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**PREMIER  
M<sub>i</sub>TON**  
INVESTORS

# RETIREMENT INCOME SOLUTIONS

A guide to natural income





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**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.

#### Investment advice

We cannot provide investment, tax or financial planning advice. We recommend that you discuss any investment decisions with a financial adviser.

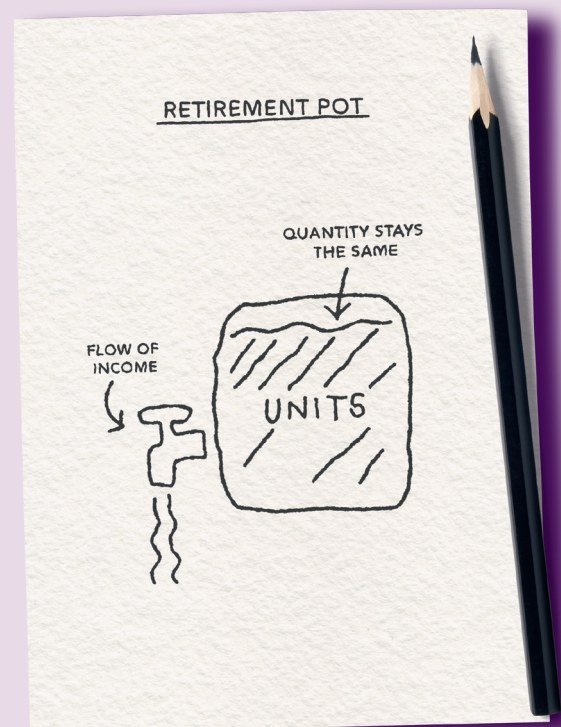
Visit [unbiased.co.uk](http://unbiased.co.uk), which offers a free service to help you find qualified and regulated financial advisers.

# Introduction

**On paper, it's impossible.  
So how do you make the impossible possible?**

## Premier Miton Cautious Monthly Income Fund

Tapping your retirement pot for income, without diminishing it is impossible, surely? No, not if you come at the problem from a blank sheet. And that's the approach we took for our Cautious Monthly Income Fund. The fund provides monthly income payments, generated naturally from a pool of investment types in the portfolio. So there's no need to cash-in units to generate your income stream. Which means your original pot of units can remain, undrained, throughout your retirement.



## What is this document for?

This document aims to explain two different approaches to taking income from an investment and why we believe the natural income approach may be a good option for retirees seeking a regular long term income solution.

## Who should read this document?

If you are approaching retirement, or are in retirement, and are thinking about how best to take an income from your investment to meet your spending needs, this document may be useful for you.

