



MI Somerset Asia Income Fund

Annual Report 31 December 2023

MI Somerset Asia Income Fund

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*These collectively comprise the Authorised Unit Trust Manager's Report.

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
(Authorised and regulated by the Financial Conduct Authority)

Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone: 0345 026 4282
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E-mail: somersetcm@maitlandgroup.com

Directors of the Authorised Unit Trust Manager

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

To 31 January 2024:

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

From 1 February 2024:

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

Fund Managers

Mark Williams
Carolyn Chan

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 Auditor, Chartered Accountants
30 Finsbury Square, London EC2A 1AG

MI Somerset Asia Income Fund

Statement of the Authorised Unit Trust Manager's Responsibilities

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') requires the Authorised Unit Trust Manager ('AUTM') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and net gains or losses on the property of the Fund for the year.

In preparing the financial statements the AUTM is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014 as amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The AUTM is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The AUTM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the financial statements comply with the Sourcebook. The AUTM is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the AUTM is aware:

- there is no relevant audit information of which the Fund's Auditor is unaware; and
- the AUTM has taken steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of the information.

Certification of the Annual Report by the AUTM

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



P.J. Foley-Brickley

C. O'Keeffe

Directors

Apex Fundrock Limited

21 March 2024

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the MI Somerset Asia Income Fund ('the Fund')

for the year ended 31 December 2023

The Depositary in its capacity as Trustee of the MI Somerset Asia Income Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that Fund is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we consider necessary to discharge our responsibilities as trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

Northern Trust Investor Services Limited

UK Trustee and Depositary Services

21 March 2024

MI Somerset Asia Income Fund

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

Opinion

We have audited the Financial Statements of MI Somerset Asia Income Fund ('the Fund') for the year ended 31 December 2023. These financial statements comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies, and the Distribution Tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes Sourcebook and the Fund's Trust deed.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2023 and of the net revenue and net capital gains/(losses) on the scheme property of the Fund for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes Sourcebook, and the Fund's Trust deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Unit Trust Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the Authorised Unit Trust Manager's conclusions, we considered the inherent risks associated with the Fund's business model including effects arising from macro-economic uncertainties such as the Ukrainian War and Cost of Living Crisis, we assessed and challenged the reasonableness of estimates made by the Authorised Unit Trust Manager and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Unit Trust Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Authorised Unit Trust Manager with respect to going concern are described in the 'Responsibilities of the Authorised Unit Trust Manager's section of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Unit Trust Manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Unit Trust Manager's Report (which comprises; on page 1, Directory; the Investment Objective and Policy, the Investment Manager's Report, the Portfolio Statement, the Risk and Reward Profile; and on page 30, the General Information) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

Responsibilities of the Authorised Unit Trust Manager

As explained more fully in the Statement of the Authorised Unit Trust Manager's Responsibilities, the Authorised Unit Trust Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Unit Trust Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Unit Trust Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Unit Trust Manager either intends to wind up the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

continued

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Fund and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice ('SORP') 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.
- We enquired of the Authorised Unit Trust Manager and management to obtain an understanding of how the Fund is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register.
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Fund's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Fund's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year end for financial statements preparation; and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Fund operates; and
 - understanding of the legal and regulatory frameworks applicable to the Fund.

Use of our report

This report is made solely to the Fund's Unitholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the Fund's Unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London, United Kingdom

21 March 2024

Investment Objective and Policy

Investment Objective

The Fund aims to deliver a high level of income with potential for capital growth over the long term (5 years or more).

The Fund aims to deliver an annual net target yield of at least 110% of the yield of the MSCI All Countries Asia Pacific Excluding Japan Index.

Investment Policy

The Fund is actively managed and will invest in companies which are incorporated, domiciled, listed or conduct significant business in the Asia Pacific region (excluding Japan).

The Fund will typically invest at least 90% (minimum 80%) in equities or equity related derivatives, but may also invest in collective investment schemes (up to 10% of Fund assets) which may be collective investment schemes managed by the Manager or by third party managers, corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits. Exposure to the companies will typically be direct but the Fund may also have limited indirect exposure (through derivatives).

The Fund is permitted to use derivatives for the purposes of Efficient Portfolio Management and for investment purposes. Please refer to the Derivatives sections in Appendix B of the Prospectus for further details.

Investment Manager's Report

for the year ended 31 December 2023

The MI Somerset Asia Income Fund performed strongly during 2023 generating a return of +7.30%¹ (1 Income daily Net Asset Value with dividends reinvested) during the calendar year. Despite 2023 being a good year for the Fund, we believe there are several factors that are yet to play out in our favour. For instance, we still believe that there should be room for further positive absolute returns in China. We think our expected backdrop of an ongoing, albeit muted, economic recovery will be supportive of our investments, and we do not believe that the market fully reflects the strong earnings growth we are expecting from our concentrated exposure.

There will remain volatility, however, and to highlight this of the 27 main emerging market economies, 11 are due to hold national or local elections in 2024. And it's not just the sheer number of elections that is attracting the attention of investors – many Asian market heavyweights are set to go to the polls next year, including Taiwan, India and Indonesia. The US election, too, will warrant the focus of investors. Within this environment of globally weak economies and potential rate cuts, we believe that our approach of fundamentally-driven, focused, active stock-selection should provide the opportunities that we are looking for to benefit our investors.

