



MI Charles Stanley Investment Funds II

Interim Report 31 July 2023

MI Charles Stanley Investment Funds II

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Directory

Authorised Corporate Director ('ACD') & Registrar

Apex Fundrock Limited (formerly Maitland Institutional Services Limited)

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(Authorised and regulated by the Financial Conduct Authority)

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Directors of the Authorised Corporate Director

A.C. Deptford

P.J. Foley-Brickley

I.T. Oddy (appointed 9 June 2023)

C. O'Keeffe

D. Phillips (Non-Executive Director)

J. Thompson (Non-Executive Director)

Investment Manager

Charles Stanley & Co Limited

55 Bishopsgate, London EC2N 3AS

(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 Auditors

Grant Thornton UK LLP

Statutory Auditors, Chartered Accountants

30 Finsbury Square, London EC2A 1AG

MI Charles Stanley Investment Funds II

Basis of Accounting

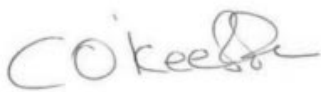
The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014 and amended in 2017.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 January 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 issued by the IA.



C. O'Keeffe

P.J. Foley-Brickley

Directors

Apex Fundrock Limited

28 September 2023

Investment Objective and Policy

The investment objective of the Sub-fund is to generate capital growth from a portfolio consisting predominantly of companies which form part of the Morningstar UK GR Index. There may be occasions when the investment manager chooses to hold Collective Investment Schemes and a high level of bonds, government securities, cash and money market instruments.

The Sub-fund is actively managed in order to outperform the benchmark Morningstar UK GR Index. The main effort is concentrated on a “bottom up” approach with careful stock selection the key. The portfolio will concentrate on the larger constituents of the Morningstar UK GR Index.

Investment Manager’s Report

for the period ended 31 July 2023

General Market Commentary

Over the first half of the year, US equity markets delivered more than 20% total return, boosted by a resilient economy and falling inflation as it appears we are approaching the end of the hiking cycle by the Federal Reserve. The S&P 500 has now risen for five months in a row. European stocks also had a decent performance, with a 14% gain to end July. In the UK, equities kept their modest mid-single digit performance.

Inflation in the UK has proved particularly sticky, but there was some good news on this front too. Although it remains higher than in other developed markets, inflation fell by more than expected in June. Economists had predicted the Consumer Price Index (‘CPI’) would be 8.2% but decreasing petrol and diesel costs, as well as a slowdown in food price rises led to a larger-than-expected drop to 7.9%. This resulted in markets pricing in lower peak UK interest rates with a consequent dip in mortgage rates.

US data indicated that the Federal Reserve’s aggressive rate policy is working. The latest American CPI figure increased 3% annually in June. This was the smallest increase since March 2021 and down from a four-decade high of 9.1% in June 2022. However, the Central Bank is maintaining its hawkish stance and further rate rises are possible later this year.

The FTSE 100 rose in July but continues to lag other major markets. The Index has been hit by falling commodity prices, particularly oil. The FTSE 250 also gained over the month, boosted by the weaker-than-expected inflation data. The mid-cap index had fallen sharply to the deteriorating interest-rate outlook, but it has recovered these losses on hopes of a less-aggressive Bank of England. Japanese equities continue to outperform as the regulator encourages companies to have more market-friendly policies.

The second-quarter earnings season is underway, with companies – on average – reporting lower earnings. Statements from the big technology companies have been mixed, with positive reports from Meta (formerly Facebook) and Google-owner Alphabet, but disappointments from companies such as Tesla, Netflix and Microsoft. The US technology sector is of significance as gains in the US stock market have been limited to a small number of companies. The seven mega-cap technology stocks have driven the rally so far in 2023, with the broader market lagging significantly.

Worries about China’s recovery this year have increased following a series of weak economic data releases. Although the economy is growing after Beijing relaxed its strict anti-Covid restrictions in December last year, activity in manufacturing and services has been below forecasts. Exports have been weak and the Chinese consumer has been cautious. In response, the People’s Bank of China has been cutting its benchmark interest rate.

Gloomy UK growth forecasts had recently been revised higher by economic forecasters, but the UK’s inflation problem and the necessary course of interest rates may derail this more optimistic view. At best, growth figures are likely to be pedestrian, but any recession that emerges is likely to be shallow.

Outlook

In many ways, our outlook has not changed from prior quarters. While the world is expected to experience a growth slowdown, a global recession is not as certain anymore. Major Western economies are proving resilient and are more likely to go through periods of low growth and/or unsynchronised shallow technical recessions with the Eurozone already experiencing one. Estimates of slowdowns are also being pushed back towards year end. There are downside risks and headwinds to consider. The Chinese growth rebound has been weaker than expected and any supply chain disruptions, particularly in energy markets arising from geopolitical frictions, may tilt the balance again. We believe China will not be able to achieve its stated growth target unless it embarks on a larger stimulus spending program and the People’s Bank of China cuts its benchmark interest rate. We also expect that the impact of the mortgage squeeze on consumer incomes will lead to underperformance of UK growth compared to more favourable forecasts that have emerged.

MI Charles Stanley Equity Fund

Investment Manager's Report

continued

Headline inflation is falling across most major economies on the back of falling energy and commodity prices. However, services inflation is proving sticky and labour markets are still tight. We expect major western central banks to be near the end of their hiking cycles but they will likely maintain tight policy until year end. Their job has also become more complicated due to recent concerns over financial stability following high profile bank failures. We argue then that the Bank of England needs to pause and let the rate rises to date have their lagged impact especially as most of inflationary variables are improving. From here onward, continuous rate rises will pose a real deep recession risk. That is the greatest risk we see to UK growth improving from here. However, it is increasingly likely that we have seen most of the monetary policy hawkishness and that equity markets will benefit from here onwards. The fact that equity valuations already reflect the possibility of a recession is reason for optimism that the worst of the market falls has passed.

As UK CPI starts to fall and move down below the Bank of England base rate, it is likely to be a tailwind to UK equities, akin to that we saw in the US post their CPI "surprise" fall in October. In fact, UK stocks are appealing due to their cheap valuations on an absolute relative basis. At the end of July, the FTSE 100 is trading on a forward price to earning ratio (P/E) of 11.0x with a 4.5% dividend yield. That compares with the S&P 500 on 20x and 1.6% yield and the Nasdaq 100 on 25x and 0.9% yield. In Europe, the STOXX 600 is on 13x and 3.8% yield. In other words, the UK trades at almost half the US index valuations and a 15% discount to Europe. Our view is that as the UK growth outlook improves and interest rates peak (the UK is viewed internationally as very much the laggard on tackling inflation) we should see the valuation gap narrowing and equity inflows.

Fund Review

The Sub-fund posted a +1.8% total return over the last six months compared to +0.6% total return for the Morningstar UK Index and -0.0% total return for the IA UK All Companies peer group. (Source: Financial Express Analytics, as at 31 July 2023, pounds sterling, net income re-invested).

Within the Sub-fund and over the last six months to end July 2023, the sectors that were the largest contributors to the total return were Financials, Industrials and Consumer Discretionary with respective total returns of 9.7%, 8.5% and 13.2%. The largest detractors were Materials, Information Technology and Communication Services which returned -14.4%, -10.8% and -8.8% respectively.

At the holding level, the largest contributors were 3i, Rentokil Initial and Games Workshop with respective total returns of +27.5%, +30.5% and +25.8%.

Firstly, focusing on what went well. Full-year results from listed private-equity investor 3i were strong. Once again, the main driver was discount retailer Action, which represents more than 60% of the investment portfolio. The rest of the portfolio also performed well, supported by its significant weighting to resilient sectors – value for money, healthcare and infrastructure. Management is cautious as economies slow but remains confident in its portfolio companies. 3i investment thesis is centred on the quality of the group's investment expertise, strong track record, international presence, and healthy capital position.

