



# MI Somerset Capital Management Investment Funds ICVC

Interim Report 31 March 2024

# MI Somerset Capital Management Investment Funds ICVC

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## Directory

### Authorised Corporate Director ('ACD') & Registrar

Apex Fundrock Limited  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.fundrock.com](http://www.fundrock.com)  
(Authorised and regulated by the Financial Conduct Authority)

### Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 026 4282  
Fax: 0845 299 1178  
E-mail: [somersetcm@apexgroup.com](mailto:somersetcm@apexgroup.com)

### Directors of the Authorised Corporate Director

A.C. Deptford  
P.J. Foley-Brickley  
S. Gunson (appointed 24 May 2024)  
I.T. Oddy (retired 7 March 2024)  
C. O'Keeffe (retired 6 May 2024)  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Manager

**To 31 January 2024:**  
Somerset Capital Management LLP  
Manning House, 22 Carlisle Place,  
London SW1P 1JA  
(Authorised and regulated by the Financial Conduct Authority)

**From 1 February 2024:**  
Polen Capital UK LLP  
1st Floor, 15-18 Austin Friars  
London EC2N 2HE  
(Authorised and regulated by the Financial Conduct Authority)

### Depositary

Northern Trust Investor Services Limited ('NTISL')  
50 Bank Street, Canary Wharf, London E14 5NT  
(Authorised and regulated by the Financial Conduct Authority)

### Independent Auditor

Grant Thornton UK LLP  
Statutory Auditors, Chartered Accountants  
30 Finsbury Square, London EC2A 1AG

# MI Somerset Capital Management Investment Funds ICVC

## Basis of Accounting

The interim financial statements have been prepared under the historical cost basis, as modified by revaluation of investments and in accordance with FRS102 and the Statement of Recommended Practice ('SORP') for the Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014 and amended in June 2017.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2023.

The financial statements have been prepared on the going concern basis.

## Certification of the Interim Report by the Authorised Corporate Director

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the COLL Sourcebook') and the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds issue by the IA.



**P.J. Foley-Brickley**

**A.C. Deptford**

Directors

Apex Fundrock Limited

31 May 2024

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to achieve capital appreciation by mainly investing in an actively managed portfolio of emerging market securities.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or Efficient Portfolio Management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the period ended 31 March 2024

The Sub-fund's Institutional Accumulation class<sup>1</sup> returned 5.83% net of fees over the six months to 31 March 2024, trailing the MSCI Emerging Markets Total Return Net Index (the 'Index') performance by 0.95%.

The drivers of returns were diversified over the past six months, from our technology holdings such as ASML and SK Hynix, Grupo Financiero Banorte, the leading Mexican bank, Al Rajhi Bank in Saudi Arabia, and Freeport-McMoRan, the copper and gold miner.

The performance of our technology holdings in ASML, SK Hynix, and Taiwan Semiconductor, has been robust and the result of these companies being core to the Artificial Intelligence (AI) server supply chain. Taking a broader view of AI, while the developed market companies such as Nvidia and Microsoft have grabbed the headlines, none of the implementation would be possible without the companies in Emerging Markets. As an example, while Taiwan Semiconductor has not been grabbing headlines, it has distinct competitive advantages which will ensure it cannot be dislodged, irrespective of whether Nvidia remains the leading producer of Graphics processing units ('GPUs'). This is evident in the continued demand for AI semiconductor chips. The profitability drivers for SK Hynix have been similar, in the sense that its ability to produce the highest specification High-Bandwidth-Memory chips ('HBM') has resulted in it being Nvidia's sole supplier for these chips, currently. We expect SK Hynix's dominant position to change, however, as companies such as Samsung and Micron are racing to produce the next generation of HBM chips to keep up with SK Hynix. Moreover, Nvidia does not want to rely on one supplier unless absolutely necessary – and Taiwan Semiconductor is the only company that can command this position. Nonetheless, we expect SK Hynix to remain competitive in what has now become a much more consolidated market.

The detractors to relative performance came largely from our China allocation, whereas stock selection was positive, which has been a headwind for the past two years. Specifically, some of the consumer stocks such as Yum China, the KFC and Pizza Hut franchisor, Budweiser, and China Mengniu Dairy, within China have led the Sub-fund underperformance. This is not unsurprising as consumer spending has become more selective. And while consumers are still spending money, the purchasing of premium products has waned, affecting the profitability for some of these companies. For example, the gross margin for Budweiser has fallen 4 percentage points to 50% over the past three years. This behaviour is also evident in automobiles, where BYD has capitalised on customers seeking high quality cars at an affordable price. Consequently, its hybrid and electric cars combined outsold those of Tesla's in 2023, making it the top electric car maker globally. BYD's popularity is also a function of the increasing desire of Chinese consumers to purchase Chinese brands. This is evident in the growing demand for ANTA Sports products over the western brands, such as Nike and Adidas. Outside of consumption, industrial spending in specific areas such as electrification remains robust, benefitting our holding in Sieyuan Electric, the maker of electrical grid infrastructure equipment. Given China's goal to rely less on fossil fuelled power generation by the end of this decade, the expenditure on expanding the electrical grid remains a priority and leading companies such as Sieyuan are in an attractive position to serve the demand.

# MI Somerset Global Emerging Markets Fund

## Investment Manager's Report

continued

Over the past six months, we made some adjustments to the Sub-fund and made some new purchases, largely within China. The focus of this adjustment was less about reducing the allocation to China, but more with regard to ensuring our stock selection remains robust. As such we sold four stocks in China: Midea, Beijing Oriental Yuhong, Beijing Yuhong Waterproof Technology, and JD.com. For Midea, Yuhong, and JD.com, we believe that the growth outlook remains structurally challenged for various reasons. Kedali, which is the maker of casings for lithium batteries, does not face these challenges as it will grow with the increasing demand for New Energy Vehicles (NEVs). However, it is not unique in its abilities and as such is in a weaker position than our other holdings in the NEV industry such as Contemporary Amperex Technology and BYD.

These sales funded eight new purchases of which three were in China: Tencent Music Entertainment ('TME'), Netease, and ANTA Sports Products. While TME and Netease are consumer facing companies, we have more confidence in the end demand for music gaming consumption. The other purchases were across broader emerging markets and include Reliance Industries, Dino Polska, Wizz Air, Dlocal, and E-Ink.

Turning to broader emerging markets, while the performance has lacked comparatively to other world markets over the past six months, we believe that the outlook is becoming increasingly positive. Emerging markets are comprised of some of what we believe to be the best companies in the world while their economies are in a strong position, particularly compared with those of the developed economies. Valuations remain attractive also. These market dynamics are particularly favourable for stock pickers, focused on investing in high quality growing companies, at a reasonable price.

