



# MI Charles Stanley Investment Funds II

Annual Report 31 January 2024

# MI Charles Stanley Investment Funds II

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\*These collectively comprise the Authorised Corporate Director's Report.

## Directory

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

Apex Fundrock Limited (formerly 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 308 1456

Fax: 0845 280 1815

E-mail: [charlesstanley@apexgroup.com](mailto:charlesstanley@apexgroup.com)

### Directors of the Authorised Corporate Director

A.C. Deptford

P.J. Foley-Brickley

I.T. Oddy (appointed 9 June 2023) (retired 7 March 2024)

C. O'Keeffe

D. Phillips (Non-Executive Director)

J. Thompson (Non-Executive Director)

### Investment Manager

Charles Stanley & Co Limited

55 Bishopsgate, London EC2N 3AS

(Authorised and regulated by the Financial Conduct Authority)

### Depository

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 Charles Stanley Investment Funds II

## Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD 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 Company and its Sub-funds' 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 Company or terminate its Sub-funds 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 ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

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

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD 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 Authorised Corporate Director

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



**P.J. Foley-Brickley**

**C. O'Keeffe**

Directors

Apex Fundrock Limited

18 April 2024

### Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the MI Charles Stanley Investment Funds II ('the Company')

for the year ended 31 January 2024

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

#### **Northern Trust Investor Services Limited ('NTISL')**

UK Trustee and Depositary Services

18 April 2024

# MI Charles Stanley Investment Funds II

## Independent Auditor's Report to the Shareholders of MI Charles Stanley Investment Funds II

### Opinion

We have audited the financial statements of MI Charles Stanley Investment Funds II (the 'Company') for the year ended 31 January 2024. These financial statements comprise together the statement of accounting policies and risk management policies, and the individual financial statements of each of the following Sub-funds (the 'Sub-funds') of the Company:

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

The individual financial statements for each of the Company's Sub-funds comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, Notes to the Financial Statements 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 for 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 Company's Instrument of Incorporation.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 31 January 2024 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for 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 Company's Instrument of Incorporation.

### 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 Company 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 Corporate Director'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 Company's and each of the Sub-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 Company and each of the Sub-funds to cease to continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks associated with the Company's and each of the Sub-fund's business model including effects arising from macro-economic uncertainties such as Ukrainian War and Cost of Living Crisis, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the Sub-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 Company's and each of the Sub-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 Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## Independent Auditor's Report to the Shareholders of MI Charles Stanley Investment Funds II

continued

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director' 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 Corporate Director 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.

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 Corporate Director's Report (which comprises; on page 1, Directory; within the Sub-funds, the Investment Objective and Policy, the Investment Manager's Report, the Portfolio Statement, the Risk and Reward Profile and 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 Company or a Sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities, the Authorised Corporate Director 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 Corporate Director 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 Corporate Director is responsible for assessing the Company's and each of the Sub-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 Corporate Director either intends to terminate a Sub-fund, wind up the Company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Independent Auditor's Report to the Shareholders of MI Charles Stanley Investment Funds II

continued

#### 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).

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 Company 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 for 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 Corporate Director and management to obtain an understanding of how the Company 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 Company'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 Company'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 Company'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 Company operates; and
  - understanding of the legal and regulatory frameworks applicable to the Company.



## Independent Auditor's Report to the Shareholders of MI Charles Stanley Investment Funds II

continued

### Use of our report

This report is made solely to the Company's Shareholders, 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 Company's Shareholders 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 Company and the Company's Shareholders 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

18 April 2024

# MI Charles Stanley Investment Funds II

## Accounting Policies and Risk Management Policies

for the year ended 31 January 2024

### 1. Accounting Policies

The financial statements for MI Charles Stanley Investment Funds II comprises the individual financial statements for each Sub-fund and the accounting policies and risk management policies below:

#### (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 2017.

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

The authorised status and head office of the Company can be found within the general information starting on page 70.

The Certification of the Annual Report by the Authorised Corporate Director 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.

Distributions from Collective Investment Schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Any reported revenue from an offshore reporting fund is recognised as revenue no later than the date on which the reporting fund makes the information available.

Interest on bank and short-term deposits is recognised on a receipts basis.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

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, except for those relating to the purchase and sale of investments, are charged against revenue for the year on an accruals basis.

#### (e) Allocation of revenue and expenses to multiple share classes and Sub-funds

Any revenue or expense not directly attributable to a particular Sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and Sub-funds on the day that the revenue or expense is recognised.

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

#### (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.

## Accounting Policies and Risk Management Policies

continued

### 1. Accounting Policies (continued)

#### (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 Shareholders as dividend distributions. Any revenue deficit is funded from capital.

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

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation. This may constrain the capital growth of the Sub-fund.

For the purpose of enhancing revenue entitlement, all expenses in respect of the MI Charles Stanley Monthly High Income Fund are allocated to capital for the year on an accruals basis. This will reduce the capital growth of the Sub-fund.

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

Collective Investment Schemes are valued at quoted bid price for dual priced funds and at quoted price for single priced funds, on the last business day of the accounting year.

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

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 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 period are translated into sterling at the closing exchange rates ruling on that date.

#### (j) Dilution levy

The ACD may require a dilution levy on the purchase or redemption of shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (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 Sub-fund experiencing large levels of net sales relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the Company); in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

# MI Charles Stanley Investment Funds II

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies

In pursuing its investment objectives, the Sub-funds 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 Sub-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 ACD accepts market price risk and currency risk in relation to the investment portfolio and foreign cash positions.

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

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 Sub-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 Sub-fund in the context of all their investments.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Company as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-funds will be exposed.

#### Currency risk

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

Currency risk is the risk that the value of the Sub-fund's investments will fluctuate as a result of changes in currency exchange rates. For Sub-funds where a proportion of the net assets of the Sub-fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The Company monitors the currency exposure of the Sub-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 Company may invest in Collective Investment Schemes, therefore a Sub-fund may be indirectly exposed to the underlying Collective Investment Scheme investments.

#### Interest rate risk

Interest rate risk is the risk that the value of the Sub-funds' investments will fluctuate as a result of changes in interest rates. The Sub-funds may invest in fixed and floating rate securities or schemes that invest in fixed or floating rate securities. The revenue of these Sub-funds may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

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 Sub-funds' portfolios.

#### Credit risk

Credit risk arises from two main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, there is the possibility of default of the issuer and default in the underlying assets of a Collective Investment Scheme, meaning that a Sub-fund may not receive back the full principal originally invested. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer or scheme can limit credit risk.

There are no net borrowings or unquoted securities. Stress testing and scenario analysis is carried out on a regular basis.

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies (continued)

#### Liquidity risk

Liquidity risk is the risk that the Sub-funds cannot raise sufficient cash to meet their 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, the Sub-funds 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 Sub-funds, the Sub-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 shares.

The ACD manages the Sub-funds' cash to ensure they can meet their liabilities. In addition the ACD monitors market liquidity of all securities, seeking to ensure the Sub-funds maintain sufficient liquidity to meet known and potential redemption activity. The Sub-funds' cash balances are monitored daily by the ACD and the Investment Manager. All of the Sub-funds' 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 Sub-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 each Sub-fund.

#### Counterparty risk

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

#### 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.

# MI Charles Stanley Equity Fund

## Investment Objective and Policy

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

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

## Investment Manager's Report

for the year ended 31 January 2024

### General Market Commentary & Outlook

Equity markets started 2024 on a positive note, January saw the S&P 500 and Dow Jones Industrial Average hit a series of new record highs. Gains were driven by a shift in the policy guidance from the Federal Reserve (Fed), the US central bank.

Following the most aggressive hiking cycle in financial history, the Fed held interest rates steady at its December meeting but indicated in new economic projections that the tightening of American monetary policy is at an end – with interest rate cuts coming in 2024. The message was significantly more dovish than many investors were expecting. The central bank's view is now more aligned with that of investors – although markets remain more optimistic in their outlook.

Despite the previous increases in interest rates, US economic growth remains strong. Although it slowed in the final three months of 2023, it fell by significantly less than had been expected. US gross domestic product (GDP) – a broad measure of economic health – grew at an annual rate of 3.3% in the final quarter of the year, down from 4.9% in the previous quarter. This was well ahead of the 2% economists had expected.

The FTSE 100 has also rallied strongly since November, but its performance in January was subdued compared with other indices. The index's lack of technology companies resulted in a pedestrian rally when compared with Wall Street.

It is also expected that the Bank of England has now finished its series of interest-rate rises. This follows fourteen consecutive increases in the cost of borrowing, which started in December 2021. The annual rate of UK inflation has slowed sharply and is expected to continue to fall in the coming months. The UK base rate is now at its highest level in 15 years. Many homeowners still need to remortgage at these higher levels – a move that will continue to put pressure on consumer confidence, but the cost of new mortgages has fallen with the interest-rate outlook.

European markets caught up with some of the strength seen in the US. This was helped by some strong earnings from major companies, but also the interpretation that the discussion at the latest European Central Bank (ECB) meeting was more dovish than expected. Its president, Christine Lagarde, did not push back on current market expectations at the press conference following the announcement.

Chinese equities continued to be weak as the country's property crisis accelerated – and failed to participate in the global market rally despite a good performance in other emerging markets. Problems in China's property market are having a major impact as the sector accounts for a third of the economy. A court in Hong Kong ordered the liquidation of debt-laden Chinese property giant Evergrande after the troubled developer repeatedly failed to come up with a plan to restructure its debts.

On the geopolitical front, there appeared to be some progress on healing the fractured relationship between Washington and Beijing. US President Joe Biden and Chinese President Xi Jinping held a face-to-face meeting for the first time in a year and agreed to resumption of military-to-military communication amid efforts to normalise ties. However, restrictions remain on US companies selling cutting edge technology to China – particularly in the chip sector.

The conflicts in the Middle East continue to be unresolved. A short ceasefire in the Israel-Hamas conflict ended after less than a week and the situation remains tense. Attacks by Houthi forces on shipping has resulted in many tankers and container ships avoiding the Red Sea area and this has resulted in a rise in oil prices. The Russia-Ukraine war continues, with little signs of a resolution any time soon.

Market participants now think the US can engineer a soft landing and get inflation down without too much additional economic damage. The dovish tone of officials at the central bank indicate they may believe that too. The UK is expected to keep interest rates "higher for longer" to curb inflation, which will impede economic growth. However, if a recession emerges, it is expected to be shallow.

## Investment Manager's Report

continued

### Investment Review

The Sub-fund posted a +7.4% total return over the last six months compared to +1.2% total return for the Morningstar UK index and +1.9% total return for the IA UK All Companies peer group. Over the full year period the Sub-fund returned +9.3% against a +1.8% return for the Morningstar Index and +1.9% return for the IA UK All Companies peer group.

(Source: Financial Express Analytics, B Accumulation as at 31 January 2024, pounds sterling, net income re-invested).

Within the Sub-fund and over the last year to end January 2024, the sectors that were the largest contributors to the total return were: Financials, Industrials and Consumer Discretionary with respective total returns of +29.5%, +14.0% and +27.21%. The largest detractors were: Materials, Information Technology and Consumer Staples which returned -17.5%, -15.2% and -0.7% respectively. These performances are not surprising as the UK 10 year government bond yield reached its highest level since October 2008 at +4.7%. As a result, interest rate sensitive sectors underperformed.

At the holding level, the largest contributors were: 3i, Allianz Technology and RELX with respective total returns of +61.8%, +45.3% and +38.8%.

Firstly, focusing on what went well. Listed private equity company 3i performance was almost entirely driven by its £12.9bn stake in rapidly growing Dutch discount retailer Action. Management said the company remained on track to meet its 2024 dividend target of 11.9p per share, representing a 6.7% increase from the prior year's distribution.

The team behind Allianz Technology are based in San Francisco, in close proximity to many of the world's leading tech companies. Sentiment towards the sector remains positive due to the considerable hype around Artificial Intelligence ('AI') and the growth opportunities. Recent performance has benefitted from Monolithic Power Systems, a provider of semiconductor-based power electronics solutions, the avoidance of Tencent in China and exposure to HubSpot, a cloud-based customer relationship management platform.