Hygiene and pest control group Rentokil Initial issued another solid update on its first-quarter performance which remains "well positioned for the remainder of the year". Management recently upgraded its medium-term organic growth target to at least 5% (from 4-5%) and raised its total synergies target for its transformative US acquisition Terminix to at least \$200m in 2025 (from \$150m). The largely essential nature of Rentokil Initial's services and potential catalysts from Terminix should provide earnings resilience in a tougher macro environment.

Figurine maker Games Workshop stated that profits for 2023's financial year will beat consensus which is an impressive performance given the global economic conditions and pressure on consumer budgets. The encouraging second half of the year trends and initial launch of the new Warhammer 40,000 give confidence in the outlook. In addition, some costs (materials, freight and energy) are moderating. Royalty revenues were ahead of expectations and there is a strong slate in the coming months. In addition, we hope to hear on progress with Amazon, following the initial announcement in December 2022. The company has considerable breadth and depth of intellectual property ('IP'), which is of considerable interest to third parties. The IP and growth in the hobby makes this compelling, potentially for partners such as Amazon.

Conversely, the names that hampered returns were Next 15, Spirent Communications and Croda International with -35.7%, -21.0% and -13.7% total return respectively.

Investment Manager's Report

continued

Next 15, the technology and data-driven growth consultancy firm has underscored the breadth and resilience of its portfolio during its last AGM trading update. Three of Next 15's four core segments are continuing to deliver healthy organic revenue growth although the more mature Customer Engagement segment has dipped into negative territory. Overall, Next 15 is still expecting to deliver mid to high single digit revenue growth and improved margins in 2024. Not that an investor could tell that from the share price graph. If the share price is to be believed, and a 10 year low valuation justified, then either the market is discounting a very severe earnings shock, for which there is no discernible evidence, or it is choosing to ignore entire segments. With enough balance sheet strength to entertain a return of cash to Shareholders, Next 15 offers significant optionality at the current valuation. It is extraordinary that Next 15 can see such value in their current share price that they would rather buy back shares than re-invest free cashflow when they have such a proven track record of delivering growth and value through M&A. Next 15 trades at a 10 year valuation low and lagging a peer group that it has consistently outperformed for several years. Unwarranted for a growth company with such a strong track record of delivery.

Shares in telecommunications-testing business Spirent Communications fell after it gave a downbeat assessment of its prospects in the first half of the year but management sees signs of order intake improving, with lead indicators showing signs of Q3 yoy order growth. Management noted delays in its customers' decision making, which would result in a challenging first half of 2023. Full year consensus expectations are only down marginally and thus we feel the harsh sell-off represents a de-rating more so than an earnings-related fall as investors come to grips with the operational gearing in the business but there also remains a risk to 2023's financial year numbers due to the significant H2 weighting. We feel management presented a confident outlook, reinforced by the conversations they are having with customers. They have presented new solutions and to new customers, which continue to make the long-term opportunity look attractive. It will take time to rebuild investor confidence but there remains long-term structural support to demand for Spirent's services. The investment thesis is underpinned by the support of market drivers such as the growth of 5G, increasingly complex networks, the migration towards the cloud, increased connectivity (via high-speed ethernet and mobile devices) and the growing theme of cyber security. The business is well placed, with a product mix allowing for cross selling as it provides services that encompasses the technology lifecycle: development, launch and operation.

Shares in Croda International fell after the speciality chemicals company issued a full-year profit warning following weaker-than-expected trading in the first five months of the year. Management said sales volumes in its Consumer Care unit fell by a double-digit percentage compared with the same period in 2022 as customers run down their stocks. Price rises put through in 2022 and favourable foreign exchange movements only partially offset the drop in volumes. Management's priorities remain unchanged, with profit growth targeted through investment in its faster-growing, niche markets – while expanding margins at its other, more mature divisions.

Trading activity was muted, we trimmed some holdings that performed strongly to manage cash flows within the Sub-fund.

MI Charles Stanley Equity Fund

Portfolio Statement

as at 31 July 2023

Holding	Security	Market value £	% of total net assets 2023
	TECHNOLOGY 10.92% (10.74%)		
	Software and Computer Services 7.89% (7.96%)		
105,818	Auto Trader	683,584	4.69
213,043	CentralNic^*	272,695	1.87
77,390	GB*	194,249	1.33
		1,150,528	7.89
	Technology Hardware and Equipment 3.03% (2.78%)		
55,172	discoverIE	441,928	3.03
	TELECOMMUNICATIONS 1.56% (2.71%)		
	Telecommunications Equipment 1.56% (2.71%)		
134,983	Spirent Communications	228,256	1.56
	HEALTH CARE 11.09% (9.35%)		
	Pharmaceuticals and Biotechnology 11.09% (9.35%)		
8,970	AstraZeneca	1,003,205	6.88
44,400	GSK	614,585	4.21
		1,617,790	11.09
	FINANCIALS 21.04% (20.19%)		
	Finance and Credit Services 4.40% (4.04%)		
7,591	London Stock Exchange	642,350	4.40
	Investment Banking and Brokerage Services 8.26% (9.14%)		
28,936	3i	572,065	3.92
45,031	Intermediate Capital	632,460	4.34
		1,204,525	8.26
	Closed End Investments 8.38% (7.01%)		
278,747	Allianz Technology Trust	763,767	5.24
313,126	Greencoat UK Wind	457,790	3.14
		1,221,557	8.38
	REAL ESTATE 3.28% (3.07%)		
	Real Estate Investment Trusts 3.28% (3.07%)		
62,630	Segro	477,616	3.28
	CONSUMER DISCRETIONARY 14.68% (14.25%)		
	Household Goods and Home Construction 2.83% (2.50%)		
361,000	Taylor Wimpey	412,804	2.83
	Leisure Goods 2.54% (2.66%)		
3,182	Games Workshop	370,385	2.54
	Media 9.31% (9.09%)		
43,507	Next 15*	276,270	1.89
25,531	RELX	668,912	4.59
42,600	YouGov*	413,220	2.83
		1,358,402	9.31

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
CONSUMER STAPLES 9.27% (8.90%)			
Personal Care, Drug and Grocery Stores 9.27% (8.90%)			
10,489	Reckitt Benckiser	612,138	4.20
17,660	Unilever	740,042	5.07
		1,352,180	9.27
INDUSTRIALS 21.67% (19.23%)			
Construction and Materials 2.08% (1.87%)			
97,100	Genuit	303,923	2.08
Electronic and Electrical Equipment 4.26% (3.53%)			
27,800	Halma	621,608	4.26
General Industrials 2.93% (2.88%)			
138,000	Smith (DS)	427,248	2.93
Industrial Support Services 12.40% (10.95%)			
284,000	Boku*	391,920	2.69
20,015	Experian	602,051	4.13
211,353	FRP Advisory*	247,283	1.69
89,397	Rentokil Initial	567,135	3.89
		1,808,389	12.40
BASIC MATERIALS 5.48% (6.47%)			
Industrial Metals and Mining 2.74% (2.89%)			
7,750	Rio Tinto	399,125	2.74
Chemicals 2.74% (3.58%)			
6,787	Croda International	399,754	2.74
ENERGY 0.00% (3.65%)			
Oil, Gas and Coal 0.00% (3.65%)			
Investment assets		14,438,368	98.99
Net other assets		147,315	1.01
Net assets		14,585,683	100.00

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 31.01.23.

*Quoted on AIM.

^Post period end CentralNic changed name to Team Internet Group.

Total purchases for the period: £149,702

Total sales for the period: £2,426,517

MI Charles Stanley Equity Fund

Net Asset Value and Shares in Issue

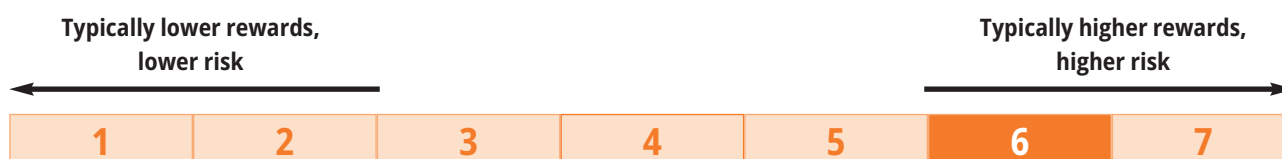
Class	Net Asset Value	Shares in issue	Net Asset Value per share p	Operating Charge Figure*
A Income	£3,629,114	1,806,347	200.91	0.31%
A Accumulation	£4,766,779	1,682,120	283.38	0.31%
B Income	£577,589	420,941	137.21	1.06%
B Accumulation	£5,612,201	3,271,423	171.55	1.06%

The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee, but excluding synthetic charges (0.11% of operating charge) in order for them not to exceed 0.20% for A Class and 0.95% for B Class of the Net Asset Values of the Sub-fund.