During the year, most significant price movements came from technology companies listed in Taiwan. Buoyed by improved demand for Artificial Intelligence ('AI') and high-speed computing, our holdings in Merry Electronics, Lotes, Unimicron Technology and ASE Technology all rose by double digit percentages during 2023 and reflect the broad exposure to technology that we have built up. Merry Electronics manufactures headphones and speakers, Lotes connectors, Unimicron printed circuit boards, and ASE tests and assembles products. Without overly dominant brand risks, we think that these companies provide strong revenue streams from some of the building blocks that will be used in the coming years as technology evolves further, immediately driven by the higher specifications needed in a world embracing artificial intelligence.

Of our Taiwanese investments, Wistron stands out through the year having delivered price gains of more than 200% over the period. The stock is a good illustration of our investment process and the importance of long-term investments. We bought the stock in 2018, in part because we thought it provided a cheaper exposure to their listed subsidiary, Wiwynn, than buying the underlying directly. Performance was lacklustre for some time, in part because the other core businesses of Wistron – PC and laptop assembly – had performed poorly. The market for such devices was saturated, and with sales brought forward in the midst of Covid as the world made itself ready to work from home, there was a lull afterwards as the world opened up again. We have always believed that the server-related business was particularly well-placed for the longer-term as more and more computing is moved to the cloud, but the recent performance is as much linked to the unexpected likely need for higher specification servers with an increased focus on AI computing needs.

Although Chinese equity performance has been generally poor, we are continuing to find investment opportunities there and added Sieyuan Electric to the portfolio in July 2023, the largest private sector electrical grid equipment producer, which manufactures transformers, switches and coils, selling both domestically and overseas. They have three potential areas of revenue: the Chinese State and Southern Grids; Chinese domestic power producers, transportation and industrials; and grid operators and industrials overseas. As renewable energy is increasingly added to countries' energy production, this will require significant upgrades to, and investment in, power equipment globally, with Sieyuan well-placed to continue to benefit. Trading at 19x forward earnings with 20% growth seems attractive for a business this well positioned.

MI Somerset Asia Income Fund

Investment Manager's Report

continued

Another stock we added in China was Milkyway Chemical Supply Chain Service, the Chinese chemical logistics business. Despite its recent results reflecting the weakness of the overall economy – with second quarter net profit declining 14% over the year but recovering 36% from the first quarter – both the freight forwarding business and distribution saw significant improvements quarter on quarter. The operating cashflow also got better in the first half as this became a KPI for the company. We believe this marks the operational trough for the company in a difficult environment, and saw recent poor performance as a chance to increase our exposure. Our view remains that the Chinese Communist Party is unlikely to announce a massive policy shift but it will flag subtle policy moves that incrementally increase the likelihood of a more robust recovery. The companies in our portfolio continue to deliver growth in the current environment, and we believe that at some point markets are likely to better reflect their fundamentals.

We remain confident that with the low appetite for emerging market equities (especially compared to the United States), the Fund is well placed to give strong returns going forward. An improvement (or even expectations of an improvement) would be a boost for Asian equities. Even without this, our current holdings, with low valuations and solid growth expectations, seem well-placed to give the returns we are seeking for our investors.

Mark Williams

Carolyn Chan

Portfolio Managers

5 February 2024

NB: On 1 February 2024, Polen Capital UK LLP was appointed as Investment Manager for the MI Somerset Asia Income Fund.

¹Source for MI Somerset Asia Income Fund figures: Apex Fundrock Ltd. Figures for the Source for Index performance figures: MSCI.

Portfolio Statement

as at 31 December 2023

Holding	Security	Market value £	% of total net assets 2023
Australia 6.06% (5.77%)			
304,452	Dexus REIT	1,247,468	1.55
645,932	Downer EDI	1,512,867	1.87
291,590	Transurban	2,132,845	2.64
		4,893,180	6.06
China 24.63% (23.27%)			
258,327	ANTA Sports Products	1,965,515	2.43
5,086,194	Bank of China	1,517,306	1.88
2,370,634	China Communications Services	771,496	0.96
1,943,959	CNOOC	2,538,366	3.14
2,608,000	CSPC Pharmaceutical	1,901,814	2.36
4,320,718	Industrial & Commercial Bank of China	1,653,502	2.05
1,048,252	Jiangsu Expressway	738,087	0.91
169,406	Milkyway Chemical Supply Chain Service A	995,438	1.23
732,031	Mint	1,158,803	1.43
112,268	Shenzhen Kedali Industry	1,047,127	1.30
300,320	Sieyuan Electric	1,725,562	2.14
1,534,000	Weichai Power	2,009,217	2.49
231,900	WuXi AppTec	1,863,313	2.31
		19,885,546	24.63
Hong Kong 11.38% (16.65%)			
216,805	China Mobile	1,411,134	1.75
1,151,412	China State Construction International	1,042,028	1.29
1,717,212	Far East Horizon	1,052,150	1.30
47,500	Hong Kong Exchanges and Clearing	1,276,743	1.58
63,600	Horizon Construction Development	29,066	0.04
1,246,949	SITC International	1,685,845	2.09
148,500	Techtronic Industries	1,387,927	1.72
1,481,470	Xinyi Glass	1,300,553	1.61
		9,185,446	11.38
India 5.82% (5.36%)			
197,404	HCL Technologies	2,729,025	3.38
81,425	HDFC Bank	1,312,355	1.63
214,942	Mindspace Business Parks REIT	653,336	0.81
		4,694,716	5.82
Macau 1.78% (2.08%)			
628,541	Sands China	1,439,436	1.78
New Zealand 1.40% (1.51%)			
444,820	Spark New Zealand	1,133,777	1.40
Singapore 3.21% (5.95%)			
723,639	CDL Hospitality Trusts	477,763	0.59
3,316,802	Lendlease Global Commercial REIT	1,262,604	1.56
1,164,235	Suntec REIT	851,753	1.06
		2,592,120	3.21