The performance data quoted represents past performance up to 31 March 2024. The Sub-fund was previously managed by Somerset Capital Management. The team joined Polen Capital on 1 February 2024.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

### **Kumar Pandit**

Co-Lead Manager

## Portfolio Statement

as at 31 March 2024

Holding	Security	Market value £	% of total net assets 2024
<b>TECHNOLOGY 37.41% (30.40%)</b>			
<b>Software and Computer Services 12.56% (10.27%)</b>			
26,460	Dlocal	307,918	1.78
40,167	Infosys	570,056	3.30
23,602	Meituan B	231,121	1.34
4,000	Netease	327,486	1.89
23,928	Tencent	735,754	4.25
		<hr/>	
		2,172,335	12.56
<hr/>			
<b>Technology Hardware and Equipment 24.85% (20.13%)</b>			
728	ASML	555,165	3.21
8,094	Samsung Electronics	384,690	2.22
56,267	Sieyuan Electric	359,047	2.08
47,000	Silergy	380,739	2.20
9,332	SK Hynix	978,181	5.66
86,105	Taiwan Semiconductor	1,640,351	9.48
		<hr/>	
		4,298,173	24.85
<hr/>			
<b>FINANCIALS 23.41% (27.74%)</b>			
<b>Banks 15.54% (18.18%)</b>			
40,576	Al Rajhi Bank	712,221	4.12
809,300	Bank Central Asia	406,355	2.34
4,582	Capitec Bank	400,887	2.32
47,845	Grupo Financiero Banorte	402,433	2.33
73,762	ICICI Bank	766,482	4.43
		<hr/>	
		2,688,378	15.54
<hr/>			
<b>Finance and Credit Services 4.07% (3.95%)</b>			
5,323	Bajaj Finance	366,555	2.12
79,499	Chailease	337,760	1.95
		<hr/>	
		704,315	4.07
<hr/>			
<b>Investment Banking and Brokerage Services 2.02% (3.05%)</b>			
15,200	Hong Kong Exchanges and Clearing	350,150	2.02
<hr/>			
<b>Life Insurance 1.78% (2.56%)</b>			
57,799	AIA	307,420	1.78
<hr/>			
<b>CONSUMER DISCRETIONARY 21.56% (22.15%)</b>			
<b>Automobiles and Parts 6.93% (9.16%)</b>			
5,813	Bajaj Auto	505,253	2.92
19,500	BYD	397,891	2.30
14,269	Contemporary Amperex Technology	295,291	1.71
		<hr/>	
		1,198,435	6.93
<hr/>			
<b>Consumer Services 4.20% (4.85%)</b>			
42,563	Localiza Rent a Car	368,220	2.13
300	MercadoLibre	358,551	2.07
		<hr/>	
		726,771	4.20
<hr/>			
<b>Household Goods and Home Construction 2.48% (3.73%)</b>			
40,000	Techtronic Industries	429,550	2.48
<hr/>			
<b>Personal Goods 2.07% (0.00%)</b>			
42,600	ANTA Sports Products	357,871	2.07
		<hr/>	

# MI Somerset Global Emerging Markets Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	<b>Media 2.16% (0.00%)</b>		
42,200	Tencent Music Entertainment	373,493	2.16
	<b>Retailers 0.00% (1.99%)</b>		
	<b>Travel and Leisure 3.72% (2.42%)</b>		
15,500	Wizz Air	332,475	1.92
9,900	Yum China	311,765	1.80
		644,240	3.72
	<b>CONSUMER STAPLES 8.38% (9.84%)</b>		
	<b>Beverages 4.34% (5.68%)</b>		
302,100	Budweiser	351,631	2.03
23,807	Wuliangye Yibin	399,532	2.31
		751,163	4.34
	<b>Food Producers 0.12% (1.95%)</b>		
12,417	China Mengniu Dairy	21,114	0.12
	<b>Personal Care, Drug and Grocery Stores 3.92% (2.21%)</b>		
3,140	Dino Polska	241,433	1.40
188,600	Sendas Distribuidora	435,973	2.52
		677,406	3.92
	<b>INDUSTRIALS 1.93% (2.49%)</b>		
	<b>Construction and Materials 0.00% (1.77%)</b>		
	<b>Electronic and Electrical Equipment 1.93% (0.00%)</b>		
59,000	E-Ink	334,711	1.93
	<b>Industrial Support Services 0.00% (0.72%)</b>		
	<b>BASIC MATERIALS 2.24% (1.94%)</b>		
	<b>Industrial Metals and Mining 2.24% (1.94%)</b>		
10,410	Freeport-McMoRan	387,161	2.24
	<b>ENERGY 4.53% (3.76%)</b>		
	<b>Oil, Gas and Coal 4.53% (3.76%)</b>		
57,700	Petro Rio	444,176	2.57
12,000	Reliance Industries	338,741	1.96
		782,917	4.53
	<b>Investment assets</b>	<b>17,205,603</b>	<b>99.46</b>
	<b>Net other assets</b>	<b>92,899</b>	<b>0.54</b>
	<b>Net assets</b>	<b>17,298,502</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.23.

At the period end the Sub-fund did not hold shares in any other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

Total purchases for the period: £3,983,130  
Total sales for the period: £19,104,490



## Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charges*
A Accumulation GBP	£21,242	9,297	228.49p	1.12%
B Income GBP	£644,102	299,789	214.85p	1.12%
B Accumulation GBP	£16,463,860	6,472,206	254.38p	1.12%
B Accumulation USD	\$205,081	169,456	121.02\$c	1.12%
B Accumulation EUR	€8,127	6,598	123.17€c	1.12%

On 4 January 2024 the B Accumulation DKK share class closed.

As reported in the Annual Report 30 September 2023, when the ACD became aware of uncertainty around the future of Somerset Capital LLP in early December 2023 we defensively positioned the Sub-fund for liquidation. During this period there was uncertainty in relation to the future of the Sub-fund and the appointment of a replacement Investment Manager. The ACD's concern was that material redemptions during this period would give redeeming investors a financial advantage at the expense of remaining holders so the ACD included a NAV adjustment to protect remaining investors from high redemption levels that might have made the Sub-fund unviable in the longer term. Due to the size of the Sub-fund at the period ended 31 March 2024, the ACD has cautiously retained the NAV adjustment. The position will be monitored closely, with a view to reduce or remove any adjustment when the ACD is satisfied the Sub-fund has sufficiently grown.