*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.

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 table below shows the Sub-fund's ranking on the risk and reward indicator.



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:

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- 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 Open-Ended Investment Company 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.

Statement of Total Return

for the period ended 31 July 2023

	£	31.07.23	£	£	31.07.22	£
Income						
Net capital gains/(losses)			33,098			(1,112,622)
Revenue	232,821			287,168		
Expenses	(37,252)			(47,731)		
Net revenue before taxation	195,569			239,437		
Taxation	-			(1,404)		
Net revenue after taxation		195,569			238,033	
Total return before distributions		228,667			(874,589)	
Distributions			(194,545)			(238,033)
Change in net assets attributable to Shareholders from investment activities			34,122			(1,112,622)

Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 July 2023

	£	31.07.23	£	£	31.07.22	£
Opening net assets attributable to Shareholders			16,916,787			20,894,889
Amounts receivable on issue of shares	785,740			1,378,898		
Less: Amounts payable on cancellation of shares	(3,270,182)			(1,618,303)		
			(2,484,442)			(239,405)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)			34,122			(1,112,622)
Retained distributions on accumulation shares			119,216			167,396
Closing net assets attributable to Shareholders			14,585,683			19,710,258

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 Charles Stanley Equity Fund

Balance Sheet

as at 31 July 2023

	31.07.23		31.01.23	
	£	£	£	£
ASSETS				
Fixed Assets				
Investments		14,438,368		16,679,684
Current Assets				
Debtors	108,958		29,776	
Cash and bank balances	222,272		327,732	
Total current assets		331,230		357,508
Total assets		14,769,598		17,037,192
LIABILITIES				
Creditors				
Distribution payable	(55,291)		(58,767)	
Other creditors	(128,624)		(61,638)	
Total creditors		(183,915)		(120,405)
Total liabilities		(183,915)		(120,405)
Net assets attributable to Shareholders		14,585,683		16,916,787

Distribution Tables

for the period ended 31 July 2023

Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	Interim	Group 1	2.7429	–	2.7429	2.7787
		Group 2	1.7239	1.0190	2.7429	2.7787
B	Interim	Group 1	1.3648	–	1.3648	1.3783
		Group 2	0.7278	0.6370	1.3648	1.3783

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	Interim	Group 1	3.8030	–	3.8030	3.7660
		Group 2	1.7544	2.0486	3.8030	3.7660
B	Interim	Group 1	1.6887	–	1.6887	1.6745
		Group 2	1.1612	0.5275	1.6887	1.6745

Interim period: 01.02.23 - 31.07.23

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 Charles Stanley Monthly High Income Fund

Investment Objective and Policy

The investment objective of the Sub-fund is to generate a high income with the potential for capital growth from a portfolio consisting predominantly of UK bonds, government securities, high yielding equities and preference shares. There may be occasions when the investment manager chooses to hold collective investment schemes and a high level of cash and money market instruments.

The Sub-fund has no benchmark. The aim is to produce the highest income from a low risk portfolio. The Sub-fund has “distribution fund” status which requires at least 60% to be invested in gilts and corporate bonds. The aim is to keep comfortably above this level through active management and to invest the balance in preference shares, equity collectives and individual equities where underlying companies have a good record of prudent management and rising dividend payments.

Investment Manager’s Report

for the period ended 31 July 2023

General Market Commentary

Over the first half of the year, US equity markets delivered more than 20% total return, boosted by a resilient economy and falling inflation. As it appears, we are approaching the end of the hiking cycle by the Federal Reserve. The S&P 500 has now risen for five months in a row. European stocks also had a decent performance, with a 14% gain to end July. In the UK, equities kept their modest mid-single digit performance.

Inflation in the UK has proved particularly sticky, but there was some good news on this front too. Although it remains higher than in other developed markets, inflation fell by more than expected in June. Economists had predicted the Consumer Price Index (‘CPI’) would be 8.2% but decreasing petrol and diesel costs, as well as a slowdown in food price rises led to a larger-than-expected drop to 7.9%. This resulted in markets pricing in lower peak UK interest rates with a consequent dip in mortgage rates.

US data indicated that the Federal Reserve’s aggressive rate policy is working. The latest American CPI figure increased 3% annually in June. This was the smallest increase since March 2021 and down from a four-decade high of 9.1% in June 2022. However, the Central Bank is maintaining its hawkish stance and further rate rises are possible later this year.

The FTSE 100 rose in July but continues to lag other major markets. The Index has been hit by falling commodity prices, particularly oil. The FTSE 250 also gained over the month, boosted by the weaker-than-expected inflation data. The mid-cap index had fallen sharply to the deteriorating interest-rate outlook, but it has recovered these losses on hopes of a less-aggressive Bank of England. Japanese equities continue to outperform as the regulator encourages companies to have more market-friendly policies.

The second-quarter earnings season is underway, with companies on average reporting lower earnings. Statements from the big technology companies have been mixed, with positive reports from Meta (formerly Facebook) and Google-owner Alphabet, but disappointments from companies such as Tesla, Netflix and Microsoft. The US technology sector is of significance as gains in the US stock market have been limited to a small number of companies. The seven mega-cap technology stocks have driven the rally so far in 2023, with the broader market lagging significantly.

Worries about China’s recovery this year have increased following a series of weak economic data releases. Although the economy is growing after Beijing relaxed its strict anti-Covid restrictions in December last year, activity in manufacturing and services has been below forecasts. Exports have been weak, and the Chinese consumer has been cautious. In response, the People’s Bank of China has been cutting its benchmark interest rate.

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Outlook

In many ways, our outlook has not changed from prior quarters. While the world is expected to experience a growth slowdown, a global recession is not as certain anymore. Major Western economies are proving resilient and are more likely to go through periods of low growth and/or unsynchronised shallow technical recessions with the Eurozone already experiencing one. Estimates of slowdowns are also being pushed back towards year end. There are downside risks and headwinds to consider. The Chinese growth rebound has been weaker than expected and any supply chain disruptions, particularly in energy markets arising from geopolitical frictions, may tilt the balance again. We believe China will not be able to achieve its stated growth target unless it embarks on a larger stimulus spending program and the People’s Bank of China cuts its benchmark interest rate. We also expect that the impact of the mortgage squeeze on consumer incomes will lead to underperformance of UK growth compared to more favourable forecasts that have emerged.

Investment Manager's Report

continued

Headline inflation is falling across most major economies on the back of falling energy and commodity prices. However, services inflation is proving sticky and labour markets are still tight. We expect major western central banks to be near the end of their hiking cycles, but they will likely maintain tight policy until year end. Their job has also become more complicated due to recent concerns over financial stability following high profile bank failures. We argue then that the Bank of England needs to pause and let the rate rises to date have their lagged impact especially as most of inflationary variables are improving. From here onward, continuous rate rises will pose a real deep recession risk. That is the greatest risk we see to UK growth improving from here.

Looking forward we expect dispersion to accelerate and create more opportunities for investors. While we have an optimistic view of both investment grade and high-yield corporate credit, we maintain a strong preference for high quality credit (investment grade) exposures and will be guided by bottom-up fundamentals in terms of where value resides. It is increasingly likely that we have seen most of the monetary policy hawkishness and that fixed income and equity markets will benefit from here onwards.

To summarise, sterling bonds now offer a much higher yield level when compared to the longer term average as well as the potential for capital appreciation as their price revert to par. This confirms that the sterling fixed income market offers good value and compensate investors for the risks they are taking thus presenting a great entry point for investors. The fact that asset prices already reflect the possibility of a recession is reason for optimism that the worst of the market falls has passed.

