MI Sonoma Investment Fund

Value Assessment 2024

Reporting End Period 31st December 2023

Introduction to the ACD Assessment of Value

The ACD is required to provide an annual statement for the Company attesting that; in the opinion of the ACD; "The costs of associated services provided to the Company under the appointment or oversight of the ACD and any other fees chargeable to the scheme property, represent value for money taking into account the criteria as set out by the Regulator under COLL 6.6.20R".

Value Assessment Criteria

AFM Costs

In relation to each charge, the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties, the cost is the amount paid to that person.

(It should be noted that the fees charged to the Fund by or on behalf of Apex Fundrock Limited acting in its capacity as the Authorised Fund Manager, are "unbundled" and set out separately in the scheme Prospectus. Together these fees make up the "AFM Costs".

The ACD has examined each of the component costs that make up the overall AFM Costs of the highest fee bearing invested share class and has applied the following criteria as set out by the FCA in the Regulations).

Quality of Service

The range and quality of services provided to shareholders.

Performance

The performance of the scheme, after deduction of all payments out of scheme property as set out in the Prospectus

Performance should be considered over an appropriate timescale, having regard to the scheme's investment objectives, policy, and strategy.

Economies of Scale

Whether the ACD is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the sale and redemption of units.

Comparable Market Rates

In relation to each service, the market rate for any comparable service provided:

by the ACD; or

to the ACD or on its behalf including by a person to which any aspect of the scheme's management has been delegated.

Comparable Services

In relation to each separate charge, the AFM's charges, and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size, and having similar investment objectives and policies.

Classes of Shares

Whether it is appropriate for shareholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

AFM Costs - Fees & Services Chargeable to the Fund

Fees and Services of the Authorised Corporate Director

- Apex Fundrock Ltd is the FCA Authorised Corporate Director of the Fund (ACD) responsible for the set-up, management, and wind-up of the Fund under the Regulations.
- The ACD is responsible for ensuring that all aspects of the Fund are appropriately and properly managed and for the oversight of any and all third parties delegated by the ACD to provide services to the Fund.
- The services of the ACD are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used to assess the quality and performance of the ACD.
- The ACD fees are regularly reviewed against comparable market rates for a professional ACD for hire providing comparable services taking into account the complexity and risk profile of the Funds.
- The ACD's fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Funds to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The Assessment of Value in respect of the services rendered to the Fund by the ACD is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Fund Administrator

- The Fund Administrator, Apex Fundrock Ltd is responsible for the administration and record-keeping of the Fund including, but not limited to, the calculation of the daily Net Asset Valuation; the preparation of the Annual Report and Accounts and Interim Financial Statements; the maintenance of the Shareholder Register; the administration of Investor Subscription and Redemptions and the provision of an on-line and telephone enquiry service for investors and their advisers.

- The services of the Fund Administrator are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used to assess the quality and performance of the ACD.

- The Fund Administration fees are regularly reviewed by the ACD against comparable market rates for a professional Fund administrator for hire providing comparable services, taking into account the complexity and risk profile of the Funds.

- The Fund Administration fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Fund to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The ACD's Assessment of Value in respect of the Fund Administration services rendered to the Fund is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Depositary and Custodian

- The Depositary, Northern Trust Investor Services Limited, is responsible for the safekeeping of the assets of the Fund, for the monitoring of cash flows, and for the appointment and oversight of the Custodian who is responsible for the safekeeping of the assets of the Fund in physical or electronic form in the markets in which the Fund invests. The Custodian is also responsible on behalf of the Fund for the collection of income and dividends, the processing of corporate actions and the reclaim of tax under any applicable double taxation treaties.

- The services of the Depositary and Custodian are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used by the ACD to assess the quality and performance of the Depositary and Custodian.

- The Depositary and Custody fees are regularly reviewed by the ACD against comparable market rates for a professional Depositary for hire providing comparable services, taking into account the complexity and risk profile of the Funds.

