



# Miton Global Opportunities Plc

“Exploiting opportunities in the closed-end fund sector ”

## UK Investor Magazine Virtual Investment Conference

The team

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Charlotte Cuthbertson

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PAST PERFORMANCE IS NOT A GUIDE TO FUTURE RETURNS.

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The views expressed in this document should not be taken as a recommendation, advice or forecast. We are unable to give financial advice. If you are unsure about the content of this presentation/suitability of the trust mentioned speak to a financial adviser.

The value of stock market investments will fluctuate, which will cause Trust prices to fall as well as rise and you may not get back the original amount invested.

Please refer to the glossary at the end of this presentation.

# General risks of investing

- The performance information presented in this presentation relates to the past. Past performance is not a reliable indicator of future returns.
- The value of investments will fluctuate which will cause trust prices to fall as well as rise and investors may not get back the original amount invested.
- Forecasts are not reliable indicators of future performance.
- The Company may borrow money which can then be used to make further investments (gearing). In a rising market, this 'gearing' can magnify the gains or in a falling market, the losses on your investment.
- For trusts investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.

# Fund manager background



## Nick Greenwood

Fund manager, Premier Miton Worldwide Opportunities Fund,  
Miton Global Opportunities plc

- Nick Greenwood joined Premier Miton in July 2002. He began his career in private client stock broking and was a founder member of Christows stockbroking operation in 1991. He joined the Christows Investment Trust team setting up their London office in 1995 and became lead manager in November 1997. Nick subsequently joined Premier Miton. The Premier Miton Worldwide Opportunities Fund was launched in April 2003 and was followed by the Miton Worldwide Growth Trust in 2004.



## Charlotte Cuthbertson

Assistant fund manager,  
Premier Miton Worldwide Opportunities Fund, Miton Global Opportunities plc

- Charlotte joined Premier Miton in June 2015 and joined the Investment Trust team in December 2017. She is focused on analysing trusts, marketing and assisting Nick Greenwood in the management of the funds. Charlotte holds a BA in Modern History from St Anne's College, Oxford.

# Origins of Miton Global Opportunities plc (MIGO)

- Started in 2004 as fund of funds
- Has evolved over that time into deep value and special situations fund
- What does this mean?
  - Buying investment trusts on discounts where we believe there is a catalyst for change
  - Eg. Backing the manager/realisation

# Overview of MIGO today

- Value:

- ✓ Seek to buy trusts at significant discount to their intrinsic value

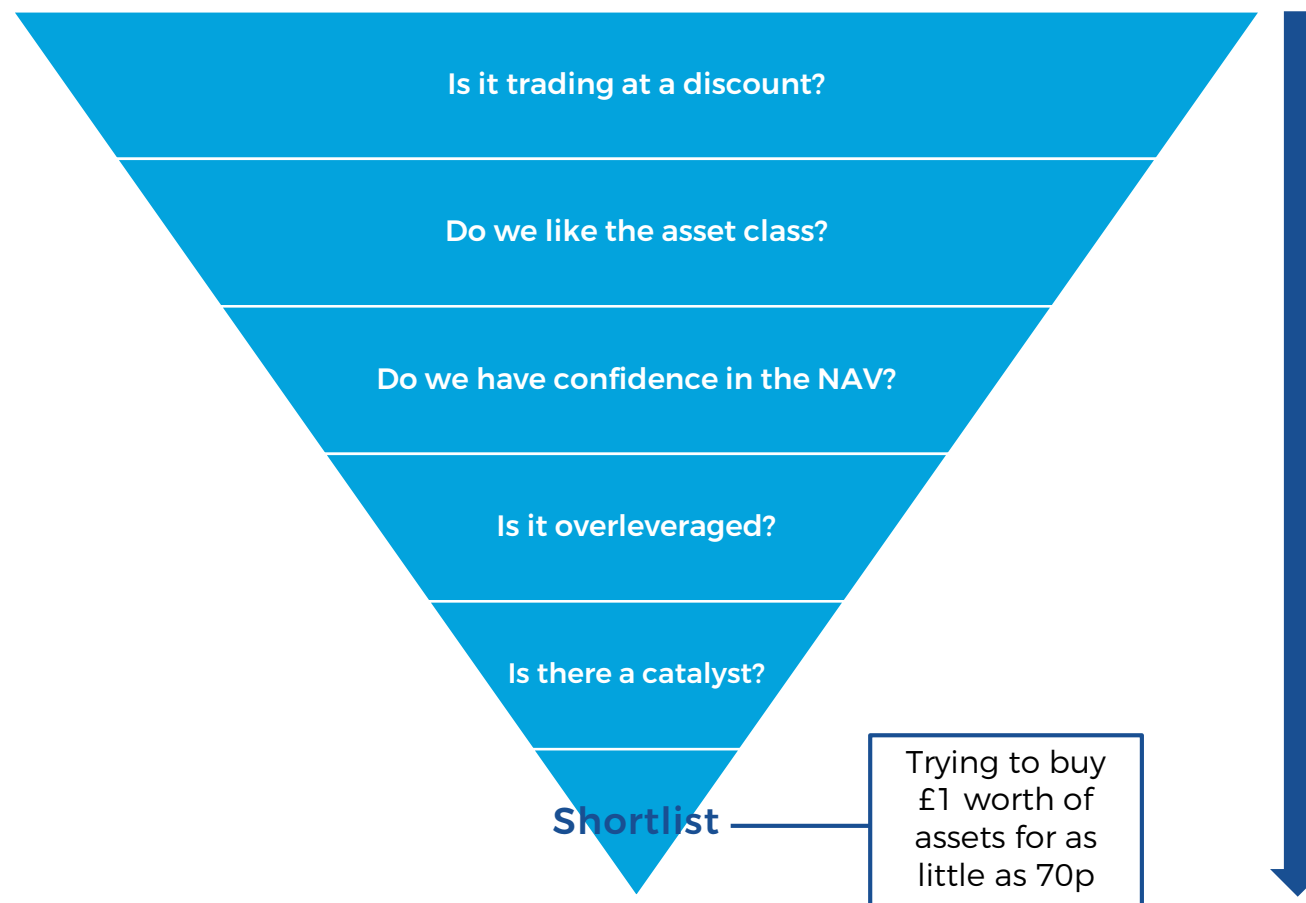
- Diversified:

- ✓ Global exposure
