

Miton UK MicroCap Trust plc

Objective

To provide its shareholders with capital growth over the long term.

Key facts

Net assets	£42.6m
Shares in issue	76,923,603
Gearing	0.00%
Share price	50.00p
NAV	55.38p
Premium/(Discount)	(9.71)%
No. of holdings	138
Domicile	United Kingdom
Launch date	30 Apr 2015
Reporting dates	Final - 30 Apr Interim - 31 Oct
ISA eligible	Yes

AIC sector
UK Smaller Companies

Performance comparators
Deutsche Numis 1000 index
IT UK Smaller Companies sector

Trust managers



Gervais Williams
Joined Premier Miton
Mar 2011
Manager since
Apr 2015



Martin Turner
Joined Premier Miton
May 2011
Manager since
Apr 2015

Directors

Ashe Windham (Chairman),
Louise Bonham,
Peter Dicks,
Davina Walter

Fund codes

ISIN	GB00BWFQ085
SEDOL	BWFGQ08
Bloomberg	MINI LN

Manager commentary

During June US stock market conditions remained buoyant, such that the collective valuation of the top three US technology mega-caps, the largest companies in the investment universe by valuation, edged towards \$10,000 billion!

It is most unusual to have so much finance crowded into such a small number of very large, quoted (i.e. listed on a stock exchange) companies, especially given that history is against them. One of the very few consistent stock market patterns identified by academics is that of the smaller company effect – the smaller the quoted company, the better its return on average.

Betting against history can work at times, but it is a mistake to assume it will work all of the time. Furthermore, one of the problems that often comes with nationalist and protectionist policies (i.e. policies designed to protect a country's domestic industries from foreign competition), is that market conditions can switch from an abundance of market liquidity (investments that can be sold easily) to chronic shortfalls. When this occurs, then in our view the US stock market will lose its upward momentum, probably for an extended period.

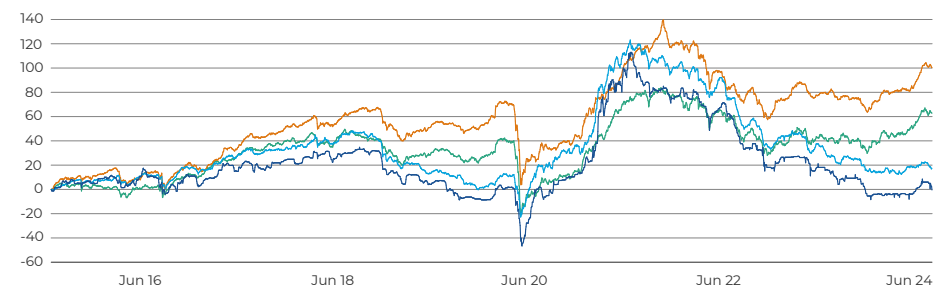
Interestingly, when it is harder to buy and sell company shares (i.e. market liquidity is tight), less high-profile quoted companies with net cash, and the potential support of institutional capital, sometimes have the best opportunities.

They can continue to develop by expanding into markets vacated by insolvencies. They can acquire over-borrowed but otherwise viable companies – sometimes for as little as £1 – debt-free from the receiver. In short, when market liquidity becomes tight, the US stock market might not just lose its upward momentum, but at the same time well-financed quoted micro-caps, or smaller companies, will in our view start to excel.

UK-quoted micro-caps stand on what we consider to be absurdly low valuations currently, so we believe their potential to be considerably greater than others. So, if investors do cease to channel finance into US mega-caps, we believe that UK-quoted, micro-cap outperformance won't just accelerate, but will also become persistent for years and years to come.

Gervais Williams & Martin Turner
30.06.2024

Performance since trust launch (%)



Cumulative performance (%)	1m	3m	1y	3y	5y	Trust launch
Share price	-6.10	3.95	-9.66	-46.37	0.12	-0.46
NAV	-3.59	-0.96	-4.11	-45.30	4.13	15.70
Deutsche Numis 1000 index	-1.96	9.09	17.24	-8.65	26.47	62.76
IT UK Smaller Companies sector	-1.08	10.35	14.02	-7.10	30.13	100.55

	2019	2020	2021	2022	2023	YTD
Share price	-0.90	33.32	28.61	-28.67	-24.91	4.82
NAV	-8.17	50.04	20.03	-29.13	-20.22	2.23
Deutsche Numis 1000 index	15.28	-1.53	24.99	-20.06	6.63	9.81
IT UK Smaller Companies sector	22.22	1.29	26.02	-20.37	3.73	10.42

	28.06.19	30.06.20	30.06.21	30.06.22	30.06.23	28.06.24
Share price	-4.55	95.56	-25.29	-20.54	-9.66	
NAV	6.71	78.40	-25.24	-23.70	-4.11	
Deutsche Numis 1000 index	-18.87	70.65	-18.90	-3.92	17.24	
IT UK Smaller Companies sector	-13.29	61.55	-19.30	0.96	14.02	

Source of performance data: Morningstar, as at 30.06.2024, net income reinvested, bid to bid basis, Index on a total return basis. ©2024 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.

The performance information presented on this page relates to the past. Past performance is not a reliable indicator of future returns.

Investing involves risk. The value of an investment can go down as well as up which means that you could get back less than you originally invested when you come to sell your investment. The value of your investment might not keep up with any rise in the cost of living. More information about the risks of investment is provided later in this document.

