Philip J Milton
& Company Plc
Established 1985

"A staunchly independent Wealth Management Service to help you achieve your financial goals, save you time and stress and offer absolute peace of mind."

MILTON NEWS
Winter 2025 Edition

Highlights

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Celebrating 40 Years of Success

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Dear Client *November 2025*

Well, as 2025 draws to an end, we can reflect on an eventful year and one where we enjoyed a fabulous celebration for our 40th Anniversary on 20 September, attended by clients, staff, friends and family alike and some wonderful investment performance results to celebrate at the same time too (see below)

Meanwhile, as interest rates have been dropping, investors will be pleased to learn that dividends from companies have hit a record $1.4trillion in the first half of 2025, rising 7.7% on the year. However, the UK trailed behind as Japan romped away. Regardless, this is solid news, showing that investors' incomes have continued to increase as expected and indeed exceeding inflation for investors too.

Sadly, economically at home, unemployment rises, wage growth slows, inflation sticks for the twelfth month above the target at 3.8%, quarterly government borrowing is the highest on record save the dire Covid period and the IMF downgrades its 2026 growth projections for us (albeit one of the higher in the G7 remarkably) as well as expecting inflation to rise (in big part because of the taxes on what we have to buy and the extra tax and National Insurance costs businesses have to pass-on)… As I write this, we await in concerned trepidation what nasty surprises the Chancellor has in store for us in the Budget. When you read this, the Budget will have passed and more will be known. The Government will be desperately seeking ways to fill the enormous predicted holes that have appeared in public finances. The OBR suggest this could be as much as an extra £20-40Billion. It seems that some kind of Wealth Tax on assets belonging to the wealthier UK residents is gaining popularity although the Chancellor's rather dry address to the nation on 4 November pointed more towards a "shared" responsibility, which means higher Taxes for everyone, breaking Manifesto promises.

Regrettably, conflict continues in Ukraine and to a lesser extent the Middle East (with its apparent "ceasefire") and we have also witnessed the shocking devastation with floods in Pakistan and Hurricane Melissa in Jamaica, where the death count continues to rise and estimated damages in the tens of billions. Wobbles with China and US relations (before a temporary trade deal was agreed) saw the markets wobble too and we have revisited our views to consider how we are poised come a US market shake-up. We are sanguine but not complacent. In our 40 years, we have been here before. We have endured crashes in 1987, 1999/2000, 2008/9 and 2020. We have navigated these and come through the other side stronger and invariably having acquired some tremendously good bargains during the depths of panic by others.

As I have said before, to a greater or lesser extent, all news drives markets, as well as human emotions and behaviour of course! This creates challenges for us to navigate when managing your longer-term investments and financial planning. Nevertheless, that is what we do for many of you and we shall continue doing our utmost for you to achieve the best possible results.

My very best wishes and indeed for Christmas and the New Year

Philip J Milton
DipFS CFPCM Chartered MCSI FPFS FCIB
Chartered Wealth Manager,
Fellow Of The Personal Finance Society,
Fellow Of The Chartered Institute Of Bankers

AMENDMENTS TO OUR TERMS

Due to ever changing regulations and obligations, to comply we must amend our terms of business to enable us to gather additional information from clients. Whilst this will not apply for most, we must show we have completed our Due Diligence. Therefore, we shall be asking clients for their Tax Residency Status and Tax Identification Numbers (TIN).

We must pass this to HMRC which may share it with other jurisdictions.

THE BALANCED PORTFOLIO

Following our hugely successful and enjoyable 40th Anniversary celebrations in September and as we return to our core business of looking after our valued clients and managing a portion of their longer-term wealth as best and professionally as we can, we felt it would be useful to provide you with a Special Edition Newsletter, providing a "deeper dive" into the make-up and ongoing management decisions for our ever popular "Balanced" Discretionary Managed Portfolio, one of our sub-pots which complements all the others, as they complement it.

This is the largest Portfolio model by value and as the name suggests, it is designed for investors seeking a combination of healthy income (even if that is reinvested constantly in the latest best ideas to boost returns, until a later point) and growth over sensible time periods. Such investors understand that returns cannot be guaranteed and investment values will fluctuate but this is a medium risk, well-diversified strategy. Patience is required to ensure optimum return outcomes and investors need to keep separate funds for more immediate and emergency needs. Of the £285Million that we manage at our discretion (our highest ever), the Balanced Portfolio accommodates a little over £20Million. In the past the figure was far higher but due to dwindling tax allowances under successive Governments, we have encouraged more of our 'taxable' clients to switch funds from Portfolios to their more tax-exempt ISAs and Pensions. This is all part of our ongoing special service to clients to help them save tax and over time, perhaps to reduce tax return entries too. We make no charge for this guidance.

