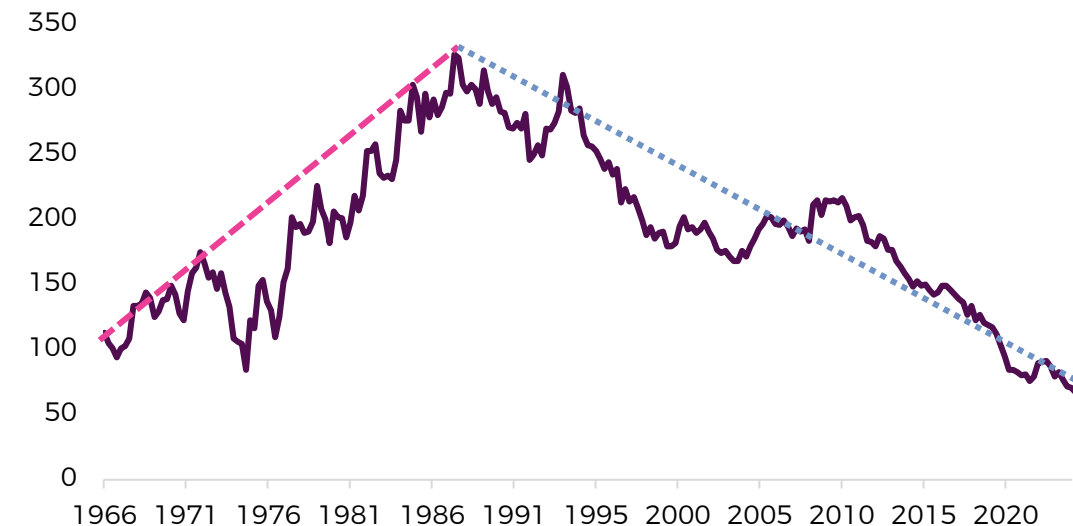
**Past performance is not a reliable indicator of future returns.**

# Overall, equity income stocks appear to have now entered a new supercycle...

- Over recent years, with growing sums being invested in passive strategies, with the largest portions typically being invested in US mega caps, it has led to a reflexive, self-feeding cycle
- To some degree this reflects the period of globalisation when political and economic conditions were unusually calm for decades, and speculative stocks outperformed
- As political and economic conditions become much more unsettled under President Trump however, we now anticipate that companies generating abundant surplus cash will have major advantages
- Between the period of 1965 and 1985 for example, when economic conditions were often unsettled, its noteworthy how much the FTSE All Share Index outperformed the S&P 500 Index
- After the reverse trend persisting for some decades, we believe that the global economic conditions are now set for the UK exchange to outperform the US again as it did in the past

## We anticipate the outperformance of the UK stock market will surprise in both scale and duration

A chart of the FTSE All-Share Index versus the S&P 500 Index, both in a common currency (1965 - 2025)