Investment Review

For the half year ending 31 July 2023 the Sub-fund delivered a -2.3% total return against -1.0% for the IA Mixed Investment 0-35% peer group. (Source: Financial Express Analytics, C Income Shares, as at 31 July 2023, pounds sterling, net income re-invested).

Firstly, we would like to clarify the meaning of the peer group IA 0-35% Mixed Investment which is made of different active funds with an equity allocation between 0% and 35% of their total assets. Such large equity allocation range means that the different funds within the peer group will have significantly different risk adjusted return characteristics, in other words, these funds are not really a like for like. Broadly speaking, the MI Charles Stanley Monthly High Income Fund ('CS MHI') has 35% of equity and equity like exposure. Unfortunately, we do not know the proportion of funds within the IA Mixed Investment 0-35% Shares peer group that have an equity allocation similar to the CS MHI nor the details of such exposures e.g. % to US, % to APAC etc. These characteristics will create significant performance differences between the different funds within the peer group, especially over a short time frame such as six months as they are disproportionately impacted by volatility. Investors should look at longer time horizon, where the benefit capital return is coupled to the power of income compounding. Looking at time frames greater than one year, the Sub-fund significantly outperformed the IA Mixed Investment 0-35% peer group.

Within the Sub-fund, all allocation had a negative performance. The fixed income allocation total return was -0.2%, Equities -1.7% and Alternatives -11.3%

Within the Alternatives allocation, we hold few investment trusts that were disproportionately marked down. Several factors were at play, notably the Bank of England's aggressive +150bps rate rise over the period, from which two were +50bps, and the continuous asset allocation shift from alternative income to traditional fixed income which does not suffer to the same extent from illiquidity, equity-like volatility, and discount risk whilst now providing an attractive income level. Moreover, it appears that some market participants (CTAs and global macro hedge funds) sell the FTSE 250 Index as a proxy for UK companies and the rather gloomy outlook they face. Investment trust components of that benchmark tend to suffer disproportionately on the downside, and this is perhaps worse as liquidity is thinner during the summer months. The trusts we hold invest in real assets such as wind and solar farms, care homes, supermarkets and infrastructure. These have quality assets with inflation linked cash flows which make them a compelling investment over the long term. Additionally, these investment trusts now trade at deep discounts to their NAV, ranging from -10% to -40% implying a 10 to 40% write down to zero of their portfolios which is unrealistic in our view. We believe that current price levels discount a lot of pessimism and present compelling investment opportunities over the long term as we expect the Bank of England tightening cycle to end and inflation to continue to roll over. In this context, the discount to NAV should close and will translate as capital return as market price pull to Net Asset Values. Within the Alternatives allocation, the Property funds returned -15.0%, Infrastructure -12.0% and Private Debt -1.1%.

Within the Fixed Income allocation, the only contributor to the return were Investment Grade bonds which returned +0.5%. During the period, we fully exited the Emerging Market Debt position as these bonds are now less attractive when compared to developed markets especially sterling corporate bonds. Other returns were -0.2% for our Government bonds allocation and -2.8% for High Yield bonds.

MI Charles Stanley Monthly High Income Fund

Investment Manager's Report

continued

Within the Equity allocation, the only contributor the return were UK equities which returned +0.8%. The detractors were Asia Pacific ex-Japan with -6.5%, Preference Shares with -5.6%, Global Equity Income which returned -2.0% and US equities with -2.9%. As UK CPI starts to fall and move down below the Bank of England base rate, it is likely to be a tailwind to UK equities, akin to that we saw in the US post their CPI "surprise" fall in October. In fact, UK stocks are appealing due to their cheap valuations on an absolute relative basis. At the end of July, the FTSE 100 is trading on a forward price to earning ratio (P/E) of 11.0x with a 4.5% dividend yield. That compares with the S&P 500 on 20x and 1.6% yield and the Nasdaq 100 on 25x and 0.9% yield. In Europe, the STOXX 600 is on 13x and 3.8% yield. In other words, the UK trades at almost half the US index valuations and a 15% discount to Europe. Our view is that as the UK growth outlook improves and interest rates peak (the UK is viewed internationally as very much the laggard on tackling inflation) we should see the valuation gap narrowing and equity inflows.

As mentioned previously, we see the current fixed income market level offering good value. We have therefore been adding new bonds to lock in this attractive level of yield but also have the potential for capital return as the purchase price was below par. We also want to balance the return profile by keeping a yield above 4% whilst having capital appreciation potential rather than only having a much higher yield but with no capital upside.

Recent purchases included:

ABN AMRO 5.125% 22.02.28 at 94p giving an expected total return of 6.6% per year. The bond is investment grade rated BBB+. ABN AMRO is primarily a domestic bank and is one of the largest banks in the Netherlands for corporates and private banking. Its earnings performance has been solid enough, largely reflecting the continuing resilience of the Dutch economy and housing market. The bank capital and funding ratio are well ahead of the minimum requirements. The outlook for 2023's financial year is solid thanks to higher rates. The Dutch state owns 56% of the bank and has one of the lowest leverage in the European Union with a solid current account surplus which adds strength to the investment thesis.

Experian Finance 3.25% 07.04.32 at 84p giving an expected total return of 5.6% per year. The bond is investment grade rated BBB+. Experian is a leading global information services company spanning credit information, data and decision analytics and consumer services. The group has a strong market position (number one and number two) in data sub-segment across largest core markets (US, Brazil, and UK), and leading position in consumer credit information in the US. Experian is exposed to robust structural themes such as the shift to a digital economy and demand for big data and analytics. It also has a strong FCF generation, clear financial policy, with conservative medium-term net leverage target.

The Berkeley Group 2.5% 11.08.31 at 70p giving an expected total return of 7.2% per year. Such price leaves 30p of capital upside in addition to a 2.5% coupon. The bond is investment grade rated BBB-. The Berkeley Group is a residential and commercial property development company focusing on urban regeneration and mixed-use developments. The bond has been battered due to investors' pessimism on the UK economy as well as the surge in mortgage prices. However, we believe the company's fundamentals remain strong and that most of the rate hikes from the Bank of England are behind us meaning that there is a good chance the bond will reprice to par. Moreover, Berkeley recently flagged that stubborn build-cost inflation may have peaked with management expecting it to materially ease by the end of the year. The group is profitable, cash generative and keeps a strong liquidity position.

Recent sales included:

We exited the position in Ninety One Emerging Markets Blended Debt fund. This call is based on caution around the outlook for the Emerging Market Debt complex, facing multiple headwinds linked to the aggressive hikes from global central banks and the relative attractiveness of direct sterling corporate bond market.

We took profit on 3i. The stock has been performing very well year to date and is up almost +50% at time of writing pushing the fund exposure above our desired weight target. We continue to like the investment thesis based on 3i's track record of value creation and its sustainable model with cash income from portfolio businesses able to cover the group's running costs and increasing dividend.