- ✓ Mixed asset ranging from equities, private equity, commodities, property

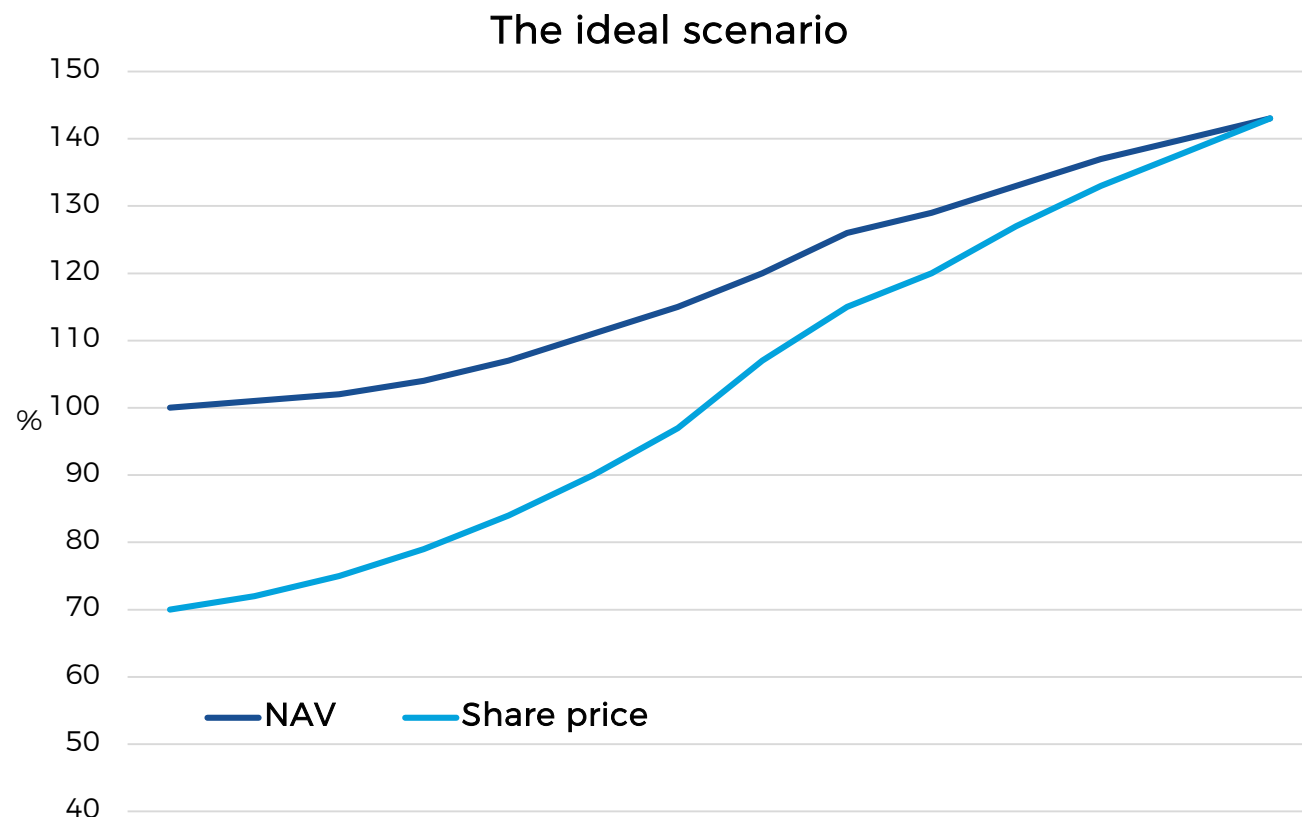
- Different:

- ✓ Buying esoteric, overlooked assets that have low correlation to mainstream markets

# Finding discount opportunities



# Why buy trusts at a discount?



NAV: +43%

Share price: +104%

- A rising NAV and a narrowing discount is a powerful combination
- Can be from asset class coming back into favour, strong performance, better marketing
- An example of this would be Aurora Investment Trust



# Ecofin Global Utilities & Infrastructure Trust

## Ecofin Global Utilities & Infrastructure Trust NAV and share price total return

24 May 2017 to 31 January 2020



NAV: +23%

Share Price: +37%

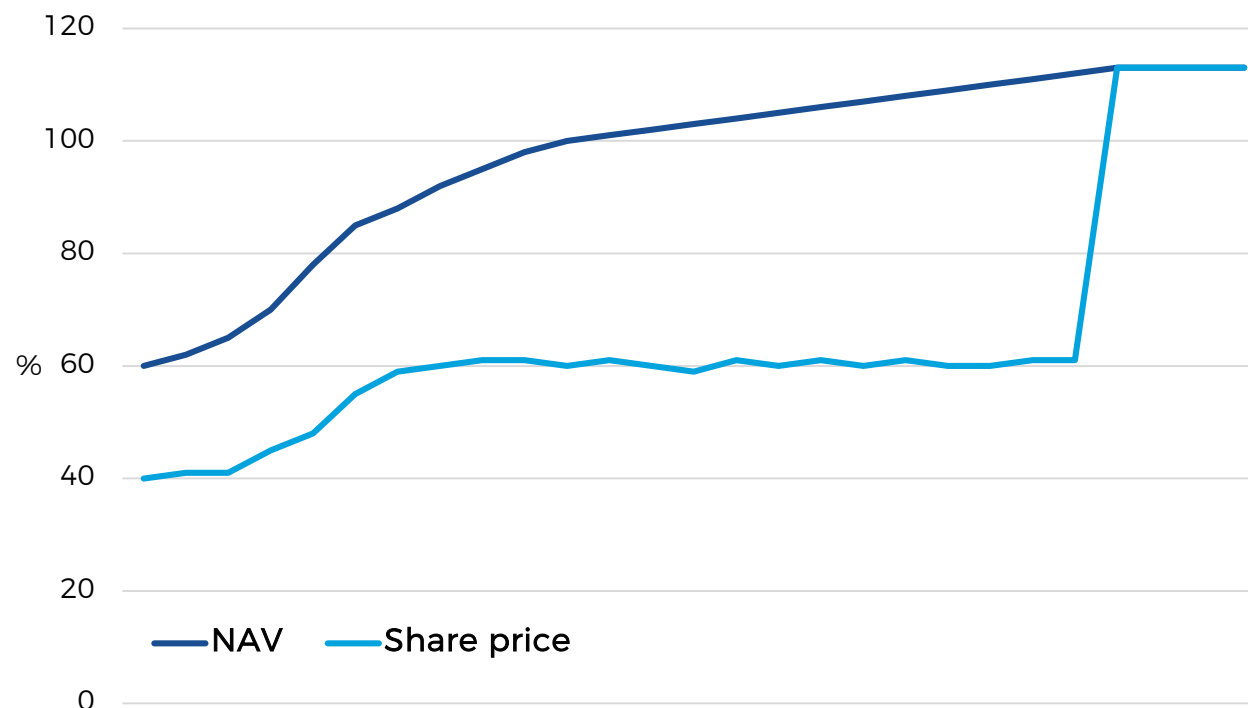
- Previous team had performed poorly and trust had gapped out to a discount
- New team were appointed and turned performance around
- New investors were found to narrow the discount
- We sold when the share price was close to the NAV in January 2020