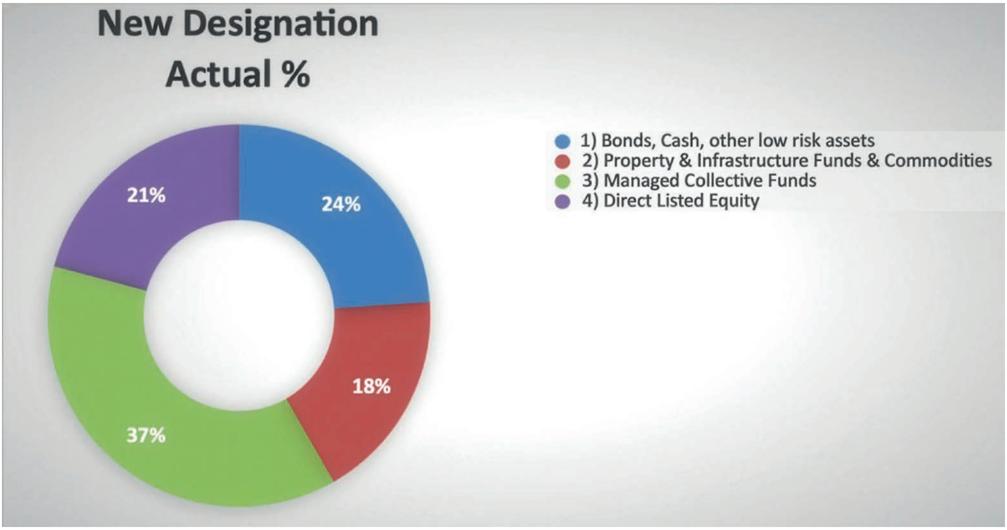
Nevertheless, the Balanced Portfolio remains an excellent strategy through which to participate in the innumerable opportunities that markets offer and within a controlled and medium risk format. It also allows investors to use valuable dividend and capital gains exempt allowances. We can access all investments, including shares, Funds, Unit and Investment Trusts, Exchange Traded Funds, Bonds, cash, commodities like metals and agricultural products, precious metals like gold and silver, loan stocks, insurance markets, renewable energy funds, commercial property funds, private equity funds, biotech funds, other 'alternative' assets and currencies.

We have always been "value" investors, seeking undervalued opportunities which may have appeared for a variety of reasons, often unjustified and frequently with very tangible underlying assets and 'value', unlike some more ethereal 'things' people seem happy to acquire. We are also advocates of a good dividend paying policy; a reward to investors if you like for having faith to hold a particular investment. This has served us very well to date and we expect it will continue to do so. Having 'true value' can also mean that come an upset, the underlying value gives significant protection when the illusory prices of the most popular, over-priced and speculative frenzies evaporate as they reveal that there was little or nothing behind the hype.

Most of our holdings are way below their previous high points too and collectively they generate strong levels of real income which should continue, regardless of general market movements. Indeed, despite its phenomenal gains over the last few years, our largest holding, a fund representing a mere 2.2% of our total client assets, still sits at an unbelievable 51% discount to the latest published underlying assets' value, for example. In plain English, this means that, if say it closed-down tomorrow and could sell all its assets for the valuations ascribed to them, then we'd double our money overnight or being pessimistic, their assets could halve, and we'd still see our money back. Meantime, we are being rewarded with a dividend of 2.3%. Of course there would be other factors and costs involved but the principle is solid – this is not a recommendation nor a guarantee however. Other factors do bear!

ASSET BREAKDOWN

As at 30 September, here is the asset breakdown of the Balanced Portfolio.



So, in fact, collectively here, we have 24% of clients' funds in Bonds, cash and other lower risk investments. Secondly, we have 18% in commercial property funds, infrastructure, loans and commodities, like sugar, nickel and wheat. Thirdly, we use collective funds which suit our perceptions of value and even more underlying diversity and those count for another 37%, leaving direct stocks to count for 21% of the balance. In fact, across all our assets and models, the figures are not much different – 18%, 15%, 35% and finally 32% in direct stocks respectively. These asset allocations are subject to change of course, not only through changes in valuation of the components but also active management decisions (though we tend to be long-term holders).

Here are the top 10 holdings within the Balanced Portfolio at 30 September with their respective weighting within the model and the percentage annual income that each generates. (New investments will not necessarily reflect this). You may recognise only a couple of the names but that does not matter. You pay us to undertake extensive research of the many market opportunities and to construct a sensible investment strategy for you where every single holding serves a useful purpose and offers attractive fundamental value. We select best opportunities from the whole market. It makes no difference to us; it is what we believe is best for you. If we think a company or fund is best, then you can have it. It's as simple as that!