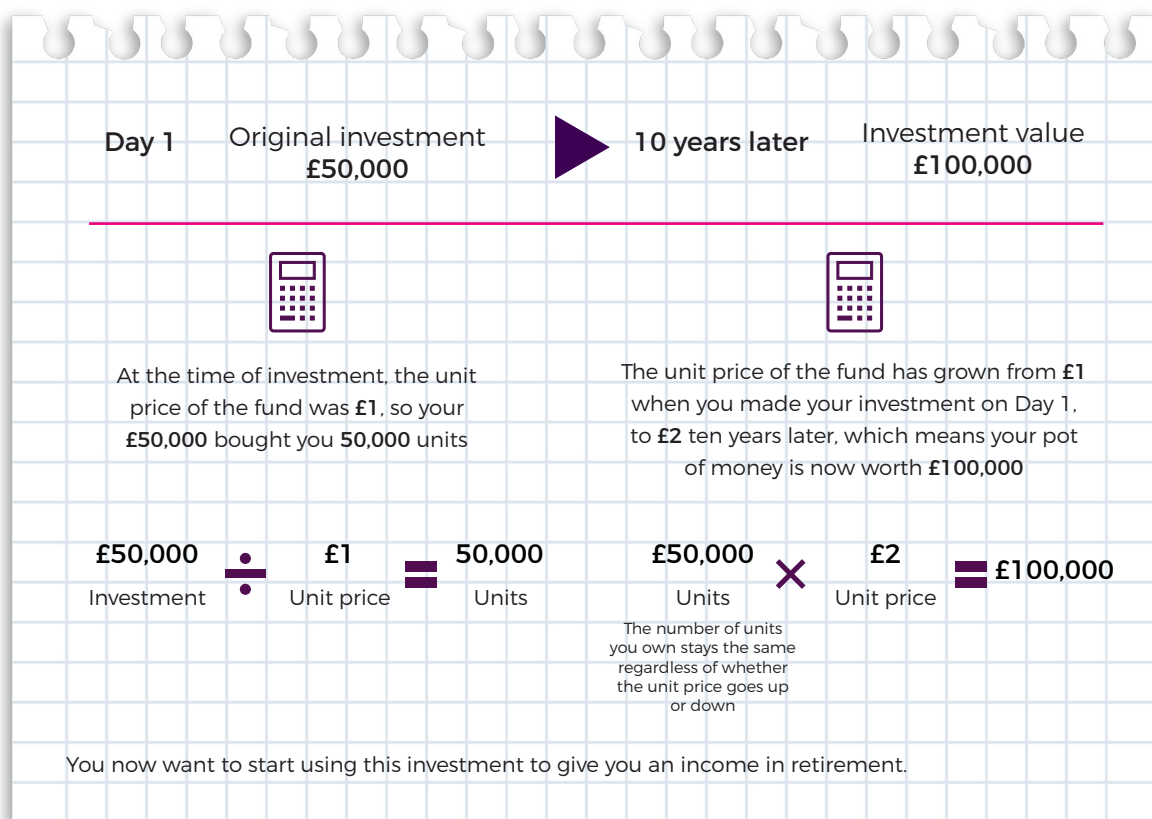
**Your capital at risk. The value of units can go down as well as up. The amount of income paid out is not guaranteed and can go up and down.**

# Your investment pot

You naturally want to ensure that you have enough money, or 'capital', in your investment pot to give you the level of income that you need when you retire and lasts as long as your retirement does. So how can you work out how to use your investment to give you the income you need and ensure you don't run out of money?

Let's say that you originally invested £50,000 ten years ago in an investment fund which you were planning to use to give you a regular income in retirement.

In this scenario, we are going to assume that over an investment period of 10 years, the value of your investment has risen in value from £50,000 to £100,000. Of course, there is no guarantee that this will be the case and we have used these numbers purely for illustrative purposes.



Here are two ways that you can use your investment to give you an income in retirement. We explain these more in the following pages.



## Unit encashment

You could sell some of the units you originally bought. This is called 'unit encashment' or 'income drawdown' because you are taking (or 'drawing down') an income from your investment, by selling units.



## Natural income

Or you can take 'natural' income, which means only taking any income that is naturally generated from the investments in your fund.