- The Depositary and Custody fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Fund to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The ACD's Assessment of Value in respect of the services rendered to the Fund by the Depositary and Custodian is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Auditor

- The Fund Auditor Grant Thornton UK LLP, is appointed by the ACD.
- The appointment of the Auditor is reviewed annually.
- The Auditor fees are reviewed annually by the ACD against comparable market rates for a professional Fund Auditor for hire providing comparable services, taking into account the complexity and risk profile of the Funds.
- The Auditor fees are clearly set out in the scheme documentation and are provided to the Fund as part of an overall contract to provide Auditor services to this Fund and other schemes under the management of the ACD, enabling Fund investors to take advantage from the overall economies of scale so afforded, irrespective of share class.

The ACD's Assessment of Value in respect of Auditor services rendered to the Fund is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

Fees and Services of the Investment Manager

- The Investment Management function is delegated by the ACD to Sonoma Partners Ltd, an FCA authorised professional investment management firm.
- The Investment Manager is responsible for the management and investment of the assets within the Fund in accordance with the Investment Objective and Policy as set out in the scheme documentation.
- The Investment Manager provides an active investment management service consistent with the Investment Policy and Objectives set out within the scheme documentation.
- The ACD reviews the services of the Investment Manager, including detailed due diligence of their policies, processes, procedures, and controls on an on-going basis.
- The fees of the Investment Manager represent the largest cost to the Company, are clearly set out within the scheme documentation and are consistent with the market rates for other professional investment managers for hire providing comparable services for similar Fund types.
- The investment management fees vary by share class reflecting the size of the minimum investment into that share class, with the objective of providing economies of scale for larger investors. It is the opinion of the ACD that smaller investors benefit significantly from the economies of scale that accrue to the Fund based on the scale of investment provided by institutional investors and that Fund costs are proportionately reduced for all investors due to the high value of institutional investment in the Fund and that lower fee-paying share classes for larger investors are appropriate and fully justified.

In relation to the general services provided by the Investment Manager the ACD has made the following assessment:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Good
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Good
Comparable Services:	Good
Classes of Units:	Good

Fund Performance

Overview of the criteria used to assess Value regarding Fund Performance

- One of the key challenges for the ACD in making an overall assessment of value which considers performance is the fact that the quantum of performance, positive or negative, is likely to significantly outweigh the percentage costs of the services provided to the Funds described in this Value Assessment.
- To provide an objective measure of performance and value the ACD has adopted the following methodology. The performance of the Fund has been assessed based on the Fund's position within its elected Investment Association Fund sector over 1, 3, 5 and 10 years if applicable.
- Funds that are in the top 50th percentile of their chosen sector would typically be rated as "Good" value; Funds in the 50th-75th quartile as "Fair" value, and Funds that are in the lower quartile as "Poor" value. However, the ACD will also take into account whether or not the Fund has met its stated investment objectives, such as performance against CPI or other comparator irrespective of its sector ranking.
- Funds that have met their stated Investment Objectives, where the objective is empirical and measurable will be assessed as being "Good Value" regardless of sector ranking.
- Fund performance is assessed after the deduction of all charges and is based on the highest charging invested share class.
- The ACD has included information relating to the Investment Objective and Policy of the Fund, the Fund's past performance and the Fund's risk profile, for the highest charging invested share class.

MI Sonoma Investment Fund

Sub-Fund Overall Value Assessment score 31st December 2023

The ACD has produced an overall assessment of value for the sub-fund taking into account the value provided across all the services that underpin the management and operation of the sub-fund, using the criteria set out in the Regulations and described in this document. The performance of the sub-fund is a significant factor in the derivation of this assessment. However, while the assessment of value is not solely driven by performance, funds that are consistently poor performers over time when compared against funds with a similar investment outlook, are likely to be graded as “poor value”.

Good

Sub-Fund Performance 31st December 2023

The Apex MI Sonoma Investment Fund has a stated objective of achieving a return of +5% over the UK CPI over a five-year period. In the twelve months to end December 2023 the UK CPI inflation rate was 4% (having declined from 10%+) above the Bank of England’s 2% target. It is expected that inflation will fall close to target in 2024. The elevated inflation rate over the past two years has meant that all funds with CPI+ benchmarks have struggled to meet their objectives. As a result, we believe that the Value Assessment encompassing that period should also consider how the Fund has performed relative to comparable funds (IA Absolute Return). Over one year the Fund has returned 8.5% compared to the IA Absolute Return 4.4%. Over three years the Fund has underperformed comparable funds but over five years the Fund’s return of 5.6% p.a. is significantly ahead of the 2.9% p.a. return from the median comparable fund.