\*Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting period. From 12 February 2024, the Investment Manager has waived the Investment Manager's fee. This has resulted in the reduction of the ongoing operating charges. The ACD believes the percentage quoted in the above table to be more representative of the charges going forward.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the tables below shows the Sub-fund's ranking on the risk and reward indicators.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The indicator does not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# MI Somerset Global Emerging Markets Fund

## Statement of Total Return

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
Income				
Net capital gains		1,132,066		5,899,038
Revenue	165,051		1,527,111	
Expenses	(234,561)		(1,141,125)	
Interest payable and similar charges	(149)		–	
Net (expense)/revenue before taxation	(69,659)		385,986	
Taxation	(145,052)		(717,573)	
Net expense after taxation		(214,711)		(331,587)
<b>Total return before distributions</b>		<b>917,355</b>		<b>5,567,451</b>
Distributions		(57)		(239,573)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>917,298</b>		<b>5,327,878</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>31,676,518</b>		<b>257,299,693</b>
Amounts receivable on issue of shares	1,086,019		33,450,532	
Less: Amounts payable on cancellation of shares	(16,381,333)		(88,152,587)	
		(15,295,314)		(54,702,055)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		917,298		5,327,878
Retained distribution on accumulation shares		–		238,005
<b>Closing net assets attributable to Shareholders</b>		<b>17,298,502</b>		<b>208,163,521</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Somerset Global Emerging Markets Fund

## Balance Sheet

as at 31 March 2024

	31.03.24		30.09.23	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments		17,205,603		31,144,593
<b>Current Assets</b>				
Debtors	230,860		493,384	
Cash and bank balances	398,527		269,597	
<b>Total current assets</b>		<b>629,387</b>		<b>762,981</b>
<b>Total assets</b>		<b>17,834,990</b>		<b>31,907,574</b>
<b>LIABILITIES</b>				
<b>Creditors</b>				
Bank overdrafts	(86,792)		(87,205)	
Distribution payable	-		(5,853)	
Other creditors	(449,696)		(137,998)	
<b>Total creditors</b>		<b>(536,488)</b>		<b>(231,056)</b>
<b>Total liabilities</b>		<b>(536,488)</b>		<b>(231,056)</b>
<b>Net assets attributable to Shareholders</b>		<b>17,298,502</b>		<b>31,676,518</b>

# MI Somerset Global Emerging Markets Fund

## Distribution Tables

for the period ended 31 March 2024

### Income Share Distribution

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2024	Distribution paid 2023
B GBP	Interim	Group 1	-	-	-	0.2328p
		Group 2	-	-	-	0.2328p

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2024	Amount reinvested 2023
A GBP	Interim	Group 1	-	-	-	-
		Group 2	-	-	-	-
B GBP	Interim	Group 1	-	-	-	0.2752p
		Group 2	-	-	-	0.2752p
B USD	Interim	Group 1	-	-	-	-
		Group 2	-	-	-	-
B EUR	Interim	Group 1	-	-	-	0.1305€c
		Group 2	-	-	-	0.1305€c

Interim period: 01.10.23 - 31.03.24

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

# MI Somerset Emerging Markets Dividend Growth Fund

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to achieve capital appreciation and income growth by mainly investing in an actively managed portfolio of dividend-paying emerging market securities.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the period ended 31 March 2024

The Sub-fund's GBP Accumulation Class<sup>1</sup> rose 0.24% net of fees in the six months to the end of March 2024, and trailed the MSCI Emerging Markets Total Return Net Index (the 'Index') performance by 6.54%.

The negatives in relative performance came largely from China and India, and within these a limited number of individual companies. WuXi AppTec, and Zhejiang Sanhua Intelligent Controls both fell significantly, while in India Aavas was also weak. The fact that the performance of all of these companies fell by 19% or more, in six months where equities rose in general, highlights the volatility that remains in emerging markets at the moment. The most significant relative detractor within our Chinese holdings was WuXi AppTec, the Chinese Contract Research and Manufacturing Outsource (CRO & CDMO) company, which saw a sharp 30% decline in January alone. The company is an important partner for global pharmaceutical companies as it provides Research & Development ('R&D') and manufacturing services to these companies, to aid in delivering new discoveries to market. The R&D is not at the most complex level, as this is developed in-house by the customers. However, the crucial role that WuXi AppTec plays in enabling lower costs for both large and small global pharmaceuticals companies, is they can provide off-the-shelf molecules, research services, clinical trials, alongside manufacturing. In January, WuXi AppTec found itself named in a US bill dubbed the BIOSECURE Act, proposed by two members of the US House Select Committee On The Strategic Competition Between The US And CCP which recommended that US taxpayers should not obtain any biotechnology equipment or services from a company of concern. WuXi AppTec, its sister company Wuxi Biologics, and several other Chinese pharmaceutical company were mentioned. This is the first time that WuXi AppTec has been specifically named in a bill and the current example is unexpected given limited exposure to highly sensitive data its role in lowering pharmaceutical research and drug costs. While the passing of this bill remains uncertain, Wuxi Apptec still derives c.40% of revenues from the US, prompting us to closely monitor developments.

In 2024 we have added four new holdings to the Sub-fund with FPT, Elm, Wiwynn and Weichai Power in Vietnam, Saudi Arabia, Taiwan and China respectively. The first, FPT, is Vietnam's largest IT services company, as well as one of the leading telecoms (data centres and broadband TV) and private education providers. FPT's software business continues to achieve significant growth due to its labour cost advantage, in a world where outsourced IT services and adoptions of digital processes continues to grow strongly. The software segment of its business should enjoy further margin improvement as the company continues to expand its footprint, winning larger projects and broadening its client base. In part it is benefiting from the world's supply bases adopting a 'China plus one policy'. A growing portfolio of domestically developed products, from pay-TV to data storage should further add to the company's growth. In our opinion, FPT has robust fundamentals: it has compounded revenues at 17% over the last four years; it generates operating margins of 15%, up from 13% in 2018; it generates mid-teen ROIC (Return on Invested Capital), with high rates of return on incremental invested capital; and it has achieved its growth all while maintaining a net cash balance sheet and paying out approximately 50% of profits to shareholders.

# MI Somerset Emerging Markets Dividend Growth Fund

## Investment Manager's Report

continued

The second addition, Elm Company, is also a technology company. Established in 1988 in Saudi Arabia, it is one of the beneficiaries of Saudi's digital transformation. As part of Vision 2030, Saudi Arabia has been undergoing a digital transformation to automate and raise the efficiency of multiple Government services. As of 2022, Saudi had digitised over 6,000 government services, representing 97% of total government services. In October 2022, the Saudi Arabia Ministry of Interior, estimated that digitalisation has led to more than SAR17 billion in annual savings. Elm Company is the second largest Saudi IT player by market share (11%), with the industry currently under-penetrated and fragmented. Elm Company's key competitive advantage is that it has access to the national data registry which it leverages to create digital products that have higher margins. Elm Company is mainly an IT product company and within digital products, it earns the bulk of its revenues from 6 Government products/services (~55% of sales as of 1H23). Other sources of growth include the private sector, which is looking to move solutions in-house, and introducing more value-added products/services.