# This is how unit encashment works

## Let's say that you need £1,000 a month to meet your day to day expenditure needs in retirement

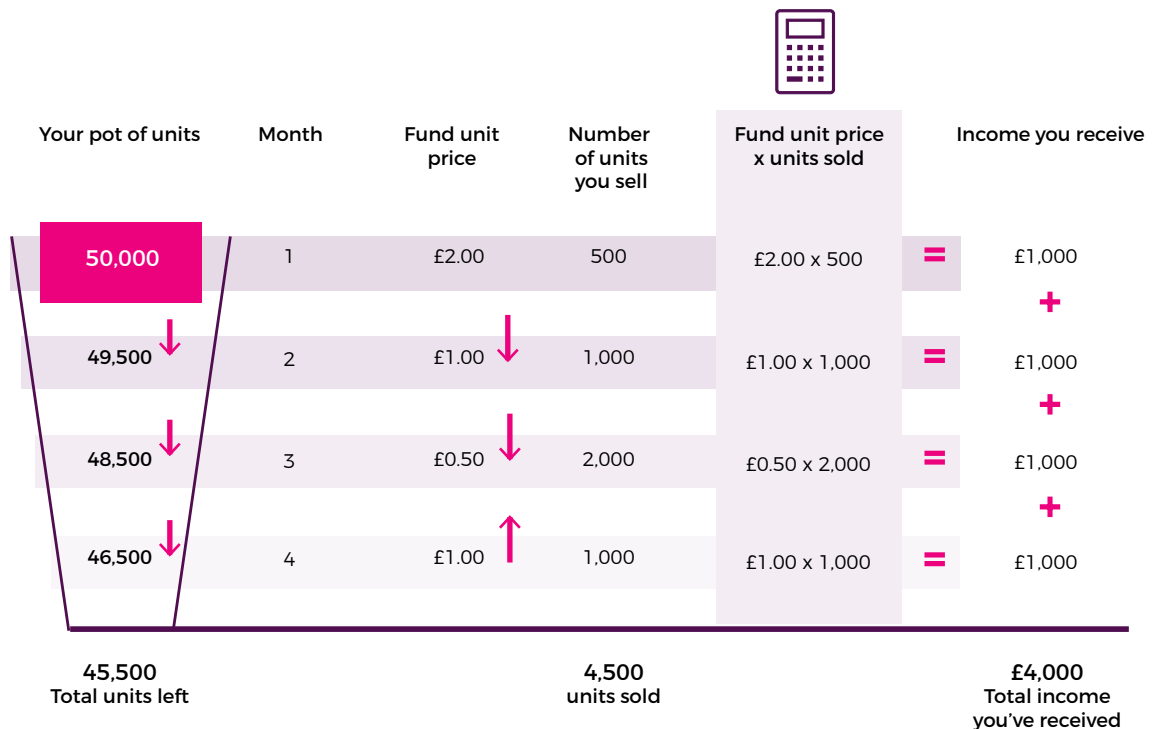
The unit price of the fund you bought units in is £2. This means selling 500 units every month to generate that amount of income ( $£1,000 / £2 = 500$  units).

But remember that the unit price can go up and down. If, for example, the unit price falls to £1, you now need to sell more units to generate that same £1,000. In this example, 1,000 units ( $£1,000 / £1 = 1,000$  units).

You can see how your pot of 50,000 units could very quickly decrease if the unit price continues to fall. And, with less units, the overall value of your investment will fall too. You could run out of units completely and your capital amount could fall to zero. Of course, if the unit price goes up, you need to sell fewer units to generate that £1,000 but you could still risk running out of units, depending on how long your retirement lasts.

A second option is to only take the natural income from your investment, which we explain on the next page.

### Illustration of how unit encashment works, using scenarios of the fund's unit price going up and down



# This is how natural income works

Natural income is simply the income paid to you from the interest payments, dividends & rental income that are paid into the fund through the different investments it holds.

Income is paid to you as a distribution per unit, so the amount you are paid will depend on how many units you hold.

If the distribution per unit is 2 pence, and you hold 50,000 units, you will receive a distribution payment of £1,000.

Unlike unit encashment, you can receive a regular income without having to sell any units. So your pot of 50,000 units stays intact.

The amount of income you receive each month may go up and down, depending on how much income is generated by the investments in the fund, although the fund's investment manager will look to manage the level of income to keep it as consistent as possible. But, if you want a guaranteed amount of income, you may be less comfortable with this approach.

## Illustration of how natural income works, using scenarios of the distribution amount going up and down



Your pot of units	Month	Distribution per unit	Distribution pence per unit x units held		Income you receive	
50,000	1	2p	2p x 50,000	=	£1,000	
					+	
50,000	2	3p	3p x 50,000	=	£1,500	
					+	
50,000	3	1p	1p x 50,000	=	£500	
					+	
50,000	4	2p	2p x 50,000	=	£1,000	
<b>50,000</b> Total units left						<b>£4,000</b> Total income you've received

### Definition:

**Dividends:** The portion of its profits or capital that a company chooses to return to its shareholders. For a fund or trust, this is the payment of fund's income to its shareholders.