Publisher RELX said it remained on track to meet full-year guidance and it still expects underlying growth to be above historical levels again in 2024. Its underlying revenues have grown 8% over the first nine months of the year. Its smallest business, Exhibitions, was the star performer growing 32%, with event revenues remaining above pre-pandemic levels. Management also bumped up margin guidance for its smaller events business. The company's performance continues to be boosted by its three larger divisions – risk, legal and science – and a recovery at the pandemic-hit events business.

Conversely, the names that hampered returns were: Spirent Communications, Croda International and Rentokil Initial with -44.0%, -29.0% and -15.7% total return respectively.

Spirent Communications shares slumped after the telecommunications business issued a full-year profit warning, with revenues now expected to fall by a fifth. Management said the telecommunications market was "extremely challenged at this time" and Chinese spending had reduced. Spirent Communications said its largest customers were delaying spending and technology investment, leading it to cut its outlook for the near term because negative operating leverage would impact operating profit for the year "very materially". Following their first warning back in January 2023, we trimmed the position and kept an underweight exposure. We believe the business is not 'broken', but rather going through temporary operating volatility. The end markets and drivers (5G, High Speed Internet, IoT, Metaverse) remain attractive over the longer term and we are ready to add to our position once we see green shoot appearing.

Croda International issued its second profit warning this year in October, blamed on a difficult global economic backdrop. The speciality chemicals company warned it now expects full year 2023 adjusted pre-tax profits to be 'between £300m and £320m', a significant downgrade from the previous £370m to £400m guidance range. Management said sales volumes in its Consumer Care unit have been falling as customers ran down their stocks. Price rises put through in 2022 and favourable foreign exchange movements only partially offset the drop in volumes. Management's priorities remain unchanged, with profit growth targeted through investment in its faster-growing, niche markets – while expanding margins at its other, more mature divisions. Here again we were active in our exposure management as we trimmed following the first profit warning last June. We believe China is a key catalyst for a rerating and we expect that the second half of 2024 should see a macro recovery acting as a tailwind for the stock.

Hygiene and pest control group Rentokil Initial saw its shares fall sharply after the company revealed it expects its biggest market, North America, to record full-year performance slightly below previous guidance due to softer consumer demand for its pest control and hygiene services. In 2022, Rentokil Initial bought US rival Terminix, propelling it to be the leading pest control business in North America. The share-price decline came despite a 53% jump in revenue year on year to £1.4bn in the three months to September. That followed an almost 70% increase in first-half revenues. At the group level, Rentokil Initial still expects "good" growth in the rest of 2023 and to deliver results "broadly in line" with current expectations. We continue to see pest control as a long-term growth industry due to

# MI Charles Stanley Equity Fund

## Investment Manager's Report

continued

urbanisation, rising prosperity and global warming and increased investor concerns on end market resilience as overdone. The recent weakness in the industry is likely temporary, with history suggesting that pest control is resilient but not immune from macro and consumer headwinds. We see potential for broader US macro sentiment to provide support later in the year.

Besides tactically trimming our exposure to Spirent Communications and Croda International, we added to FRP Advisory as we expect an improving market backdrop, with administration volumes almost back to pre-pandemic levels and underlying market share gains for the company. We also trimmed a few other holdings that performed strongly to manage cash flows within the Sub-fund.



**Portfolio Statement**

as at 31 January 2024

Holding	Security	Market value £	% of total net assets 2024
	<b>TECHNOLOGY 10.73% (10.74%)</b>		
	<b>Software and Computer Services 7.71% (7.96%)</b>		
81,394	Auto Trader	593,199	4.14
77,390	GB Group*	217,930	1.52
213,043	Team Internet*	293,147	2.05
		<hr/>	
		1,104,276	7.71
	<b>Technology Hardware and Equipment 3.02% (2.78%)</b>		
55,172	discoverIE	432,549	3.02
	<b>TELECOMMUNICATIONS 1.11% (2.71%)</b>		
	<b>Telecommunications Equipment 1.11% (2.71%)</b>		
134,983	Spirent Communications	159,550	1.11
	<b>HEALTH CARE 10.38% (9.35%)</b>		
	<b>Pharmaceuticals and Biotechnology 10.38% (9.35%)</b>		
8,258	AstraZeneca	867,090	6.06
39,477	GSK	618,999	4.32
		<hr/>	
		1,486,089	10.38
	<b>FINANCIALS 21.62% (20.19%)</b>		
	<b>Finance and Credit Services 4.31% (4.04%)</b>		
6,891	London Stock Exchange	616,193	4.31
	<b>Investment Banking and Brokerage Services 8.85% (9.14%)</b>		
24,459	3i	606,339	4.24
36,966	Intermediate Capital	659,843	4.61
		<hr/>	
		1,266,182	8.85
	<b>Closed End Investments 8.46% (7.01%)</b>		
245,747	Allianz Technology	780,247	5.45
299,326	Greencoat UK Wind	430,131	3.01
		<hr/>	
		1,210,378	8.46
	<b>REAL ESTATE 3.39% (3.07%)</b>		
	<b>Real Estate Investment Trusts 3.39% (3.07%)</b>		
55,081	Segro	485,704	3.39
	<b>CONSUMER DISCRETIONARY 16.00% (14.25%)</b>		
	<b>Household Goods and Home Construction 3.44% (2.50%)</b>		
332,453	Taylor Wimpey	492,529	3.44
	<b>Leisure Goods 2.20% (2.66%)</b>		
3,182	Games Workshop	315,018	2.20
	<b>Media 10.36% (9.09%)</b>		
43,507	Next Fifteen Communications*	398,089	2.78
19,429	RELX	633,774	4.43
38,856	YouGov*	450,730	3.15
		<hr/>	
		1,482,593	10.36

# MI Charles Stanley Equity Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
<b>CONSUMER STAPLES 8.83% (8.90%)</b>			
<b>Personal Care, Drug and Grocery Stores 8.83% (8.90%)</b>			
10,235	Reckitt Benckiser	584,009	4.08
17,660	Unilever	679,380	4.75
		<hr/>	
		1,263,389	8.83
<b>INDUSTRIALS 21.83% (19.23%)</b>			
<b>Construction and Materials 2.87% (1.87%)</b>			
97,100	Genuit	410,248	2.87
<b>Electronic and Electrical Equipment 4.26% (3.53%)</b>			
27,800	Halma	609,376	4.26
<b>General Industrials 2.72% (2.88%)</b>			
138,000	Smith (DS)	389,988	2.72
<b>Industrial Support Services 11.98% (10.95%)</b>			
284,000	Boku*	448,720	3.14
19,567	Experian	644,928	4.50
211,353	FRP Advisory*	266,305	1.86
86,945	Rentokil Initial	354,910	2.48
		<hr/>	
		1,714,863	11.98
<b>BASIC MATERIALS 5.26% (6.47%)</b>			
<b>Industrial Metals and Mining 2.98% (2.89%)</b>			
7,750	Rio Tinto	426,483	2.98
<b>Chemicals 2.28% (3.58%)</b>			
6,787	Croda International	326,115	2.28
<b>ENERGY 0.00% (3.65%)</b>			
<b>Oil, Gas and Coal 0.00% (3.65%)</b>			
<b>Investment assets</b>		<b>14,191,523</b>	<b>99.15</b>
<b>Net other assets</b>		<b>121,707</b>	<b>0.85</b>
<b>Net assets</b>		<b>14,313,230</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 31.01.23.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

A Income	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	200.20	215.68	199.57
Return before operating charges <sup>^</sup>	18.93	-9.74	21.25
Operating charges	-0.40	-0.40	-0.44
Return after operating charges <sup>^</sup>	18.53	-10.14	20.81
Distributions	-5.25	-5.34	-4.70
<b>Closing net asset value per share</b>	<b>213.48</b>	<b>200.20</b>	<b>215.68</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.02	-0.24
<b>Performance</b>			
Return after charges	9.26%	-4.70%	10.43%
<b>Other information</b>			
Closing net asset value	£3,523,545	£4,153,745	£4,990,291
Closing number of shares	1,650,496	2,074,788	2,313,765
Operating charges*	0.20%	0.20%	0.20%
Direct transaction costs	0.00%	0.01%	0.11%
<b>Prices</b>			
Highest share price	216.42	219.86	238.35
Lowest share price	183.56	177.62	198.46

A Accumulation	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	278.59	292.34	264.86
Return before operating charges <sup>^</sup>	26.65	-13.21	28.07
Operating charges	-0.56	-0.54	-0.59
Return after operating charges <sup>^</sup>	26.09	-13.75	27.48
Distributions	-7.35	-7.29	-6.27
Retained distributions on accumulation shares	7.35	7.29	6.27
<b>Closing net asset value per share</b>	<b>304.68</b>	<b>278.59</b>	<b>292.34</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.03	-0.33
<b>Performance</b>			
Return after charges	9.37%	-4.70%	10.38%
<b>Other information</b>			
Closing net asset value	£4,571,030	£6,164,286	£7,357,962
Closing number of shares	1,500,254	2,212,686	2,516,916
Operating charges*	0.20%	0.20%	0.20%
Direct transaction costs	0.00%	0.01%	0.11%
<b>Prices</b>			
Highest share price	305.29	298.04	319.90
Lowest share price	258.93	244.03	263.37

# MI Charles Stanley Equity Fund

## Comparative Tables

continued

### Change in net assets per share

B Income	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	136.74	147.34	136.35
Return before operating charges <sup>^</sup>	12.88	-6.70	14.50
Operating charges	-1.29	-1.27	-1.43
Return after operating charges <sup>^</sup>	11.59	-7.97	13.07
Distributions	-2.57	-2.63	-2.08
<b>Closing net asset value per share</b>	<b>145.76</b>	<b>136.74</b>	<b>147.34</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.17
<b>Performance</b>			
Return after charges	8.48%	-5.41%	9.59%
<b>Other information</b>			
Closing net asset value	£615,918	£611,641	£798,688
Closing number of shares	422,549	447,299	542,068
Operating charges*	0.95%	0.95%	0.95%
Direct transaction costs	0.00%	0.01%	0.11%
<b>Prices</b>			
Highest share price	147.26	150.20	162.34
Lowest share price	125.16	121.15	135.48

B Accumulation	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	169.28	178.97	163.36
Return before operating charges <sup>^</sup>	16.08	-8.13	17.34
Operating charges	-1.61	-1.56	-1.73
Return after operating charges <sup>^</sup>	14.47	-9.69	15.61
Distributions	-3.19	-3.20	-2.50
Retained distributions on accumulation shares	3.19	3.20	2.50
<b>Closing net asset value per share</b>	<b>183.75</b>	<b>169.28</b>	<b>178.97</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.02	-0.20
<b>Performance</b>			
Return after charges	8.55%	-5.42%	9.56%
<b>Other information</b>			
Closing net asset value	£5,602,737	£5,987,115	£7,747,948
Closing number of shares	3,049,043	3,536,845	4,329,157
Operating charges*	0.95%	0.95%	0.95%
Direct transaction costs	0.00%	0.01%	0.11%
<b>Prices</b>			
Highest share price	184.12	182.45	196.04
Lowest share price	156.49	148.62	162.33

\*The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee in order for them not to exceed 0.20% for A Class and 0.95% for B Class of the Net Asset Values of the Sub-fund.

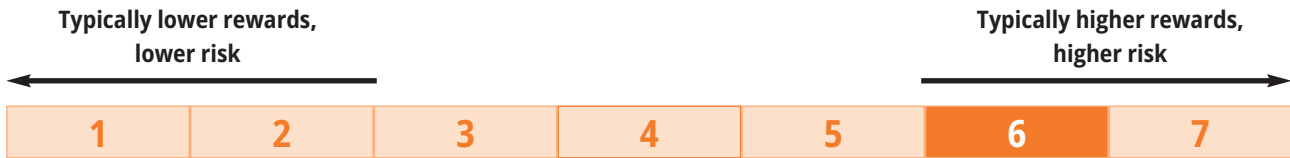
Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting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

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for Financial Statements of UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid 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 Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



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

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Charles Stanley Equity Fund

## Statement of Total Return

for the year ended 31 January 2024

	Note	£	31.01.24 £	31.01.23 £
Income				
Net capital gains/(losses)	2		837,998	(1,586,351)
Revenue	3	421,581		533,363
Expenses	4	(70,042)		(84,974)
Net revenue before taxation		351,539		448,389
Taxation	5	-		40
Net revenue after taxation			351,539	448,429
<b>Total return before distributions</b>			<b>1,189,537</b>	<b>(1,137,922)</b>
Distributions	6		(348,722)	(448,429)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>840,815</b>	<b>(1,586,351)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2024

	£	31.01.24 £	31.01.23 £
<b>Opening net assets attributable to Shareholders</b>		<b>16,916,787</b>	<b>20,894,889</b>
Amounts receivable on issue of shares	1,537,236		1,920,252
Less: Amounts payable on cancellation of shares	(5,199,763)		(4,611,454)
		(3,662,527)	(2,691,202)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		840,815	(1,586,351)
Retained distributions on accumulation shares		218,155	299,451
<b>Closing net assets attributable to Shareholders</b>		<b>14,313,230</b>	<b>16,916,787</b>

The notes on pages 22 to 27 form an integral part of these Financial Statements.