Holding	Sector	Weighting	Income
Caledonia Investments plc	3	2.52%	1.95%
Tetragon Financial Group Ltd	3	2.29%	2.30%
Marwyn Value Investors Ltd	3	2.25%	6.64%
New Star Investment Trust	3	2.14%	2.91%
Crystal Amber Fund Ltd	3	2.06%	8.60%
UIL Investments Ltd	3	1.89%	5.52%
Middlefield Canadian Income	3	1.84%	4.88%
Regional REIT Ltd	2	1.60%	12.19%
Greatland Resources Ltd	4	1.54%	0.00%
BlackRock World Mining Trust	3	1.53%	3.48%

DIVIDENDS AND INTEREST

As you can see from the list above (right hand column), some of our selections do not pay any income whereas others pay double digit amounts and again, the diversity of the strategy means that we are never overly reliant upon the income of any one holding.

Presently, the average annual income generated by a Balanced Portfolio is a little over 4.5%, which is 'sustainable' from the receipt of total dividends and interest received from underlying investments. For comparison, the US S&P 500 income yield is a paltry 1.17% or put another way, if that market halved, that would still be only 2.34%. The FTSE All-Share yield is 3.3%. The US would have to fall by 65% before the yield matched that in the UK.

Investors have the option to draw that income either monthly or quarterly on a regulated or variable basis. The latter pays you however much the account generates over the accumulation period so each payment will differ but should still generate what today is projected to be 4.5% over the year. It will never use available cash in the account. For those who prefer to know exactly what income they will receive, for budgeting or other purposes, the regulated sum each month/quarter may be preferred. Of course, for those not yet in need of the income, that 4.5% is used by us to introduce additional holdings to your account and to boost its value. At that level it does beg the question why anyone would keep excessive money in their bank account earning much less.

As the income should be sustainable at this level, we shall not need to sell holdings to support it. Equally, if you needed more for a temporary period, to boost your cash reserves or to pay for a capital expense for example, we can also arrange that without fuss.

DIVERSIFICATION AND RISK REDUCTION

The Balanced Portfolio (as well as other Portfolio and Pension models), contain nine sectors, each with a specific percentage weighting. The monetary amount allocated to each sector will determine the number of priority model holdings that may be acquired within that sector (excluding cash). There are typically up to three bands of value within which the monetary amount may lie, with the lowest buying a smaller number of priority holdings than the largest.

We have always been great believers in obscene level of diversification, both for opportunity-seeking but more crucially for risk mitigation. Reflecting this, the top-ten (above) holdings make up less than 20% of the Balanced Portfolio.

In fact, presently, a £100,000 Balanced Portfolio could purchase over 100 different holdings across the various sectors, at our discretion. Given that many of the investments are funds and thus provide exposure to a wide range of underlying assets, we consider the strategy to offer virtually unparallelled diversity. The average £10,000 Balanced Portfolio holds over 50 investments. While not as diversified as the £100,000 model, this can still be considered highly diversified in light of the 'fund' nature of many of the holdings.

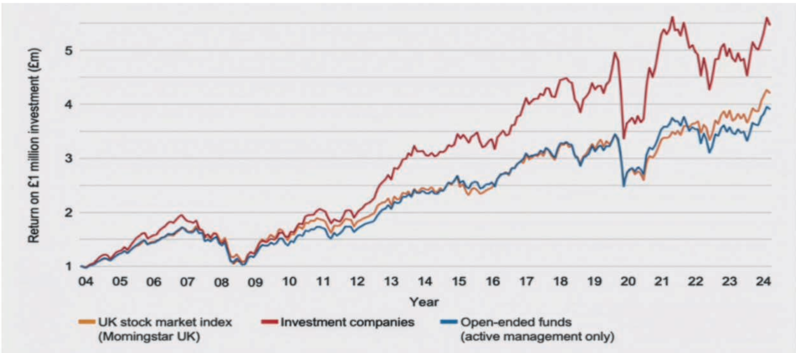
Whilst we never buy holdings that we expect to fall in price, inevitably this will happen sometimes but by selecting so many attractive and complementary holdings, the damage caused by a handful of disappointing outcomes can be comfortably offset by the many others that maintain and grow in value. Too much in one fund, one company, one type of investment or just a few funds is unwise, as hindsight demonstrates that can be very dangerous. We also hold some remarkably boring and low risk assets in there so these act as a protection in difficult times, even if they will also hold us back during very buoyant conditions.

FAVOURING INVESTMENT TRUSTS

Generally and for various reasons we have preferred Investment Trusts over more commonly chosen 'Unit Trusts' (as owned by most investors 'out there' based on the totals managed). Research has consistently found that the average Investment Trust has outperformed open-ended funds, including Unit Trusts, over the long term. It makes no difference to us – simply what is best for the client for that small part of their overall capital with us.