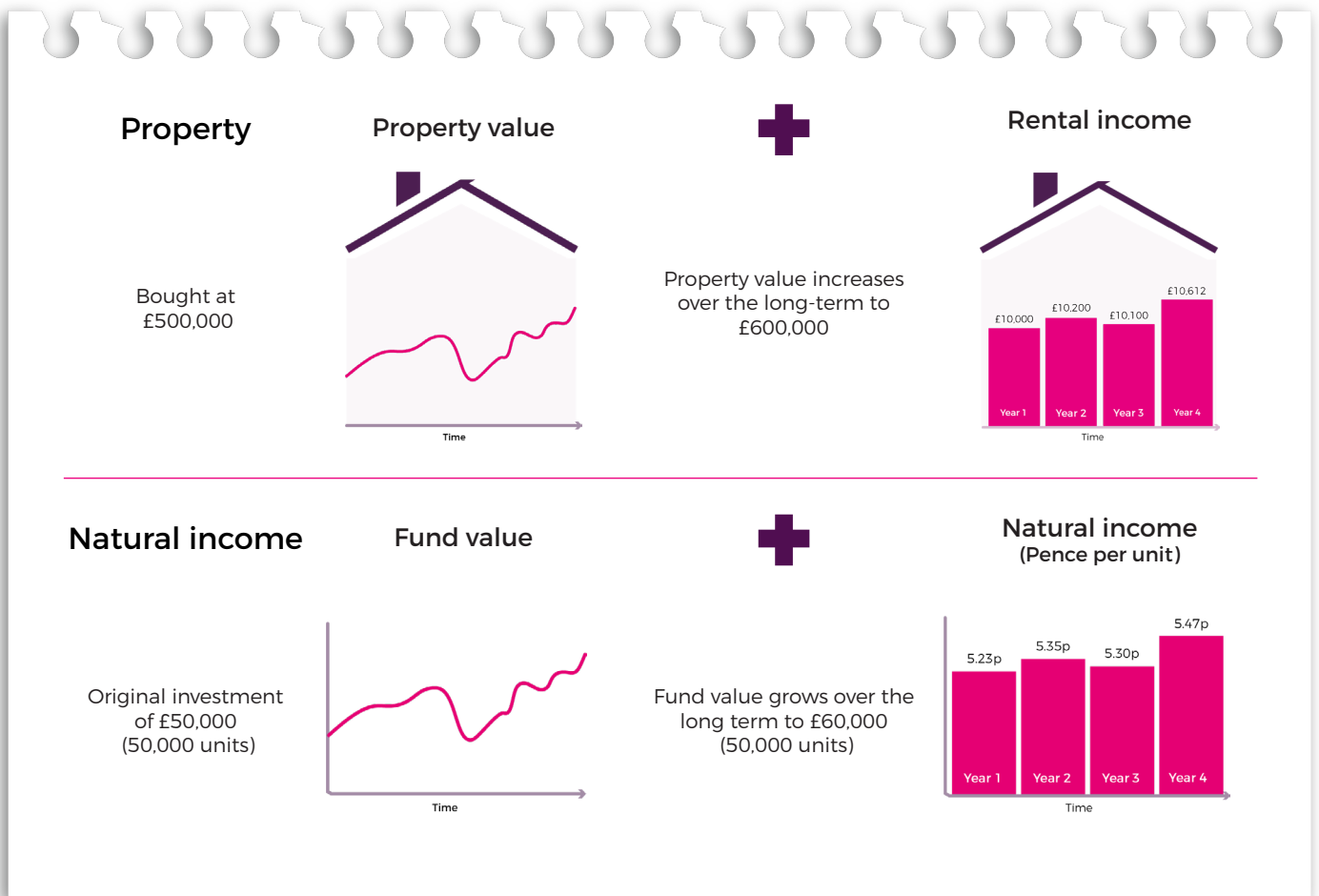
# Natural income explained

## We can use the analogy of a buy to let property to explain natural income

With a buy to let property you have two investment values - your income account, which is the rent received from your tenant, and your capital account, which is the value of your property. The cash generated from the rental income is separate to the capital account, which is dependant on the value of the property, which can go up and down.

This is similar to natural income from an investment. You receive a regular income from your investment (similar to 'rental' income). In the meantime, the value of your capital (the unit price of the fund) can go up and down.

With both property and natural income, there are no guarantees that the level of income you receive will rise or stay constant, or that the value of your original investment (or value of your property) will rise over time either.



For illustrative purposes only.