MI Charles Stanley Monthly High Income Fund

Portfolio Statement

as at 31 July 2023

Holding	Security	Market value £	% of total net assets 2023
Pound Sterling Denominated Corporate Debt Securities 60.83% (57.95%)			
£650,000	3i 3.75% 05.06.40	474,741	1.03
£400,000	ABN AMRO 5.125% 22.02.28	383,508	0.83
£800,000	Abrdn 5.25% Variable Perpetual	650,800	1.41
£600,000	Anheuser Busch Inbev 2.25% 24.05.29	514,458	1.12
£600,000	AXA 6.6862% Variable Perpetual	596,604	1.30
£300,000	Barclays 3.25% 12.02.27	270,249	0.59
£600,000	BAT International Finance 4% 04.09.26	563,172	1.22
£450,000	BAT International Finance 6% 24.11.34	407,457	0.89
£300,000	BP Capital Markets 4.25% 22.03.27	266,121	0.58
£700,000	Brit Insurance 6.625% Variable 09.12.30	521,241	1.13
£344,600	Bruntwood Investments 6% 25.02.25	325,289	0.71
£800,000	Bupa Finance 4% Variable Perpetual	481,216	1.05
£500,000	Bupa Finance 5% 08.12.26	474,100	1.03
£600,000	Citigroup 4.5% 03.03.31	538,458	1.17
£500,000	Daily Mail & General 6.375% 21.06.27	448,075	0.97
£200,000	Direct line Insurance 4% 05.06.32	146,170	0.32
£500,000	Direct Line Insurance 4.75% Variable Perpetual	339,175	0.74
£700,000	Electricite De France 6% Variable Perpetual	647,781	1.41
£700,000	Electricite De France Variable Perpetual	585,683	1.27
£300,000	European Investment Bank 3.875% 12.04.28	287,262	0.62
£300,000	European Investment Bank 5.5% 15.04.25	299,973	0.65
£300,000	Experian Finance 3.25% 07.04.32	253,509	0.55
£600,000	Heathrow Finance 5.75% 03.03.25	580,410	1.26
£500,000	Hiscox 6.125% Variable 24.11.45	479,870	1.04
£500,000	HJ Heinz Finance UK 6.25% 18.02.30	497,660	1.08
£600,000	Iceland Bondco 4.375% 15.05.28	476,994	1.04
£600,000	IG Group Holdings 3.125% 18.11.28	468,569	1.02
£650,000	Imperial Brands Finance 4.875% 07.06.32	558,591	1.21
£300,000	Investec 9.125% 6.03.33	300,364	0.65
£400,000	Jupiter Fund Management 8.875% Variable 27.07.30	394,636	0.86
£600,000	Leeds Building Society 3.75% 25.04.29	519,078	1.13
£600,000	Legal & General 5.375% 27.10.45	577,974	1.26
£500,000	Legal & General Variable 14.11.48	460,905	1.00
£300,000	Lloyds Banking 6.625% 02.06.33	292,476	0.64
£454,000	London Victoria Friendly Society 6.5% 22.05.43	440,757	0.96
£400,000	M&G Variable 20.07.49	388,564	0.85
£600,000	M&G Variable 20.07.55	523,926	1.14
£400,000	National Grid Gas 7% 16.12.24	401,372	0.87
£500,000	National Westminster 3.622% Variable 14.08.30	466,300	1.01
£200,000	Nationwide Building Society 5.75% Variable Perpetual	175,330	0.38
£550,000	Nationwide Building Society 5.769% Variable Perpetual	517,952	1.13
£200,000	Nationwide Building Society Variable Perpetual	189,386	0.41
£500,000	NGG Finance 5.625% 18.06.73	476,500	1.04
£500,000	Pension Insurance 5.625% 20.09.30	445,610	0.97
£600,000	Pension Insurance 6.5% 03.07.24	595,968	1.30
£500,000	Pension Insurance 7.375% Variable Perpetual	434,829	0.95
£700,000	Pinewood Finance 3.625% 15.11.27	592,823	1.29
£780,000	Places for People Finance 4.25% 15.12.23	770,164	1.67
£300,000	Quilter 8.625% 18.04.33	300,771	0.65
£500,000	Reassure 5.867% 13.06.29	460,535	1.00
£600,000	Regional REIT 4.5% 06.08.24	564,624	1.23
£800,000	RL Finance No.4 4.875% Variable 07.10.49	602,296	1.31

MI Charles Stanley Monthly High Income Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
Pound Sterling Denominated Corporate Debt Securities (continued)			
£600,000	Rothsay Life Variable 17.09.29	586,032	1.27
£400,000	Sainsbury's Bank 10.5% 12.03.33	416,282	0.90
£500,000	Society of Lloyds 4.875% Variable 07.02.47	461,120	1.00
£600,000	Tesco Personal Finance 3.5% 25.07.25	568,704	1.24
£300,000	The Goldman Sachs Group 3.625% 29.10.29	265,980	0.58
£700,000	The Berkeley Group 2.5% 11.08.31	470,036	1.02
£500,000	TP ICAP Finance 7.875% 17.04.30	483,435	1.05
£700,000	VMED O2 UK Finance 4.5% 15.07.31	553,119	1.20
£800,000	Vodafone Variable 03.10.78	748,712	1.63
		27,983,696	60.83
Pound Sterling Denominated Government Debt Securities 2.39% (2.30%)			
£500,000	UK Treasury 0.125% 31.01.24	487,725	1.06
£610,000	UK Treasury 5% 07.03.25	609,433	1.33
		1,097,158	2.39
Preference Shares 4.40% (4.88%)			
300,000	Bristol Water 8.75% ccrp	381,000	0.83
371,783	Ecclesiastical Insurance 8.625% ncip	446,140	0.97
382,000	Northern Electric 8.061% cip	450,760	0.98
335,000	RSA Insurance 7.375% cip	350,075	0.76
250,000	Standard Chartered 7.375% ncip	243,000	0.53
150,000	Standard Chartered 8.25% ncip	154,800	0.33
		2,025,775	4.40
UK Equities 15.24% (18.48%)			
48,900	BAE Systems	455,455	0.99
101,700	BP	491,211	1.07
20,480	GSK	283,484	0.62
609,865	Impact Healthcare REIT	566,565	1.23
28,713	Intermediate Capital	403,274	0.88
182,700	Legal & General	426,422	0.93
33,850	National Grid	349,163	0.76
70,966	Phoenix	390,313	0.85
400,000	Regional REIT	178,600	0.39
8,400	Rio Tinto	432,600	0.94
93,000	Smith (DS)	287,928	0.63
23,600	SSE	397,778	0.86
609,000	Supermarket Income REIT	464,058	1.01
345,000	Taylor Wimpey	394,508	0.86
913,000	Tritax EuroBox	488,455	1.06
11,100	Unilever	465,146	1.01
36,350	Vistry	286,983	0.62
330,000	Vodafone	245,586	0.53
		7,007,529	15.24

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
Investment Funds 14.89% (14.96%)			
26,900	3i	531,813	1.15
253,000	BlackRock North American Income Trust	480,700	1.05
681,251	Foresight Solar Fund	668,307	1.45
734,000	GCP Asset Backed Income	418,380	0.91
555,984	Greencoat UK Wind	812,849	1.77
462,000	HICL Infrastructure	606,144	1.32
427,000	International Public Partnerships	561,932	1.22
140,000	Murray International Trust	350,700	0.76
1,279,754	Schroder Asian Income Fund - L Income*	934,093	2.03
1,130,500	Sequoia Economic Infrastructure Income Fund	915,705	1.99
502,983	The Renewables Infrastructure	571,389	1.24
		6,852,012	14.89
Investment assets		44,966,170	97.75
Net other assets		1,034,682	2.25
Net assets		46,000,852	100.00

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 31.01.23.

*Collective Investment Schemes permitted under COLL, not listed on any exchange.

Glossary

ccrp	cumulative convertible redeemable preference
cip	cumulative irredeemable preference
ncip	non-cumulative irredeemable preference

Total purchases for the period: £2,522,531

Total sales for the period: £3,007,270

	Market value £	% of total net assets 2023	% of total net assets 2022
Analysis of bonds by credit rating[^]			
Investment grade (BBB- and above)	21,712,678	47.20	35.94
Non Investment grade (BB+ and below)	5,957,022	12.95	6.90
Unrated bonds	1,411,154	3.07	17.41
	29,080,854	63.22	60.25

[^]Source: NTISL

MI Charles Stanley Monthly High Income Fund

Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share p	Operating Charge Figure*
A Income	£2,386,941	3,044,529	78.40	1.24%
A Accumulation	£210,441	124,545	168.97	1.24%
B Income^	£10,767	11,047	97.46	0.74%
C Income	£37,331,594	45,841,816	81.44	0.99%
C Accumulation	£6,061,109	4,810,990	125.98	0.99%

^B Income share class launched 2 May 2023.

The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee, but excluding synthetic charges (0.16% of operating charge) in order for them not to exceed 1.08% for A Class, 0.58% for B Class and 0.83% for C Class of the Net Asset Values of the Sub-fund.

*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.

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 table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because funds of this type have experienced average 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:

- The level of income targeted by the Sub-fund is not guaranteed.
- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- For further risk information please see the Prospectus.