Still within technology, we added Wiyynn which is a pure server manufacturer whose growth is driven by the increase in data-centre hardware demand. It focuses on rack solutions and the design and production of server motherboards for three data centre giants: Meta (46% of Wiyynn's sales), Microsoft (28%) and AWS (21%). While overall hardware demand was weak in 2023, and client capex muted, the switch to AI-related spending has been strong. Due to Wiyynn's scale there is little direct competition on pricing. Wiyynn has been proliferating its product portfolio and building scale with cloud service providers, which has led to increased sales to the third largest client, AWS, and contributions from Middle East clients which together are helping diversify Wiyynn's client base. Looking forward Wiyynn also acts as a one-stop shop that offers GPU ("Graphics processing units") and ASIC ("Application-Specific Integrated Circuits") AI server design and manufacturing services and cooling solutions, which should allow the company continue to ride the ongoing AI server demand, with initial GPU AI server shipments starting 2H24.

Finally, away from technology, Weichai Power is one of the largest diesel engine producers in China. The company designs and manufactures diesel engines, gearboxes and drivetrains. It also has an intelligent logistics segment that produces forklifts and offers warehouse services. For the past decade Weichai has expanded overseas through M&A and its overseas operations now comprise approximately 40% of revenue. While the company struggled with China's aggressive lockdown policies and lack of domestic growth, this year should see an ongoing recovery in earnings and return towards the 20% return on equity achieved from 2017 to 2020.

These investments were funded by trimming some of our outperforming companies which had significantly increased exposure, such as SK Hynix, BLS International Services and Leeno Industrial, as well as the sales of CSPC Pharmaceuticals and IndiaMart Intermesh. CSPC was sold as it made a significant transfer of assets to a sister company, to at best a marginal detriment to minority shareholders in the Hong Kong listed entity, which we owned. While disastrous in its own right it questioned our confidence in governance as well as reducing the longer-term growth. IndiaMart Intermesh had failed to deliver the growth we expected for a number of years, and with a lower longer term growth trajectory the valuations look significantly stretched.

Stepping back to consider macroeconomics in China, we continue to see signs of a slow recovery. Industrial production and the Purchasing Managers Index ('PMI') surveys have picked up, and domestic travel continues to strengthen. China's GDP growth for 2023 stood at 5%, the country continues to emphasise the need for expansion of new industries such as energy storage, high-end automation, and manufacturing. This bodes well for our holding Sieyuan Electric, a manufacturer of electrical grid equipment poised to benefit from these developments.

At a broader level, the Chinese Communist Party ('CCP') took further steps in January to support the economy, including cutting interest rates linked to loans for rural and small businesses and easing rules for some property developers to obtain more loans. Additionally, the CCP announced a limit on short-selling to bolster stocks, although the efficacy of such measures in the long term remains uncertain. Turning to the Chinese companies in our Sub-fund these are trading at incredibly attractive valuations. Our stock selection remains fundamentally driven with the belief that these businesses offer long term structural growth opportunities amid industry tailwinds.

Across the Strait, recent elections saw the Democratic Progressive Party ('DPP'), clinching victory for the second consecutive term, which advocates for an independent Taiwan. This marked the first time a party has been voted in for two consecutive terms since elections were introduced in 1996. Despite the less than resounding victory, with the winning candidate receiving fewer than 50% of votes, the status quo is likely to persist in the near term.

NVIDIA's unveiling of the DGX GH200 supercomputer and its huge order demand showed that investment in AI capabilities is likely to continue. Companies such as SK Hynix, the DRAM semiconductor maker, will be a beneficiary of this large order demand as it is one of the few memory companies that can provide the advanced chips to power the GH200. From a fundamental perspective, we believe SK Hynix remains attractively valued trading on just 1.2x book value, despite being one of the Sub-funds best-performing companies on an absolute and relative basis over the past six months. Looking forward, we believe our exposure will continue to benefit from the increasing investment needed in technology hardware required for AI computing.

## Investment Manager's Report

continued

Our need to be highly selective with companies in China is illustrated by the ongoing struggle of a number of property developers, Country Garden Real Estate becoming one of the latest to fail to pay a coupon payment for a local 4.8% bond maturing 2026. The impact on other parts of the economy was felt when shadow banking giant Zhongzhi Enterprises filed for bankruptcy in January, having overseen US\$140bn at its peak. It had extended significant loans to property developers, being largely funded by high-net-worth individuals who will likely face the brunt of the losses.

We have no exposure to the property sector and continue to believe the mixed backdrop remains sufficiently stable for the companies that we invest in should continue to deliver the growth that we are looking for, and that at some time fundamentals will be better rewarded by investors.

Overall, we think that emerging markets remain well positioned within a global economic slowdown as many countries still have numerous fiscal and monetary tools at their disposal. Brazil, with the potential to reduce currently extreme positive real interest rates, falling inflation and low valuations provides substantial potential and our positions there have started to provide a positive return for our investors in the most recent quarter. And although stimulus has had little effect yet, China remains one of the few large economies that continues to lower interest rates, encourage bank lending and has the capability for further fiscal aid. While we do not expect a huge boost to the economy, in our view the measures of the last 12 months should gain traction and we can continue to see an ongoing economic recovery. While not seeking broad exposure to the economy or market, we think that our individual companies can all potentially perform well in this environment.

