



# MI Brompton UK Recovery Unit Trust

Interim report 31 December 2023

# MI Brompton UK Recovery Unit Trust

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## Directory

### Authorised unit trust manager (AUTM) & registrar

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

### Customer service centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 026 4288  
Fax: 0845 280 2416  
E-mail: [pfsuk@maitlandgroup.com](mailto:pfsuk@maitlandgroup.com)

### Directors of the AUTM

A.C. Deptford  
P.J. Foley-Brickley  
I.T. Oddy  
C. O'Keeffe  
D. Phillips (non-executive director)  
J. Thompson (non-executive director)

### Investment manager

Brompton Asset Management LLP  
1 Knightsbridge Green, London SW1X 7QA  
(Authorised and regulated by the Financial Conduct Authority)

### Trustee

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

### Independent auditor

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

# MI Brompton UK Recovery Unit Trust

## Investment objective

The investment objective of the MI Brompton UK Recovery Unit Trust ("the fund") is to achieve capital growth.

## Investment policy

The fund will invest principally in the securities of UK companies quoted on the London Stock Exchange that are experiencing difficult trading or that have growth prospects that are not duly recognised by the market.

In addition to ordinary shares the fund may also invest in fixed interest securities, preference shares, debt securities convertible to ordinary stock, money market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective. The fund may also invest outside the UK.

## Investment manager's report

for the period ended 31 December 2023

### Performance

The MI Brompton UK Recovery Unit Trust gained 6.54%\* over the six months to 31 December 2023, outperforming the UK stock market, which gained 5.36%, while cash as measured by the three-month UK Interbank Rate returned 2.75%. The fund benefitted from its bias towards small and medium-sized enterprises, which significantly outperformed larger companies over the six months under review. At the period end, the gain from the fund's July 2002 inception was 373.52%. Over the same period, the UK stock market returned 326.66% while cash returned 58.64%\*.

\* Source: Thomson Reuters, NAV to NAV, A units accumulation, total return to 31.12.23.

### Manager's review

There were two principal reasons why shares improved over the second half of 2023. The first was that the global economy proved stronger than many forecasters had feared earlier in the year, with the US economy showing particular strength. This strength confounded more pessimistic forecasts based on well-established leading indicators. These included an inverted yield curve as 10-year US government bond yields dipped below two-year yields and tighter lending conditions shown by Federal Reserve surveys of commercial loan officers. The second factor was the growth in expectations that official interest rates had peaked and would fall in 2024, with the most optimistic predictions suggesting a fall in the Fed policy rate as early as June. This optimism was driven by significant falls in inflation in the US, the Eurozone and the UK. The figures for November 2023 showed headline inflation at 3.1%, 2.4% and 3.9% respectively for the US, the Eurozone and the UK amid expectations that inflation in 2024 would drop to the 2% rate targeted by the central banks.

There were significant divergences between large internationally-diversified UK companies and smaller companies more reliant on domestic economic conditions, with large companies as measured by the MSCI United Kingdom Index returning 4.95% over the period under review while the MSCI UK Small + Micro Cap Total Return Index rose 9.09%. At the sector level, the strongest returns came from the property, industrials and basic materials sectors, which gained 18.52%, 13.25% and 10.49% respectively. By contrast, consumer staples and healthcare were conspicuously weak, down 3.83% and 1.87% respectively, while telephony gained only 1.84%.

### Portfolio review

Within the portfolio, some of the strongest returns among large and medium-sized companies came in the basic materials, consumer, property and industrials sectors. In basic materials, Hochschild Mining and Rio Tinto returned 50.66% and 20.55% respectively. Among the fund's consumer stocks, the housebuilders, Redrow and Vistry, rose 45.11% and 38.91% respectively while the retailers, Marks & Spencer and Ocado, rose 41.91% and 33.52% respectively and the pubs chain, Mitchells & Butlers, rose 26.25%. British Land and Shaftesbury Capital rose 36.59% and 21.52% respectively within the property sector while two industrial stocks, Vesuvius and BAE Systems, returned 22.68% and 21.12% respectively. The weakest large and medium-sized companies were Vanquis Banking, the subprime lender, down 29.09%, Rentokil Initial, the industrial services company, down 28.00%, and Spirent Communications, the telephony testing group, down 23.61%.

Among the portfolio's smaller stocks, Merit, a business intelligence technology company, and Johnson Service, the textile rental group, recovered 54.03% and 38.14% respectively. By contrast, Oxford BioMedica, a pharmaceutical services business, and N Brown, the catalogue and online retailer, fell 33.62% and 47.60% respectively.