**Past performance is not a guide to future returns. The value of an investment and any income generated by it can go down as well as up and there is a risk of loss to capital.**

Source for share price and NAV: Bloomberg, data from 24.05.2017 to 31.01.2020. Ecofin entered the Trust on 24.05.2017.

# Realisation

Even at the end of a lifecycle, can still be profitable



NAV: +53%

Share price: +73%

- Can be wind up or takeover
- Discount narrows as assets are sold off and the cash handed back to shareholders at NAV

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The chart on this slide is provided for illustrative purposes only.

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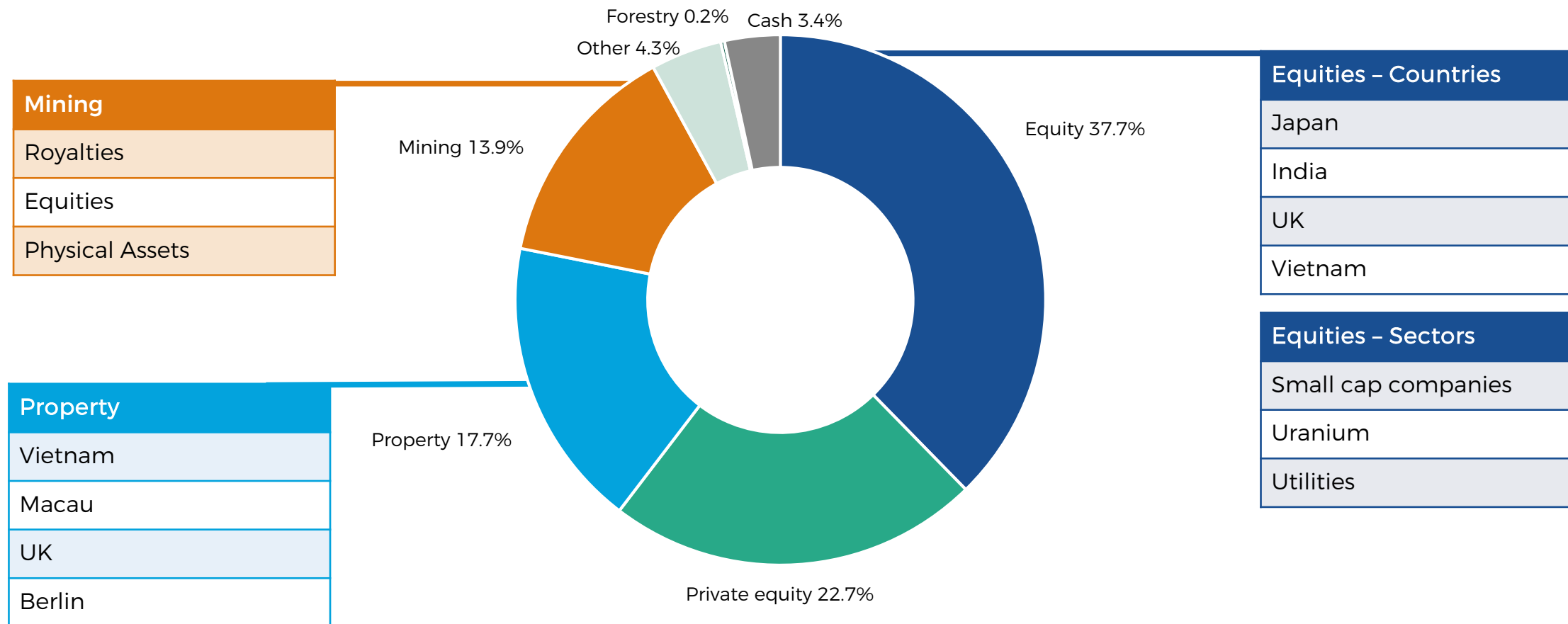
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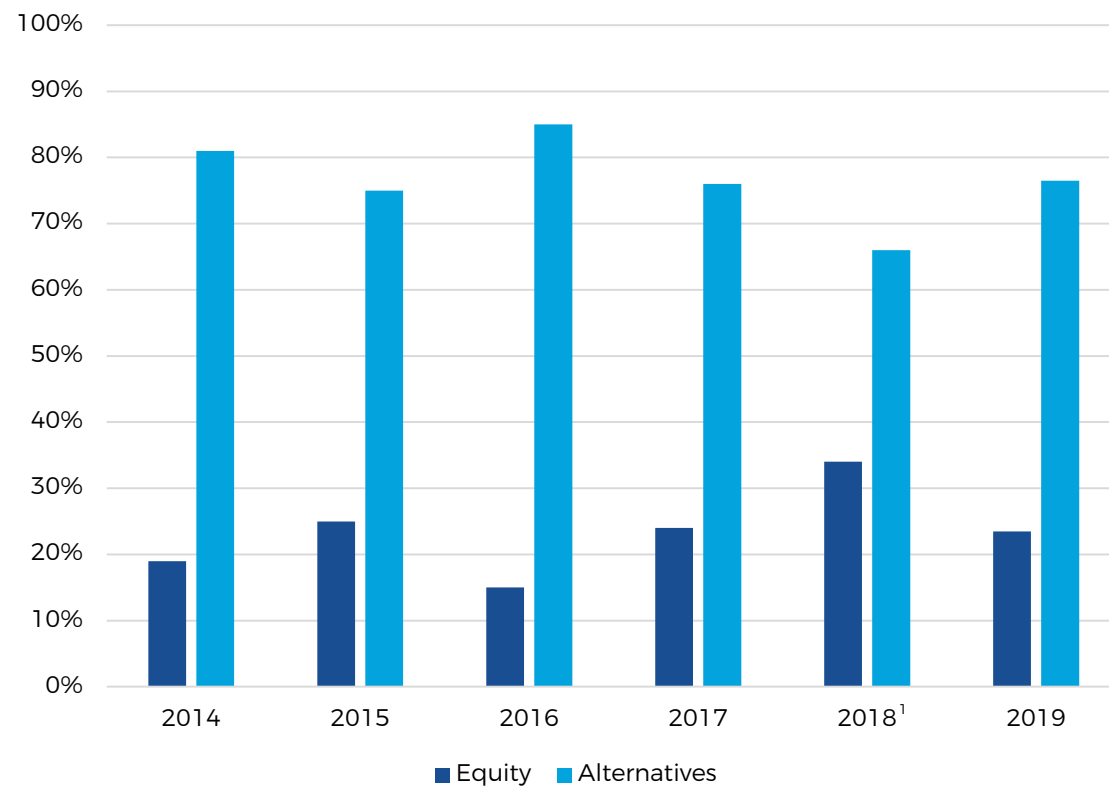
# Diversification by asset class