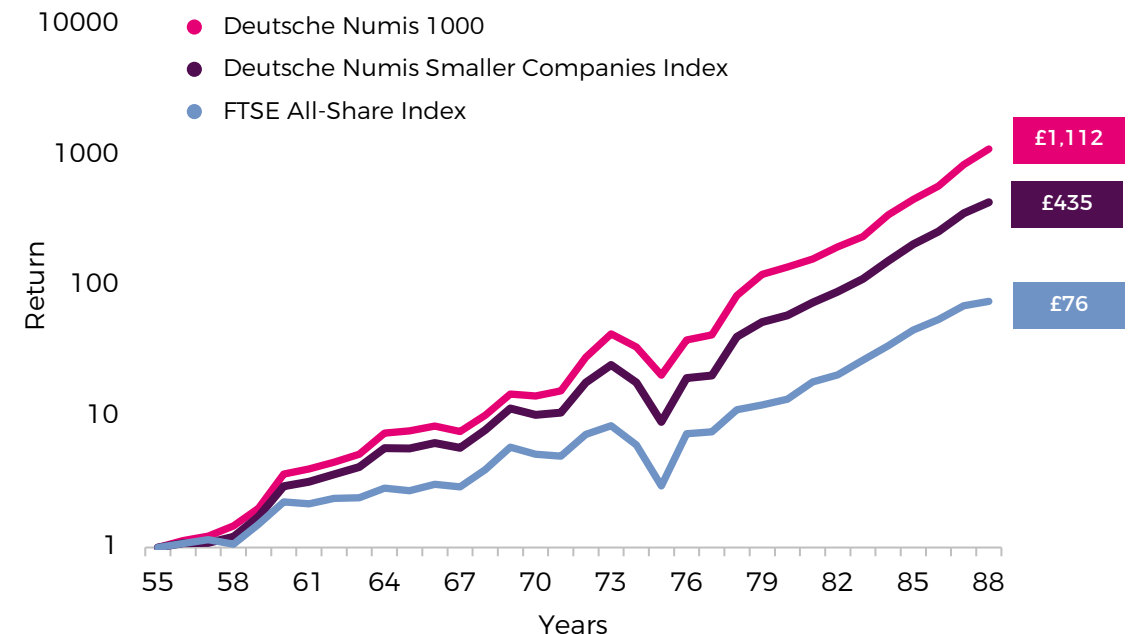


...in a trend which could persist for decades. imitating the prior UK equity cycle

# During previous downturns, it was the acquisition of assets from distressed sellers that often drove the outperformance of smallcaps...

- Economic conditions were very testing in the UK between the 1960's and the late 1980's, yet the period was marked by relatively strong returns from the FTSE All-Share Index, as equity income stocks had advantages compared with cashflow negative competition
- Even so, despite the weakness of the Sterling exchange rate which favoured stocks with major international operations such as those in the FTSE 100 Index, UK small caps nonetheless outperformed
- The reason is that many small caps were more agile than the large caps, and furthermore that many acquired assets at distressed valuations and generated significant uplifts
- Overall, it is interesting to note that the returns of quoted small cap were routinely better than the majors and the value of being small more than offset the advantage of having significant operations overseas through a period when Sterling was relatively weak
- With the FTSE All-Share Index generally outperforming the S&P 500 between 1965 and 1985, and with UK small caps outperforming the UK majors, generally the returns on UK smaller often outperformed the S&P 500 as well
- Generally, when small caps persistently generate strong returns, investors are relatively quick to increase their allocations, albeit that they often seek to buy on setbacks which don't always come through as much as anticipated

## Performance of Deutsche Numis 1000 v Deutsche Numis Smaller Companies Index<sup>1</sup> vs FTSE All-Share Index 1955-1988