This focus has several benefits. First, due to their structure, investment trusts may invest in interesting areas that are off limits to open-ended funds that are used extensively by other wealth managers and investors. Second, Investment Trusts are not generally subject to inflows and outflows that might impact the performance of open-ended equivalents (which may be required to sell holdings (to raise cash for redemptions) that it would prefer to retain ordinarily, due to a "run" on the fund or negative sentiment towards the market sector, manager or investment house). Third, Investment Trusts can trade at a discount (where the shares are priced below the value of underlying assets) and there can be an opportunity to capture a higher income yield as well as to benefit when and if discounts narrow. The narrowing may be nothing to do with market movements generally but due to a holding or sector becoming more popular or the realisation that the discount (and income) has become so large that an opportunity beckons. Fourth, when Investment Trusts announce plans to close-down, this involves selling all assets and returning cash (net asset value) to shareholders, there may also be opportunities to buy assets at deep discounts i.e. to benefit from impatient investors who cannot wait and thus who sell at depressed/undervalued prices. These last two sources of return should be considered additional to the first two 'main' sources (which relate to the general benefits of investment funds). Whilst such bonuses cannot be assured, we have secured many such successful events for investors over the years yielding 'free' bonuses to all participants and there is no reason to suspect these will not continue.

The chart below shows how investing in UK shares using an Investment Trust would have earned a higher return than using a tracker or actively managed open-ended funds over the long term.



Source: AIC / Morningstar

The Figures below are from The Association of Investment Companies (AIC) and illustrate the benefits of Investment Companies compared to open-ended funds (Unit Trusts, OEICs, mutual funds, ETFs, etc). If you are not with us, what type of funds do you hold?

Shoreholder total returns to 31 July 2025 (unweighted, £ adjusted, base = 100)

Sectors	1 year Investment companies	1 year OEIC/Unit Trusts	5 years Investment companies	5 years OEIC/Unit Trusts	10 years Investment companies	10 years OEIC/Unit Trusts
Global	111.30	108.95	154.11	162.20	319.26	269.64
Global Equity Income	110.31	110.06	177.41	173.70	253.91	265.58
Flexible Investment	110.40	108.12	139.06	139.41	178.73	184.82
UK Equity Income	111.10	107.73	187.24	174.46	189.01	177.64
UK All Companies	107.51	106.99	182.83	159.95	193.92	177.66
North America	116.05	111.91	187.73	185.32	317.91	358.44
Europe vs. Europe ex UK	107.27	108.03	162.31	159.00	235.26	230.28
Global Emerging Markets	120.69	112.02	142.42	129.06	211.00	200.76
Asia Pacific vs Asia Pacific ex Japan	106.25	112.90	141.96	132.66	286.17	221.53
Japan	110.28	106.73	149.84	149.20	221.38	213.08
Property - UK Commercial vs. UK Direct Property	112.81	101.64	145.44	103.77	153.08	112.99
UK Smaller Companies	100.56	97.36	169.21	133.58	187.42	174.64
Technology and Technology Innovations	110.66	120.23	165.76	183.32	716.40	582.47
European Smaller Companies	121.20	112.72	171.47	143.68	287.78	232.02
North American Smaller Companies	92.19	97.59	144.86	150.73	225.07	258.52

Source: AIC/Momingstor

Indicates investment company outperformance vs. OEIC/unit trust performance over given time period.

Indicates OEIC/unit trust outperformance vs. Investment company performance over given time period.

Source: AIC/Morningstar. The investment company data is unweighted share price total return. OEIC/unit trust data is unweighted total return. The AIC accepts no responsibility for any errors or omissions in this table or for any loss occasioned to any person or organisation acting or refraining from action as a result of any material contained or any omissions.

According to the Investment Trust analyst team at Numis, of the 17 equity-based sectors reviewed, average investment company performance was superior in nine over the year to the end of June 2025, while open-ended funds fared better in eight cases. By comparison, investment companies were up in 14 out of 17 cases over five years – and in 15 out of 17 cases over 10 years as the longer term benefits show more acutely.

PERFORMANCE

We are delighted to publish the aggregate performance of each of our investment strategies for a series of time periods. For each strategy we have selected an appropriate benchmark so you can consider their absolute and relative returns over different periods. Below is the equivalent information for our Balanced Portfolio.

Investment performance information is important, although we stress that it is far from being the only factor to consider when assessing the quality of an investment management and financial planning service. Remember too it is the future which is most crucial, not the past. Other important aspects must include the quality and care demonstrated by the Firm to its valued customers, the value of additional financial and tax planning guidance, costs and capital preservation. Additionally, what are the 'house views' at the time of investment? We have been very concerned by excessive US valuations for quite some time now as we are managing things with a clear eye on downside protection rather than "chasing dragons" as too many still seem to be doing. However, that hasn't held us back, as you can see.