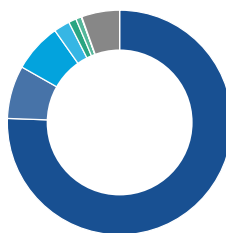


Portfolio breakdown

Top 20 holdings (%)

Yu Group	8.4
Trufin	3.1
MTI Wireless Edge	2.8
Zoo Digital Group	2.7
Zephyr Energy	2.2
Serabi Gold	2.0
CyanConnode Holdings	2.0
Concurrent Technologies	1.8
Braemar	1.7
Zinc Media Group	1.6
Savannah Resources	1.6
Frontier IP Group	1.6
Invinity Energy Systems	1.5
STM Group	1.5
Ultimate Products	1.4
Beeks Financial Cloud Group	1.4
Marwyn Value Investors	1.4
Capital Limited	1.4
Record	1.4
Incanthera	1.3

Index weighting (%)



■ FTSE AIM	75.6
■ FTSE Small Cap	7.6
■ UK-listed non-indexed shares	7.0
■ Other	2.3
■ Overseas	1.1
■ FTSE Fledgling	0.8
■ Nex Exchange	0.1
■ FTSE 100 Put Options	0.0
■ Cash	5.5

Charges

Ongoing charges figure (OCF) as at 30.04.2023	1.72%
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The ongoing charges figure (OCF) is not the same as the ongoing costs figure set out in the Company's Key Information Document. The key differences are that gearing costs and portfolio transaction costs are not included in the OCF. In addition costs are calculated on slightly different bases. The OCF figure set out above mirrors that in the Report and Accounts and is based on costs incurred in the year which are likely to recur in the foreseeable future. The ongoing costs figures in the Key Information Document provide investors with the impact costs have had on returns averaged over the five year recommended holding period.

Management fee on market cap	0.90%
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General risks

Investing involves risk. The value of an investment can go down as well as up which means that you could get back less than you originally invested when you come to sell your investment. The value of your investment might not keep up with any rise in the cost of living.

Typically, there is less risk of losing money over the long-term (which we define as over 5 years) from an investment that is considered low risk, although potential returns may also be lower. Investments considered higher risk typically offer greater

opportunities for better long-term returns, though the risk of losing money is also likely to be higher. Premier Miton is unable to provide investment, tax or financial planning advice. We recommend that you discuss any investment decisions with a financial adviser.

Other risks

Some of the main specific risks of investing in this trust are summarised here.

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.

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.



Other information

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Glossary

Annual management charge (AMC)

The yearly fee paid to Premier Miton for managing a trust, expressed as a percentage of your investment. The AMC does not typically change from year to year.

Assets

Different groups of investments such as company shares, bonds, commodities or property.

Bonds (or fixed income)

Types of investments that allow investors to loan money to governments and companies, usually in return for a regular fixed level of interest until the bond's maturity date, plus the return of the original value of the bond at the maturity date. The price of bonds will vary and the investment terms of bonds will also vary.

Capital

Describes financial assets, particularly cash, or other assets, such as shares, owned by a person or organisation.

Capital growth

The increase in the value of an asset or investment over time, measured by its current value compared to its purchase cost.

Discount

The shares of investment trusts can have a price below the value of their net assets, this difference is known as the discount. The shares can also be at a premium to their net assets.

Dividends

The portion of its capital that a company chooses to return to its shareholders. For a

trust, this is the payment of trust's income to its shareholders.

Equities

Another name for shares (or stock) in a company.

FTSE 100 Put Option

A type of derivative contract in which the underlying value is based on the level of the FTSE 100 index which tracks the performance of the top 100 largest companies by market value listed on the London Stock Exchange. Such contracts can be used to protect the value of an underlying investment or group of investments against a fall in the value of those 100 largest companies and can be thought of as an insurance policy.

Gearing

The level of a company's debt in relation to its capital. A company with significant debt compared to its capital is considered to be highly geared.

Individual Savings Account (ISA)

A type of tax-free scheme, set up by the government, designed to help people make the most of their savings and investments. All income and gains from an ISA investment are exempt from UK Income Tax and Capital Gains Tax. HM Revenue and Customs sets the maximum amounts that you are allowed to invest into an ISA each tax year.

Micro-Cap

A company with a market capitalisation (the total value of all a company's shares) of below £250 million.

Net Asset Value (NAV)

The total of a company's assets minus its liabilities. The net asset value per share is the total of a company's assets minus its liabilities divided by the number of shares in issue.

Ongoing Charges Figure (OCF)

As recommended by the Association of Investment Companies in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year. Please note this figure is different to what is stated in the PRIIPS KID.

Share price yield

The dividend per share divided by the stock's or fund's price per share and expressed as a percentage. The historic yield is the dividend income distributed during the past year and expressed as a percentage of the share price on a particular day.

Small-cap

On the London Stock Exchange, the term 'small cap' refers to companies with a market capitalisation between £50m and £230m.

Total return

A way of showing how an investment has performed, and is made-up of the capital appreciation or depreciation and includes any income generated by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of that period.

Corporate contacts

Investment Manager

Premier Fund Managers Limited
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GU1 3DE

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✉ shareholder.services@linkgroup.co.uk

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✉ contactus@premiermiton.com

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A free, English language copy of the trust's full prospectus, the Key Information Document and Pre-investment Disclosure Document are available on the Premier Miton website, or you can request copies by calling us on 01483 306090.

For your protection, calls may be monitored and recorded for training and quality assurance purposes.

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