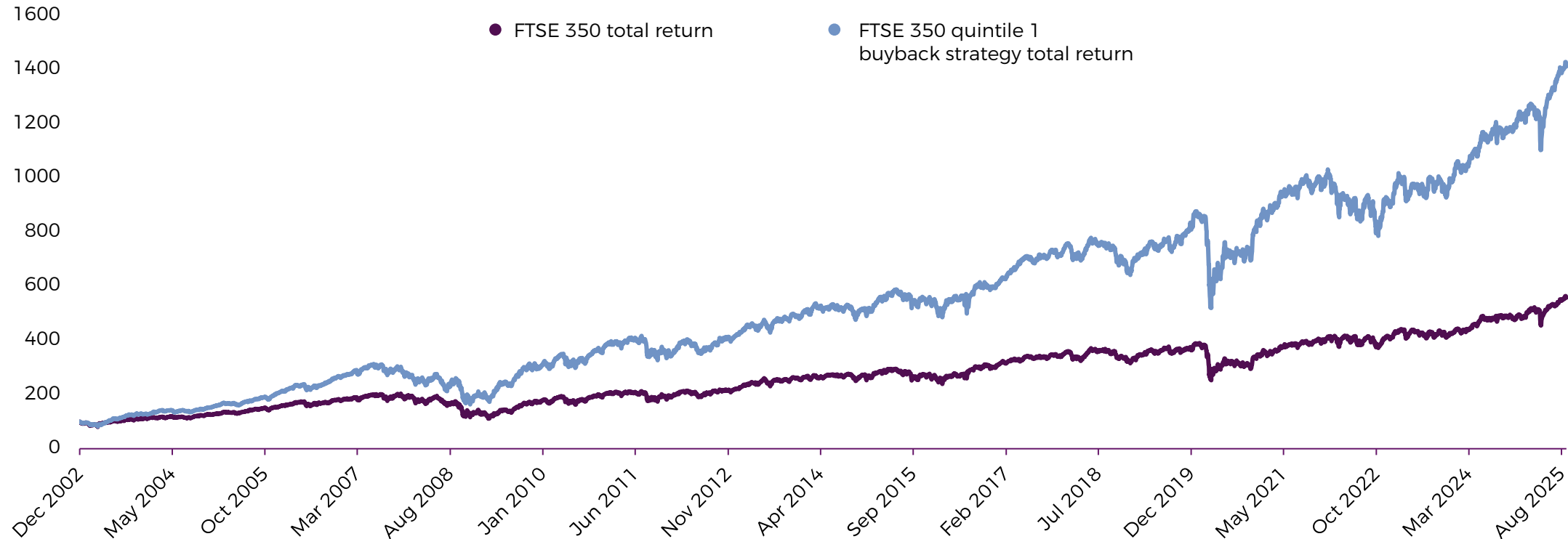
...such that they not only outperformed the UK majors, but often international comparatives as well

Source: Deutsche Numis Securities, Elroy Dimson and Paul Marsh of London Business School. <sup>1</sup>Formerly RBS Hoare Govett Smaller Companies Index.

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

Generally, the share prices of stocks that have engaged in buybacks have greatly outperformed those that haven't...

UK buyback quintile 1 and UK market (total return)



...and as many smallcaps are already investing in their future growth, in the absence of buybacks we believe their valuations have much greater recovery potential.

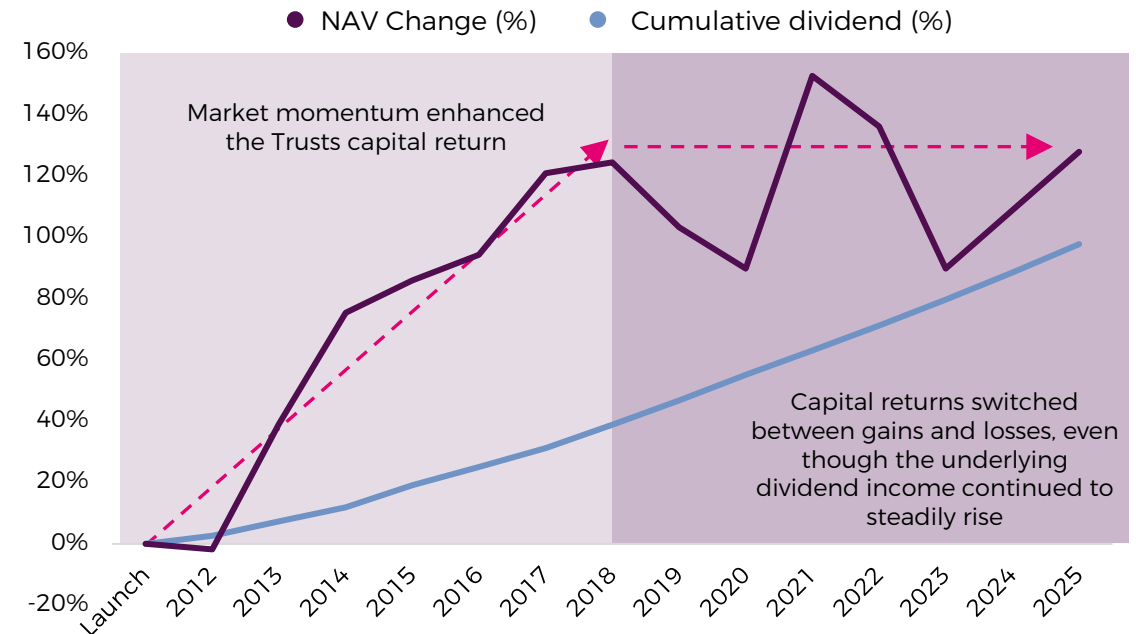
Source: Berenberg research, Eikon. Data from 01.12.2002 to 28.08.2025.