	3 Months	6 Months	12 Months	24 Months
Balanced Portfolio	5.8%	16%	20.5%	30.6%
Balanced Benchmark*	5.9%	10.9%	12.2%	28.7%

*The benchmark is constructed from an investable range of exchange traded funds, unit trusts and passive funds, designed to represent the risk profile and assets of the Balanced Portfolio.

IMPORTANT INFORMATION

Actual aggregated returns are shown, covering all clients in the Balanced Portfolio strategy. Individualised product performance data for longer terms up to five 1-year periods do not exist. Results are total performance of that product pool over each period, allowing for all in/outflows. The results are shown as Total Return, with all income and capital gains incorporated, after fees. Benchmarks exclude all of our advisory, management and transaction fees but which are shown in our actual results. However, they do include underlying costs in the benchmark funds.

The source of all benchmark data is Iress Pro.

All performance and benchmarks cover the latest calendar month and quarter ending period.

This information is produced to indicate the returns based on the product pool. Individual results may differ depending on when the investment is made, its size, if additions or withdrawals occur, whether income is drawn or not and other individual constraints and factors.

DISCRETIONARY MANAGEMENT OF YOUR INVESTMENTS

On a day-to-day basis, portfolios are managed by the Investment Team under the direction of our primary investment manager, Mr Philip Milton (who has held the position since 1985), with the support of the Head of Investment Research, Mr Felix Milton and the Investment Committee, our administration, IT and compliance teams as well as the various external service providers (principally Quai Administration Services Limited).

Upon our instructions, we use Quai for buying and selling, opening and closing accounts, subscriptions and withdrawals, distributing or reinvesting income and sending quarterly valuations to clients. 5 April statements include all necessary information for the completion of your tax returns.

Since all of our managed investments are listed on the London Stock Exchange and trade during UK time and since prices are monitored daily, decisions to buy or sell, add or trim, can be made quickly. It should be noted however, changes in the models and in client portfolios are generally very low, reflecting our long-term value-oriented investment philosophy. Monitoring of holdings is continual, with changes made where and when it is deemed necessary. Low turnover of holdings also keeps transaction costs down but also reflects our focus on the long-term where superior investment returns tend to reside and patience is the best investment any investor can make. Of course, the focus on the long-term does not mean an absence of oversight and review of the components. Active management to us means constant oversight and analysis and not constant change.

BUYING AND SELLING

We deal at any time the market is open, providing optimum flexibility and opportunity. Often, investment administrators and funds only deal for you at limited times of the day (or even weekly).

At any time, we can see what we need to buy/sell so all clients would have the required proportionate holdings just for them, based on the values of all their other investments the night before. At our discretion, we may then proceed and by bulk trading, we should be able to secure preferable terms for you.

The systems can also identify how much of any (over-weight) asset we need to sell for clients (needing to raise money) and what other clients might require. We may then be able to "cross" the transactions, giving better terms than the market can offer and the seller and buyer can frequently receive comparable prices.

We negotiate attractive terms through our market presence. We also access new opportunities as they come to market. Invariably, prices overall can be superior to those attained by private investors on the open market.

We often build holdings slowly and over a lengthy period, to buy what we want and at prices we like and similarly when we come to sell. Many bigger firms would struggle to do that to the extent we can as the administrative work involved can be significant and usually, they must also avoid smaller quoted funds altogether, as those cannot cope with hundreds of millions of pounds at a time – to our clients' benefit!

ONGOING REVIEW ENTITLEMENT

Our investment management clients know that our elite 'Club' qualifies them for advice and guidance on their capital with us and all at our cost (and usually plenty more help too) and its ongoing suitability. This is often worth thousands of pounds because it is also financial planning advice (chargeable elsewhere), noting sensible tax-planning ideas and financial incentives unique to them, as well as plenty of opportunities they may not know. This is for those with little to multi-millionaires alike. Most firms charge you extra for that when you are a client and which can add up to 1-1.5% plus VAT to management costs, typically taken out of your pot, with an average of perhaps 0.75%.

CASE STUDY EXAMPLE

This is all very well (but sounding rather technical) so what does it really all mean to the person in the street? For a new investor with funds needing a home (and realising the Bank or Building Society certainly aren't the best solution except for their emergency funds), the principles here offer a perfect solution. To show how the Balanced Portfolio operates in "real life" and to prove the earlier performance data available, here is an example of how an existing account fared over the last couple of years.

On 5 October 2023, the Balanced Portfolio in question had a value of £63,708 and was providing the investor with an income. The income amount was £200 monthly for October, November and December 2023 before they wanted to increase it to £250. Based upon the respective values at the time, the income was equivalent to between 3.7% and 4.5% per annum. Now, the account has a value of £77,950 reflecting an excellent capital increase as well as providing combined income withdrawals of £6,100 on top. If they now wanted to increase their income again, that would be fine!