MI Somerset Asia Income Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
South Korea 10.23% (9.26%)			
82,167	KB Kookmin Bank ADR	2,700,003	3.34
12,788	LG Chemical Preference Shares	2,416,972	3.00
83,108	Samsung Electronics Preference Shares	3,141,535	3.89
		8,258,510	10.23
Taiwan 26.31% (19.70%)			
1,055,502	ASE Technology	3,642,655	4.51
563,055	Lite-On Technology	1,690,338	2.09
159,727	Lotes	4,364,803	5.41
545,883	Merry Electronics	1,526,732	1.89
2,154,583	Taiwan Cement	1,923,885	2.38
258,772	Taiwan Semiconductor Manufacturing	3,930,753	4.87
364,000	Unimicron Technology	1,643,807	2.04
996,726	Wistron	2,519,119	3.12
		21,242,092	26.31
Thailand 5.81% (8.29%)			
3,819,091	Digital Telecoms Infrastructure Fund	673,093	0.84
554,200	Kasikornbank	1,706,134	2.11
1,725,624	Land & Houses	319,930	0.40
116,100	Siam Cement	810,506	1.00
962,206	Thai Oil	1,178,274	1.46
		4,687,937	5.81
Investment assets		78,012,760	96.63
Net other assets		2,716,919	3.37
Net assets		80,729,679	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 31.12.22.

Comparative Tables

Change in net assets per unit

A Income	31.12.23 p	31.12.22 p	31.12.21 p
Opening net asset value per unit	121.05	136.17	135.77
Return before operating charges [^]	8.10	-7.40	8.02
Operating charges	-1.54	-1.62	-1.75
Return after operating charges [^]	6.56	-9.02	6.27
Distributions	-4.98	-6.10	-5.87
Closing net asset value per unit	122.63	121.05	136.17
[^] After direct transaction costs of	-0.07	-0.10	-0.10
Performance			
Return after charges	5.42%	-6.63%	4.62%
Other information			
Closing net asset value	£31,090	£53,246	£59,898
Closing number of units	25,352	43,988	43,988
Operating charges	1.25%	1.27%	1.24%
Direct transaction costs	0.06%	0.08%	0.07%
Prices			
Highest offer unit price	131.40	141.05	147.53
Lowest bid unit price	116.38	109.27	133.19

I Income	31.12.23 p	31.12.22 p	31.12.21 p
Opening net asset value per unit	129.65	145.14	144.38
Return before operating charges [^]	10.67	-7.60	8.46
Operating charges	-1.33	-1.39	-1.48
Return after operating charges [^]	9.34	-8.99	6.98
Distributions	-5.21	-6.50	-6.22
Closing net asset value per unit	133.78	129.65	145.14
[^] After direct transaction costs of	-0.08	-0.11	-0.10
Performance			
Return after charges	7.21%	-6.20%	0.53%
Other information			
Closing net asset value	£80,497,292	£88,828,845	£87,669,994
Closing number of units	60,173,195	68,514,541	60,403,364
Operating charges	1.00%	1.02%	0.99%
Direct transaction costs	0.06%	0.08%	0.07%
Prices			
Highest offer unit price	140.79	150.35	156.93
Lowest bid unit price	125.15	116.94	141.88

MI Somerset Asia Income Fund

Comparative Tables

continued

Change in net assets per unit

I Accumulation	31.12.23 p	31.12.22 p	31.12.21 [†] p
Opening net asset value per unit	91.45	97.50	100.00
Return before operating charges [^]	6.95	-5.10	-1.76
Operating charges	-0.94	-0.95	-0.74
Return after operating charges [^]	6.01	-6.05	-2.50
Distributions	-3.81	-4.44	-0.17
Retained distributions on accumulation units	3.81	4.44	0.17
Closing net asset value per unit	97.46	91.45	97.50
[^] After direct transaction costs of	-0.06	-0.07	-0.07
Performance			
Return after charges	6.57%	-6.21%	-2.50%
Other information			
Closing net asset value	£24,364	£68,788	£24,374
Closing number of units	25,000	75,221	25,000
Operating charges	1.00%	1.02%	0.76%
Ongoing operating charges	1.00%	1.02%	0.99%
Direct transaction costs	0.06%	0.08%	0.07%
Prices			
Highest offer unit price	99.10	101.22	100.00
Lowest bid unit price	90.61	82.14	96.44