Past performance is not a reliable indicator of future returns.

# Importantly, the strategy also has two sources of return, that have differing characteristics...

- The returns generated via capital appreciation strategies principally rely on the timing of two transactions – the initial purchase and the final sale, with its return being uncertain because assets are at risk were the final sale to come just after a market setback
- The return of an equity income trust profoundly differs, in that its return from the cumulative dividend payouts keep building up in cash in the investor’s portfolio throughout the holding period
- Clearly, the capital appreciation return of an equity income trust carries similar risks to capital appreciation strategies, but if the final sale comes just after a market setback, since a large part of the trust’s returns have already been taken, then the downside risk is potentially less severe
- Interestingly, during market setbacks, the share prices of equity income stocks tend to be more resilient, as generally their yield rises as their share prices fall back, which normally brings in additional buyers
- In addition, note that the different characteristics of the cumulative dividend return and unit price appreciation return also provide a degree of diversification as it has been in this case since the trust’s first dividend payment

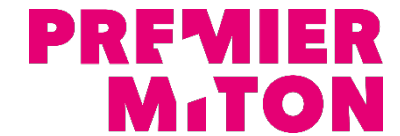
The cumulative dividend return, and the unit price appreciation return of the Trust



...with the cumulative dividend return for example, being somewhat independent of the fluctuations of asset markets in comparison to the cumulative unit price appreciation

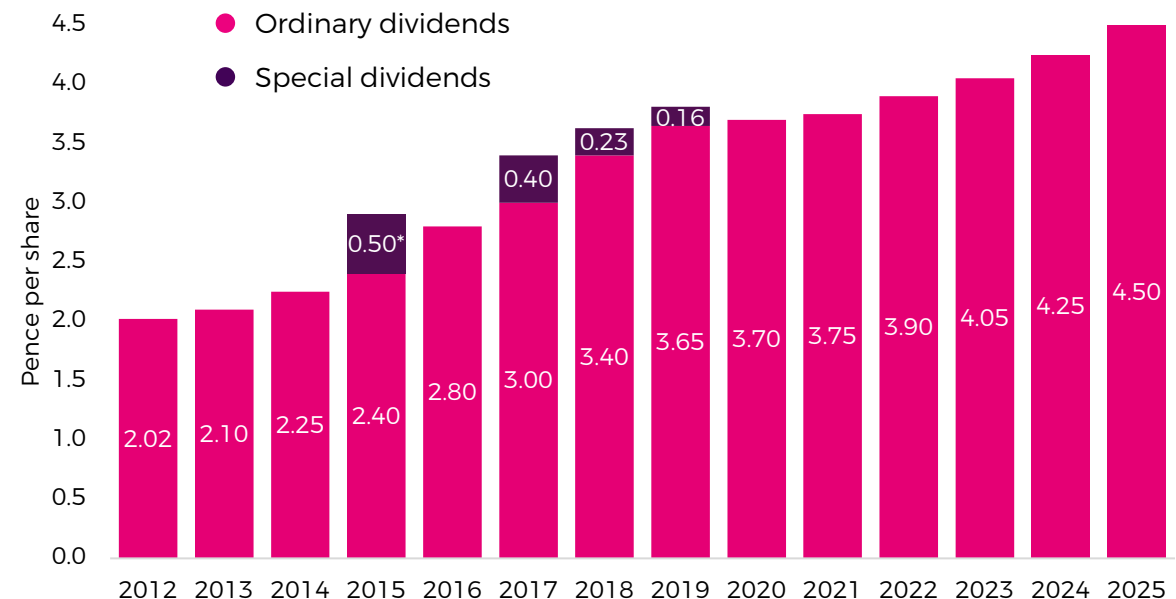
Source: Bloomberg, data from 28.04.2011 to 31.05.2025. Trust launched on 28.04.2011.  
Past performance is not a reliable indicator of future returns.