Risk warning

An investment in an Open-Ended Investment Company 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 Charles Stanley Monthly High Income Fund

Statement of Total Return

for the period ended 31 July 2023

	31.07.23		31.07.22	
	£	£	£	£
Income				
Net capital losses		(2,227,850)		(3,401,880)
Revenue	1,290,227		1,344,095	
Expenses	(198,550)		(232,732)	
Interest payable and similar charges	–		(69)	
Net revenue before taxation	1,091,677		1,111,294	
Taxation	(12,069)		(8,655)	
Net revenue after taxation		1,079,608		1,102,639
Total return before distributions		(1,148,242)		(2,299,241)
Distributions		(1,034,832)		(1,098,281)
Change in net assets attributable to Shareholders from investment activities		(2,183,074)		(3,397,522)

Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 July 2023

	31.07.23		31.07.22	
	£	£	£	£
Opening net assets attributable to Shareholders		48,500,173		59,141,108
Amounts receivable on issue of shares	5,400,527		1,824,517	
Less: Amounts payable on cancellation of shares	(5,853,378)		(4,916,103)	
		(452,851)		(3,091,586)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(2,183,074)		(3,397,522)
Retained distributions on accumulation shares		136,604		105,681
Closing net assets attributable to Shareholders		46,000,852		52,757,681

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 Charles Stanley Monthly High Income Fund

Balance Sheet

as at 31 July 2023

	31.07.23		31.01.23	
	£	£	£	£
ASSETS				
Fixed Assets				
Investments		44,966,170		47,806,112
Current Assets				
Debtors	871,878		965,206	
Cash and bank balances	485,565		583,726	
Total current assets		1,357,443		1,548,932
Total assets		46,323,613		49,355,044
LIABILITIES				
Creditors				
Distribution payable	(146,361)		(465,366)	
Other creditors	(176,400)		(389,505)	
Total creditors		(322,761)		(854,871)
Total liabilities		(322,761)		(854,871)
Net assets attributable to Shareholders		46,000,852		48,500,173

MI Charles Stanley Monthly High Income Fund

Distribution Tables

for the period ended 31 July 2023

Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.2754	–	0.2754	0.2893
		Group 2	0.0182	0.2572	0.2754	0.2893
	Second interim	Group 1	0.2891	–	0.2891	0.2892
		Group 2	–	0.2891	0.2891	0.2892
	Third interim	Group 1	0.2891	–	0.2891	0.2892
		Group 2	–	0.2891	0.2891	0.2892
Fourth interim	Group 1	0.2894	–	0.2894	0.2891	
	Group 2	–	0.2894	0.2894	0.2891	
Fifth interim	Group 1	0.2890	–	0.2890	0.2894	
	Group 2	–	0.2890	0.2890	0.2894	
Sixth interim	Group 1	0.2890	–	0.2890	0.2890	0.2895
	Group 2	–	0.2890	0.2890	0.2890	0.2895
B [†]	First interim	Group 1	N/A	N/A	N/A	N/A
		Group 2	N/A	N/A	N/A	N/A
	Second interim	Group 1	N/A	N/A	N/A	N/A
		Group 2	N/A	N/A	N/A	N/A
	Third interim	Group 1	N/A	N/A	N/A	N/A
		Group 2	N/A	N/A	N/A	N/A
Fourth interim	Group 1	0.2196	–	0.2196	N/A	
	Group 2	0.2146	0.0050	0.2196	N/A	
Fifth interim	Group 1	0.2954	–	0.2954	N/A	
	Group 2	–	0.2954	0.2954	N/A	
Sixth interim	Group 1	0.3294	–	0.3294	N/A	
	Group 2	–	0.3294	0.3294	N/A	
C	First interim	Group 1	0.2857	–	0.2857	0.3000
		Group 2	0.1245	0.1612	0.2857	0.3000
	Second interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	0.1388	0.1612	0.3000	0.3000
	Third interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
Fourth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Fifth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Sixth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	

[†]Launched 2 May 2023.

MI Charles Stanley Monthly High Income Fund

Distribution Tables

continued

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.5811	–	0.5811	0.5813
		Group 2	0.2750	0.3061	0.5811	0.5813
	Second interim	Group 1	0.6117	–	0.6117	0.5832
		Group 2	0.3111	0.3006	0.6117	0.5832
	Third interim	Group 1	0.6136	–	0.6136	0.5843
		Group 2	0.0632	0.5504	0.6136	0.5843
Fourth interim^	Group 1	0.6184	–	0.6184	0.5857	
	Group 2	0.6184	–	0.6184	0.5857	
Fifth interim^	Group 1	0.6180	–	0.6180	0.5893	
	Group 2	0.6180	–	0.6180	0.5893	
Sixth interim^	Group 1	0.6213	–	0.6213	0.5903	
	Group 2	0.6213	–	0.6213	0.5903	
C	First interim	Group 1	0.4321	–	0.4321	0.4327
		Group 2	0.0997	0.3324	0.4321	0.4327
	Second interim	Group 1	0.4557	–	0.4557	0.4343
		Group 2	0.2080	0.2477	0.4557	0.4343
	Third interim	Group 1	0.4571	–	0.4571	0.4352
		Group 2	0.0757	0.3814	0.4571	0.4352
Fourth interim	Group 1	0.4576	–	0.4576	0.4362	
	Group 2	–	0.4576	0.4576	0.4362	
Fifth interim	Group 1	0.4591	–	0.4591	0.4343	
	Group 2	–	0.4591	0.4591	0.4343	
Sixth interim	Group 1	0.4601	–	0.4601	0.4371	
	Group 2	–	0.4601	0.4601	0.4371	

^No group 2 shares held in this distribution period.

First interim period: 01.02.23 - 28.02.23

Second interim period: 01.03.23 - 31.03.23

Third interim period: 01.04.23 - 30.04.23

Fourth interim period: 01.05.23 - 31.05.23

Fifth interim period: 01.06.23 - 30.06.23

Sixth interim period: 01.07.23 - 31.07.23

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

The investment objective of the Sub-fund is to provide long-term capital growth through investment in a diversified portfolio of global equities with a focus on UK Blue-Chip companies.

The Sub-fund may also invest in other transferable securities and Collective Investment Schemes (which may provide some exposure to alternative assets including private equity and hedge funds and, through transferable securities only, property), exchange traded funds, corporate bonds and government securities. Money market instruments and cash deposits may be held if the investment manager deems it appropriate in light of equity market conditions to meet the objectives of the Sub-fund.

There will be no limitations to geographical area (other than the focus on UK Blue-Chip companies) or industrial sector.

Investment Manager's Report

for the period ended 31 July 2023

Market Overview

The Sub-fund posted a +1.5% total return over the last six months, compared to +0.8% for the FTSE All Share and a +3.9% total return for the IA Global peer group. (Source: Financial Express Analytics, as at 31 July 2023, pounds sterling, net income re-invested, A Accumulation shares)

Global equities rallied in July as the 'artificial intelligence trade' continued to contribute to global market gains. This followed a nervous start to the six-month period with markets tracking sideways in a tight trading range. Overall, investors remained concerned that high inflation was becoming embedded in the system, raising the prospects that interest rates would need to stay higher for longer and ultimately leading to a potential global recession.

The US Federal Reserve raised interest rates in July by a quarter of a percentage point to levels last reached in 2001, in what investors believe could be the final rate rise of the current cycle. Policymakers have remained determined to tighten monetary policy to get to grips with spiralling inflation and drive it down in the pursuit of their 2% inflation target. After more than a year of consecutive increases, markets now hope we are close to a FED "Pivot" in rates, allowing policymakers time to assess the slowing economic data. Monthly US Core CPI remained sticky and is running twice the Federal Reserve's target, however, Chairman Jerome Powell indicated that inflation should continue to trend lower during the autumn months.