Of course, the period is short at only two years but it allows you to consider how the performance figures above translate into real life, real client scenarios. What can be better? A good income above what you can gain on deposits (and tax efficiently), sensible and steady growth in the values (meaning that ad hoc withdrawals can fund capital items they may need), risk mitigation by a vast range of component investments and an increasing income to more than compensate for inflation.

Again, we are here, doing the daily worrying for you, taking any necessary actions and doing our utmost to protect our clients and their capital whilst, of course, working within sensible parameters we have always encouraged. These include having an emergency cash buffer at the bank, enough income, ensuring you can give a suitable timeframe for strategies to reward you, diversification of assets and types of asset classes and being sensible with any income needs you have from your capital and so on. If you have surplus money sitting idly on deposit or in investments that seem simply to "follow the crowd" and would prefer to switch that to our management, please do contact the office and we shall explain how we can assist. We'll then do our very best to ensure we keep our heads regardless of what others are doing about us. And as I have said already, we guarantee we shall always do our absolute utmost for you and indeed all our clients.

Of course, we have to remind you about the risk issues and cannot give you any guarantees aside from our very best endeavours at all times but history has to speak for something now and 40 years is a long time to demonstrate that!

OTHER NEWS

Primarily we have things which are not reliant upon the big tech stars in the US but instead with 'value' at the helm. Interestingly, we are a vanishing breed but when it comes to what we buy and hold, we are not in the same camp as the momentum players so when there is a big upset, those same 'speculators' are the ones rushing for the door and in all the same things together and then, who amongst them is doing the buying? See below for comparative five-year results.

Source: www.msn.com

The NASDAQ (the blue line) is the US technology index, dominated now by the 'magnificent seven', namely Apple, Amazon, Alphabet (formerly Google), Meta, Microsoft, Nvidia, and Tesla. These seven companies accounted for 37% of the US S&P 500 on 21 October. That's three times as much as in 2015, when they made up 12% of the S&P 500 — an unprecedented level of growth among just a handful of stocks, all positioned in one sector. The FTSE250 (the pink line) is best described as 'UK Business' – it is the companies numbered 101-350 in size on the London Stock Exchange. This index is hardly above the pre-Brexit vote levels from 2016 and still below its 2021 peak. UK smaller companies (and indeed globally) are not dissimilar and below 2021 levels. The value there is tremendous. For interest, the NASDAQ dividend yield is just 1.14%.

So let us put some of this froth into context. The US counts for over 70% of all the world's shares. No, we don't have 70% of clients' money in the US. In fact, we have negligible direct exposure as we have long worried about the willingness for investors to "jump on the bandwagon" when it comes to US and the technology sector in particular. All usual careful consideration and caution regarding fundamental values seems to be forgotten as hoards of new cash bloats these company values even more.

Investors over-react when markets rise and also during bad times, despite it being wise to ride the storm when values are cheap, staying calm and buying in the face of adversity. We hold so many 'special opportunities' less related to general conditions too. With rapid data flows and vast money globally, volatility is higher, up and down. You and we must recognise that, as well as being poised to buy the great opportunities it presents. We do our best for all clients; we always do, spreading eggs as widely as we can and including special assets less affected by short-term panic when it might hit.

Our boring stuff based on fundamental underlying value, yields and so on, won't be full of the same holders in there and those who are out for the quick, speculative ride so they won't be running for the door in the same way. At the end of the day, the price of an asset is based on the volumes of sellers versus buyers. Frequently too, those at the top of this pile are often the ones who have invested on 'margin' (at record levels now, unsurprisingly) and borrowed to buy more, so when a set-back arises, it can wipe-out their own money and leave them in debt, thus having to sell other assets to cover their liabilities. It's great when the party's continuing but when it stops abruptly, fortunes can be lost for the speculators. It's not the market in which we trade, clients can be reassured!

VALUE WILL OUT

The expression 'value will out' basically means that in the end, true value will reward (of course it won't every time as it is not an exact science) but if you are buying something fundamentally under-priced, in the end the value will be rewarded (as we have been pleased to demonstrate myriad times with our selections). In this instance, if the market itself does not reflect that value by prices rising to levels where the assets should have been in the first instance as 'fair', then corporate action (such as a takeover) is more likely, as a predator, even 'asset strippers', snaffles the whole thing because then they enjoy all the revised value going forward.

Of course, the cynic would say that lowly-valued assets are all very well but you need someone else to buy them to push prices up. That is true – to some extent. However, in the end, if a market will not do that itself, then a corporate buyer will swoop or other corporate action (such as a company taking itself private) will see others unlock that value.

We are value investors. However, there aren't many of us 'left'. We make a purchase and then a holding decision upon what we consider is fundamentally undervalued assets. These typically have traditional attributes like a good income being thrown-off naturally from their activities and assets worth more say than the share price, as examples.