[†]Launched 15 December 2021. Launch price of 100p

R Income	31.12.23 p	31.12.22 p	31.12.21 p
Opening net asset value per unit	115.24	129.34	128.83
Return before operating charges [^]	10.39	-7.06	7.34
Operating charges	-1.18	-1.24	-1.32
Return after operating charges [^]	9.21	-8.30	6.02
Distributions	-4.76	-5.80	-5.51
Closing net asset value per unit	119.69	115.24	129.34
[^] After direct transaction costs of	-0.07	-0.10	-0.09
Performance			
Return after charges	8.00%	-6.42%	4.67%
Other information			
Closing net asset value	£176,933	£865,715	£1,029,582
Closing number of units	147,821	751,253	796,216
Operating charges	1.00%	1.02%	0.99%
Direct transaction costs	0.06%	0.08%	0.07%
Prices			
Highest offer unit price	125.12	133.89	139.55
Lowest bid unit price	111.63	103.97	126.37

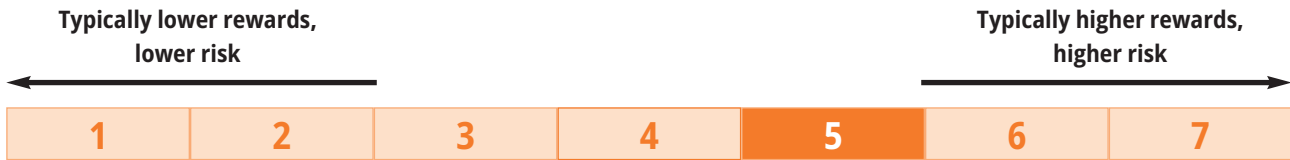
Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per unit plus the distributions on income units minus the opening Net Asset Value per unit as a % of the opening Net Asset Value per unit. The basis of valuation of investments used to calculate Net Asset Value per unit is described in notes to the Financial Statements (1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published dual prices, in which listed investments are valued at 12:00 bid and offer prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

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.



This 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 Fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- The level of targeted income is not guaranteed and may not be achieved.
- This Fund can use derivatives in order to meet its investment objectives or to protect from price and currency movement. This may result in losses or gains that are greater than the original amount invested.
- The Fund's charges are deducted from the capital of the Fund. This may allow more income to be paid but it may also restrict capital growth and may result in capital erosion.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Fund's performance, potentially reducing your returns.
- 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.

MI Somerset Asia Income Fund

Statement of Total Return

for the year ended 31 December 2023

	Note	£	31.12.23 £	£	31.12.22 £
Income					
Net capital gains/(losses)	2		3,424,774		(8,691,750)
Revenue	3	3,691,975		4,331,599	
Expenses	4	(919,787)		(843,652)	
Interest payable and similar charges	4	(105)		(539)	
Net revenue before taxation		2,772,083		3,487,408	
Taxation	5	(227,315)		(347,957)	
Net revenue after taxation			2,544,768		3,139,451
Total return before distributions			5,969,542		(5,552,299)
Distributions	6		(3,318,520)		(3,837,930)
Change in net assets attributable to Unitholders from investment activities			2,651,022		(9,390,229)

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 December 2023

	£	31.12.23 £	£	31.12.22 £
Opening net assets attributable to Unitholders		89,816,594		88,784,118
Amounts receivable on issue of units	15,690,427		41,274,835	
Less: Amounts payable on cancellation of units	(27,430,251)		(30,855,473)	
		(11,739,824)		10,419,362
Change in net assets attributable to Unitholders from investment activities (see Statement of Total Return above)		2,651,022		(9,390,229)
Retained distributions on accumulation units		1,887		3,343
Closing net assets attributable to Unitholders		80,729,679		89,816,594

The notes on pages 16 to 26 form an integral part of these Financial Statements.

Balance Sheet

as at 31 December 2023

	Note	31.12.23		31.12.22	
		£	£	£	£
ASSETS					
Fixed Assets					
Investments			78,012,760		87,875,395
Current Assets					
Debtors	7	346,705		367,580	
Cash and bank balances	9	38,818,197		21,682,772	
Total current assets			39,164,902		22,050,352
Total assets			117,177,662		109,925,747
LIABILITIES					
Creditors					
Bank overdrafts	9	(35,816,043)		(18,052,460)	
Distribution payable		(308,787)		(421,697)	
Other creditors	8	(323,153)		(1,634,996)	
Total creditors			(36,447,983)		(20,109,153)
Total liabilities			(36,447,983)		(20,109,153)
Net assets attributable to Unitholders			80,729,679		89,816,594

The notes on pages 16 to 26 form an integral part of these Financial Statements.

MI Somerset Asia Income Fund

Notes to the Financial Statements

for the year ended 31 December 2023

1. Accounting Policies

(a) Basis of accounting

The 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 as amended in June 2017.

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

Apex Fundrock Limited as the Authorised Unit Trust Manager ('the AUTM') of the Fund wishes to inform investors of a recent announcement by the Investment Manager to the Fund, Somerset Capital Management LLP ('Somerset').

On 7 December 2023, Somerset announced they will be initiating a closure of their business.

Following discussions with a number of parties to secure the best outcome for investors, and subject to the completion of satisfactory detailed due diligence, Apex Fundrock Ltd has appointed Polen Capital UK LLP as the delegated investment manager for the Fund with effect from 1 February 2024. Polen Capital UK LLP is an FCA authorised investment manager and a subsidiary of Polen Capital.

Polen Capital is a global investment management firm with approaching \$50bn in Assets under Management. Polen Capital has long-established emerging market and Asian investment expertise consistent with the investment objectives of the Fund.

As part of this appointment, a team of investment managers from Somerset will be joining Polen Capital's investment team based in London and Asia. This will ensure continuity of management of the assets with no change in process or fund objectives. Polen Capital has also committed to undertake the promotion and distribution of the Fund with a view to ensuring their future growth and longevity.

