

Premier Miton Corporate Bond Monthly Income

Sterling Corporate Bond

Introduction

The fund invests in high quality, stable investment grade companies with performance driven by stock selection. It has no large duration bets, a widely diversified portfolio, with a focus on liquidity risk, and a high turnover (looking for incremental gains) with a clear eye on downside protection.



[Click here to read the Premier Miton approach to ESG investing.](#)

Why RSMR Rate this Fund

- We have known the fund management team for many years and despite working at different firms over several years, they have consistently applied their successful investment process.
- The portfolio has always been focused on higher quality bonds (in terms of credit ratings) than most of its major competitors with a high exposure to bonds rated 'A' and above whereas its competitors have significant exposures to bonds with 'BBB' ratings.
- The fund has consistently provided diversification away from equities throughout the economic cycle along with a resilient income (from companies with strong balance sheets) and a healthy total return through compound interest.
- Performance has been impressive with the portfolio significantly outperforming in market downturns.

Fund Process

The fund managers use original proprietary research to drive diversified investing in high-quality viable businesses. The starting point is to develop strategic themes which they think are going to drive the evolution of the asset class over the longer term. These themes are based on factors which are both fundamental and technical.

The strategic themes drive the make-up of the model portfolio, and the model portfolio is updated on a monthly basis with the fund managers' thoughts on individual sectors, the credit market as a whole as well as yield curve positioning in both credit and duration. Underweighting sectors versus the appropriate benchmark, instantly reduces the number of names researched by the fund managers. Sector weightings are implemented in the portfolio on a DTS basis ensuring the risk profile of the fund is fully captured. Sector weightings are also subject to the fund managers acquiring sufficient credit-worthy companies.

Individual names researched and ultimately invested in are a direct consequence of those sectors which the fund managers favour, ensuring discipline of application. The names they hold are researched thoroughly and debated by the Fixed Income team as a whole. Individual names are reviewed in weekly portfolio meetings to ensure nothing is missed and to offer the opportunity for open discussions on all parts of the investment rationale. Individual names enter the portfolio in-line with the fund managers' stock selection criteria. Position sizing is relative to the benchmark on a DTS basis. Risk management is formally conducted for overall credit and duration positioning as well as on a sector and individual name basis.

Evaluation

The portfolio has a bias towards high quality bonds and its significant feature is that the fund managers have consistently out-performed in down markets but still managed to either outperform or capture most of the returns on the upside. This is an important characteristic for any investor. It has also demonstrated that it is a clear diversifier from an equity portfolio.

Application

Premier Miton Monthly Corporate Bond Monthly Income is a core Sterling Corporate Bond fund holding which could help form the backbone of any fixed income portfolio.

Our Opinion

We have known and followed the progress of the fund managers over many years and at Premier Miton they have gained added resource in terms of the number of team members. We believe that they are capable, over the longer term, of delivering relatively consistent above average returns from this asset class.



Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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