Importantly, very importantly, at the moment, these also give us significant downside protection come any rout – which we still fear is becoming inevitable in the US. For those who are buying the 'momentum' over there, the same colossal flows of capital in can become colossal flows of capital out, triggering more selling and so it continues and then, there is no conveniently located valuation baseline to avert extreme upset as 'value investors' like us are only waiting in the wings when prices are significantly lower than now. Whilst our stance may not be so popular, it has been a great couple of years for value investors. However, we encourage all investors, especially those not with us, to be very, very wary of what they hold – or what 'value' they think they hold.

What is frightening, maybe, is that the majority of investors out there believes their advisers and then are investing in things which they think have good value and are likely to increase over time – not simply emotionally because more people will subscribe more money alone in the future, like a giant pyramid scheme (as in fact that's what they have) and hence increasing the price as demand exceeds supply. That's great till it stops and the flows reverse…

I am reminded too of the adage of 'how to boil a frog'. If you put him in cold water and gradually warm him he will boil and die whereas if it was hot he'd jump straight out. Sadly, presently the US market is boiling and the participants don't realise that they are being boiled alive… they also don't want to leave the party in the Penthouse suite despite the fire ravaging in the lower floors and cutting-off their exits.

How dangerous it is playing at the top of this Ponzi Scheme where the consensus view is that the new paradigms of valuation, etc are, well, the new normal – and despite history's stark warnings. The speculative US tech-dominated index, the Nasdaq, fell 77% from the Dotcom peak. We did just fine in comparison – against the consensus we had none (having trawled all strategies that April to sell anything with tech related to it and even funds which had over 25% in tech) and our 'real' assets actually generally went up as well as paying healthy income!

GOOD AND BAD NEWS

For your interest, here is an update on a few of our holdings although not all of you will have them (or them all) in your strategies.

Man Group secures a broker upgrade and announces records funds under management and the shares bounce. They've been very oversold anyway and we have been adding at previous low levels, enjoying a healthy dividend exceeding 6% meantime. Tate & Lyle, a recent addition, falls further to the lowest levels since 2009 on reduced sales, weak sugar prices and underlying demand. The income yield is now over 5% and the shares are a takeover target.

Frustratingly too, as we like the fund but Petershill gives up on the market and decides to delist, giving shareholders an instant 35% uplift in the last share price. We can hardly complain but we lose future income and we have had great returns – we only bought when the stock was depressed at a deep discount (readers will remember us noting this) and not at its start.

Put into context, that is a special £680,000 bonus for our clients – an extra 0.25% across our funds managed for doing nothing, on one day, simply buying an Investment Trust at a discount to the underlying net asset value and waiting and nothing at all to do with the underlying assets or markets. That also contextualises the principle of 'what something costs' and a 'cheap' fund elsewhere – which will never yield any such bonuses because they don't operate like an Investment Trust! Did you think that paying say 0.15% for a no-frills tracker was cheaper than being paid to own a fund, as we are here and have been on several similar reversion-to-asset-value plays?

Aberdeen Diversified Income and Growth has also announced exclusive talks to sell its private market assets too (albeit at a bulk discount) so that should be constructive news for the wind down and a further bonus for investors.

Other snippets of good news include Costain on the £1Billion Sellafield contract award and IP Group where its investment in obesity drug producer Metsara could start to yield income. Halfords' results were also better than hoped. Regardless, these special fund situations are indeed compellingly attractively priced compared to conservative underlying valuations and of course, if you have money in those, you don't have it in the over-hyped US assets either… buying such 'protection' against an upset is invaluable.

CHARITY UPDATES

Amigos

Amigos is a Barnstaple-based charity working alongside its African partners in Uganda, to assist entire communities which are self-supporting through education and training. We are proud to continue sponsoring at least one student of Kira Farm in Uganda.

Kira Farm Development Centre occupies 22 acres of lush land in southern Uganda. Every year, 50 young people come to Kira Farm, where their lives are transformed. These precious young people have experienced violence, trauma and unimaginable suffering. In their year at Kira Farm they learn to heal and to believe in themselves. They also learn the skills to transform their own lives and the lives of their families and broader communities.

In September, we were delighted to receive a letter from our latest sponsored student at Kira Farm in Uganda, Onen Can Brian Nelly. He provided an update on his developing carpentry skills; he is now making chairs and tables. The latest task the students have been set is to build double beds!

He also explained how important farming is at Kira Farm, to both feed the students each year as well as selling the remainder to support the ongoing Farm project. He signed off by saying "Here in Africa, farming is truly the backbone of building a better life and food. Everything we eat, we have to grow it". How lucky we are.

Here is a lovely photo of the entire class taking a break from lessons!

Charitable Foundation

Philip J Milton & Company Plc Charitable Foundation Investing in the future - today

Our own charity, the Philip J Milton & Company Plc Charitable Foundation acts both as a recipient of our own and others' donations and looks to gift additional funds to local good causes. Enquiries are welcomed.