In the US, President Joe Biden avoided sweeping defeats in the US midterm elections after maintaining overall control of the Senate. It was feared the Democratic Party would struggle to win over voters with the huge levels of federal spending as household budgets suffered from inflationary pressures. However, the Republican Party did gain control of the House of Representatives by a narrow margin, leading to Republican Kevin McCarthy being elected Speaker of the House of Representatives after several days of tough negotiations. The narrow margin of his victory caused major concern that Congress would be unable to pass the necessary legislation required to raise the US debt ceiling. A constitutional crisis was avoided after both parties reached a bipartisan eleventh-hour deal to raise the debt ceiling, days before America faced a significant risk of defaulting on its payment obligations.

The rapid collapse of California based Silicon Valley Bank led to turmoil in the regional US banking sector. Mid-size, regional American lenders experienced a rapid withdrawal of deposits by wealthy clients and write-downs in the paper value of their mortgage assets, sending shockwaves through the banking sector. The fear that banking industry stress could trigger a credit crunch led the US Federal Reserve to initially lower inflation expectations. This unexpected implosion was reminiscent of the 2008 financial crisis for investors, as US officials led urgent rescue talks aiming to stabilise and prevent San Francisco based rival First Republic Bank from also falling into receivership.

Nervousness spread to Europe where the cost of insuring Credit Suisse's debt spiralled. Swiss authorities were driven to engineer a rapid bailout forcing the struggling bank into a merger agreement with rival peer UBS. Global Central Banks took immediate steps to improve access to liquidity in the financial system with their swift concerted action preventing any further contagion in the financial sector.

Closer to home, the UK and the European Union unveiled a deal to fix the dispute over Northern Ireland's trading rules. This new arrangement around the controversial and ever-evolving protocol came after many months of negotiations. Known as the Windsor Framework, Prime Minister Rishi Sunak and President of the EU, Ursula von der Leyen, signed this agreement to improve and simplify trade and 'begin a new chapter' in relations.

Investment Manager's Report

continued

More recently, UK inflation data came in lower than expected at 7.9% for June, offering some relief to the Bank of England and providing a boost to UK equities. Demand pressures in the domestic economy remain of deep concern to Governor Andrew Bailey, while there is a danger that continuous growth in wages could contribute to persistently high inflation. The tight labour market in the UK and strong private sector wage growth has now led economists to expect rates to peak at 6% by the end of the year – a level not seen since 2001. Investors remain nervous that the UK economy is heading towards an economically damaging recession, with persistent inflation and further monetary tightening potentially leading to higher levels of unemployment and a deepening of the current cost-of-living crisis.

Outlook

Looking ahead to the second half of the year, the expectation is that global growth continues to slow, as cash-strapped consumers rein in spending and business revenues come under pressure. Lower energy and commodity prices should feed through to inflation forecasts in the US, while remaining persistently stubborn in the UK.

In the US, the first Republican presidential primary debate is scheduled to be held in August. Former President Donald Trump remains favourite to become the GOP nominee, ahead of Florida based Ron DeSantis, despite a litany of indictments and two previous impeachment trials. Meanwhile, incumbent Joe Biden is now officially focused on a second term in office as he attempts to become the oldest person, at over 80 years of age, to serve as America's president.

In Europe, investors will be eager to learn from policymakers whether they are close to a "Pivot" in interest rates, ending a 17-month period of consecutive hikes. Economists believe that the European Central Bank could pick up the pace of their Quantitative Tightening programme in the second half of the year, in an attempt to shrink their huge bond exposure and suppress inflation further. Meanwhile, the war in Ukraine does not appear to be ending anytime soon. Europeans will again be dependent on warmer weather to avoid spiralling energy costs, as the region scrambles to find alternatives to Russian gas supplies this winter.

Investors remain worried that China's post-Covid recovery is being delayed by geopolitical rivalries, while western governments remain anxious about potential national security concerns. Tensions with America remain ongoing, with Beijing anxious to avoid further economic damage caused by the deglobalisation trend post-Covid. President Joe Biden has signalled a drive to reset US relations with Beijing to avoid further deglobalisation.

In the UK, Prime Minister Rishi Sunak has pledged to halve inflation by the end of the year, ahead of the May 2024 General Election. To achieve this ambition, the government is likely to continue its support for higher interest rates, heaping pressure on homeowners' ability to afford their mortgage repayments and adding the cost-of-living crisis. Even though the Bank of England is expected to tighten policy throughout the remainder of the year, policy makers remain acutely aware higher rates are squeezing households and businesses, with a growing proportion of UK lenders reporting a rise in loan defaults.

Economists and analysts are adjusting future growth prospects both at a global level and to business, while consumers face higher energy prices and mounting costs. The risk of a policy error is rising as countries around the world simultaneously raise interest rates. This has the potential to create an unnecessarily deep and protracted global downturn. The prospects of a stagflationary environment, with high levels of inflation and falling growth, remain at the forefront of investors' concerns and continues to dominate financial markets.

In the current environment, we will continue to favour investment in large Blue-Chip, high-quality equities which provide a dividend yield and potential for earnings growth. Equities are forecast to benefit further from growth in developed economies and the Sub-fund maintains an underweight position in European equities in favour of the UK and American stock markets.

Investment Manager's Report

continued

Significant Portfolio Changes

Purchases since 31 January 2023

	Cost
	£
M&G Japan – PP Income GBP	1,156,233
	<hr/> 1,156,233 <hr/>

Top 10 sales since 31 January 2023

	Proceeds
	£
AXA Framlington American Growth - Z Accumulation GBP	1,020,134
Schroder Tokyo Fund - Z Income GBP	1,005,228
Fidelity American Special Situations - W Accumulation	596,180
RELX	582,227
Rentokil Initial	417,891
Pennon	411,220
Shell	271,493
Diageo	214,382
BP	195,404
Brook Global Emerging Markets - I GBP Accumulation	172,626
	<hr/> 4,886,785 <hr/>

MI Charles Stanley UK & International Growth Fund

Portfolio Statement

as at 31 July 2023

Holding	Security	Market value £	% of total net assets 2023
	TECHNOLOGY 0.59% (0.32%)		
	Software and Computer Services 0.59% (0.32%)		
170,000	Darktrace	628,830	0.59
	TELECOMMUNICATIONS 0.73% (0.99%)		
	Telecommunications Service Providers 0.73% (0.99%)		
1,045,000	Vodafone	777,689	0.73
	HEALTH CARE 6.00% (5.92%)		
	Medical Equipment and Services 0.60% (0.69%)		
54,000	Smith & Nephew	639,900	0.60
	Pharmaceuticals and Biotechnology 5.40% (5.23%)		
24,000	AstraZeneca	2,684,160	2.53
131,200	GSK	1,816,070	1.72
15,000	Novartis	1,221,979	1.15
		5,722,209	5.40
	FINANCIALS 9.84% (10.57%)		
	Banks 4.30% (4.92%)		
1,537,000	Barclays	2,381,735	2.25
4,863,000	Lloyds Banking	2,185,189	2.05
		4,566,924	4.30
	Finance and Credit Services 1.28% (1.08%)		
16,000	London Stock Exchange	1,353,920	1.28
	Investment Banking and Brokerage Services 0.89% (0.86%)		
467,000	M&G	936,802	0.89
	Closed End Investments 0.60% (0.59%)		
86,000	Scottish Mortgage Investment Trust	631,068	0.60
	Life Insurance 2.77% (3.12%)		
580,000	Legal & General	1,353,720	1.28
146,000	Prudential	1,579,720	1.49
		2,933,440	2.77
	REAL ESTATE 0.53% (0.69%)		
	Real Estate Investment Trusts 0.53% (0.69%)		
86,000	Land Securities	556,592	0.53
	CONSUMER DISCRETIONARY 5.40% (5.46%)		
	Consumer Services 2.34% (2.23%)		
122,000	Compass	2,472,940	2.34
	Media 3.06% (3.23%)		
305,000	ITV	220,637	0.21
115,000	RELX	3,013,000	2.85
		3,233,637	3.06
	CONSUMER STAPLES 7.25% (7.64%)		
	Beverages 1.61% (1.79%)		
50,000	Diageo	1,698,750	1.61