The performance data quoted represents past performance up to 31 March 2024 previously managed by Somerset Capital Management. The team joined Polen Capital on 1 February 2024.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

### **Mark Williams**

Co-Lead Manager

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

as at 31 March 2024

Holding	Security	Market value £	% of total net assets 2024
	<b>TECHNOLOGY 36.54% (29.62%)</b>		
	<b>Software and Computer Services 5.14% (6.36%)</b>		
1,172,491	Locaweb Servicios De Internet	1,078,575	2.52
36,500	Tencent	1,122,327	2.62
		<hr/>	
		2,200,902	5.14
	<b>Technology Hardware and Equipment 31.40% (23.26%)</b>		
20,500	Aspeed Technology	1,688,603	3.94
18,500	eMemory Technology	1,141,177	2.67
10,804	Leeno Industrial	1,636,434	3.83
203,000	Sieyuan Electric	1,295,371	3.03
99,000	Silergy	801,983	1.87
22,145	SK Hynix	2,321,240	5.43
159,250	Taiwan Semiconductor	3,033,807	7.09
206,000	Unimicron Technology	969,623	2.27
10,000	Wiwynn	541,294	1.27
		<hr/>	
		13,429,532	31.40
	<b>TELECOMMUNICATIONS 1.07% (0.00%)</b>		
	<b>Telecommunications Service Providers 1.07% (0.00%)</b>		
123,000	FPT	457,636	1.07
	<b>HEALTH CARE 4.04% (7.37%)</b>		
	<b>Pharmaceuticals and Biotechnology 4.04% (7.37%)</b>		
140,440	Universal Vision Biotechnology	942,849	2.20
152,600	WuXi AppTec	786,738	1.84
		<hr/>	
		1,729,587	4.04
	<b>FINANCIALS 16.94% (16.95%)</b>		
	<b>Banks 8.64% (9.19%)</b>		
53,944	Al Rajhi Bank	946,866	2.22
18,912	Bank of Georgia	955,056	2.23
47,621	HDFC Bank	655,340	1.53
11,924	Kaspi KZ JSC	1,138,406	2.66
		<hr/>	
		3,695,668	8.64
	<b>Finance and Credit Services 4.39% (5.07%)</b>		
71,222	Aavas Financiers	890,603	2.08
232,280	Chailease	986,866	2.31
		<hr/>	
		1,877,469	4.39
	<b>Investment Banking and Brokerage Services 3.91% (2.69%)</b>		
3,700	Elm	749,488	1.75
40,000	Hong Kong Exchanges and Clearing	921,448	2.16
		<hr/>	
		1,670,936	3.91



# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	<b>REAL ESTATE 0.00% (2.41%)</b>		
	<b>Real Estate Investment and Services Development 0.00% (2.41%)</b>		
	<b>CONSUMER DISCRETIONARY 16.30% (14.72%)</b>		
	<b>Automobiles and Parts 4.45% (4.98%)</b>		
52,100	BYD	1,063,082	2.49
93,876	Shenzhen Kedali Industry	836,139	1.96
		<hr/>	
		1,899,221	4.45
	<b>Consumer Services 1.70% (1.51%)</b>		
571,113	Indian Energy Exchange	729,272	1.70
	<b>Household Goods and Home Construction 2.62% (1.77%)</b>		
104,500	Techtronic Industries	1,122,200	2.62
	<b>Personal Goods 2.44% (2.48%)</b>		
124,400	ANTA Sports Products	1,045,050	2.44
	<b>Retailers 2.36% (1.79%)</b>		
376,324	Lojas Renner	1,011,134	2.36
	<b>Travel and Leisure 2.73% (2.19%)</b>		
14,173	Copa	1,168,667	2.73
	<b>CONSUMER STAPLES 5.66% (4.75%)</b>		
	<b>Beverages 2.42% (2.55%)</b>		
5,552	Kweichow Moutai	1,035,661	2.42
	<b>Personal Care, Drug and Grocery Stores 3.24% (2.20%)</b>		
600,370	Sendas Distribuidora	1,387,831	3.24
	<b>INDUSTRIALS 14.74% (14.31%)</b>		
	<b>Electronic and Electrical Equipment 5.48% (6.44%)</b>		
14,984	Park Systems	1,337,939	3.13
381,246	Zhejiang Sanhua Intelligent Controls	1,003,455	2.35
		<hr/>	
		2,341,394	5.48
	<b>General Industrials 2.30% (2.91%)</b>		
200,800	Sunreisin New Materials	983,286	2.30
	<b>Industrial Support Services 5.07% (4.96%)</b>		
567,793	BLS International Services	1,683,738	3.94
96,484	Milkyway Chemical Supply Chain Service	483,361	1.13
		<hr/>	
		2,167,099	5.07
	<b>Industrial Transportation 1.89% (0.00%)</b>		
536,000	Weichai Power	808,332	1.89

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	<b>ENERGY 4.58% (7.16%)</b>		
	<b>Oil, Gas and Coal 4.58% (7.16%)</b>		
254,600	Petro Rio	1,959,919	4.58
<b>Investment assets</b>		<b>42,720,796</b>	<b>99.87</b>
<b>Net other assets</b>		<b>54,268</b>	<b>0.13</b>
<b>Net assets</b>		<b>42,775,064</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.23.

At the period end the Sub-fund did not hold shares in any other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

Total purchases for the period: £9,169,467

Total sales for the period: £30,813,484

# MI Somerset Emerging Markets Dividend Growth Fund

## Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charges*
A Income GBP	£8,858,369	7,439,485	119.07p	1.48%
A Accumulation GBP	£33,693,286	20,591,281	163.63p	1.48%
B Accumulation EUR	€ 142,959	88,706	161.16€c	1.48%
B Income USD	\$11,645	14,910	78.1\$c	1.48%
B Accumulation USD	\$61,490	52,032	118.18\$c	1.48%
B Accumulation AUD	\$83,850	69,110	121.33\$c	1.48%

On 30 January 2024 all shares in C Accumulation AUD share class were redeemed.

\*The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the period. Taking an average of the daily Net Asset Value for the last month of the period has the effect of increasing the operating charges by 0.12%. The ACD believes this to be more representative of the charges going forward. Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting period.

As reported in the Annual Report 30 September 2023, when the ACD became aware of uncertainty around the future of Somerset Capital LLP in early December 2023 we defensively positioned the Sub-fund for liquidation. During this period there was uncertainty in relation to the future of the Sub-fund and the appointment of a replacement Investment Manager. The ACD's concern was that material redemptions during this period would give redeeming investors a financial advantage at the expense of remaining holders so the ACD included a NAV adjustment to protect remaining investors from high redemption levels that might have made the Sub-fund unviable in the longer term. The ACD removed the adjustment during the early part of 2024.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the tables below shows the Sub-fund's ranking on the risk and reward indicators.



This Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# MI Somerset Emerging Markets Dividend Growth Fund

## Statement of Total Return

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
Income				
Net capital (losses)/gains		(614,525)		6,281,670
Revenue	334,981		503,173	
Expenses	(334,287)		(463,601)	
Interest payable and similar charges	(226)		(6)	
Net revenue before taxation	468		39,566	
Taxation	(208,222)		57,428	
Net (expense)/revenue after taxation		(207,754)		96,994
<b>Total return before distributions</b>		<b>(822,279)</b>		<b>6,378,664</b>
Distributions		(209,402)		(437,198)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(1,031,681)</b>		<b>5,941,466</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>68,250,505</b>		<b>85,336,150</b>
Amounts receivable on issue of shares	1,162,254		2,850,364	
Less: Amounts payable on cancellation of shares	(25,775,036)		(12,322,117)	
		(24,612,782)		(9,471,753)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(1,031,681)		5,941,466
Retained distribution on accumulation shares		169,022		345,319
<b>Closing net assets attributable to Shareholders</b>		<b>42,775,064</b>		<b>82,151,182</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Somerset Emerging Markets Dividend Growth Fund

## Balance Sheet

as at 31 March 2024

	31.03.24		30.09.23	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments		42,720,796		66,401,685
<b>Current Assets</b>				
Debtors	360,711		1,911,996	
Cash and bank balances	1,283,088		1,013,220	
<b>Total current assets</b>		<b>1,643,799</b>		<b>2,925,216</b>
<b>Total assets</b>		<b>44,364,595</b>		<b>69,326,901</b>
<b>LIABILITIES</b>				
<b>Creditors</b>				
Bank overdrafts	(790,283)		(403,725)	
Distribution payable	(37,212)		(149,542)	
Other creditors	(762,036)		(523,129)	
<b>Total creditors</b>		<b>(1,589,531)</b>		<b>(1,076,396)</b>
<b>Total liabilities</b>		<b>(1,589,531)</b>		<b>(1,076,396)</b>
<b>Net assets attributable to Shareholders</b>		<b>42,775,064</b>		<b>68,250,505</b>

# MI Somerset Emerging Markets Dividend Growth Fund

## Distribution Tables

for the period ended 31 March 2024

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2024	Distribution paid 2023
A GBP	Interim	Group 1	0.5002p	–	0.5002p	0.5784p
		Group 2	0.4761p	0.0241p	0.5002p	0.5784p
B EUR	Interim	Group 1	–	–	–	0.3866€c
		Group 2	–	–	–	0.3866€c
B USD	Interim	Group 1	–	–	–	0.3751\$c
		Group 2^	–	–	–	0.3751\$c

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2024	Amount reinvested 2023
A GBP	Interim	Group 1	0.8198p	–	0.8198p	0.7792p
		Group 2	0.8007p	0.0191p	0.8198p	0.7792p
B EUR	Interim	Group 1	–	–	–	0.7500€c
		Group 2^	–	–	–	0.7500€c
B USD	Interim	Group 1	0.7409\$c	–	0.7409\$c	1.1899\$c
		Group 2^	0.7409\$c	–	0.7409\$c	1.1899\$c
B AUD	Interim	Group 1	0.8320\$c	–	0.8320\$c	0.5359\$c
		Group 2^	0.8320\$c	–	0.8320\$c	0.5359\$c
C AUD*	Interim	Group 1	n/a	n/a	n/a	1.1326\$c
		Group 2^	n/a	n/a	n/a	1.1326\$c

\*On 30 January 2024 all shares in C Accumulation AUD share class were redeemed.

^No Group 2 shares held in this distribution period.

Interim period: 01.10.23 - 31.03.24

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to outperform the MSCI Emerging Markets SMID Index (with net dividends reinvested) over a 5 year period by investing at least 80% (but usually significantly more) in an actively managed portfolio of smaller and mid cap emerging and frontier market securities.

There is no guarantee that this return will be achieved and investors should note that capital is at risk.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging and frontier market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation does not generally exceed US\$ 15 billion at the time of the initial investment.

The Investment Manager uses detailed research to seek to discover the best investment opportunities considering each company's specific circumstances.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest no more than 5% of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the period ended 31 March 2024

The Sub-fund's Accumulation Class<sup>1</sup> rose 7.98% net of fees in the six months to the end of March 2024, and outperformed the MSCI Emerging Markets SMID Total Return Net Index (the 'Index') performance by 2.06%. It has been a tale of two quarters, strongly outperforming during the 4Q of 2023 and just in line with the market during the 1Q of this year. The positive contribution can be explained mostly by stock selection while sector allocation was also positive.

The Sub-fund benefited from the current holdings in Mexico, South Korea, and Georgia, while holdings in Hong Kong, Taiwan and China negatively impacted the Sub-fund. In terms of sectors, IT, Financials and Healthcare positively contributed to the relative performance of the Sub-fund, while Industrial and Real Estate were detractors.

During the last 6 months, the Sub-fund added 2 names:

- Siewan Electric in China – it is an industrial company focused on the manufacturing of electrical components. The company has a strong local presence in China and exports its products worldwide. We believe the company offers exposure to the structural electrification and grid investment theme for the foreseeable future.
- Unimicron Technology in Taiwan - focused on printed circuit boards and integrated circuits, growth will be driven by the increase in data centre and computers demand.

These 2 new positions have been funded by the reduction of overweight positions that have significantly outperformed the market. As a result, the Sub-fund has reached 36 holdings. The expectation is that in due course it will go back to 34 holdings.

It is worth mentioning that the biggest positive contributor to relative returns during the period was Leeno Industrial, on the other hand, the biggest negative contributor was China Overseas Property. The weak performance of the company can be attributed to poor corporate governance and missed growth expectations, the reason the name remains on the Sub-fund is the cash flow profile and conversion has not changed. We continue to monitor this name closely and still expect a significant rally in the share price, but there remains the possibility that investor sentiment will remain weak for some time.

# MI Somerset Emerging Markets Discovery Fund

## Investment Manager's Report

continued

Going forward, geopolitics, the change of macroeconomic policies and elections (US and Emerging markets) will bring volatility and significantly impact on market sentiment to the emerging market universe, but we remain confident that the opportunity for EM remains.

The performance data quoted represents past performance up to 31 March 2024. The Sub-fund was previously managed by Somerset Capital Management. The team joined Polen Capital on 1 February 2024.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