**Balance Sheet**

as at 31 January 2024

	Note	31.01.24		31.01.23	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			14,191,523		16,679,684
<b>Current Assets</b>					
Debtors	7	39,790		29,776	
Cash and bank balances	9	166,819		327,732	
<b>Total current assets</b>			<b>206,609</b>		<b>357,508</b>
<b>Total assets</b>			<b>14,398,132</b>		<b>17,037,192</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(46,526)		(58,767)	
Other creditors	8	(38,376)		(61,638)	
<b>Total creditors</b>			<b>(84,902)</b>		<b>(120,405)</b>
<b>Total liabilities</b>			<b>(84,902)</b>		<b>(120,405)</b>
<b>Net assets attributable to Shareholders</b>			<b>14,313,230</b>		<b>16,916,787</b>

The notes on pages 22 to 27 form an integral part of these Financial Statements.

# MI Charles Stanley Equity Fund

## Notes to the Financial Statements

for the year ended 31 January 2024

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 8 and 9.

### 2. Net Capital Gains/(Losses)

	31.01.24	31.01.23
	£	£
Non-derivative securities	843,883	(1,579,222)
Currency losses	-	(1,834)
Transaction charges	(5,885)	(5,295)
<b>Net capital gains/(losses)</b>	<b>837,998</b>	<b>(1,586,351)</b>

### 3. Revenue

	31.01.24	31.01.23
	£	£
UK dividends: Ordinary	387,911	513,780
Overseas dividends	21,382	8,370
Property income distributions	5,449	10,585
Bank interest	6,839	628
<b>Total revenue</b>	<b>421,581</b>	<b>533,363</b>

### 4. Expenses

	31.01.24	31.01.23
	£	£
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	14,997	15,000
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	46,321	53,198
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,000	12,000
Safe custody and other bank charges	1,611	2,205
	13,611	14,205
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,347	2,163
	13,217	12,228
Other expenses:		
Legal fees	6,902	9,099
Listing fees	6,180	-
Printing costs	1,859	1,803
	14,941	10,902



## Notes to the Financial Statements

continued

### 4. Expenses (continued)

	31.01.24	31.01.23
	£	£
Rebates:		
Operating charge rebates <sup>^</sup>	(33,045)	(20,559)
<b>Total expenses</b>	<b>70,042</b>	<b>84,974</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2023: £2,038).

<sup>^</sup>The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee in order for them not to exceed 0.20% for A Class and 0.95% for B Class of the Net Asset Values of the Sub-fund.

### 5. Taxation

	31.01.24	31.01.23
	£	£
(a) Analysis of charge in the year:		
Adjustments in respect of prior periods	–	(40)
<b>Total tax charge (note 5b)</b>	<b>–</b>	<b>(40)</b>

(b) Factors affecting taxation charge for the year:

Net revenue before taxation	351,539	448,389
Corporation tax at 20%	70,308	89,678
Effects of:		
UK dividends	(77,582)	(102,756)
Adjustments in respect of prior periods	–	(40)
Expenses not deductible for tax purposes	(565)	–
Movement in surplus management expenses	12,115	14,752
Non-taxable overseas earnings	(4,276)	(1,674)
<b>Total tax charge (note 5a)</b>	<b>–</b>	<b>(40)</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £358,160 (2023: £346,045) in relation to surplus management expenses of £1,790,798 (2023: £1,730,224). It is unlikely that the Sub-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.

### 6. Distributions

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

		31.01.24	31.01.23
		£	£
Interim distribution	31.07.23	174,507	238,363
Final distribution	31.01.24	145,466	190,822
		319,973	429,185
Revenue deducted on cancellation of shares		40,259	35,203
Revenue received on issue of shares		(11,510)	(15,959)
<b>Distributions</b>		<b>348,722</b>	<b>448,429</b>

# MI Charles Stanley Equity Fund

## Notes to the Financial Statements

continued

### 6. Distributions (continued)

	31.01.24	31.01.23
	£	£
<b>Reconciliation of net revenue after taxation to net distributions:</b>		
Net revenue after taxation per Statement of Total Return	351,539	448,429
Expenses allocated to capital	(2,819)	–
Undistributed revenue brought forward	4	4
Undistributed revenue carried forward	(2)	(4)
<b>Distributions</b>	<b>348,722</b>	<b>448,429</b>

### 7. Debtors

	31.01.24	31.01.23
	£	£
Amounts receivable on issues	19,901	15,281
Accrued income:		
Bank interest receivable	569	–
Dividends receivable	8,986	12,463
Operating charge rebates	9,626	1,343
Prepaid expenses:		
Legal fees	708	689
<b>Total debtors</b>	<b>39,790</b>	<b>29,776</b>

### 8. Other Creditors

	31.01.24	31.01.23
	£	£
Amounts payable on cancellations	15,304	38,952
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fee	1,270	1,274
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	3,874	4,164
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	2,038	2,039
Safe custody and other bank charges	1,644	1,981
	3,682	4,020
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,347	2,163
	13,217	12,228

## Notes to the Financial Statements

continued

<b>8. Other Creditors (continued)</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Other accrued expenses:		
Printing costs	1,029	1,000
<b>Total other creditors</b>	<b>38,376</b>	<b>61,638</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2023: £2,038).

<b>9. Cash and Bank Balances</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	166,819	327,732
<b>Cash and bank balances</b>	<b>166,819</b>	<b>327,732</b>

### 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 Sub-fund in its capacity as the Authorised Corporate Director ('ACD').

ACD 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 Charles Stanley & Co Limited ('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 share and dilution levy (if applicable) are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Amounts receivable from the Investment Manager for operating charge rebates are disclosed in note 4, and amounts due at the year end are shown in note 7.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Charles Stanley Investment Funds II.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2023: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 10 and 11.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £1,419,152 (2023: £1,667,968).

#### Currency risk

There is no material direct foreign currency exposure in the Sub-fund (2023: none).

#### 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 Sub-fund's assets comprise equity shares which neither pay interest nor have a maturity date.

# MI Charles Stanley Equity Fund

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.01.24

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	149,702	–	0.00	2	0.00	149,700
<b>Total purchases after commissions and tax</b>	<b>149,702</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	3,481,743	–	0.00	80	0.00	3,481,823
<b>Total sales after commissions and tax</b>	<b>3,481,743</b>					

Commission as a % of average net assets 0.00%

Taxes as a % of the average net assets 0.00%

31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	1,005,518	–	0.00	2,321	0.23	1,003,197
Corporate actions	73,552	–	0.00	–	0.00	73,552
<b>Total purchases after commissions and tax</b>	<b>1,079,069</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	3,346,302	–	0.00	185	0.01	3,346,487
<b>Total sales after commissions and tax</b>	<b>3,346,302</b>					

Commission as a % of average net assets 0.00%

Taxes as a % of the average net assets 0.01%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 17 to 18. 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 January 2024 is 0.24% (2023: 0.23%).

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	31.01.24		31.01.23	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	14,191,523	–	16,679,684	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>14,191,523</b>	<b>–</b>	<b>16,679,684</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shares in Issue

	A Income	A Accumulation	B Income	B Accumulation
Opening number of shares	2,074,788	2,212,686	447,299	3,536,845
Shares issued	141	449,575	10,294	165,426
Shares cancelled	(424,433)	(1,163,293)	(32,419)	(653,228)
Shares converted	–	1,286	(2,625)	–
<b>Closing number of shares</b>	<b>1,650,496</b>	<b>1,500,254</b>	<b>422,549</b>	<b>3,049,043</b>

# MI Charles Stanley Equity Fund

## Distribution Tables

for the year ended 31 January 2024

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2024 p	Distribution paid 2023 p
A	Interim	Group 1	2.7429	–	2.7429	2.7787
		Group 2	1.7239	1.0190	2.7429	2.7787
	Final	Group 1	2.5110	–	2.5110	2.5634
		Group 2	1.1412	1.3698	2.5110	2.5634
B	Interim	Group 1	1.3648	–	1.3648	1.3783
		Group 2	0.7278	0.6370	1.3648	1.3783
	Final	Group 1	1.2027	–	1.2027	1.2478
		Group 2	0.2201	0.9826	1.2027	1.2478

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2024 p	Amount reinvested 2023 p
A	Interim	Group 1	3.8030	–	3.8030	3.7660
		Group 2	1.7544	2.0486	3.8030	3.7660
	Final	Group 1	3.5431	–	3.5431	3.5220
		Group 2	1.3107	2.2324	3.5431	3.5220
B	Interim	Group 1	1.6887	–	1.6887	1.6745
		Group 2	1.1612	0.5275	1.6887	1.6745
	Final	Group 1	1.5016	–	1.5016	1.5303
		Group 2	0.1412	1.3604	1.5016	1.5303

### Further information

Interim period: 01.02.23 - 31.07.23

Final period: 01.08.23 - 31.01.24

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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

## Investment Objective and Policy

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

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

## Investment Manager’s Report

for the year ended 31 January 2024

### General Market Commentary & Outlook

Equity markets started 2024 on a positive note, January saw the S&P 500 and Dow Jones Industrial Average hit a series of new record highs. Gains were driven by a shift in the policy guidance from the Federal Reserve (‘Fed’), the US central bank.

Following the most aggressive hiking cycle in financial history, the Fed held interest rates steady at its December meeting but indicated in new economic projections that the tightening of American monetary policy is at an end – with interest rate cuts coming in 2024. The message was significantly more dovish than many investors were expecting. The central bank’s view is now more aligned with that of investors – although markets remain more optimistic in their outlook.

Despite the previous increases in interest rates, US economic growth remains strong. Although it slowed in the final three months of 2023, it fell by significantly less than had been expected. US gross domestic product (‘GDP’) – a broad measure of economic health – grew at an annual rate of 3.3% in the final quarter of the year, down from 4.9% in the previous quarter. This was well ahead of the 2% economists had expected.

The FTSE 100 has also rallied strongly since November, but its performance in January was subdued compared with other indices. The index’s lack of technology companies resulted in a pedestrian rally when compared with Wall Street.

It is also expected that the Bank of England has now finished its series of interest-rate rises. This follows fourteen consecutive increases in the cost of borrowing, which started in December 2021. The annual rate of UK inflation has slowed sharply and is expected to continue to fall in the coming months. The UK base rate is now at its highest level in 15 years. Many homeowners still need to remortgage at these higher levels – a move that will continue to put pressure on consumer confidence, but the cost of new mortgages has fallen with the interest-rate outlook.

European markets caught up with some of the strength seen in the US. This was helped by some strong earnings from major companies, but also the interpretation that the discussion at the latest European Central Bank (ECB) meeting was more dovish than expected. Its president, Christine Lagarde, did not push back on current market expectations at the press conference following the announcement.

Chinese equities continued to be weak as the country’s property crisis accelerated – and failed to participate in the global market rally despite a good performance in other emerging markets. Problems in China’s property market are having a major impact as the sector accounts for a third of the economy. A court in Hong Kong ordered the liquidation of debt-laden Chinese property giant Evergrande after the troubled developer repeatedly failed to come up with a plan to restructure its debts.

On the geopolitical front, there appeared to be some progress on healing the fractured relationship between Washington and Beijing. US President Joe Biden and Chinese President Xi Jinping held a face-to-face meeting for the first time in a year and agreed to resumption of military-to-military communication amid efforts to normalise ties. However, restrictions remain on US companies selling cutting edge technology to China – particularly in the chip sector.