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
Tobacco 1.89% (2.19%)			
45,000	British American Tobacco	1,176,975	1.11
45,000	Imperial Brands	827,550	0.78
		2,004,525	1.89
Personal Care, Drug and Grocery Stores 3.75% (3.66%)			
26,000	Ocado	243,984	0.23
25,000	Reckitt Benckiser	1,459,000	1.38
469,736	Tesco	1,211,919	1.15
25,000	Unilever	1,047,625	0.99
		3,962,528	3.75
INDUSTRIALS 3.65% (3.84%)			
General Industrials 1.03% (1.25%)			
352,000	Smith (DS)	1,089,792	1.03
Industrial Support Services 2.62% (2.59%)			
34,000	Experian	1,022,720	0.97
276,000	Rentokil Initial	1,750,944	1.65
		2,773,664	2.62
BASIC MATERIALS 2.60% (3.12%)			
Industrial Metals and Mining 2.60% (3.12%)			
277,000	Glencore	1,311,595	1.24
28,000	Rio Tinto	1,442,000	1.36
		2,753,595	2.60
ENERGY 4.21% (4.46%)			
Oil, Gas and Coal 4.21% (4.46%)			
431,000	BP	2,081,730	1.97
100,000	Shell	2,365,500	2.24
		4,447,230	4.21
UTILITIES 2.06% (2.56%)			
Gas, Water and Multi-utilities 2.06% (2.56%)			
97,000	National Grid	1,000,555	0.95
46,000	Severn Trent	1,174,380	1.11
		2,174,935	2.06
COLLECTIVE INVESTMENT SCHEMES 49.74% (47.72%)			
Asia Pacific 7.25% (8.22%)			
132,000	Baring Eastern - D Income GBP*	1,623,599	1.52
560,000	First State Stewart Investment Asia Pacific - B Income*	1,678,767	1.59
829,000	Man GLG Japan CoreAlpha - D Income*	2,278,091	2.15
2,258,576	Schroder Asian Income - L Income GBP*	1,648,534	1.56
410,000	Schroder Tokyo - Z Income GBP*	463,299	0.43
		7,692,290	7.25

MI Charles Stanley UK & International Growth Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
Continental Europe 4.04% (3.85%)			
75,000	Baillie Gifford Overseas Growth Fund - B Income*	1,585,499	1.50
914,000	BlackRock Continental European Income - D Income GBP*	1,629,113	1.54
292,000	Legal & General European Index - C Distribution*	1,054,995	1.00
		4,269,607	4.04
Emerging Markets 1.44% (1.46%)			
66,000	Goldman Sachs India Equity - I Income GBP*	1,533,179	1.44
Global 2.95% (1.78%)			
1,725,000	M&G Global Listed Infrastructure - Income GBP*	1,880,249	1.78
943,000	M&G Japan – PP Income GBP*	1,235,329	1.17
		3,115,578	2.95
North America 32.39% (30.68%)			
1,714,120	Aviva Investors US Equity Income Fund - Class 5 GBP Income*	4,017,896	3.80
1,182,000	AXA Framlington American Growth - Z Accumulation GBP*	7,044,719	6.66
206,000	Brown Advisory US Smaller Companies*	4,831,979	4.57
140,068	Fidelity American Special Situations - W Accumulation*	3,210,354	3.04
3,843,000	JPM US Equity Income - C2 Income*	5,764,499	5.45
1,788,000	Loomis Sayles US Equity Leaders - Q Accumulation GBP*	9,386,999	8.87
		34,256,446	32.39
United Kingdom 1.67% (1.73%)			
200,000	Aberdeen UK Smaller Companies - Institutional Accumulation*	1,765,599	1.67
EXCHANGE TRADED FUNDS 6.25% (6.11%)			
Exchange Traded Funds 6.25% (6.11%)			
313,000	iShares S&P 500 Financials UCITS ETF - Accumulation USD	2,448,442	2.31
52,000	Vanguard FTSE 250 UCITS ETF	1,538,159	1.45
39,000	Vanguard S&P 500 ETF	2,636,009	2.49
		6,622,610	6.25
Investment assets		104,614,279	98.85
Net other assets		1,219,869	1.15
Net assets		105,834,148	100.00

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 31.01.23.

*Collective Investment Schemes permitted under COLL, not listed on any exchange.

Total purchases for the period: £1,271,718

Total sales for the period: £6,720,359

Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share p	Operating Charge Figure*
A Accumulation	£105,834,148	32,198,562	328.69	1.43%

*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. Included within this figure are the charges of the underlying Funds (synthetic charges, currently 0.37%). The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting period.

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 table below shows the Sub-fund's ranking on the risk and reward indicator.



This Sub-fund is ranked at 5 because funds of this type have experienced medium to 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:

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- 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 Open-Ended Investment Company 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 Charles Stanley UK & International Growth Fund

Statement of Total Return

for the period ended 31 July 2023

	31.07.23		31.07.22	
	£	£	£	£
Income				
Net capital gains/(losses)		674,998		(945,541)
Revenue	1,605,319		1,625,609	
Expenses	(569,649)		(589,998)	
Interest payable and similar charges	–		46	
Net revenue before taxation	1,035,670		1,035,657	
Taxation	2,613		(12,523)	
Net revenue after taxation		1,038,283		1,023,134
Total return before distributions		1,713,281		77,593
Distributions		(1,038,275)		(1,023,127)
Change in net assets attributable to Shareholders from investment activities		675,006		(945,534)

Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 July 2023

	31.07.23		31.07.22	
	£	£	£	£
Opening net assets attributable to Shareholders		110,040,258		117,336,499
Amounts receivable on issue of shares	1,337,108		3,037,506	
Less: Amounts payable on cancellation of shares	(7,215,735)		(8,509,512)	
		(5,878,627)		(5,472,006)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		675,006		(945,534)
Retained distributions on accumulation shares		997,511		1,003,599
Closing net assets attributable to Shareholders		105,834,148		111,922,558

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 Charles Stanley UK & International Growth Fund

Balance Sheet

as at 31 July 2023

	31.07.23		31.01.23	
	£	£	£	£
ASSETS				
Fixed Assets				
Investments		104,614,279		109,384,336
Current Assets				
Debtors	962,089		404,018	
Cash and bank balances	643,162		1,052,611	
Total current assets		1,605,251		1,456,629
Total assets		106,219,530		110,840,965
LIABILITIES				
Creditors				
Bank overdrafts	(232,984)		-	
Other creditors	(152,398)		(800,707)	
Total creditors		(385,382)		(800,707)
Total liabilities		(385,382)		(800,707)
Net assets attributable to Shareholders		105,834,148		110,040,258

MI Charles Stanley UK & International Growth Fund

Distribution Table

for the period ended 31 July 2023

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	Interim	Group 1	3.0980	–	3.0980	2.8403
		Group 2	1.7203	1.3777	3.0980	2.8403

Interim period: 01.02.23 - 31.07.23

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.

General Information

Authorised Status

MI Charles Stanley Investment Funds II (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 02 June 2005 under registration number IC000398. The Shareholders are not liable for the debts of the Company.

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

MI Charles Stanley Equity Fund
 MI Charles Stanley Monthly High Income Fund
 MI Charles Stanley UK & International Growth Fund

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 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 Inc	A Acc	B Inc	B Acc	C Inc	C Acc
MI Charles Stanley Equity Fund	✓	✓	✓	✓	-	-
MI Charles Stanley Monthly High Income Fund	✓	✓	✓	✓*	✓	✓
MI Charles Stanley UK & International Growth Fund	-	✓	-	-	-	-

*This share class has no investment at the date of this report.

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.

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 Sub-fund if the ACD considers it desirable to do so, with the Depositary's approval.

MI Charles Stanley Investment Funds II

General Information

continued

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 308 1456

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. Neither the ACD nor the Company 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

Effective 13 July 2023 Maitland Institutional Services Limited changed name to Apex Fundrock Limited.

The ACD has assessed the Russia-Ukraine war implications and although the Company has no direct exposure to Russian or Ukrainian assets the crisis has and will have a wider impact in terms of market performance.

Risk Warning

An investment in an Open-Ended Investment Company 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.