At this stage we wish to inform investors that:

The Funds' portfolio remains highly liquid and the Fund can be traded as normal;

The Fund remains in compliance with their investment objective and policy of the Prospectus and continues to be actively managed;

The AUTM is monitoring the Fund and investor activity closely and shall act in the best interests of investors at all times.

The Authorised Status and head office of the Fund can be found within the general information starting on page 30.

The Certification of the Annual Report by the AUTM can be found on page 2.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Interest on bank and short-term deposits is recognised on an earned basis.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

(c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

(d) Treatment of expenses

All expenses are charged against capital for the year on an accruals basis.

(e) Allocation of revenue and expenses to multiple unit classes

With the exception of the Investment Manager's fee which is directly attributable to individual unit classes, all revenue and expenses are apportioned to the Fund's unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue or expense is recognised.

Notes to the Financial Statements

continued

1. Accounting Policies (continued)

(f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(g) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to Unitholders as Dividend distributions. Any revenue deficit is funded from capital.

At the year end, there were no items of a capital nature.

Interim distributions may be made at the AUTM's discretion and the balance of revenue is distributed in accordance with the regulations.

For the purpose of enhancing revenue entitlement, all expenses (including those relating to the purchase and sale of investments) are allocated to capital for the year on an accruals basis. This will reduce the capital growth of the Fund.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Fund.

(h) Basis of valuation of investments

Listed investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed and floating rate interest securities.

Unlisted or suspended investments are valued by the AUTM taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Derivative instruments are valued at the cost of closing out the contract at the balance sheet date.

The fair value of open forward foreign currency contracts is calculated with reference to the changes in the spot rate, changes in interest rate differential and the reduced term left to maturity.

Market value is defined by the SORP as fair value, which generally is the bid value of each security.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – Unadjusted quoted price in an active market for an identical instrument.
- Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – Valuation techniques using unobservable inputs.

(i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into sterling at the closing exchange rates ruling on that date.

(j) Dilution levy

The AUTM may require a dilution levy on the purchase and redemption of units if, in its opinion, the existing Unitholders (for purchases) or remaining Unitholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; on 'large deals' (typically being a purchase or redemption of Units to a size exceeding 5% of the Net Asset Value of the Fund); in any case where the AUTM is of the opinion that the interests of remaining Unitholders require the imposition of a dilution levy.

MI Somerset Asia Income Fund

Notes to the Financial Statements

continued

2. Net Capital Gains/(Losses)	31.12.23	31.12.22
	£	£
Non-derivative securities	3,640,222	(8,882,008)
Currency (losses)/gains	(202,875)	209,868
Transaction charges	(12,573)	(19,610)
Net capital gains/(losses)	3,424,774	(8,691,750)

3.Revenue	31.12.23	31.12.22
	£	£
Overseas dividends	2,953,332	3,602,937
Property income distributions	557,511	471,385
Taxable overseas dividends	114,699	239,702
Bank interest	66,433	17,575
Total revenue	3,691,975	4,331,599

4. Expenses	31.12.23	31.12.22
	£	£
Payable to the Authorised Unit Trust Manager ('AUTM'), associates of the AUTM and agents of either of them:		
AUTM's fee	68,347	67,572
Registration fees	70,735	65,020
	<u>139,082</u>	<u>132,592</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	638,565	632,973
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	20,433	20,150
Safe custody and other bank charges	19,705	18,739
	<u>40,138</u>	<u>38,889</u>
Auditor's remuneration*:		
Audit fee	10,871	10,157
Tax compliance services	2,348	2,225
	<u>13,219</u>	<u>12,382</u>

Notes to the Financial Statements

continued

4. Expenses (continued)

	31.12.23	31.12.22
	£	£
Other expenses:		
Legal fees	7,777	21,151
Printing costs	6,006	5,665
Other costs	75,000	–
	88,783	26,816

Expenses	919,787	843,652
Interest payable and similar charges	105	539
Total	919,892	844,191

*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2022: £2,063)

5. Taxation

	31.10.23	31.10.22
	£	£
(a) Analysis of charge in the year:		
Capital gains tax on Indian trades	1,688	–
Overseas tax	225,627	347,957
Total tax charge (note 5b)	227,315	347,957

(b) Factors affecting taxation charge for the year:

Net revenue before taxation	2,772,083	3,487,408
Corporation tax at 20%	554,417	697,482
Effects of:		
Capital gains tax on Indian trades	1,688	–
Movement in surplus management expenses	36,250	23,106
Overseas tax expensed	225,627	347,957
Non-taxable overseas earnings	(590,667)	(720,588)
Total tax charge (note 5a)	227,315	347,957

(c) Deferred tax

At the year end there is a potential deferred tax asset of £651,135 (2022: £614,885) in relation to surplus management expenses of £3,255,675 (2022: £3,074,425). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

MI Somerset Asia Income Fund

Notes to the Financial Statements

continued

6. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

		31.12.23	31.12.22
		£	£
First interim distribution	31.03.23	349,390	393,676
Second interim distribution	30.06.23	1,309,436	1,112,733
Third interim distribution	30.09.23	1,307,013	2,081,457
Final distribution	31.12.23	308,899	422,019
		3,274,738	4,009,885
Revenue deducted on cancellation of units		122,979	99,644
Revenue received on issue of units		(79,197)	(271,599)
Distributions		3,318,520	3,837,930