The key outcome is that the trust's portfolio has generated a progressive increase in revenue that has funded ongoing dividend growth...



- Although many AIM-listed holdings have continued to progress over recent years and as such they have often continued to grow their dividends, this is at odds with their share price returns
- Generally, the share prices of many small-cap and AIM-listed stocks in the portfolio have typically been weak, even when they have continued to succeed
- The trust's revenue per share was affected by the dividend cuts during Covid, although it swiftly recovered in 2021, and has progressively risen subsequently.
- The dividend of the trust has risen over recent years, but with the NAV also rising the yield is currently 4.3%<sup>1</sup>
- If there were to be a strong recovery of UK small-cap share prices, then it may be that the yields on various holdings would decline to the extent that we could take profits, and reinvest in other overlooked AIM-listed equity income stocks at higher yields, thereby boosting the trust's dividend growth

The Diverse Income Trust dividend income



...whereas the dividend income from the UK stock market, in general, peaked in 2019, fell back with Covid, and as yet has not fully recovered.

Source: Premier Miton. Total distributions paid for each financial year of the Trust, ending 31 May. \*To allow shareholders to vote on the dividend, a final dividend was introduced in the year that ended 31 May 2015, resulting in five dividends for that year. Since then, the Company has paid three interim dividends and a final dividend each year. <sup>1</sup>Source: Bloomberg, the historic yield reflects distributions declared over the past twelve months as a percentage of the trust price as at 31.12.2025. It does not include any preliminary charge, and investors may be subject to tax on their distributions.

Past performance is not a reliable indicator of future returns. The level of income paid may fluctuate and is not guaranteed.

# Conclusions

1

During globalisation, equity market returns concentrated into a narrow group of technology mega caps, in a pattern that drained investor demand from other pools of assets

2

With the current proliferation of uncertainties however, prior stock market trends have stumbled, and market liquidity might move from a surplus to a deficit

3

These factors suggest that equity income strategies are currently better placed than transactionally reliant capital gain strategies, to navigate the forthcoming challenges

4

Interestingly, the tougher economic conditions get, the greater the potential for equity income stocks to outperform, with smallcaps having extra upside potential

5

Overall, we believe that equity income stocks have entered a new supercycle, in a trend which could persist for decades, replicating the previous UK equity cycle

6

The Diverse Income Trust has already delivered a progressive dividend record and outperformed the Peer Group since issue in April 2011, although with the recent tailwinds we believe it is now set to outperform international comparators as well as those locally

# Trust risks

Some of the main specific risks of investing in this trust are summarised here. Further detail is available in the prospectus for the trust.

**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 trusts focused on a particular country or region can be riskier than trusts that are more geographically diverse. These risks can result in bigger movements in the value of the trust. Equities can be affected by changes in central bank interest rates and by inflation.

**Derivatives:** Derivatives may be used within trusts 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 trust, which is similar to borrowing money to invest.

**Other investment risks:** Trusts 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, funds or similar investment vehicles. These investments can also increase risk and experience sharp price movements. Trusts 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 trust. 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 trust.

# Important information



**For Investment Professionals only. No other persons should rely on the information contained within. This is a marketing communication.**

**A free, English language copy of the trust's full Prospectus, Key Information Document and Pre-investment Disclosure Document are available on the Premier Miton website, or copies can be requested by calling 0333 456 4560 or emailing [contactus@premiermiton.com](mailto:contactus@premiermiton.com).**

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