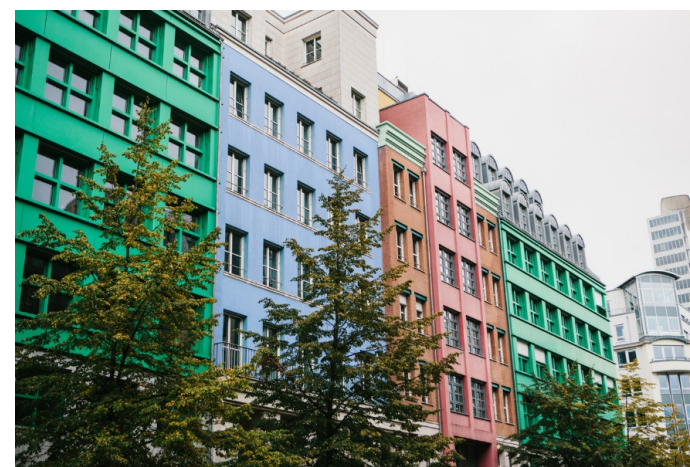
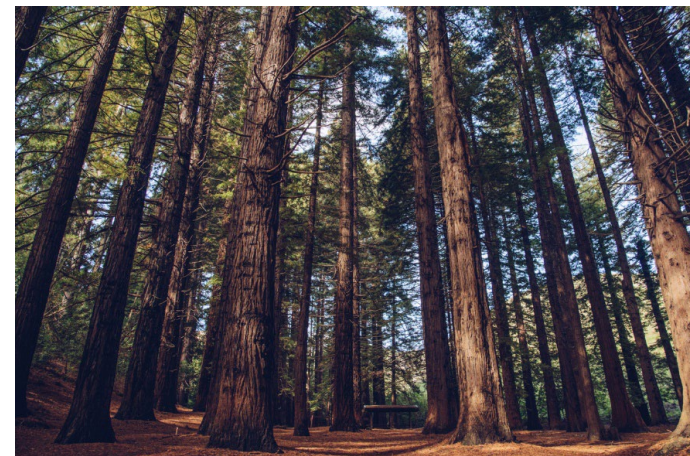
Source: Miton/Bloomberg as at 31.01.2021.