As you may have read, to mark our Ruby Anniversary, we also launched a special charity Legacy Award to help the wider community.

We have been humbled by the numbers of enquiries and then applications and in the end, we shall be distributing £40,000 (at least) to many deserving causes. Of course, the quantity of application has in itself then increased the amount of work needed to review them all but it is humbling to read of so much great work being done by so many and on behalf of so many deserving causes. More details will follow.

TESTIMONIALS

Congratulations on attaining your 40th Anniversary. A well-deserved milestone. I have been a client of the firm for many years and have always received good, honest and impartial advice for which I have been very grateful. Unfortunately, I will not be able to join in your celebrations at Trimstone but I would like to take this opportunity to wish you all a lovely afternoon and evening. You will be in my thoughts. **JT Barnstaple September 2025**

Congratulations on reaching your 40th year of successfully advising people like me on what to do with their money! I am certainly reaping the benefits of your sound advice, travelling extensively and enjoying life! I haven't been a client of yours for the full 40 years but I think, not far off! **BR Taunton September 2025**

Very many thanks for the kind and generous invitation to your forthcoming celebration. Unfortunately, we will be unable to attend due to family commitments. However, we would like to send you all many congratulations on a very significant achievement and a special milestone. We are glad to have bene part of your journey since about 1994 and look forward to many successful years ahead. **AB Barnstaple September 2025**

My husband was introduced to Milton Services, many years ago, attending evening classes. He always appreciated your help and support over the following years, which has continued to me during the last five years. I am put at ease the moment I speak to the person on the telephone, which I greatly appreciate, may you all continue for many years!
BS Barnstaple September 2025

Congratulations on your 40th Anniversary and all you have achieved over this time.
PE Plymouth September 2025

We would not like you to think that we have not been grateful for your friendly advice and help and results over the past 30+ years of our association with you. This has given us much peace of mind. We were hoping to accept your invitation to a cream tea with you all, but disability with age has caused us to put off making the decision and we have now left it too late. Many thanks indeed and long may you continue to prosper over the years ahead.
JA South Molton September 2025

Thank you too, for the way you have managed our funds over the years.
RC Woolacombe September 2025

Thank you for your kindness and help to me and my family over many years.
AM Canada September 2025

I have been very happy with the service Philip J Milton has supplied. You are very informative and make understanding my pension investment easy.
CR Derbyshire September 2025

My husband and I have been delighted with the expertise Scott and your business has looked after our finances over the last few years. **TA Bude September 2025**

Congratulations Philip and Family on the 40th anniversary of the firm.
JC Barnstaple September 2025

Congratulations on your 40th Anniversary and growing a very successful business.
CJ Tenerife September 2025

Congratulations again Philip! Unfortunately, we won't be joining you on the 20th, not because of the distance or advancing years but because we had already arranged our annual visit to Exmouth for the 29th September, ie a week later. This is our Wedding Anniversary when we meet up with our best man and his wife and see (remaining) friends in the area. We hope all goes well and here's to the next 40! **KB Northants September 2025**

I am writing to congratulate you on Philip J Milton & Company Plc's 40 year anniversary, and for your very kind pledge of £40,000 in grants to local good causes. Many worthy local charities and voluntary organisations in North Devon survive on limited financial means and the contribution made by dedicated volunteers. Your generosity will make a big difference to their good works. These are challenging times for businesses, and building something that remains successful for forty years is no mean feat. I know that a great deal of unseen work will have gone into your company behind the scenes over the years, and I hope that what your team have achieved will encourage others to pursue ambitious projects of their own. It is a lasting testament to your success to be able to give something positive back to your local community. The impact of these donations will stretch far and wide, and that will be a legacy in which to take great pride. Well done once again on reaching such a significant anniversary this year, and I look forward to seeing the success of good causes, right across North Devon. **IR, Member of Parliament, London, September 2025**

AFTER HOURS

What do accountants and lawyers have in common? They're both fine until you ask them to explain things in plain English.

I've done the calculation and your chances of winning the lottery are identical whether you play or not ~ Fran Lebowitz

We live by the golden rule. Those who have the gold make the rules.

I'm so poor I can't pay attention. ~ Ron Kittle

Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like. ~ Will Smith

Why is there so much month left at the end of the money? ~ John Barrymore

Anyone who tells you money is the root of all evil doesn't have any. ~ Anonymous

Most people work just hard enough to not get fired and get paid just enough money not to quit. ~ George Carline

I despise the lottery. There's less chance of you becoming a millionaire than there is of getting hit by a passing asteroid. ~ Unknown

There is nothing wrong with women welcoming all men's advances, as long as they are all in cash. ~ Zsa Zsa Gabor