The conflicts in the Middle East continue to be unresolved. A short ceasefire in the Israel-Hamas conflict ended after less than a week and the situation remains tense. Attacks by Houthi forces on shipping has resulted in many tankers and container ships avoiding the Red Sea area and this has resulted in a rise in oil prices. The Russia-Ukraine war continues, with little signs of a resolution any time soon.

Market participants now think the US can engineer a soft landing and get inflation down without too much additional economic damage. The dovish tone of officials at the central bank indicate they may believe that too. The UK is expected to keep interest rates “higher for longer” to curb inflation, which will impede economic growth. However, if a recession emerges, it is expected to be shallow.

# MI Charles Stanley Monthly High Income Fund

## Investment Manager's Report

continued

### Investment Review

For the half year ending 31 January 2024 the Sub-fund delivered a +6.9% total return against +3.7% for the IA Mixed Investment 0-35% peer group. For the full year period the Sub-fund delivered a +4.4% total return against +2.7% for the IA Mixed Investment 0-35% peer group.

(Source: Financial Express Analytics, C Income shares, as at 31 January 2024, pounds sterling, net income re-invested).

Within the Sub-fund and over the last year to end of January 2024, the allocations that were the largest contributors to the total return were: Investment Grade Bonds, UK Equities and High Yield Bonds with respective total returns of +8.3%, +12.6% and +7.8%. The largest detractors were: Infrastructure funds, Property funds and Asia Pacific ex Japan Equities which returned -11.1%, -16.1% and -7.3% respectively. The underperformance for these long duration allocations was not surprising as the UK 10 year Government Bond reached its highest yield level since October 2008 at +4.7%. It is worth highlighting that prudent duration positioning coupled with our direct bond selection has been a tailwind to the Fixed Income allocation which returned +8.0% over the period, ahead of Equities +6.5% and Alternatives -10.2%.

At the holding level, the largest contributors were: 3i, BAE Systems and Taylor Wimpey with respective total returns of +61.8%, +41.2% and +37.2%.

Firstly, focusing on what went well. Listed private equity company 3i performance was almost entirely driven by its £12.9bn stake in rapidly growing Dutch discount retailer Action. Management said the company remained on track to meet its 2024 dividend target of 11.9p per share, representing a 6.7% increase from the prior year's distribution.

Another good operational performance in the third quarter of the year leaves BAE Systems on track to meet previously raised guidance. A highlight is momentum on orders, with the defence giant securing awards worth a further £10bn since the half year. This brings the total so far this year to about £30bn, which is not far off last year's record order intake of £37bn. Overall, BAE Systems remains on course for another year of good sales and earnings growth, together with strong cash flow generation. It continues to benefit from a global footprint and diversified portfolio that is well placed to capitalise on heightened geopolitical conflict.

Taylor Wimpey indicated that there were signs of some stabilisation in the UK housing market in its November update. Management said it expected annual operating profits of close to £470m, the high end of its guidance. However, this would still be down almost 50% from record levels in 2022. The company credited the good news on profits to cost discipline and careful management of supply to match demand and make sure the company did not have to "cut prices in order to liquidate".

Conversely, the names that hampered returns were: HICL Infrastructure, Regional REIT and Foresight Solar with -17.8%, -42.6% and -13.1% total return respectively.

HICL Infrastructure's primary aim is to deliver investors predictable and sustainable dividends, derived from long-term investments in underlying infrastructure projects. In November HICL announced their interim results, including Net Asset Value ('NAV') per share dropping 3.3% over the period. Management commented that the portfolio performed in line with expectations. The most significant detractor from NAV was an increase in the portfolio's weighted average discount rate from 7.2% to 8.0%, reflecting higher market return requirements. The trust continues to trade at a wide discount to its reported NAV. We believe the underlying asset mix is of good quality with inflation linked cash flows and that the temporary underperformance is largely driven by market volatility coming from the UK Gilt curve derating.

Regional REIT's commercial property portfolio is wholly in the UK and comprises, predominantly, quality offices and light industrial units located in the regional centres of the UK outside of the M25 motorway. The portfolio is highly diversified, amounting to 150 properties with more than 1,000 tenants. It is actively managed with a strong focus on income returns and, since listing in November 2015, it has consistently provided one of the highest yields across the UK commercial property market. Despite a continuing challenging environment, the trust continues to have a strong leasing performance offsetting the inflationary headwind. The derating in the UK Gilt curve has led to a valuation decline resulting in the Loan To Value ('LTV') of 55.1%. The manager indicated that he has "a plan to reduce LTV to the long term target of 40% through selective sales and repayment of debt". Cognisant of the issues, we trimmed the position throughout the year. We also hold the Regional REIT 4.5% 06.08.24 bond which has not been immune to the distress seen in the trust but has returned +2.4% over the period.

Foresight Solar invests predominantly in UK solar projects, plus some international solar exposure (Australia, Spain). Significant volatility in inflation, interest rates and power prices in recent years has translated into a volatile share price for Foresight Solar. Last year saw a decline in expected power prices, but the trust has hedged much of its power price exposure for the next two years so was well insulated from an underlying cashflow perspective. The trust's discount remains wide and this has led to the Board repeatedly buying back stock. A Q3 NAV update noted that the trust has begun its divestment programme which will continue into 2024. We continue to like the exposure to solar farms as assets have inflation linked cash flows.



## Investment Manager's Report

continued

Despite some spread tightening, the fixed income market has continued to offer good value throughout the year. Therefore, we added new bonds to lock in these attractive levels of yield whilst having the potential for capital return as the purchase price was below par. We also wanted to balance the return profile by keeping a yield above 4% whilst having capital appreciation potential rather than only having a much higher yield but without capital upside.

### Purchases included:

ABN AMRO 5.1250% 22.02.28 at 94p gave an expected total return of 6.6% per year. The bond is investment grade rated BBB+. ABN AMRO is primarily a domestic bank and is one of the largest banks in the Netherlands for corporates and private banking. Its earnings performance has been solid enough, largely reflecting the continuing resilience of the Dutch economy and housing market. The bank capital and funding ratio are well ahead of the minimum requirements. The outlook for FY23 is solid thanks to higher rates. The Dutch state owns 56% of the bank and has one of the lowest leverage in the European Union with a solid current account surplus which adds strength to the investment thesis.

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

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

### Sales included:

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

We trimmed 3i. The stock has been performing very well pushing the Sub-fund's exposure above our desired weight target. We continue to like the investment thesis based on 3i track record of value creation and its sustainable model with cash income from portfolio businesses able to cover the group's running costs and increasing dividend.

We also exited our position in the Peel Land and Property Investments 8.375% 30.04.40. In the current environment, the relative attractiveness of such bond has fairly decreased compared to when we initially purchased it when bonds were yielding c. 3%. We can now buy a vanilla bullet and investment grade bond yielding 7 to 8%. The asset base is exposed to UK retail (commercial centres) but the UK may be entering into a shallow recession whilst much higher interest rates and inflation are eroding consumer discretionary spending budget. Such situation could put pressure on tenants. In addition, higher interest rates will decrease NAV's.

We exited two trusts: BlackRock Sustainable American Income and Murray International. These two trusts invest into large cap global equities with a dividend yield between 4% and 5%. As yields on corporate bonds have materially increased over the last two years, we believe such strategies have lost their relative attractiveness as investors are junior to bonds whilst earning a lower yield. Moreover, the BlackRock Sustainable American Income was "sub scale" with a ~ £ 140m market capitalisation.

Lastly, the Places for People Homes 4.25% 15.12.23 matured and several bonds were tendered: Pension Insurance Corporation 6.5% 03.07.24 (partly tendered), TP ICAP Finance 5.25% 26.01.24, Liverpool Victoria Friendly Society 9.44% 22.05.43, RSA Insurance Group 5.125% 10.10.25, Admiral Group 5.5% 25.07.24 as well as a preferred share: Bristol & West 8.125% PRF Perpetual.

The Sub-fund continues to be one of the highest yielding funds in the sector, as at the 31 January 2024 the yield was 4.9%. We have continued to pay a lower level of income each month from the Sub-fund and distribute the excess income at the end of the full year period.

# MI Charles Stanley Monthly High Income Fund

## Portfolio Statement

as at 31 January 2024

Holding	Security	Market value £	% of total net assets 2024
<b>Pound Sterling Denominated Corporate Debt Securities 63.62% (57.95%)</b>			
£650,000	3i 3.75% 05.06.40	513,831	1.17
£400,000	ABN AMRO 5.1250% 22.02.28	401,466	0.91
£800,000	Abrdn 5.25% Variable Perpetual	673,857	1.53
£600,000	Anheuser Busch Inbev 2.25% 24.05.29	548,484	1.24
£600,000	AXA 6.6862% Variable Perpetual	612,171	1.39
£300,000	Barclays 3.25% 12.02.27	283,252	0.64
£600,000	BAT International Finance 4% 04.09.26	581,295	1.32
£450,000	BAT International Finance 6% 24.11.34	437,472	0.99
£300,000	BP Capital Markets 4.25% 22.03.27	281,601	0.64
£700,000	Brit Insurance 6.625% Variable 09.12.30	534,289	1.21
£344,600	Bruntwood Investments 6% 25.02.25	329,482	0.75
£800,000	Bupa Finance 4% Variable Perpetual	553,064	1.25
£500,000	Bupa Finance 5% 08.12.26	488,878	1.11
£600,000	Citigroup 4.5% 03.03.31	560,718	1.27
£500,000	Daily Mail & General 6.375% 21.06.27	472,244	1.07
£200,000	Direct Line Insurance 4% 05.06.32	162,462	0.37
£500,000	Direct Line Insurance 4.75% Variable Perpetual	394,686	0.90
£700,000	Electricite De France 6% Variable Perpetual	683,277	1.55
£700,000	Electricite De France Variable Perpetual	651,999	1.48
£300,000	European Investment Bank 3.875% 12.04.28	297,736	0.68
£300,000	European Investment Bank 5.5% 15.04.25	301,329	0.68
£300,000	Experian Finance 3.25% 07.04.32	273,705	0.62
£600,000	Heathrow Finance 5.75% 03.03.25	597,429	1.36
£500,000	Hiscox 6.125% Variable 24.11.45	492,876	1.12
£500,000	HJ Heinz Finance UK 6.25% 18.02.30	523,755	1.19
£600,000	Iceland Bondco 4.375% 15.05.28	521,103	1.18
£600,000	IG Group Holdings 3.125% 18.11.28	518,352	1.18
£650,000	Imperial Brands Finance 4.875% 07.06.32	596,037	1.35
£300,000	Investec 9.125% 06.03.33	314,895	0.71
£400,000	Jupiter Fund Management 8.875% Variable 27.07.30	400,692	0.91
£600,000	Leeds Building Society 3.75% 25.04.29	550,836	1.25
£600,000	Legal & General 5.375% 27.10.45	593,829	1.35
£500,000	Legal & General Variable 14.11.48	486,420	1.10
£300,000	Lloyds Banking 6.625% 02.06.33	303,613	0.69
£454,000	London Victoria Friendly Society 6.5% 22.05.43	443,944	1.01
£400,000	M&G Variable 20.07.49	394,980	0.90
£600,000	M&G Variable 20.07.55	540,798	1.23
£400,000	National Grid Gas 7% 16.12.24	403,028	0.91
£500,000	National Westminster 3.622% Variable 14.08.30	480,026	1.09
£200,000	Nationwide Building Society 5.75% Variable Perpetual	184,881	0.42
£550,000	Nationwide Building Society 5.769% Variable Perpetual	534,600	1.21
£200,000	Nationwide Building Society Variable Perpetual	196,064	0.44
£500,000	NGG Finance 5.625% 18.06.73	492,633	1.12
£500,000	Pension Insurance 5.625% 20.09.30	475,150	1.08
£500,000	Pension Insurance 7.375% Variable Perpetual	477,567	1.08
£700,000	Pinewood Finance 3.625% 15.11.27	645,265	1.46
£300,000	Quilter 8.625% 18.04.33	308,850	0.70
£500,000	Reassure 5.867% 13.06.29	489,260	1.11
£600,000	Regional REIT 4.5% 06.08.24	559,182	1.27
£800,000	RL Finance No.4 4.875% Variable 07.10.49	644,792	1.46
£600,000	Rothesay Life Variable 17.09.29	594,663	1.35
£400,000	Sainsbury's Bank 10.5% 12.03.33	430,718	0.98