# Move to alternatives

## Issuance by Asset Class in Investment Trust Sector

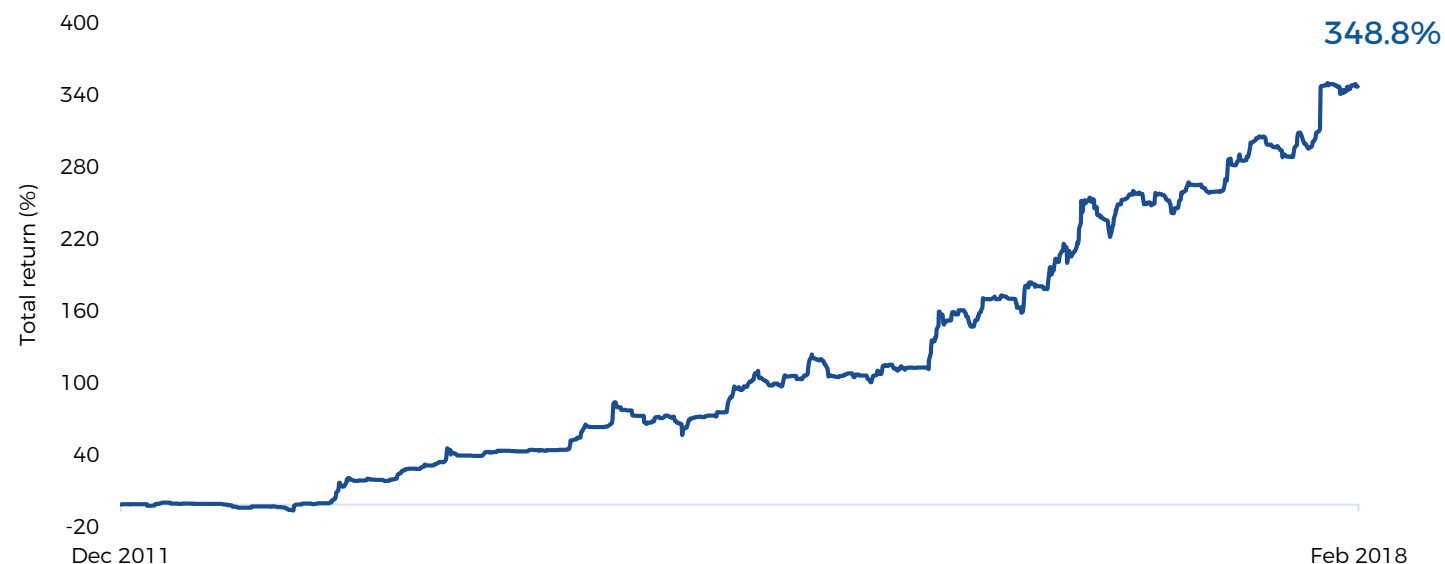


Source: Numis Securities Research. <sup>1</sup>The 2018 equity figure excludes Smithson Investment Trust.



## Taliesin total return

31 December 2011 to 28 February 2018



- NAV was based on rental values of flats rather than what they would be able to sell them for
- The trust had been splitting up their buildings and selling flats into the private market
- Blackstone bid a premium to stated NAV December 2017

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# Overview of MIGO today

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# Average underlying discount

Top 12 stocks	Weight (%)	Discount (%)
Baker Steel Resources Trust	7.6	-14.0
River & Mercantile UK Micro Investment	5.6	-9.4
Epe Special Opportunities	5.2	-39.1
Alpha Real Trust	5.0	-25.6
Dunedin Enterprise	4.8	-23.3
Vinacapital Vietnam Opportunity Fund	4.8	-8.5
Phoenix Spree Deutschland	4.2	-32.0
Atlantis Japan Growth Fund	4.0	-6.2
Third Point Offshore Investment	3.7	-22.0
Henderson Opport Trust	3.4	-8.5
Oakley Capital Investments	3.3	-27.5
New Star Investment Trust	3.2	-29.8

**Average discount = 20.5<sup>1</sup>**

Source: Link Asset Services & Bloomberg, 31.01.2021. <sup>1</sup>Please note that the average discount figure only takes into account the top 12 holdings in the portfolio.



# Year-to-date winners and losers



# Everything has its time being “unloved”

## Augmentum Fintech

- Invests in Fintech companies looking to disrupt areas such as financial services and banking
- Fell to a discount when its holding Zopa failed to get a banking licence
- Sold out in January 2021 at a premium having made 74%

## Biotech Growth Trust

- Bought majority of the holding in Q4 2018 when fell sharply in the sell-off
- When we bought in 2018 biotech was unloved and trading at very low levels – by 2020 it was viewed as saviour from COVID-19
- Sold out in July 2020 having made 79%

# Conclusion

## Exploiting inefficiencies in investment trust sector

- Less correlated to wider markets
- Diversification – not reliant on one asset class/geography
- Outsourced managed solution for access to esoteric investment trusts such as Macau Property Opportunities and Life Settlement Assets Plc

# Glossary

## AIM (Alternative Investment Market)

This is a separate market within the London Stock Exchange set up for the purpose of trading shares in small, young and growing companies.

## Alternatives

Alternative investments and assets are typically those other than stock, company shares or bonds which include strategies such as private equity, real estate and hedge funds.

## Asset class

These are categories of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

## Correlation

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together.

## Commodities

Commodities are a type of asset which include a broad range of physical assets known as either 'hard' commodities such as oil, gas and metals or 'soft' commodities such as agricultural products.

## Discount/premium to share price

The discount/premium to share price is the difference between the share price and the underlying value of an investment trust.

## Diversification

If assets are diversified, they are spread amongst a range of types of investment. This can reduce the risk of loss through exposure to only one individual asset, type of asset or sector.

## Equities

Shares of ownership in a company.

## Investment trust

An investment trust is a publicly-quoted company that invests its shareholders' monies in the shares of other companies. An investment trust is a collective investment scheme but has a fixed number of shares.

## Leverage

Using borrowed capital as a funding source when investing to expand the firm's asset base and generate returns on risk capital. Leverage is an investment strategy of using borrowed money. The use of various financial instruments or borrowed capital to increase the potential return of an investment. Leverage can also refer to the amount of debt a firm uses to finance assets.

## Micro Cap

The smallest companies in the investment universe, as measured by market capitalisation.