1 Year	Good
3 Years	Fair
5 Years	Good

Investors should recognise that the Fund is actively managed and is SRRI risk rated 5 and that short-term market volatility can affect the performance over all time periods positively or negatively. Every fund will have periods of weak performance, and this should also be considered when investing in any fund.

The Investment Manager has made the following commentary in respect of the performance of the Fund:

The MI Sonoma Investment Fund F Accumulation share class published price was up 8.5% over 2023 based on daily published 12:00 share prices provided by Apex Fundrock Limited. For the second half of the year from 30 June 2023 to 31 December 2023 the MI Sonoma Investment Fund F Accumulation share class published price was up 11.0%. As in 2022, 2023 was a difficult year for equity markets as governments and central banks continued to grapple with record inflation and the war in Ukraine continued. Despite this and other market affecting factors, the second part of the year saw global and domestic equities move into positive territory and discounts to Net Asset Values ('NAV's') begin to narrow which was reflected in the Sub-fund's performance.

Through 2023 we continued to consolidate the portfolio, reducing the number of holdings from 25 to 20, switching our holdings in diversifiers into return seeking assets and disposing of all of the holdings in Open-Ended companies, the rationale being that discounts to NAV in return seeking assets had widened to such a degree as to offer irresistible opportunities in our opinion. This rebalancing of the portfolio saw the allocations to private equity and public equities both increase by 9% to 39% and 24% respectively. During 2023 the Sub-fund disposed of its holdings in Pantheon Infrastructure, BlackRock World Mining, TB Amati Strategic Metals, LF Ruffer Diversified Returns, CFP SDL UK Buffettology, TB Amati UK Smaller Companies and Third Point Investors.

The overriding theme through 2022 and 2023 has been the widening of discounts to NAV across the listed investment company sector. The Sub-fund predominantly invests in listed investment companies so a material widening of discounts has a strongly negative impact on our stated performance which is based upon share prices rather than Net Asset Values.

There are many reasons why a share price does not always equal the NAV which we discussed in monthly reports during 2023. Transitory reasons for individual investment companies include out-of-favour or in-favour asset classes or a significant buyer or seller and these tend to result in a fairly quick move of the discounts or premiums back to their typical level. Sometimes however the whole listed investment company market can shift to a meaningful discount, this occurred in 1999 due to concerns over the potential disruption to computers which were using two digits to represent the year (the "Y2K" issue), in 2008 during the great financial crisis and in 2020 due to SARS-CoV-2. Each time investors have been paid for their patience by the discounts reverting to mean levels. Russia invading Ukraine in February 2022 sparked the most recent widening of discounts to NAV and this was exacerbated by concerns over rising interest rates and inflation.

We believe that as in previous periods patience will be rewarded and this was seen to bear fruit in the final quarter of 2023, for example at the end of October the average discount of our private equity holdings was 29% and is now 19%, and over the same time period Augmentum Fintech's discount has tightened from 52% to 30%. Conversely, the Sub-fund's two poorest performing stocks in 2023, Syncona and Molten Ventures, which were down 32% and 22% respectively, also saw their discounts widen. Syncona's discount moved from 9% to 31% and Molten Ventures' from 58% to 63%.

2023 was an excellent year, in our opinion, for the Sub-fund's private equity holdings with 3i the top performer in the sector, up over 30% and the average return being 13%. Outside of private equity Polar Capital Technology posted the Sub-fund's best return and Pershing Square Holdings also performed well, up 50% and 23% respectively.

Through November and December market consensus grew so that a peak may have been reached in inflation and interest rates, subsequently resulting in an upward revaluation in both growth equities and assets with an exposure to long-dated fixed income. While there are still many global issues, it may be that markets are also making the judgement that the trajectory of increasing risk in recent years is turning as global superpowers, reminded of the awful reality of a hot war, seem to be backing away and looking for constructive solutions. We as always will continue to position the portfolio in an agnostic way so that it is prepared, whether the future shows the markets are justified or not.