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
<b>Pound Sterling Denominated Corporate Debt Securities (continued)</b>			
£500,000	Society of Lloyds 4.875% Variable 07.02.47	481,976	1.09
£600,000	Tesco Personal Finance 3.5% 25.07.25	591,802	1.34
£700,000	The Berkeley Group 2.5% 11.08.31	535,570	1.22
£300,000	The Goldman Sachs Group 3.625% 29.10.29	281,811	0.64
£500,000	TP ICAP Finance 7.875% 17.04.30	539,660	1.22
£700,000	VMED O2 UK Finance 4.5% 15.07.31	600,579	1.36
£800,000	Vodafone Variable 03.10.78	779,673	1.77
		28,044,607	63.62
<b>Pound Sterling Denominated Government Debt Securities 0.71% (2.30%)</b>			
£310,000	UK Treasury 5% 07.03.25	311,153	0.71
<b>Preference Shares 4.44% (4.88%)</b>			
300,000	Bristol Water 8.75% ccrp	396,000	0.90
371,783	Ecclesiastical Insurance 8.625% ncip	490,754	1.11
382,000	Northern Electric 8.061% cip	446,940	1.01
335,000	RSA Insurance 7.375% cip	365,150	0.83
250,000	Standard Chartered 7.375% ncip	258,750	0.59
		1,957,594	4.44
<b>UK Equities 13.09% (14.45%)</b>			
40,503	BAE Systems	476,720	1.08
72,805	BP	336,687	0.76
20,480	GSK	321,126	0.73
28,713	Intermediate Capital	512,527	1.16
182,700	Legal & General	465,885	1.06
33,850	National Grid	357,118	0.81
70,966	Phoenix	358,662	0.81
6,861	Rio Tinto	377,561	0.86
93,000	Smith (DS)	262,818	0.60
23,600	SSE	397,660	0.90
282,859	Taylor Wimpey	419,056	0.95
913,000	Tritax EuroBox	472,934	1.07
11,100	Unilever	427,017	0.97
36,350	Vistry	364,954	0.83
330,000	Vodafone	222,156	0.50
		5,772,881	13.09
<b>Investment Funds 15.93% (18.99%)</b>			
20,250	3i	501,997	1.14
681,251	Foresight Solar	648,551	1.47
734,000	GCP Asset Backed Income	502,056	1.14
485,984	Greencoat UK Wind	698,359	1.58
462,000	HICL Infrastructure	593,208	1.35
609,865	Impact Healthcare REIT	522,654	1.19
427,000	International Public Partnerships	553,392	1.26
400,000	Regional REIT	119,200	0.27
1,279,754	Schroder Asian Income - L Income GBP*	901,971	2.05
1,130,500	Sequoia Economic Infrastructure Income	936,054	2.12

# MI Charles Stanley Monthly High Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
<b>Investment Funds (continued)</b>			
609,000	Supermarket Income REIT	492,681	1.12
502,983	The Renewables Infrastructure	546,240	1.24
		7,016,363	15.93
<b>Investment assets</b>		<b>43,102,598</b>	<b>97.79</b>
<b>Net other assets</b>		<b>974,995</b>	<b>2.21</b>
<b>Net assets</b>		<b>44,077,593</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 31.01.23.

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

### Glossary

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

	Market value £	% of total net assets 2024	% of total net assets 2023
<b>Analysis of bonds by credit rating<sup>^</sup></b>			
Investment grade (BBB- and above)	18,097,798	41.06	35.94
Non Investment grade (BB+ and below)	5,779,791	13.11	6.90
Unrated bonds	4,478,171	10.16	17.41
		28,355,760	64.33
		60.25	

<sup>^</sup>Source: NTISL

# MI Charles Stanley Monthly High Income Fund

## Comparative Tables

### Change in net assets per share

A Income	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	82.04	91.02	92.50
Return before operating charges <sup>^</sup>	4.23	-3.87	3.76
Operating charges	-0.88	-1.04	-1.02
Return after operating charges <sup>^</sup>	3.35	-4.91	2.74
Distributions	-4.23	-4.07	-4.22
<b>Closing net asset value per share</b>	<b>81.16</b>	<b>82.04</b>	<b>91.02</b>
<sup>^</sup> After direct transaction costs of	-0.01	0.00	-0.01
<b>Performance</b>			
Return after charges	4.08%	-5.40%	2.96%
<b>Other information</b>			
Closing net asset value	£2,251,312	£2,677,425	£3,194,019
Closing number of shares	2,773,929	3,263,448	3,509,250
Operating charges <sup>‡*</sup>	1.10%	1.23%	1.08%
Direct transaction costs	0.01%	0.00%	0.01%
<b>Prices</b>			
Highest share price	83.62	91.74	96.05
Lowest share price	76.49	75.74	92.36

A Accumulation	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	173.05	182.93	177.68
Return before operating charges <sup>^</sup>	9.29	-7.75	7.24
Operating charges	-1.89	-2.13	-1.99
Return after operating charges <sup>^</sup>	7.40	-9.88	5.25
Distributions	-9.10	-8.32	-8.28
Retained distributions on accumulation shares	9.10	8.32	8.28
<b>Closing net asset value per share</b>	<b>180.45</b>	<b>173.05</b>	<b>182.93</b>
<sup>^</sup> After direct transaction costs of	-0.02	0.00	-0.02
<b>Performance</b>			
Return after charges	4.28%	-5.40%	2.95%
<b>Other information</b>			
Closing net asset value	£224,652	£309,203	£338,346
Closing number of shares	124,493	178,680	184,957
Operating charges <sup>‡*</sup>	1.10%	1.23%	1.08%
Direct transaction costs	0.01%	0.00%	0.01%
<b>Prices</b>			
Highest share price	181.36	184.38	187.89
Lowest share price	164.25	156.37	177.65

# MI Charles Stanley Monthly High Income Fund

## Comparative Tables

continued

### Change in net assets per share

<b>B Income</b>	<b>31.01.24 p</b>
<b>Opening net asset value per share</b>	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	5.69
Operating charges	-0.59
Return after operating charges <sup>^</sup>	5.10
Distributions	-3.92
<b>Closing net asset value per share</b>	<b>101.18</b>
<sup>^</sup> After direct transaction costs of	-0.01
<b>Performance</b>	
Return after charges	5.11%
<b>Other information</b>	
Closing net asset value	£11,540
Closing number of shares	11,405
Operating charges <sup>‡*</sup>	0.60%
Direct transaction costs	0.01%
<b>Prices</b>	
Highest share price	103.33
Lowest share price	95.03

<b>C Income</b>	<b>31.01.24 p</b>	<b>31.01.23 p</b>	<b>31.01.22 p</b>
<b>Opening net asset value per share</b>	85.11	94.38	95.68
Return before operating charges <sup>^</sup>	4.39	-4.19	3.90
Operating charges	-0.70	-0.86	-0.81
Return after operating charges <sup>^</sup>	3.69	-5.05	3.09
Distributions	-4.39	-4.22	-4.39
<b>Closing net asset value per share</b>	<b>84.41</b>	<b>85.11</b>	<b>94.38</b>
<sup>^</sup> After direct transaction costs of	-0.01	0.00	-0.01
<b>Performance</b>			
Return after charges	4.34%	-5.35%	3.23%
<b>Other information</b>			
Closing net asset value	£35,615,944	£40,496,343	£49,683,759
Closing number of shares	42,194,897	47,579,834	52,643,830
Operating charges <sup>‡*</sup>	0.85%	0.98%	0.83%
Direct transaction costs	0.01%	0.00%	0.01%
<b>Prices</b>			
Highest share price	86.75	95.13	99.48
Lowest share price	79.43	78.52	95.54

## Comparative Tables

continued

C Accumulation	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	128.87	136.17	131.94
Return before operating charges <sup>^</sup>	6.94	-6.04	5.37
Operating charges	-1.09	-1.26	-1.14
Return after operating charges <sup>^</sup>	5.85	-7.30	4.23
Distributions	-6.77	-6.19	-6.16
Retained distributions on accumulation shares	6.77	6.19	6.16
<b>Closing net asset value per share</b>	<b>134.72</b>	<b>128.87</b>	<b>136.17</b>
<sup>^</sup> After direct transaction costs of	-0.01	0.00	-0.01
<b>Performance</b>			
Return after charges	4.54%	-5.36%	3.21%
<b>Other information</b>			
Closing net asset value	£5,974,145	£5,017,202	£5,924,984
Closing number of shares	4,434,533	3,893,185	4,351,042
Operating charges <sup>‡*</sup>	0.85%	0.98%	0.83%
Direct transaction costs	0.01%	0.00%	0.01%
<b>Prices</b>			
Highest share price	135.36	137.26	139.71
Lowest share price	122.45	116.36	131.94

<sup>†</sup>B Income shareclass launched on 2 May 2023.

<sup>‡</sup>From 31 October 2023, as a result of changes to guidance, Closed-Ended funds are not included within the synthetic ongoing charges.

\*The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee, but excluding synthetic ongoing charges (0.2% of operating charges) in order for them not to exceed 1.08% for A Class, 0.58% for B Class, and 0.83% for C Class of the Net Asset Values of the Sub-fund.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. Included within this figure are the charges of the underlying funds (synthetic ongoing charge). 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 share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for Financial Statements of UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid 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 with in the table have been calculated against the average Net Asset Value for the accounting year.

# MI Charles Stanley Monthly High Income Fund

## Risk and Reward Profile

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



The Sub-fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

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

### Risk warning

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



# MI Charles Stanley Monthly High Income Fund

## Statement of Total Return

for the year ended 31 January 2024

	Note	£	31.01.24 £	31.01.23 £
Income				
Net capital losses	2		(219,213)	(5,181,889)
Revenue	3	2,484,488		2,538,278
Expenses	4	(386,370)		(437,547)
Interest payable and similar charges	4	–		(70)
Net revenue before taxation		2,098,118		2,100,661
Taxation	5	(21,808)		(20,653)
Net revenue after taxation			2,076,310	2,080,008
<b>Total return before distributions</b>			<b>1,857,097</b>	<b>(3,101,881)</b>
Distributions	6		(2,462,702)	(2,517,554)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(605,605)</b>	<b>(5,619,435)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2024

	£	31.01.24 £	31.01.23 £
<b>Opening net assets attributable to Shareholders</b>		<b>48,500,173</b>	<b>59,141,108</b>
Amounts receivable on issue of shares	6,722,776		3,417,038
Less: Amounts payable on cancellation of shares	(10,868,347)		(8,687,727)
		(4,145,571)	(5,270,689)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(605,605)	(5,619,435)
Retained distributions on accumulation shares		328,596	249,189
<b>Closing net assets attributable to Shareholders</b>		<b>44,077,593</b>	<b>48,500,173</b>

The notes on pages 41 to 48 form an integral part of these Financial Statements.

# MI Charles Stanley Monthly High Income Fund

## Balance Sheet

as at 31 January 2024

	Note	£	31.01.24 £	31.01.23 £
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments			43,102,598	47,806,112
<b>Current Assets</b>				
Debtors	7	693,212	965,206	
Cash and bank balances	9	863,994	583,726	
<b>Total current assets</b>			<b>1,557,206</b>	<b>1,548,932</b>
<b>Total assets</b>			<b>44,659,804</b>	<b>49,355,044</b>
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable		(494,938)	(465,366)	
Other creditors	8	(87,273)	(389,505)	
<b>Total creditors</b>			<b>(582,211)</b>	<b>(854,871)</b>
<b>Total liabilities</b>			<b>(582,211)</b>	<b>(854,871)</b>
<b>Net assets attributable to Shareholders</b>			<b>44,077,593</b>	<b>48,500,173</b>

The notes on pages 41 to 48 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 January 2024

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 8 and 9.