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		2,544,768	3,139,451
Expenses allocated to capital		919,787	843,653
Relief on expenses allocated to capital		(147,708)	(145,731)
Capital overdraft interest		–	534
Capital gains tax on Indian trades		1,688	–
Undistributed revenue brought forward		35	58
Undistributed revenue carried forward		(50)	(35)
Distributions		3,318,520	3,837,930

7. Debtors

		31.12.23	31.12.22
		£	£
Amounts receivable on issues		158,470	165,679
Accrued income:			
Dividends receivable		105,776	201,070
Overseas tax recoverable		81,174	–
Prepaid expenses:			
Legal fees		1,285	831
Total debtors		346,705	367,580

Notes to the Financial Statements

continued

8. Other Creditors

	31.12.23	31.12.22
	£	£
Amounts payable on cancellations	159,069	188,206
Currency deals outstanding	202	1,487
Purchases awaiting settlement	–	1,350,999
Accrued expenses:		
Amounts payable to the Authorised Unit Trust Manager ('AUTM'), associates of the AUTM and agents of either of them:		
AUTM's fee	5,607	6,351
Registration fees	5,409	5,769
	11,016	12,120
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	50,774	57,589
Amounts payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	4,941	5,341
Safe custody and other bank charges	4,734	4,926
	9,675	10,267
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,348	2,163
	13,218	12,228
Other accrued expenses:		
Printing costs	2,511	2,100
Other costs	75,000	–
	77,511	2,100
Taxation payable:		
Capital gains tax on Indian trades	1,688	–
	1,688	–
Total other creditors	323,153	1,634,996

*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2022: £2,038).

9. Cash and Bank Balances

	31.12.23	31.12.22
	£	£
Cash and bank balances	38,818,197	21,682,772
Overdraft positions	(35,816,043)	(18,052,460)
Cash and bank balances	3,002,154	3,630,312

MI Somerset Asia Income Fund

Notes to the Financial Statements

continued

10. Related Party Transactions

Apex Fundrock Limited ('AFL') is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Unit Trust Manager ('AUTM').

AUTM and other fees payable to AFL are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Somerset Capital Management LLP ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of units and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2022: none).

12. Risk Management Policies and Disclosures

In pursuing its investment objectives, the Fund may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Fund's operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

In doing so, the AUTM accepts market price risk and currency risk in relation to the investment portfolio and foreign cash positions.

The Fund may also enter into a range of derivative transactions whose purpose is Efficient Portfolio Management ('EPM') including hedging. In addition, the Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the AUTM.

The risks arising from financial instruments and the AUTM's policies for the monitoring and managing of these risks are stated below in accordance with the Risk Management Policy of the AUTM.

These policies have been consistent for both years through which these financial statements relate.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Fund in the context of all their investments.

The Fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AUTM as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the trust deed, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Fund will be exposed.

At the balance sheet date, if the price of the investments held by the Fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Unitholders would increase or decrease by approximately £7,801,276 (2022: £8,787,540).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

Although the Fund's capital and income are denominated in sterling, a proportion of the Fund's investments may have currency exposure and, as a result, the income and capital value of the Fund are affected by currency movements.

Currency risk is the risk that the value of the Fund's investments will fluctuate as a result of changes in currency exchange rates. For Funds where a proportion of the net assets of the Fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The AUTM monitors the currency exposure of the Fund and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

The table below details the currency risk profile at the balance sheet date.

Currency	31.12.23 Total £	31.12.22 Total £
Australian dollar	5,082,646	5,363,651
Chinese renminbi	5,631,440	4,475,015
Hong Kong dollar	24,878,988	33,250,151
Indian rupee	1,889,379	1,120,870
New Zealand dollar	1,133,777	1,357,759
Pound sterling	(354,386)	(391,856)
Singapore dollar	2,592,120	5,346,848
South Korean won	5,558,507	5,574,632
Taiwanese dollar	21,339,002	17,708,240
Thai baht	4,687,938	7,444,371
United States dollar	8,290,268	8,566,913
	80,729,679	89,816,594

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Unitholders would increase or decrease by approximately £8,108,407 (2022: £9,020,845).

Interest rate risk

Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Fund's assets comprise equity shares which neither pay interest nor have a maturity date.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

A risk limit system is employed to monitor the risks related to the investment types, concentration and diversification of the Funds portfolio.

There is no material interest rate exposure in the Fund (2022: none).

Credit risk

Credit risk arises from the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

Stress testing and scenario analysis is carried out on a regular basis.

There are no net borrowings or unlisted securities and the AUTM considers that the Fund has little exposure to credit risk.

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Liquidity risk

Liquidity risk is the risk that a Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, a Fund will remain close to fully invested. However, where circumstances require either because a view of illiquid securities markets or high levels of redemptions in the Fund, the Fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy or following a large issue of units.

The AUTM manages the Fund's cash to ensure they can meet their liabilities. In addition, the AUTM monitors market liquidity of all securities, seeking to ensure the Fund maintains sufficient liquidity to meet known and potential redemption activity. The Fund's cash balances are monitored daily by the AUTM and the Investment Manager. All of the Fund's financial liabilities are payable on demand or in less than one year.

Apex Fundrock Limited ('AFL') conducts regular monitoring to ensure the liquidity profile of the Funds investments comply with their underlying obligations, particularly their ability to meet redemption requests.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of Fund.

Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Fund has fulfilled its responsibilities which could result in the Fund suffering a loss. The Investment Manager minimises the risk by conducting trades through only the most reputable counterparties.

Derivatives

The Fund may enter into derivative contracts for EPM purposes. The purposes of EPM must be to achieve reduction of risk, the reduction of cost, or the generation of additional income or capital with an acceptably low level of risk and the use of these instruments must not cause the Fund to stray from its investment objectives.

Any EPM transaction must be economically appropriate and the exposure fully covered. The AUTM monitors the use of derivatives to ensure EPM rules are satisfied.

In the opinion of the AUTM there is no sophisticated derivative use within the Fund and accordingly a sensitivity analysis is not presented.

Fair value of financial assets and liabilities

Investments disclosed as at the balance sheet date are at fair value. Current assets and liabilities disclosed in the balance sheet are at amortised cost which is approximate to fair value.

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

31.12.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	9,833,308	5,357	0.05	5,971	0.06	9,821,980
Corporate actions	43,184	–	0.00	–	0.00	43,184
Total purchases after commissions and tax	9,876,492					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		before transaction cost £
		£	%	£	%	
Equities	23,379,936	7,663	0.03	32,942	0.14	23,420,541
Total sales after commissions and tax	23,379,936					
Commission as a % of average net assets	0.02%					
Taxes as a % of average net assets	0.05%					

31.12.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	30,266,247	10,722	0.04	20,874	0.07	30,234,651
Corporate actions	506,931	–	0.00	–	0.00	506,931
Total purchases after commissions and tax	30,773,178					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		before transaction cost £
		£	%	£	%	
Equities	20,096,692	9,205	0.05	27,098	0.13	20,132,995
Total sales after commissions and tax	20,096,692					
Commission as a % of average net assets	0.02%					
Taxes as a % of average net assets	0.06%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 11 and 12. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 December 2023 is 0.25% (2022: 0.31%).

MI Somerset Asia Income Fund

Notes to the Financial Statements

continued

15. Post Balance Sheet Events

Apex Fundrock Ltd has appointed Polen Capital UK LLP as the delegated Investment Manager for the Fund with effect from 1 February 2024. For further information please see Significant Information on page 31.

When the AUTM became aware of uncertainty around the future of Somerset Capital LLP in early December 2023 we defensively positioned the Fund for liquidation. During this period there was uncertainty in relation to the future of the Fund and the appointment of a replacement Investment Manager. The AUTM's concern was that material redemptions during this period would give redeeming investors a financial advantage at the expense of remaining holders so the AUTM have included a NAV adjustment to protect remaining investors from high redemption levels that might have made the Fund unviable in the longer term. The AUTM's plan would be to reduce any adjustment during the early part of 2024 assuming the new Investment Manager is successful in raising new assets and growing the Fund.

16. Fair Value Disclosure

Valuation technique	31.12.23		31.12.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	78,012,760	–	87,875,395	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	78,012,760	–	87,875,395	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

17. Units in Issue

	A Income	I Income	I Accumulation	R Income
Opening number of units	43,988	68,514,541	75,221	751,253
Units issued	–	11,791,338	–	11,526
Units cancelled	(18,636)	(20,588,267)	(50,221)	(99,206)
Units converted	–	455,583	–	(515,752)
Closing number of units	25,352	60,173,195	25,000	147,821

Distribution Tables

for the year ended 31 December 2023

Income Unit Distributions

Unit class	Distribution	Units	Net revenue	Equalisation	Distribution paid/payable 2023	Distribution paid 2022
A Income	First interim	Group 1	0.5175	-	0.5175	0.6249
		Group 2^	0.5175	-	0.5175	0.6249
	Second interim	Group 1	1.9490	-	1.9490	2.0867
		Group 2^	1.9490	-	1.9490	2.0867
Third interim	Group 1	2.0022	-	2.0022	2.8163	
	Group 2^	2.0022	-	2.0022	2.8163	
Final	Group 1	0.5140	-	0.5140	0.5690	
	Group 2^	0.5140	-	0.5140	0.5690	
I Income	First interim	Group 1	0.5404	-	0.5404	0.6667
		Group 2	0.1645	0.3759	0.5404	0.6667
	Second interim	Group 1	2.0912	-	2.0912	2.2284
		Group 2	1.1750	0.9162	2.0912	2.2284
Third interim	Group 1	2.0687	-	2.0687	2.9932	
	Group 2	0.9875	1.0812	2.0687	2.9932	
Final	Group 1	0.5120	-	0.5120	0.6092	
	Group 2	0.2308	0.2812	0.5120	0.6092	
R Income	First interim	Group 1	0.4895	-	0.4895	0.5935
		Group 2	0.1451	0.3444	0.4895	0.5935
	Second interim	Group 1	1.8556	-	1.8556	1.9828
		Group 2	1.0331	0.8225	1.8556	1.9828
Third interim	Group 1	2.0331	-	2.0331	2.6795	
	Group 2	0.2853	1.7478	2.0331	2.6795	
Final	Group 1	0.3858	-	0.3858	0.5399	
	Group 2	0.0803	0.3055	0.3858	0.5399	