During the period under review, the fund initiated a new position in Everyman Media, a cinema chain that should benefit from its focus on high-quality smaller venues that have an upmarket food and beverages offer and the withdrawal of financially-troubled companies from the sector. In addition, the holdings in Anglo American, British Land, Dowlais, Merit, Oxford BioMedica, PZ Cussons, Spirent Communications and Town Centre Securities were topped up on weakness. The fund took partial profits on its holdings in BAE Systems, Sage and Shell.

## Investment manager's report

continued

### Outlook

A turn downwards in the interest-rate cycle may offer some support for equities in 2024 although expectations in late 2023 that rates could start to fall as early as June faded in the early weeks of the new year as inflation readings reported in January disappointed optimists as did less dovish statements from central bankers. Economic growth has recently slowed in the US, where unemployment data and figures for manufacturing hours worked deteriorated at the end of 2023, while growth has also stalled in the UK and Eurozone. Such anaemic growth trends are likely to persist for some months according to leading monetary indicators, with narrow money supply growth adjusted for inflation in the Group of Seven ('G7') major industrial countries and the seven largest emerging markets close to zero. Figures for the UK's inflation-adjusted money supply became less negative over the course of 2023 but this recovery is unlikely to be reflected in improved industrial production until the second half of 2024.

There is some residual confidence that central bankers can achieve a so-called "soft landing" over the next few months, avoiding a widespread recession in the G7. Political risk may, however, have a significant impact on economies and financial markets, with general elections due in the US, India, Taiwan, Indonesia, Pakistan, South Africa, Mexico and, probably, the UK.

In such circumstances, relative performance among companies and sectors is likely to vary significantly during the early months of 2024, emphasising the importance of stock selection in generating performance.

# MI Brompton UK Recovery Unit Trust

## Portfolio statement

as at 31 December 2023

Holding	Security	Market value £	% of total net assets 2023
	<b>Technology 3.31% (3.64%)</b>		
	<b>Software and computer services 2.30% (2.57%)</b>		
21,506	Sage	252,158	2.30
	<b>Technology hardware and equipment 1.01% (1.07%)</b>		
70,663	TT Electronics	110,376	1.01
	<b>Telecommunications 3.92% (4.20%)</b>		
	<b>Telecommunications equipment 1.34% (1.20%)</b>		
119,114	Spirent Communications	146,868	1.34
	<b>Telecommunications service providers 2.58% (3.00%)</b>		
106,026	BT	130,783	1.19
4,400,000	Global Connectivity****	26,400	0.24
3,400,000	Global Connectivity Warrants 06/04/2024**	–	0.00
183,181	Vodafone	125,571	1.15
		282,754	2.58
	<b>Healthcare 3.85% (4.42%)</b>		
	<b>Medical equipment and services 0.00% (0.00%)</b>		
611,374	Advanced Oncotherapy*	–	0.00
	<b>Pharmaceuticals and biotechnology 3.85% (4.42%)</b>		
10,785	GlaxoSmithKline	156,404	1.43
57,180	Haleon	183,919	1.68
37,778	Oxford BioMedica	81,412	0.74
		421,735	3.85
	<b>Financials 13.80% (15.05%)</b>		
	<b>Banks 5.48% (5.79%)</b>		
42,836	HSBC	272,180	2.48
339,184	Lloyds Banking	161,808	1.48
76,073	NatWest	166,828	1.52
		600,816	5.48
	<b>Finance and credit services 4.17% (4.73%)</b>		
47,511	H&T*	205,247	1.87
139,678	International Personal Finance	166,217	1.52
66,493	Vanquis Banking	85,909	0.78
		457,373	4.17
	<b>Investment banking and brokerage services 1.24% (1.61%)</b>		
76,321	Abrdn	135,851	1.24
	<b>Closed-end investments 1.44% (1.51%)</b>		
78,840	Rockwood Strategic	157,680	1.44
	<b>Life insurance 1.47% (1.41%)</b>		
64,155	Legal & General	161,093	1.47