<b>2. Net capital Losses</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	(213,017)	(5,175,775)
Currency gains	(148)	-
Transaction charges	(6,048)	(6,114)
<b>Net capital losses</b>	<b>(219,213)</b>	<b>(5,181,889)</b>

<b>3. Revenue</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
UK dividends: Ordinary	506,043	605,135
Overseas dividends	203,893	227,682
Property income distributions	109,040	103,267
Distributions from Regulated Collective Investment Schemes:		
UK investment income	47,405	48,334
Interest distributions	15,374	36,613
Interest on debt securities	1,551,597	1,499,130
Bank interest	26,074	1,342
Interest distributions from other investment funds	25,062	16,775
<b>Total revenue</b>	<b>2,484,488</b>	<b>2,538,278</b>

<b>4. Expenses</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	30,671	25,006
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	355,283	401,759
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,084	12,773
Safe custody and other bank charges	4,661	5,569
	16,745	18,342
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,348	2,163
	13,218	12,228

# MI Charles Stanley Monthly High Income Fund

## Notes to the Financial Statements

continued

### 4. Expenses (continued)

	31.01.24	31.01.23
	£	£
Other expenses:		
Legal fees	7,404	3,099
Printing costs	4,307	4,403
	<u>11,711</u>	<u>7,502</u>
Rebates:		
Operating charge rebates <sup>^</sup>	(41,258)	(27,290)
<b>Expenses</b>	<b>386,370</b>	<b>437,547</b>
Interest payable and similar charges	–	70
<b>Total</b>	<b>386,370</b>	<b>437,617</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2023: £2,038).

<sup>^</sup>The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee, but excluding synthetic ongoing charges (0.02% of operating charge) in order for them not to exceed 1.08% for A Class, 0.58% for B Class, and 0.83% for C Class of the Net Asset Values of the Sub-fund.

### 5. Taxation

	31.01.24	31.01.23
	£	£
(a) Analysis of charge in the year:		
Corporation tax at 20%	21,808	20,653
<b>Total tax charge (note 5b)</b>	<b>21,808</b>	<b>20,653</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	2,098,118	2,100,661
Corporation tax at 20%	419,624	420,132
Effects of:		
UK dividends	(110,690)	(175,309)
Interest distributions	(246,347)	(219,894)
Non-taxable overseas earnings	(40,779)	(4,276)
<b>Total tax charge (note 5a)</b>	<b>21,808</b>	<b>20,653</b>

#### (c) Deferred tax

There was no liability to deferred tax at the balance sheet date (2023: none).

## Notes to the Financial Statements

continued

### 6. Distributions

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

		<b>31.01.24</b>	<b>31.01.23</b>
		<b>£</b>	<b>£</b>
First interim distribution	28.02.23	164,335	184,499
Second interim distribution	31.03.23	171,635	182,883
Third interim distribution	30.04.23	175,994	181,830
Fourth interim distribution	31.05.23	176,201	179,842
Fifth interim distribution	30.06.23	169,876	179,146
Sixth interim distribution	31.07.23	169,270	178,103
Seventh interim distribution	31.08.23	167,744	177,188
Eighth interim distribution	30.09.23	166,565	177,264
Ninth interim distribution	31.10.23	164,735	176,468
Tenth interim distribution	30.11.23	163,085	175,125
Eleventh interim distribution	31.12.23	157,902	172,097
Final distribution	31.01.24	574,386	521,786
		<b>2,421,728</b>	<b>2,486,231</b>
Revenue deducted on cancellation of shares		73,933	51,951
Revenue received on issue of shares		(32,959)	(20,628)
<b>Distributions</b>		<b>2,462,702</b>	<b>2,517,554</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		2,076,310	2,080,008
Expenses allocated to capital		386,370	437,546
Undistributed revenue brought forward		34	34
Undistributed revenue carried forward		(12)	(34)
<b>Distributions</b>		<b>2,462,702</b>	<b>2,517,554</b>

### 7. Debtors

		<b>31.01.24</b>	<b>31.01.23</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		1,616	33,104
Sales awaiting settlement		–	305,071
Accrued income:			
Bank interest receivable		1,998	–
Dividends receivable		83,450	87,652
Interest on debt securities		589,625	536,283
Operating charge rebates		15,457	2,407
Prepaid expenses:			
Legal fees		1,066	689
<b>Total debtors</b>		<b>693,212</b>	<b>965,206</b>

# MI Charles Stanley Monthly High Income Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	16,449	11,379
Purchases awaiting settlement	–	307,370
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fee	2,760	2,123
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	29,046	31,773
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	2,038	1,954
Safe custody and other bank charges	736	913
	2,774	2,867
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,348	2,163
	13,218	12,228
Other expenses:		
Printing costs	1,218	1,112
Taxation payable:		
Corporation tax payable	21,808	20,653
<b>Total other creditors</b>	<b>87,273</b>	<b>389,505</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2023: £2,038).

<b>9. Cash and Bank Balances</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	863,994	583,726
<b>Cash and bank balances</b>	<b>863,994</b>	<b>583,726</b>

## 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 Sub-fund in its capacity as the Authorised Corporate Director ('ACD').

ACD 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 Charles Stanley & Co Limited ('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 shares and dilution levy (if applicable) are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Amounts receivable from the Investment Manager for operating charge rebates are disclosed in note 4, and amounts due at the year end are shown in note 7.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Charles Stanley Investment Funds II.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2023: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 10 to 11.

Numerical disclosures relating to the Sub-fund are as follows:

#### Disclosure of VaR limit

The ACD uses Value at Risk ('VaR') to measure the risks relating to the financial assets in which the Sub-funds are invested.

VaR is a statistical measurement. It intends to measure the maximum potential loss in the Sub-fund's Net Asset Value under normal market conditions and is calculated for a given confidence level (probability) over a specific time period.

The historical method has been used to calculate VaR. This measure cannot take into account all potential future trends which may not follow historical patterns.

The Absolute VaR of a UCITS cannot be greater than 20% of its Net Asset Value, and therefore the VaR limit set during the financial year to 31 January 2024 was 20%.

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial year end 31 January 2024.

	<b>31.01.24</b>	<b>Utilisation of</b>	<b>31.01.23</b>	<b>Utilisation of</b>
	<b>% of VaR</b>	<b>VaR(*) 20%</b>	<b>% of VaR</b>	<b>VaR(*) 20%</b>
VaR at year end:	4.53	22.65	4.68	23.40
Minimum VaR:	4.32	21.60	3.58	17.90
Maximum VaR:	5.42	27.10	14.38	71.90
Average VaR:	4.58	22.90	5.20	26.00

\*The VaR on the Sub-fund has been divided by its maximum limit.

The historical method has been used to calculate VaR. This measure cannot take into account all potential future trends which may not follow historical patterns. A confidence level of 99% has been satisfied, with a data history of two years, and a holding period of one month (20 days).

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £4,310,260 (2023: £4,780,611).

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Currency risk

There is no material direct foreign currency exposure in the Sub-fund (2023: none).

#### Interest rate risk

AFL measures the potential loss due to market risk using the value at risk method.

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

A risk limit system is employed to monitor the risks related to the investment types, concentration and diversification of the Sub-fund's portfolio.

Floating rate interest-bearing assets at the balance sheet date consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent; and floating rate notes, on which interest is calculated at a variable rate by reference to the Sterling Overnight Index Average ('SONIA') or the Euro Interbank Offered Rate ('EURIBOR').



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.01.24

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	146,388	–	0.00	1	0.00	146,387
Bonds	6,093,633	–	0.00	1,375	0.02	6,092,258
<b>Total purchases after commissions and tax</b>	<b>6,240,021</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	2,025,827	–	0.00	20	0.00	2,025,847
Bonds	5,649,261	–	0.00	1,426	0.03	5,650,687
Funds	435,726	–	0.00	–	0.00	435,726
Corporate action	2,377,193	–	0.00	–	0.00	2,377,193
<b>Total sales after commissions and tax</b>	<b>10,488,007</b>					

Commission as a % of average net assets	0.00%
Taxes as a % of the average net assets	0.01%

31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	369,019	–	0.00	534	0.14	368,485
Bonds	3,639,199	–	0.00	–	0.00	3,639,199
Corporate actions	(958,998)	–	0.00	–	0.00	(958,998)
<b>Total purchases after commissions and tax</b>	<b>3,049,219</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	3,904,591	–	0.00	67	0.00	3,904,658
Bonds	4,585,859	–	0.00	83	0.00	4,585,942
Funds	300,000	–	0.00	–	0.00	300,000
<b>Total sales after commissions and tax</b>	<b>8,790,450</b>					

Commission as a % of average net assets	0.00%
Taxes as a % of the average net assets	0.00%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 35 to 37. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

# MI Charles Stanley Monthly High Income Fund

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2024 is 0.80% (2023: 0.86%).

### 15. Post Balance Sheet Events

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	31.01.24		31.01.23	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	14,156,020	–	18,249,787	–
Level 2 <sup>^^</sup>	28,946,578	–	29,556,325	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>43,102,598</b>	<b>–</b>	<b>47,806,112</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shares in Issue

	A Income	A Accumulation	B Income	C Income	C Accumulation
Opening number of shares	3,263,448	178,680	–	47,579,834	3,893,185
Shares issued	5,583	2,029	11,405	5,766,907	1,507,933
Shares cancelled	(384,401)	(30,070)	–	(11,146,099)	(1,075,108)
Shares converted	(110,701)	(26,146)	–	(5,745)	108,523
<b>Closing number of shares</b>	<b>2,773,929</b>	<b>124,493</b>	<b>11,405</b>	<b>42,194,897</b>	<b>4,434,533</b>

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

for the year ended 31 January 2024

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2024 p	Distribution paid 2023 p
A	First interim	Group 1	0.2754	-	0.2754	0.2893
		Group 2	0.0182	0.2572	0.2754	0.2893
	Second interim	Group 1	0.2891	-	0.2891	0.2892
		Group 2	-	0.2891	0.2891	0.2892
	Third interim	Group 1	0.2891	-	0.2891	0.2892
		Group 2	-	0.2891	0.2891	0.2892
	Fourth interim	Group 1	0.2894	-	0.2894	0.2891
		Group 2	-	0.2894	0.2894	0.2891
	Fifth interim	Group 1	0.2890	-	0.2890	0.2894
		Group 2	-	0.2890	0.2890	0.2894
	Sixth interim	Group 1	0.2890	-	0.2890	0.2895
		Group 2	-	0.2890	0.2890	0.2895
	Seventh interim	Group 1	0.2889	-	0.2889	0.2895
Group 2		-	0.2889	0.2889	0.2895	
Eighth interim	Group 1	0.2888	-	0.2888	0.2895	
	Group 2	-	0.2888	0.2888	0.2895	
Ninth interim	Group 1	0.2888	-	0.2888	0.2895	
	Group 2	-	0.2888	0.2888	0.2895	
Tenth interim	Group 1	0.2887	-	0.2887	0.2894	
	Group 2	-	0.2887	0.2887	0.2894	
Eleventh interim	Group 1	0.2885	-	0.2885	0.2894	
	Group 2	-	0.2885	0.2885	0.2894	
Final	Group 1	1.0606	-	1.0606	0.8846	
	Group 2	-	1.0606	1.0606	0.8846	
B†	Fourth interim	Group 1	0.2196	-	0.2196	N/A
		Group 2	0.2146	0.0050	0.2196	N/A
	Fifth interim	Group 1	0.2954	-	0.2954	N/A
		Group 2	-	0.2954	0.2954	N/A
	Sixth interim	Group 1	0.3294	-	0.3294	N/A
		Group 2	-	0.3294	0.3294	N/A
	Seventh interim	Group 1	0.3436	-	0.3436	N/A
		Group 2	-	0.3436	0.3436	N/A
	Eighth interim^	Group 1	0.3493	-	0.3493	N/A
		Group 2	0.3493	-	0.3493	N/A
Ninth interim	Group 1	0.3539	-	0.3539	N/A	
	Group 2	-	0.3539	0.3539	N/A	
Tenth interim	Group 1	0.3559	-	0.3559	N/A	
	Group 2	-	0.3559	0.3559	N/A	
Eleventh interim^	Group 1	0.3566	-	0.3566	N/A	
	Group 2	0.3566	-	0.3566	N/A	
Final^	Group 1	1.3139	-	1.3139	N/A	
	Group 2	1.3139	-	1.3139	N/A	

†Launched 2 May 2023.

^No group 2 shares held in the distribution period.