MI Somerset Asia Income Fund

Distribution Tables

continued

Accumulation Unit Distributions

Unit class	Distribution	Units	Net revenue	Equalisation	Amount reinvested 2023	Amount reinvested 2022
I Accumulation	First interim	Group 1	0.3911	-	0.3911	0.4450
		Group 2^	0.3911	-	0.3911	0.4450
	Second interim	Group 1	1.4678	-	1.4678	1.5055
		Group 2^	1.4678	-	1.4678	1.5055
	Third interim	Group 1	1.5082	-	1.5082	2.0659
		Group 2^	1.5082	-	1.5082	2.0659
	Final	Group 1	0.4460	-	0.4460	0.4279
		Group 2^	0.4460	-	0.4460	0.4279

^No group 2 units held in the distribution period

First interim period: 01.01.23 - 31.03.23

Second interim period: 01.04.23 - 30.06.23

Third interim period: 01.07.23 - 30.09.23

Final period: 01.10.23 - 31.12.23

Group 1: Units purchased prior to a distribution period

Group 2: Units purchased during a distribution period

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents accrued revenue included in the purchase price of the units. 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 units for capital gains tax purposes.

General Information

Authorised Status

MI Somerset Asia Income Fund (the 'Fund') is an Authorised Unit Trust Scheme and UCITS scheme operating under chapter 5 of COLL. The Fund is authorised and regulated in the UK by the Financial Conduct Authority ('FCA') as a UCITS Retail Scheme under the COLL Sourcebook.

The Fund was incorporated in England and Wales on 09 October 2009 under registration number 470343. The Unitholders are not liable for the debts of the Fund.

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

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:

A Income
I Income
I Accumulation
R Income
I Income USD
I Accumulation USD

Holders of Income units are entitled to be paid the revenue attributable to such units in respect of each annual accounting year in the currency of the relevant unit class.

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 purposes of calculating the price at which units in the Fund may be issued, sold, repurchased or redeemed. The property will be valued on the offer basis for the purpose of calculating the creation price of units and the amount of the initial charge, and on the bid basis for the purpose of calculating the cancellation price of units.

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 a Fund if the AUTM considers it desirable to do so, with the Trustee's approval.

Buying, Redeeming and Switching 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 to: 0345 026 4282

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.

MI Somerset Asia Income Fund

General Information

continued

Pricing Basis

There is a dual 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. 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.

Other Information

The Trust Deed, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Fund 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 Fund, 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

Apex Fundrock Limited as the Authorised Unit Trust Manager ('the AUTM') of the Fund wishes to inform investors of a recent announcement by the Investment Manager to the Fund, Somerset Capital Management LLP ('Somerset').

On 7 December 2023, Somerset announced they will be initiating a closure of their business.

Following discussions with a number of parties to secure the best outcome for investors, and subject to the completion of satisfactory detailed due diligence, Apex Fundrock Ltd will appoint Polen Capital UK LLP as the delegated investment manager for the Fund with effect from 1 February 2024. Polen Capital UK LLP is an FCA authorised investment manager and a subsidiary of Polen Capital.

Polen Capital is a global investment management firm with approaching \$50bn in Assets under Management. Polen Capital has long-established emerging market and Asian investment expertise consistent with the investment objective of the Fund.

As part of this appointment, a team of investment managers from Somerset will be joining Polen Capital's investment team based in London and Asia. This will ensure continuity of management of the assets with no change in process or fund objective. Polen Capital has also committed to undertake the promotion and distribution of the Fund with a view to ensuring their future growth and longevity.

At this stage we wish to inform investors that:

The Fund's portfolio remains highly liquid and the Fund can be traded as normal;

The Fund remains in compliance with the investment objective and policy of the Prospectus and continues to be actively managed;

The AUTM is monitoring the Fund and investor activity closely and shall act in the best interests of investors at all times.

Other 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.

AUTM Value Assessment

The AUTM is required to provide an annual statement for the Fund, attesting that in the opinion of the AUTM the services provided to the Fund and any fees chargeable to the scheme property represent value for money, taking into account the following criteria as set out by the Regulator under COLL 6.6.20R:

- Quality of Service
- Performance
- Economies of Scale
- Comparable Services and Market Rates
- Classes of Units

This statement references services provided directly by the AUTM and those services delegated by the AUTM to third parties such as, but not limited to, investment management, trustee services, custody and settlement, audit provision, legal services, printing services, KIID production and maintenance, and other costs as may be set out or allowable in the scheme documentation.

The AUTM Value Assessment is published on www.fundrock.com.

General Information

continued

Remuneration of the AUTM

The AUTM is subject to a remuneration policy that meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive ('UCITS') as set out in SYSC 19E of the FCA handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or Trust Deed of the funds managed, and does not impair the AUTM's compliance with its duty to act in the best interests of the funds it manages.

The AUTM has reviewed the remuneration policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include portfolio management activities as these are undertaken by various third party investment managers appointed by the AUTM. The investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The AUTM is required to disclose the total remuneration it pays to its staff during the financial period of the Fund, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the AUTM itself. This includes executives, senior risk and compliance staff and certain senior managers.

31.12.23	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the AUTM during the year	17	£1,497,000	£206,000	£1,703,000
Remuneration paid to employees of the AUTM who are material risk takers	6	£729,000	£127,000	£856,000

Further information is available in the AUTM's Remuneration Policy Statement, which can be obtained from www.fundrock.com or, on request free of charge, by writing to the registered office of the AUTM.

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.