**Angel Ortiz**

Portfolio Manager



# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

as at 31 March 2024

Holding	Security	Market value £	% of total net assets 2024
	<b>TECHNOLOGY 20.36% (11.93%)</b>		
	<b>Software and Computer Services 2.97% (2.40%)</b>		
4,530	Persistent Systems	171,557	2.97
	<b>Technology Hardware and Equipment 17.39% (9.53%)</b>		
19,141	Advantech	191,570	3.31
2,950	eMemory Technology	181,972	3.15
2,270	Leeno Industrial	343,827	5.95
14,300	Sieyuan Electric	91,250	1.58
16,700	Silergy	135,284	2.34
61,190	Unimicron Technology	61,190	1.06
		1,005,093	17.39
	<b>TELECOMMUNICATIONS 6.44% (5.42%)</b>		
	<b>Telecommunications Service Providers 6.44% (5.42%)</b>		
100,139	FPT	372,579	6.44
	<b>HEALTH CARE 9.06% (7.73%)</b>		
	<b>Health Care Providers 3.74% (2.97%)</b>		
7,542	Mouwasat Medical Services	216,018	3.74
	<b>Pharmaceuticals and Biotechnology 5.32% (4.76%)</b>		
9,819	Ajanta Pharma	208,194	3.60
109,200	Mega Lifesciences	99,239	1.72
		307,433	5.32
	<b>FINANCIALS 17.04% (16.71%)</b>		
	<b>Banks 5.73% (5.37%)</b>		
6,562	Bank of Georgia	331,381	5.73
	<b>Finance and Credit Services 5.26% (6.09%)</b>		
24,260	Chailease	103,071	1.78
52,895	Repco Home Finance	201,448	3.48
		304,519	5.26
	<b>Non-life Insurance 6.05% (5.25%)</b>		
30,654	Qualitas Controladora	282,163	4.88
13,133	Star Health & Allied Insurance	67,835	1.17
		349,998	6.05
	<b>REAL ESTATE 10.83% (13.69%)</b>		
	<b>Real Estate Investment and Services Development 10.83% (13.69%)</b>		
328,000	China Overseas Property	143,748	2.49
43,145	Corporacion Inmobiliaria Vesta	133,127	2.30
21,138	EZ Tec Empreendimentos e Participacoes	54,285	0.94
27,358	Macrotech Developers	294,803	5.10
		625,963	10.83

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	<b>CONSUMER DISCRETIONARY 14.41% (13.03%)</b>		
	<b>Automobiles and Parts 0.00% (0.15%)</b>		
	<b>Consumer Services 4.48% (4.26%)</b>		
57,397	BLS International Services	170,205	2.94
10,309	Localiza Rent a Car	89,185	1.54
		<hr/>	<hr/>
		259,390	4.48
	<b>Household Goods and Home Construction 3.98% (3.35%)</b>		
14,730	Nien Made Enterprise	129,360	2.24
16,093	Zhejiang Supor	100,892	1.74
		<hr/>	<hr/>
		230,252	3.98
	<b>Leisure Goods 0.00% (0.51%)</b>		
	<b>Retailers 5.95% (4.76%)</b>		
12,220	Poya International	149,245	2.58
84,390	Sendas Distributora	195,078	3.37
		<hr/>	<hr/>
		344,323	5.95
	<b>CONSUMER STAPLES 8.42% (9.56%)</b>		
	<b>Beverages 2.99% (4.03%)</b>		
21,960	Heineken Malaysia	85,746	1.48
16,700	Sichuan Swellfun	87,306	1.51
		<hr/>	<hr/>
		173,052	2.99
	<b>Personal Care, Drug and Grocery Stores 5.43% (5.53%)</b>		
13,545	Clicks	167,117	2.89
1,912	Dino Polska	147,013	2.54
		<hr/>	<hr/>
		314,130	5.43
	<b>INDUSTRIALS 10.12% (12.56%)</b>		
	<b>Construction and Materials 3.19% (3.01%)</b>		
58,854	Beijing New Building Materials	184,520	3.19
	<b>Electronic and Electrical Equipment 3.95% (5.55%)</b>		
1,880	Park Systems	167,867	2.90
23,300	Wuxi Lead Intelligent Equipment	60,790	1.05
		<hr/>	<hr/>
		228,657	3.95
	<b>Industrial Engineering 2.06% (2.34%)</b>		
58,200	Estun Automation	119,307	2.06
	<b>Industrial Support Services 0.92% (1.66%)</b>		
10,608	Milkyway Chemical Supply Chain Service	53,143	0.92
	<b>BASIC MATERIALS 0.00% (3.10%)</b>		
	<b>Chemicals 0.00% (3.10%)</b>		
	<b>ENERGY 3.21% (3.19%)</b>		
	<b>Oil, Gas and Coal 3.21% (3.19%)</b>		
24,070	Petro Rio	185,292	3.21

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	UTILITIES		0.00% (0.84%)
	Waste and Disposal Services		0.00% (0.84%)
<b>Investment assets</b>		<b>5,776,607</b>	<b>99.89</b>
<b>Net other assets</b>		<b>6,628</b>	<b>0.11</b>
<b>Net assets</b>		<b>5,783,235</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.23.

At the period end the Sub-fund did not hold shares in any other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

Total purchases for the period: £246,583  
 Total sales for the period: £3,439,890

# MI Somerset Emerging Markets Discovery Fund

## Net Asset Value and Shares in Issue

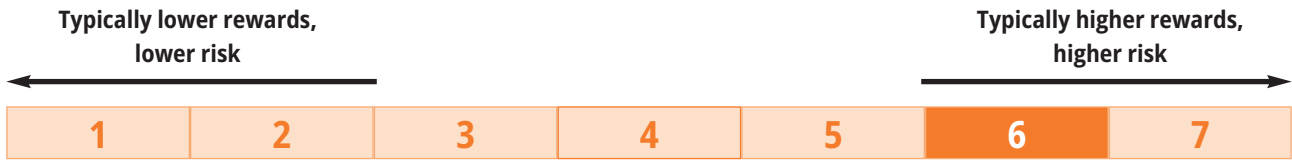
Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charges*
A Income GBP	£342,277	230,938	148.21p	1.86%
A Accumulation GBP	£5,162,877	4,880,407	105.79p	1.86%
A Accumulation EUR	€220,230	155,850	141.31€c	1.86%
A Accumulation USD	\$43,960	45,055	97.57\$c	1.86%
B Accumulation GBP	£55,002	58,152	94.58p	1.86%

\*The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the period. Taking an average of the daily Net Asset Value for the last month of the period has the effect of increasing the operating charges by 0.38%. The ACD believes this to be more representative of the charges going forward. Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting period.

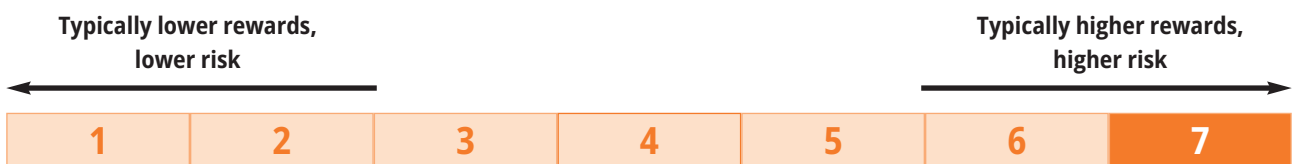
As reported in the Annual Report 30 September 2023, when the ACD became aware of uncertainty around the future of Somerset Capital LLP in early December 2023 we defensively positioned the Sub-fund for liquidation. During this period there was uncertainty in relation to the future of the Sub-fund and the appointment of a replacement Investment Manager. The ACD's concern was that material redemptions during this period would give redeeming investors a financial advantage at the expense of remaining holders so the ACD included a NAV adjustment to protect remaining investors from high redemption levels that might have made the Sub-fund unviable in the longer term. Due to the size of the Sub-fund at the period ended 31 March 2024, the ACD has cautiously retained the NAV adjustment. The position will be monitored closely, with a view to reduce or remove any adjustment when the ACD is satisfied the Sub-fund has sufficiently grown.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the tables below shows the Sub-fund's ranking on the risk and reward indicators.