Remember, the value of your investment can go down as well as up and you could get back less than you invested depending on what you decide to sell your investment. Similarly, the amount of income you receive each year could go up and down too.

# Natural income in action

## Our Premier Miton Cautious Monthly Income Fund pays natural income

### 2026 Best Rising Income Fund



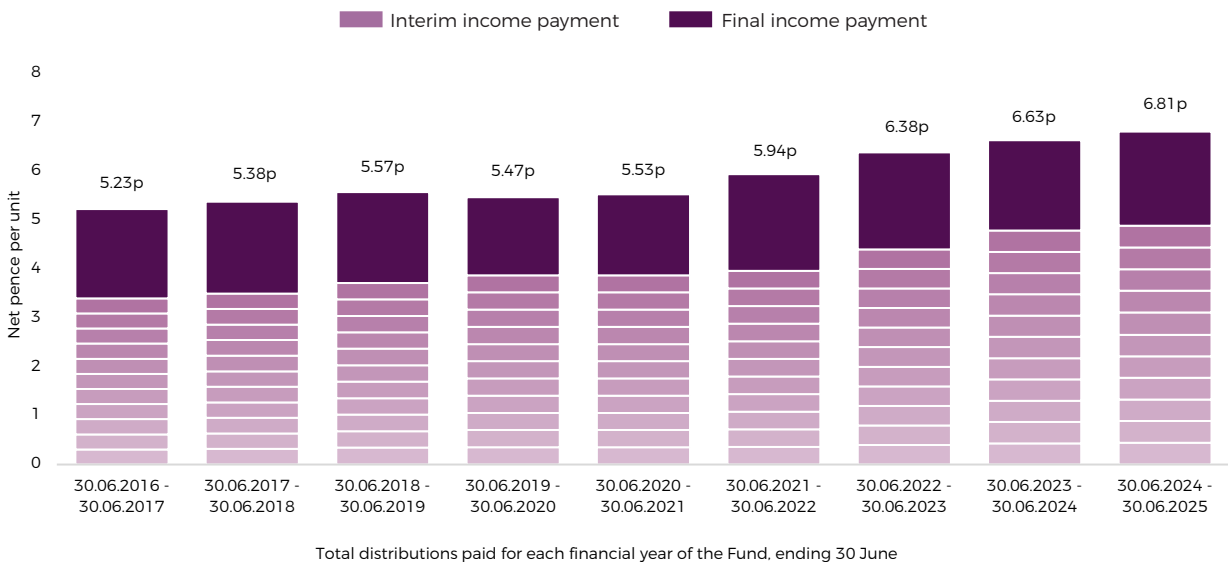
An award is based on past events and is not an indication of future performance.  
Correct as at 31.03.2026

The managers of the fund are focused on managing the investments they hold in the fund to ensure that they can generate a steady and consistent income to pay out to investors.

As you can see in this bar chart, over each of the fund financial years, the fund has paid out a fairly consistent amount of income. The income is shown as pence per unit.

### Premier Miton Cautious Monthly Income Fund income payments

This chart shows how much income the Premier Miton Cautious Monthly Income Fund has paid to investors in each of the last 7 full fund financial years.<sup>1</sup> The fund pays out an income every month. The income is shown as pence per unit. To calculate how much you would have received each year in income, you simply multiply the pence per unit by the number of units you own.



Source: Premier Miton, based on the class B income units of the fund. <sup>1</sup>In November 2015 the fund's objective changed to focus on income generation. This chart shows the full fund financial years of income data since the change in objective. This fund offers different unit classes. The distribution amounts will be different depending on the unit class you invest in. Our website provides information about the income that has been paid out for the other unit classes of the fund.

The distribution amount that is paid each fund financial year can go up and down and is not guaranteed. In certain market conditions the companies in which the fund invests may reduce or even suspend paying dividends until conditions improve. This will impact the level of income distributed by the fund. The level of income paid by the fund may fluctuate and is not guaranteed. Past performance is not a reliable indicator of future returns.

## An example of natural income in action

This table provides an indication of how much income you would have received if you had invested £50,000 into the Premier Miton Cautious Monthly Income Fund in 2016.