## Net asset value (NAV)

Net asset value is the term used to describe the underlying value of a fund's units or shares. The net asset value per unit or share, is calculated by dividing the resulting number by the number of units or shares in issue.

## Private equity

An alternative investment class that consists of capital that is not listed on a public exchange. Composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity.

## Share price

A share price is the price of a particular company's shares at a particular time.

## Small Cap

Small cap stands for small capitalisation and is a term used to group stocks and shares. Sitting below large- and mid-cap stocks

## Volatility

A measure of how quickly the value of an investment rises and falls over time and is a term applied to single shares, markets and collective investment schemes.

# General and investment risks

The value of investments may fluctuate which will cause the value of a portfolio to fall as well as rise and investors may not get back the original amount invested.

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

Future forecasts are not reliable indicators of future returns.

All types of investment carry a degree of risk. It is possible you could lose some, or all, of the money you invest. The level of risk varies depending on the type of investment.

Typically, you are less likely to lose money over the long term 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.

When you invest, it is important that you understand the risk to your money and are comfortable with that level of risk. If you are unsure, we would recommend that you consult a financial adviser.

Past performance of a trust is not an indication of how it will perform in the future. The share price of funds, therefore the value of your investment in the funds, and any income from them, can go down as well as up, and you could get back less than you invested.

The value of your investment might not keep up with any rise in the cost of living.

You could lose money if financial markets fall.

There is no guarantee that the investment objective of the fund will be achieved.

The levels of taxation that apply to income or capital gains from the fund, including any tax relief that may be available, will depend on your personal tax situation.

Trusts with similar objectives may not perform in the same way as they are likely to have different holdings.

Trust performance will be affected by investment decisions made by the fund manager.

## Trust specific 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.

## Collective investment schemes (funds)

Where other funds are held in a portfolio, or where there is indirect exposure to other funds, these could include higher-risk investments like hedge funds, property funds or commodity funds (e.g. investing in gold, oil), which would increase the overall risk in the Trust.

## Currency

Where investments in a fund are denominated in currencies other than sterling (for example, if a fund holds assets priced in euros), its value will be affected by changes in the relevant exchange rate. Certain other investments, such as the shares in companies with profits from other countries, will also be effected.

## Emerging markets

Investments made in bonds, equities or other assets in less-developed countries generally carry higher risk than in developed countries.

## Equities

Equities (shares) can experience high levels of price fluctuation.

## Inflation

Higher inflation can lead to some investments falling in value, particularly those with a fixed level of interest, for example government bonds and corporate bonds.

## Infrastructure

Investments are often in large-scale projects whose profitability can be affected by supply problems or rising prices for raw materials or natural resources. Changes in the wider economy and government regulation can also have a significant influence.

## Interest rate

Changes in central bank interest rates can affect all types of assets, in particular, securities such as government bonds and corporate bonds that generally offer a fixed level of interest. If interest rates go up, the value of a bond may fall, and vice versa.

## Legal/tax

The income or capital gains from investments can sometimes be affected by changes in legal and tax regulations or how these rules are applied.

# General and investment risks (continued)

## Liquidity

In some instances, for example, when market conditions generally are difficult, holdings in a fund may be difficult to sell and buy at the desired price. The fund value could fall as a result. In extreme conditions this may affect the fund's ability to meet redemption requests upon demand

## Operational

Processes, systems and controls around your investment might fail. The more complex or unusual the investments that the fund holds, the more likely this is to happen. For example, developing markets may have less reliable systems or lower standards of governance than more developed markets.

## Property and Real Estate Investment Trusts

Property values can rise and fall sharply depending on the strength of a country's economy.

## Smaller companies

Investment in smaller companies is typically higher risk than investment in larger companies. Shares in smaller companies can experience greater levels of volatility.

## Unregulated collective investment schemes

These investments can carry additional risks as they are not subject to the same level of regulation as authorised or regulated schemes.

## Zero dividend preference shares (ZDPs)

Issued by investment trusts. ZDPs have a maturity date, pay no income but pay a set amount at maturity. Serious falls in market levels can alter their structure and lead to falling values.

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All data is sourced to Premier Miton unless otherwise stated

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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