A Accumulation GBP, A Accumulation EUR, A Accumulation USD and B Accumulation GBP are ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.



A Income GBP is ranked at 7 because funds of this type have experienced very high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

These indicators do not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# MI Somerset Emerging Markets Discovery Fund

## Statement of Total Return

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
Income				
Net capital gains		584,637		533,204
Revenue	44,074		78,587	
Expenses	(130,349)		(87,348)	
Interest payable and similar charges	–		(193)	
Net expense before taxation	(86,275)		(8,954)	
Taxation	(73,384)		(1,475)	
Net expense after taxation		(159,659)		(10,429)
<b>Total return before distributions</b>		<b>424,978</b>		<b>522,775</b>
Distributions		(222)		(874)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>424,756</b>		<b>521,901</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 March 2024

	31.03.24		31.03.23	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>8,852,163</b>		<b>11,823,681</b>
Amounts receivable on issue of shares	803,005		1,787,437	
Less: Amounts payable on cancellation of shares	(4,296,689)		(2,339,681)	
		(3,493,684)		(552,244)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		424,756		521,901
<b>Closing net assets attributable to Shareholders</b>		<b>5,783,235</b>		<b>11,793,338</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Somerset Emerging Markets Discovery Fund

## Balance Sheet

as at 31 March 2024

	31.03.24		30.09.23	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments		5,776,607		8,653,485
<b>Current Assets</b>				
Debtors	41,573		116,287	
Cash and bank balances	205,873		279,253	
<b>Total current assets</b>		<b>247,446</b>		<b>395,540</b>
<b>Total assets</b>		<b>6,024,053</b>		<b>9,049,025</b>
<b>LIABILITIES</b>				
<b>Creditors</b>				
Bank overdrafts	(29,562)		(28,416)	
Distribution payable	-		(891)	
Other creditors	(211,256)		(167,555)	
<b>Total creditors</b>		<b>(240,818)</b>		<b>(196,862)</b>
<b>Total liabilities</b>		<b>(240,818)</b>		<b>(196,862)</b>
<b>Net assets attributable to Shareholders</b>		<b>5,783,235</b>		<b>8,852,163</b>

# MI Somerset Emerging Markets Discovery Fund

## Distribution Tables

for the period ended 31 March 2024

### Income Share Distributions

A distribution table has not been presented as there were no distributions in either the current or prior period.

### Accumulation Share Distributions

A distribution table has not been presented as there were no distributions in either the current or prior period.

Interim period: 01.10.23 to 31.03.24



# MI Somerset Capital Management Investment Funds ICVC

## General Information

### Authorised Status

MI Somerset Capital Management Investment Funds ICVC (the 'Company') is structured as an Investment Company with Variable Capital ('ICVC'), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority ('FCA') as a UCITS Retail Scheme and 'Umbrella Company' under the COLL Sourcebook.

The Company was incorporated in England and Wales on 17 October 2008 under registration number IC000713. The Shareholders are not liable for the debts of the Company.

The Company currently has 3 Sub-funds, which are detailed below:

MI Somerset Global Emerging Markets Fund (Launched 17.11.2008)

MI Somerset Emerging Markets Dividend Growth Fund (Launched 29.03.2010)

MI Somerset Emerging Markets Discovery Fund (Launched 30.10.2019)

### Head Office

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the Net Asset Value of the Sub-fund.

### Classes of Shares

The Instrument of Incorporation allows each Sub-fund to issue different classes of shares in respect of any Sub-fund.

The Sub-funds currently have the following classes of shares available for investment:

Sub-fund	Share Class																	
	A GBP		B GBP		A USD		B USD		A EUR		B EUR		B AUD		B DKK		C AUD	
	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc
MI Somerset Global Emerging Markets Fund	-	✓	✓	✓	-	-	✓*	✓	-	-	✓*	✓	-	-	-	-**	-	-
MI Somerset Emerging Markets Dividend Growth Fund	✓	✓	-	-	-	-	✓	✓	-	-	✓*	✓	-	✓	-	-	✓*	✓*
MI Somerset Emerging Markets Discovery Fund	✓	✓	-	✓	-	✓	-	-	-	✓	-	-	-	-	-	-	-	-

\*These share classes have no investment at the date of this report.

\*\*This share class closed on the 4 January 2024.

The Company may issue both Income and Accumulation Shares.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant share class.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of Shareholders and is reflected in the price of shares.

# MI Somerset Capital Management Investment Funds ICVC

## General Information

continued

### Valuation Point

The scheme property of the Company and each Sub-fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of shares, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the Company if the ACD considers it desirable to do so, with the Depositary's approval.

### Buying, Redeeming and Switching of Shares

The ACD will accept orders for the purchase, sale and switching of shares on normal business days between 08:30 and 16:30. Instructions to buy or sell shares may either be in writing to:

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

Or by telephone to:

0345 026 4282

The ACD has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the shares purchased will be issued no later than the next business day after the business day on which an application to purchase shares is received and instrumented by the ACD. Certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the register of Shareholders.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the Net Asset Value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on [www.fundrock.com](http://www.fundrock.com). Neither the Company nor the ACD can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Company which is also the Head Office of the Company. Copies may be obtained free of charge upon application. They are also available from the website of the Company, the details of which are given in the directory of this report.

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

### Significant Information

#### Appointment of Polen Capital UK LLP as Investment Manager

Further to the notice of 19 December 2023 and the subsequent letter to Shareholders of 21 December 2023, Apex Fundrock Limited as the Authorised Corporate Director ('the ACD') of the Funds, confirm that the appointment of Polen Capital UK LLP has been completed and the Sub-funds have been under the investment management of Polen Capital UK LLP since 1 February 2024.

#### Other Significant Information

The ACD has assessed implications of current world geopolitical tensions and conflicts. The current crises have and will have a wider impact in terms of market performance.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



**Apex Fundrock Limited**

Registered in England No 6252939. Authorised and regulated by the Financial Conduct Authority.