Of course, it's also important to remember that if you take the income, rather than re-investing the income, you will not enjoy the same amount of growth on your original investment.

But if your main objective is to receive an income from your investment, then the investment growth on your original investment may not be as important to you. Importantly, unlike with the unit encashment approach, you still have your original pot of units.

Fund financial year ending 30 June	Income paid out based on £50,000 investment
2016/17	£2,102.20
2017/18	£2,163.47
2018/19	£2,241.99
2019/20	£2,200.23
2020/21	£2,224.13
2021/22	£2,389.53
2022/23	£2,566.80
2023/24	£2,668.57
2024/25	£2,739.37

Source: Premier Miton, based on the class B income units of the fund.

The level of income paid by the fund may fluctuate and is not guaranteed. Past performance is not a reliable indicator of future returns. As this fund has an income objective, the fund's charges are taken from the capital instead of from the income. This may result in higher levels of income payments but could result in the capital amount being eroded or constrain capital growth.

# Why choose natural income for your retirement income?



## Making your retirement pot last

We are all living longer and living healthier lives too. Therefore, your retirement pot needs to last longer. If you sell units to get the regular income you need, there is the risk that you run out of units and will not have any income to fund the rest of your retirement. By taking natural income, you will not run out of units, or capital, to provide you with that income.



## Passing your wealth on

You may be expecting to pass some of your wealth onto your children when you die. By only taking 'natural income' from your investment, rather than encashing units, you keep your original pot of units to pass on to your loved ones. And over time, the value of your original investment may have benefited from an increase in value too.



## You don't want to commit to buying an annuity

Buying an annuity is another way of securing a guaranteed level of income in retirement, but you lose the flexibility that comes with having a pot of money to pass on to others when you die, or to use for other expenditure needs.



# So which approach is best?

## Natural income or unit encashment?



Both income approaches have different advantages and disadvantages. We cannot provide individual investment advice but your financial adviser can help provide guidance on the best approach for you.

If you want the amount of income you receive to be a specific amount, you may be concerned about potential fluctuating income from a natural income approach. However, with some investment funds, particularly those with an income objective, such as the **Premier Miton Cautious Monthly Income Fund**, the fund managers are focused on managing the income levels to generate consistent payments.

The investment team are strong advocates of natural income; they believe that as managers of an income fund, their role is to focus on delivering this income.

# Where to find out more

If you'd like to find out more about the Premier Miton Cautious Monthly Income Fund, visit our website: [www.premiermiton.com/funds/premier-miton-cautious-monthly-income-fund/](http://www.premiermiton.com/funds/premier-miton-cautious-monthly-income-fund/)

Our website provides lots of useful information including:



### Fund factsheets

Published each month



### Performance charting tool

Allows you to track the performance of the fund over different periods



### Income history

A full history of all the income payments the fund has made



### Key Investor Information Document

Provides information about the fund's risk profile, charges and objective



## Help & support

Speak to your financial adviser first if you have any questions about the suitability of this fund for you or how to invest.

### How to get investment advice

If you don't have a financial adviser, visit [unbiased.co.uk](http://unbiased.co.uk), which offers a free service to help you find qualified and regulated financial advisers in your area.

### For other queries

Email us at [contactus@premiermiton.com](mailto:contactus@premiermiton.com) or call **0333 456 4560**

# What are the risks of investing?

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



## This fund invests in fixed income investments

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.



## This fund invests in 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.



## More information

Further detail about the risks of investing in this fund is available in the prospectus for the fund, which is available on our website:

[www.premiermiton.com/funds/premier-miton-cautious-monthly-income-fund/](http://www.premiermiton.com/funds/premier-miton-cautious-monthly-income-fund/)

# Important information

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## **This is a marketing communication**

Investors should refer to the Prospectus and to the Key Investor Information Document (KIID) before making any final investment decisions. A free, English language copy of the Prospectus, KIID and Supplementary Information 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).

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.

Premier Miton is unable to provide investment, tax or financial planning advice. We recommend that you discuss any investment decisions with a financial adviser.

Reference to any investment should not be considered advice or an investment recommendation.

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