## Portfolio statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Real estate 8.24% (7.22%)</b>		
	<b>Real estate investment trusts 8.24% (7.22%)</b>		
44,944	British Land	179,551	1.64
821,205	Hammerson	233,058	2.13
121,655	Intu Properties***	–	0.00
100,782	Londonmetric Property	192,998	1.76
131,064	Shaftesbury Capital	180,868	1.65
93,143	Town Centre Securities	116,429	1.06
		<hr/>	
		902,904	8.24
	<b>Consumer discretionary 21.21% (18.52%)</b>		
	<b>Household goods and home construction 5.65% (5.04%)</b>		
32,708	Colefax*	225,685	2.06
33,189	Redrow	203,946	1.86
20,726	Vistry	190,161	1.73
		<hr/>	
		619,792	5.65
	<b>Media 7.28% (5.67%)</b>		
396,700	Centaur Media	182,482	1.66
246,572	Everyman Media*	155,340	1.42
93,602	Merit*	60,841	0.56
26,299	Pearson	253,575	2.31
172,000	Zinc Media*	146,200	1.33
		<hr/>	
		798,438	7.28
	<b>Retailers 5.76% (5.69%)</b>		
192,383	Currys	97,057	0.89
73,117	Kingfisher	177,894	1.62
100,578	Marks & Spencer	273,974	2.50
533,314	N Brown*	82,664	0.75
		<hr/>	
		631,589	5.76
	<b>Travel and leisure 2.52% (2.12%)</b>		
106,900	Mitchells & Butlers	275,374	2.51
80,000	Peel Hotels**	800	0.01
		<hr/>	
		276,174	2.52
	<b>Consumer staples 6.26% (5.97%)</b>		
	<b>Personal care, drug and grocery stores 6.26% (5.97%)</b>		
64,338	J Sainsbury	194,494	1.77
924,400	McColl's Retail***	–	0.00
24,249	Ocado	183,128	1.67
91,030	PZ Cussons	139,458	1.27
4,473	Unilever	169,952	1.55
		<hr/>	
		687,032	6.26
	<b>Industrials 27.36% (28.63%)</b>		
	<b>Construction and materials 1.56% (1.69%)</b>		
183,500	Michelmersh Brick*	170,655	1.56

# MI Brompton UK Recovery Unit Trust

## Portfolio statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Aerospace and defense 2.27% (2.68%)</b>		
22,386	BAE Systems	248,596	2.27
	<b>Electronic and electrical equipment 5.17% (5.55%)</b>		
8,003	Halma	182,789	1.67
14,100	IMI	237,444	2.17
4,090	Renishaw	146,095	1.33
		566,328	5.17
	<b>General industrials 4.56% (4.47%)</b>		
143,187	Dowlais	152,995	1.39
53,390	DS Smith	164,067	1.50
10,366	Smiths	182,701	1.67
		499,763	4.56
	<b>Industrial engineering 3.52% (3.24%)</b>		
37,446	Melrose Industries	211,869	1.93
36,195	Vesuvius	174,170	1.59
		386,039	3.52
	<b>Industrial support services 10.28% (11.00%)</b>		
670,000	Autins*	60,300	0.55
21,070	Inchcape	150,756	1.37
3,607	Intertek	153,153	1.40
130,975	Johnson Service*	185,461	1.69
35,051	Rentokil Initial	154,470	1.41
24,176	RS	198,147	1.81
138,699	Serco	224,831	2.05
		1,127,118	10.28
	<b>Basic materials 5.29% (4.71%)</b>		
	<b>Industrial metals and mining 3.31% (3.13%)</b>		
7,472	Anglo American	147,243	1.34
3,695	Rio Tinto	215,862	1.97
		363,105	3.31
	<b>Precious metals and mining 1.98% (1.58%)</b>		
143,132	Aclara Resources	40,764	0.37
165,369	Hochschild Mining	176,945	1.61
		217,709	1.98
	<b>Energy 3.98% (4.54%)</b>		
	<b>Oil, gas and coal 3.98% (4.54%)</b>		
59,766	Serica Energy*	137,223	1.25
8,571	Shell	220,232	2.01
12,409	Thungela Resources	79,219	0.72
		436,674	3.98



## Portfolio statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Alternative energy 0.00% (0.00%)</b>		
4	Ocean Power Technologies	1	0.00
<b>Investment assets</b>		<b>10,658,621</b>	<b>97.22</b>
<b>Net other assets</b>		<b>304,895</b>	<b>2.78</b>
<b>Net assets</b>		<b>10,963,516</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.06.23.

\*Quoted on AIM.

\*\*These securities have been valued at the authorised unit trust manager's best assessment of their fair value.

\*\*\*These securities are in administration.

\*\*\*\*Quoted on the Aquis exchange.

Total purchases for the period: £354,179

Total sales for the period: £258,947

# MI Brompton UK Recovery Unit Trust

## Net asset value and units in issue

Class	Net asset value (£)	Units in issue	Net asset value per unit (p)	Operating charges*
A Accumulation	£10,963,516	2,332,612	470.01	1.63%

\*Operating charges include indirect costs incurred in the maintenance and running of the 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 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 fund. The shaded area in the table below shows the fund's ranking on the risk and reward indicator.



The 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 fund:

- There may be cases where the company in which the fund owns shares falls into receivership due to trading difficulties. This could cause losses to the fund and reduce your investment.
- The fund invests in particular stocks that are experiencing difficulties or are undervalued. It may, therefore, not perform in line with funds that have a broader investment policy.
- For further risk information please see the prospectus.

### Risk warning

An investment in a unit trust should be regarded as a medium-to-long-term investment. Investors should be aware that the price of units 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 December 2023

	£	31.12.23	£	31.12.22	£
Income					
Net capital gains			563,810		238,614
Revenue	166,794			200,983	
Expenses	(85,244)			(81,940)	
Net revenue before taxation	81,550			119,043	
Taxation	(1,023)			(7,619)	
Net revenue after taxation		80,527		111,424	
<b>Change in unitholders' funds from investment activities</b>			<b>644,337</b>		<b>350,038</b>

## Statement of change in unitholders' funds

for the period ended 31 December 2023

	£	31.12.23	£	31.12.22	£
<b>Opening net assets</b>			<b>10,319,179</b>		<b>9,800,099</b>
Change in unitholders' funds from investment activities (see statement of total return above)			644,337		350,038
<b>Closing net assets</b>			<b>10,963,516</b>		<b>10,150,137</b>

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

# MI Brompton UK Recovery Unit Trust

## Balance sheet

as at 31 December 2023

	£	31.12.23	£	£	30.06.23	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments		10,658,621			9,999,328	
<b>Current assets</b>						
Debtors	31,880			44,412		
Cash and bank balances	303,917			304,378		
<b>Total current assets</b>		<b>335,797</b>			<b>348,790</b>	
<b>Total assets</b>		<b>10,994,418</b>			<b>10,348,118</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Other creditors	(30,902)			(28,939)		
<b>Total creditors</b>		<b>(30,902)</b>			<b>(28,939)</b>	
<b>Total liabilities</b>		<b>(30,902)</b>			<b>(28,939)</b>	
<b>Unitholders' funds</b>		<b>10,963,516</b>			<b>10,319,179</b>	

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 for financial statements of authorised funds issued by the Investment Association (IA) in May 2014 as amended in June 2017.

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

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

## Certification of the interim report by the authorised unit trust manager

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'Keefe**

**P.J. Foley-Brickley**

Directors

Apex Fundrock Limited

22 February 2024

## General Information

### Authorised status

The fund is an authorised unit trust scheme and UCITS scheme operating under chapter 5 of COLL. The fund qualifies for certification under the UCITS directive. The fund was established on 5 September 2006 and authorised by the FCA on 6 September 2006.

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

Unitholders are not liable for the debts of the 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 fund of notices or other documents required or authorised to be served on it.

### Base currency

The base currency of the fund is pounds sterling.

### Units

The trust deed allows the fund to issue different classes of units in respect of the fund.

The fund currently has the following classes of units available for investment:

Class A accumulation units

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

### Valuation point

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

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

### Buying and selling of units

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

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

Or by telephone on: 0345 026 4288

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

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

### Pricing basis

There is a single price for buying, selling and switching units in a fund which represents the net asset value of the fund concerned. The unit 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 AUTM.

The prices of units are published daily on [www.fundrock.com](http://www.fundrock.com). Neither the fund nor the AUTM can be held responsible for any errors in the publication of the prices. The units in the fund 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.

# MI Brompton UK Recovery Unit Trust

## General information

continued

### Other information

The trust deed, prospectus, key investor information document and the most recent interim and annual reports may be inspected at the head office of the AUTM which is also the head office of the fund. Copies may be obtained free of charge upon application. They are also available from the website of the AUTM, the details of which are given in the directory of this report.

Unitholders who have complaints about the operation of the fund should in the first instance contact the AUTM, 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 AUTM has assessed implications of current world geopolitical tensions and conflicts. The current crises have and will have a wider impact in terms of market performance.

### Risk warning

An investment in a unit trust should be regarded as a medium-to-long-term investment. Investors should be aware that the price of units 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.