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

continued

### Income Share Distributions (continued)

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2024 p	Distribution paid 2023 p
C	First interim	Group 1	0.2857	–	0.2857	0.3000
		Group 2	0.1245	0.1612	0.2857	0.3000
	Second interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	0.1388	0.1612	0.3000	0.3000
	Third interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
	Fourth interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
	Fifth interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
	Sixth interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
Seventh interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Eighth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Ninth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Tenth interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Eleventh interim	Group 1	0.3000	–	0.3000	0.3000	
	Group 2	–	0.3000	0.3000	0.3000	
Final	Group 1	1.1029	–	1.1029	0.9174	
	Group 2	0.2663	0.8366	1.1029	0.9174	

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2024 p	Amount reinvested 2023 p
A	First interim	Group 1	0.5811	–	0.5811	0.5813
		Group 2	0.2750	0.3061	0.5811	0.5813
	Second interim	Group 1	0.6117	–	0.6117	0.5832
		Group 2	0.3111	0.3006	0.6117	0.5832
	Third interim	Group 1	0.6136	–	0.6136	0.5843
		Group 2	0.0632	0.5504	0.6136	0.5843
	Fourth interim <sup>^</sup>	Group 1	0.6184	–	0.6184	0.5857
Group 2		0.6184	–	0.6184	0.5857	
Fifth interim <sup>^</sup>	Group 1	0.6180	–	0.6180	0.5893	
	Group 2	0.6180	–	0.6180	0.5893	
Sixth interim <sup>^</sup>	Group 1	0.6213	–	0.6213	0.5903	
	Group 2	0.6213	–	0.6213	0.5903	
Seventh interim <sup>^</sup>	Group 1	0.6218	–	0.6218	0.5918	
	Group 2	0.6218	–	0.6218	0.5918	

<sup>^</sup>No group 2 shares held in the distribution period.

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

continued

### Accumulation Share Distributions (continued)

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2024 p	Amount reinvested 2023 p
A	Eighth interim^	Group 1	0.6227	-	0.6227	0.5929
		Group 2	0.6227	-	0.6227	0.5929
	Ninth interim^	Group 1	0.6246	-	0.6246	0.5950
		Group 2	0.6246	-	0.6246	0.5950
	Tenth interim^	Group 1	0.6261	-	0.6261	0.5967
Group 2		0.6261	-	0.6261	0.5967	
Eleventh interim^	Group 1	0.6272	-	0.6272	0.5980	
	Group 2	0.6272	-	0.6272	0.5980	
Final	Group 1	2.3144	-	-	2.3144	1.8349
	Group 2	0.6446	1.6698	-	2.3144	1.8349
C	First interim	Group 1	0.4321	-	0.4321	0.4327
		Group 2	0.0997	0.3324	0.4321	0.4327
	Second interim	Group 1	0.4557	-	0.4557	0.4343
		Group 2	0.2080	0.2477	0.4557	0.4343
	Third interim	Group 1	0.4571	-	0.4571	0.4352
		Group 2	0.0757	0.3814	0.4571	0.4352
	Fourth interim	Group 1	0.4576	-	0.4576	0.4362
		Group 2	-	0.4576	0.4576	0.4362
	Fifth interim	Group 1	0.4591	-	0.4591	0.4343
		Group 2	-	0.4591	0.4591	0.4343
	Sixth interim	Group 1	0.4601	-	0.4601	0.4371
		Group 2	-	0.4601	0.4601	0.4371
Seventh interim	Group 1	0.4621	-	0.4621	0.4393	
	Group 2	-	0.4621	0.4621	0.4393	
Eighth interim	Group 1	0.4633	-	0.4633	0.4404	
	Group 2	-	0.4633	0.4633	0.4404	
Ninth interim	Group 1	0.4653	-	0.4653	0.4424	
	Group 2	-	0.4653	0.4653	0.4424	
Tenth interim	Group 1	0.4667	-	0.4667	0.4439	
	Group 2	-	0.4667	0.4667	0.4439	
Eleventh interim	Group 1	0.4677	-	0.4677	0.4449	
	Group 2	-	0.4677	0.4677	0.4449	
Final	Group 1	1.7266	-	-	1.7266	1.3650
	Group 2	0.2953	1.4313	-	1.7266	1.3650

^No group 2 shares held in the distribution period.

### Further information

First interim period:	01.02.23 - 28.02.23
Second interim period:	01.03.23 - 31.03.23
Third interim period:	01.04.23 - 30.04.23
Fourth interim period:	01.05.23 - 31.05.23
Fifth interim period:	01.06.23 - 30.06.23
Sixth interim period:	01.07.23 - 31.07.23
Seventh interim period:	01.08.23 - 31.08.23
Eighth interim period:	01.09.23 - 30.09.23

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

continued

Ninth interim period: 01.10.23 - 31.10.23  
Tenth interim period: 01.11.23 - 30.11.23  
Eleventh interim period: 01.12.23 - 31.12.23  
Final period: 01.01.24 - 31.01.24

Group 1: Shares purchased prior to a distribution period  
Group 2: Shares purchased during a distribution period

### Equalisation

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

## Investment Objective and Policy

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

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

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

## Investment Manager's Report

for the year ended 31 January 2024

### Market Overview

The Sub-fund posted a +3.8% total return over the last six months, compared to +1.1% for the FTSE All Share and a +4.2% total return for the IA Global peer group. Over the full year period the Sub-fund returned +5.4% against a +1.9% return for the FTSE All Share and a +8.3% total return for the IA Global peer group.

(Source: Financial Express Analytics, as at 31 January 2024, pounds sterling, net income re-invested, A Accumulation shares)

Global equity markets finished higher in January after weak unemployment data in the US prompted hopes of an early interest rate cut by the Federal Reserve. This followed an impressive fourth-quarter rally, as a swath of favourable data prints indicated lower inflation levels and encouraged investors to switch back into risk assets.

After 18-months of monetary tightening, global Central Banks indicated they could begin to loosen interest rates as soon as this Spring, as policymakers became confident they tamed inflation while preventing the World economy from going into recession. Bank of England Governor, Andrew Bailey, remained cautious on inflationary pressures and warned of forecast risks ahead, as the Central Bank completes the "last mile" of bringing inflation down to its 2 percent target. Meanwhile, in America, economic data indicated the economy was cooling, with the Federal Reserve managing inflation lower without yet appearing to cause too much damage to the labour market. The risk of a policy error remains, however, after countries around the world simultaneously tightened monetary policy. Keeping interest rates higher for longer has the ability of putting a dent in growth whilst creating an unnecessarily deep and protracted global recession.

Geopolitics were dominated by the attack on Israel by the armed Palestinian group Hamas. The triggered retaliatory air strikes and fierce bombardment of Gaza. Western governments immediately supported Israel's right to defend itself, however, investors remained deeply concerned about the risk of hostilities escalating into a humanitarian crisis and a broader Middle Eastern war. The conflict initially sent energy costs higher, with the price of Brent Crude rising back towards \$100 per barrel as Iranian-backed Houthi rebels launched missile attacks on shipments through the Suez Canal.

In the US, Donald Trump emerged as the winner of the New Hampshire Republican primary after a decisive win in the state of Iowa, delivering a knockout blow and increasing the pressure on challenger Nikki Haley to quit the race to become the Republican nominee. Should she underperform in her home state of South Carolina next month, the stage will be set for a rematch of the 2020 election between Trump and incumbent President Joe Biden. With a possible Trump victory reshaping US foreign policy, geopolitical tensions have increased sharply, with defence specialists warning of an 'inflection point' for Western nations.

In the UK, the Democratic Unionist Party in Northern Ireland agreed a landmark deal with the UK government to remove trade barriers in the Irish Sea, ending two years of political deadlock. Elsewhere, Chancellor Jeremy Hunt unveiled his Autumn Statement announcing plans to cut the main rate of employee National Insurance contributions and deliver a tax cut in an attempt to boost growth. Meanwhile, conflicting UK economic data continued to cause confusion among economists and policymakers. End of year business surveys suggested that conditions were deteriorating rapidly while, in contrast, consumer confidence ticked up and wage growth increased at its fastest quarterly pace on record.

# MI Charles Stanley UK & International Growth Fund

## Investment Manager's Report

continued

In Europe, unemployment fell back to a record low and German inflation accelerated casting doubts that the European Central Bank will start cutting interest rates in the first quarter of the year. Meanwhile, protests by farmers over cuts to subsidies caused widespread travel disruption across Germany and exposed the depth of discontent and anger with Chancellor Olaf Scholz's coalition government. Finally, a tentative bull run appeared to be gaining momentum in Japan as Prime Minister Shinzo Abe's reforms sent the Nikkei to a level not reached since the 1990's. It is yet to be seen whether this is a new dawn for the region or, as has repeatedly been the case over the past two-decades, it is destined to be a premature economic recovery.

### Outlook

As we head into the New Year the outlook for global growth remains uncertain as consumers and businesses attempt to adapt to the 'higher for longer' interest rate rhetoric from the global Central banks. It is encouraging to see that the price of oil has fallen back significantly since its September peak, following the attacks by Hamas on Israel as this had the potential to disrupt global markets, adding to inflationary pressures and delaying eagerly anticipated interest rate cuts.

Encouragingly however, global inflation levels are expected to moderate, with economists in general agreement that interest rates have peaked and should begin to be gradually loosened throughout the year. Investors are already looking forward to a more benign outlook for markets, as sentiment moves on from downturn and recession to recovery and improved prosperity.

Meanwhile, more than four billion voters (half the world's population), involving 64 countries, will go to the polls in 2024. In the UK, Sir Kier Starmer remains favourite to become Labour's seventh Prime Minister, while Donald Trump could be re-elected US President, providing he is not disqualified from becoming the Republican Party's candidate. Elsewhere, all 27 EU member states will be re-electing a new European Parliament and India will be seeking re-elections of the House of People.

Geopolitical risks will continue to remain at the fore and has the potential to knock the fragile return of global growth. While the protracted Russian invasion of Ukraine lingers, there is real concern the conflict could spill across NATO borders. Elsewhere, North Korea continues to fire rockets towards the South's border Islands and Taiwan armed forces are actively simulating naval drills in the expectation of an attack by Beijing. Continued US and UK air strikes against Yemen's Houthis have the potential to escalate and drag Iran into broader Middle Eastern war. Despite this, markets are forward-looking, and investors will hopefully begin to focus on the potential future growth opportunities in 2024.

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

### Significant Portfolio Changes

#### Purchases to 31 January 2024

	Cost £
Dodge & Cox Worldwide US Stock - GBP Income	1,866,005
M&G Japan – PP Income GBP	1,984,237
	<hr/>
	3,850,242

#### Top 5 sales to 31 January 2024

	Proceeds £
AXA Framlington American Growth - Z Accumulation GBP	1,677,422
Schroder Tokyo - Z Income	1,491,898
Aviva Investors US Equity Income - Class 5 GBP Income	856,816
Loomis Sayles US Equity Leaders - Q Accumulation GBP	756,650
RELX	686,170
	<hr/>
	5,468,956



# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

as at 31 January 2024

Holding	Security	Market value £	% of total net assets 2024
	<b>TECHNOLOGY 0.55% (0.32%)</b>		
	<b>Software and Computer Services 0.55% (0.32%)</b>		
170,000	Darktrace	585,310	0.55
	<b>TELECOMMUNICATIONS 0.67% (0.99%)</b>		
	<b>Telecommunications Service Providers 0.67% (0.99%)</b>		
1,045,000	Vodafone	703,494	0.67
	<b>HEALTH CARE 6.04% (5.92%)</b>		
	<b>Medical Equipment and Services 0.57% (0.69%)</b>		
54,000	Smith & Nephew	599,400	0.57
	<b>Pharmaceuticals and Biotechnology 5.47% (5.23%)</b>		
23,000	AstraZeneca	2,415,000	2.28
131,200	GSK	2,057,216	1.95
15,000	Novartis	1,226,562	1.16
3,000	Sandoz	81,716	0.08
		5,780,494	5.47
	<b>FINANCIALS 9.19% (10.57%)</b>		
	<b>Banks 4.01% (4.92%)</b>		
1,537,000	Barclays	2,281,215	2.16
4,597,000	Lloyds Banking	1,955,334	1.85
		4,236,549	4.01
	<b>Finance and Credit Services 1.18% (1.08%)</b>		
14,000	London Stock Exchange	1,251,880	1.18
	<b>Investment Banking and Brokerage Services 0.99% (0.86%)</b>		
467,000	M&G	1,046,080	0.99
	<b>Closed End Investments 0.63% (0.59%)</b>		
86,000	Scottish Mortgage Investment Trust	665,124	0.63
	<b>Life Insurance 2.38% (3.12%)</b>		
517,000	Legal & General	1,318,350	1.25
146,000	Prudential	1,194,864	1.13
		2,513,214	2.38
	<b>REAL ESTATE 0.54% (0.69%)</b>		
	<b>Real Estate Investment Trusts 0.54% (0.69%)</b>		
86,000	Land Securities	575,856	0.54
	<b>CONSUMER DISCRETIONARY 5.84% (5.46%)</b>		
	<b>Consumer Services 2.41% (2.23%)</b>		
117,000	Compass	2,548,260	2.41
	<b>Media 3.43% (3.23%)</b>		
111,000	RELX	3,620,820	3.43
	<b>CONSUMER STAPLES 6.49% (7.64%)</b>		
	<b>Beverages 1.35% (1.79%)</b>		
50,000	Diageo	1,430,000	1.35

# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
<b>Tobacco 1.81% (2.19%)</b>			
45,000	British American Tobacco	1,052,325	1.00
45,000	Imperial Brands	854,100	0.81
		<b>1,906,425</b>	<b>1.81</b>
<b>Personal Care, Drug and Grocery Stores 3.33% (3.66%)</b>			
26,000	Ocado	142,116	0.14
21,000	Reckitt Benckiser	1,198,260	1.13
425,000	Tesco	1,218,050	1.15
25,000	Unilever	961,750	0.91
		<b>3,520,176</b>	<b>3.33</b>
<b>INDUSTRIALS 2.95% (3.84%)</b>			
<b>General Industrials 0.94% (1.25%)</b>			
352,000	Smith (DS)	994,752	0.94
<b>Industrial Support Services 2.01% (2.59%)</b>			
30,000	Experian	988,800	0.94
276,000	Rentokil Initial	1,126,632	1.07
		<b>2,115,432</b>	<b>2.01</b>
<b>BASIC MATERIALS 2.40% (3.12%)</b>			
<b>Industrial Metals and Mining 2.40% (3.12%)</b>			
277,000	Glencore	1,164,508	1.10
25,000	Rio Tinto	1,375,750	1.30
		<b>2,540,258</b>	<b>2.40</b>
<b>ENERGY 4.01% (4.46%)</b>			
<b>Oil, Gas and Coal 4.01% (4.46%)</b>			
414,000	BP	1,914,543	1.81
95,000	Shell	2,324,650	2.20
		<b>4,239,193</b>	<b>4.01</b>
<b>UTILITIES 2.10% (2.56%)</b>			
<b>Gas, Water and Multi-utilities 2.10% (2.56%)</b>			
97,000	National Grid	1,023,350	0.97
46,000	Severn Trent	1,195,080	1.13
		<b>2,218,430</b>	<b>2.10</b>
<b>COLLECTIVE INVESTMENT SCHEMES 51.94% (47.72%)</b>			
<b>Asia Pacific 8.79% (8.22%)</b>			
132,000	Baring Eastern - D Income GBP*	1,448,040	1.37
564,170	First State Stewart Investment Asia Pacific - B Income*	1,680,945	1.59
1,556,000	M&G Japan – PP Income GBP*	2,118,494	2.00
829,000	Man GLG Japan CoreAlpha - D Income*	2,455,498	2.32
2,258,576	Schroder Asian Income - L Income GBP*	1,591,845	1.51
		<b>9,294,822</b>	<b>8.79</b>

# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2024
	<b>Continental Europe 4.05% (3.85%)</b>		
75,000	Baillie Gifford Overseas Growth - B Income*	1,545,750	1.46
914,000	BlackRock Continental European Income - D Income GBP*	1,668,288	1.58
292,000	Legal & General European Index - C Distribution*	1,067,260	1.01
		4,281,298	4.05
	<b>Emerging Markets 1.69% (1.46%)</b>		
66,000	Goldman Sachs India Equity - I Income GBP*	1,791,240	1.69
	<b>Global 1.70% (1.78%)</b>		
1,725,000	M&G Global Listed Infrastructure - Income GBP*	1,795,380	1.70
	<b>North America 33.98% (30.68%)</b>		
1,357,000	Aviva Investors US Equity Income - Class 5 GBP Income*	3,273,762	3.10
1,080,000	AXA Framlington American Growth - Z Accumulation GBP*	7,001,640	6.62
206,000	Brown Advisory US Smaller Companies*	4,786,823	4.53
61,073	Dodge & Cox Worldwide US Stock - GBP Income*	1,924,395	1.82
140,000	Fidelity American Special Situations - W Accumulation*	3,361,400	3.18
3,843,000	JPM US Equity Income - C2 Income*	5,918,220	5.60
1,656,000	Loomis Sayles US Equity Leaders - Q Accumulation GBP*	9,657,958	9.13
		35,924,198	33.98
	<b>United Kingdom 1.73% (1.73%)</b>		
200,000	Aberdeen UK Smaller Companies - Institutional Accumulation*	1,833,800	1.73
	<b>EXCHANGE TRADED FUNDS 6.66% (6.11%)</b>		
	<b>Exchange Traded Funds 6.66% (6.11%)</b>		
313,000	iShares S&P 500 Financials UCITS ETF - Accumulation USD	2,766,137	2.62
48,000	Vanguard FTSE 250 UCITS ETF	1,432,560	1.35
39,000	Vanguard S&P 500 ETF	2,840,370	2.69
		7,039,067	6.66
	<b>Investment assets</b>	<b>105,050,952</b>	<b>99.38</b>
	<b>Net other assets</b>	<b>657,423</b>	<b>0.62</b>
	<b>Net assets</b>	<b>105,708,375</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 31.01.23.

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

# MI Charles Stanley UK & International Growth Fund

## Comparative Table

### Change in net assets per share

A Accumulation	31.01.24 p	31.01.23 p	31.01.22 p
<b>Opening net asset value per share</b>	323.42	316.27	273.52
Return before operating charges <sup>^</sup>	19.55	11.58	47.10
Operating charges	-4.64	-4.43	-4.35
Return after operating charges <sup>^</sup>	14.91	7.15	42.75
Distributions	-4.91	-4.87	-3.66
Retained distributions on accumulation shares	4.91	4.87	3.66
<b>Closing net asset value per share</b>	<b>338.33</b>	<b>323.42</b>	<b>316.27</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.03	-0.06
<b>Performance</b>			
Return after charges	4.61%	2.26%	15.63%
<b>Other information</b>			
Closing net asset value	£105,708,375	£110,040,258	£117,336,499
Closing number of shares	31,243,835	34,024,154	37,100,419
Operating charges <sup>‡</sup>	1.43%	1.41%	1.42%
Direct transaction costs	0.00%	0.01%	0.02%
<b>Prices</b>			
Highest share price	339.63	327.74	328.31
Lowest share price	309.28	294.92	274.95

<sup>‡</sup>From 31 October 2023, as a result of changes to guidance, Closed-Ended funds are not included within the synthetic ongoing charges.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. Included within this figure are the charges of the underlying funds (synthetic ongoing charge). 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 share minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for Financial Statements of UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid 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 Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



This Sub-fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Charles Stanley UK & International Growth Fund

## Statement of Total Return

for the year ended 31 January 2024

	Note	£	31.01.24 £	£	31.01.23 £
Income					
Net capital gains	2		3,076,612		666,541
Revenue	3	2,752,542		2,920,684	
Expenses	4	(1,125,694)		(1,174,708)	
Interest payable and similar charges	4	(150)		-	
Net revenue before taxation		1,626,698		1,745,976	
Taxation	5	(7,734)		(12,072)	
Net revenue after taxation			1,618,964		1,733,904
<b>Total return before distributions</b>			<b>4,695,576</b>		<b>2,400,445</b>
Distributions	6		(1,618,958)		(1,733,906)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>3,076,618</b>		<b>666,539</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2024

	£	31.01.24 £	£	31.01.23 £
<b>Opening net assets attributable to Shareholders</b>		<b>110,040,258</b>		<b>117,336,499</b>
Amounts receivable on issue of shares	2,000,258		4,320,543	
Less: Amounts payable on cancellation of shares	(10,972,565)		(13,977,204)	
		(8,972,307)		(9,656,661)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		3,076,618		666,539
Retained distributions on accumulation shares		1,563,806		1,693,881
<b>Closing net assets attributable to Shareholders</b>		<b>105,708,375</b>		<b>110,040,258</b>

The notes on pages 60 to 67 form an integral part of these Financial Statements.

# MI Charles Stanley UK & International Growth Fund

## Balance Sheet

as at 31 January 2024

	Note	31.01.24		31.01.23	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			105,050,952		109,384,336
<b>Current Assets</b>					
Debtors	7	234,510		404,018	
Cash and bank balances	9	656,263		1,052,611	
<b>Total current assets</b>			<b>890,773</b>		<b>1,456,629</b>
<b>Total assets</b>			<b>105,941,725</b>		<b>110,840,965</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Other creditors	8	(233,350)		(800,707)	
<b>Total creditors</b>			<b>(233,350)</b>		<b>(800,707)</b>
<b>Total liabilities</b>			<b>(233,350)</b>		<b>(800,707)</b>
<b>Net assets attributable to Shareholders</b>			<b>105,708,375</b>		<b>110,040,258</b>

The notes on pages 60 to 67 form an integral part of these Financial Statements.

# MI Charles Stanley UK & International Growth Fund

## Notes to the Financial Statements

for the year ended 31 January 2024

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 8 and 9.

<b>2. Net capital Gains</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	3,081,517	671,230
Currency gains/(losses)	115	(194)
Transaction charges	(5,020)	(4,495)
<b>Net capital gains</b>	<b>3,076,612</b>	<b>666,541</b>

<b>3. Revenue</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
UK dividends:	1,844,975	2,111,273
Overseas dividends	49,253	43,222
Property income distributions	38,122	41,837
Distributions from Regulated Collective Investment Schemes:		
UK investment income	654,783	610,669
Offshore distributions	137,711	109,898
Bank interest	27,698	3,785
<b>Total revenue</b>	<b>2,752,542</b>	<b>2,920,684</b>

<b>4. Expenses</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	14,997	15,000
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	1,054,263	1,106,229
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	24,987	25,989
Safe custody and other bank charges	11,862	12,694
	36,849	38,683
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	2,348	2,163
	13,218	12,228



## Notes to the Financial Statements

continued

### 4. Expenses (continued)

	31.01.24	31.01.23
	£	£
Other expenses:		
Legal fees	4,904	1,171
Printing costs	1,463	1,397
	6,367	2,568
<b>Expenses</b>	<b>1,125,694</b>	<b>1,174,708</b>
Interest payable and similar charges	150	–
<b>Total expenses</b>	<b>1,125,844</b>	<b>1,174,708</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,203 (2023: £2,038).

### 5. Taxation

	31.01.24	31.01.23
	£	£
(a) Analysis of charge in the year:		
Overseas tax	7,734	12,072
<b>Total tax charge (note 5b)</b>	<b>7,734</b>	<b>12,072</b>

(b) Factors affecting taxation charge for the year:

Net revenue before taxation	1,626,698	1,745,976
Corporation tax at 20%	325,340	349,195
Effects of:		
UK dividends	(499,952)	(544,388)
Movement in surplus management expenses	212,005	225,817
Non taxable overseas earnings	7,734	(30,624)
Overseas tax expensed	(37,393)	12,072
<b>Total tax charge (note 5a)</b>	<b>7,734</b>	<b>12,072</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £2,530,480 (2023: £2,318,475) in relation to surplus management expenses of £12,652,402 (2023: £11,592,377). It is unlikely that the Sub-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 Charles Stanley UK & International Growth Fund

## Notes to the Financial Statements

continued

### 6. Distributions

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

		<b>31.01.24</b>	<b>31.01.23</b>
		<b>£</b>	<b>£</b>
Interim distribution	31.07.23	997,511	1,003,599
Final distribution	31.01.24	566,295	690,282
		<hr/> 1,563,806	<hr/> 1,693,881
Revenue deducted on cancellation of shares		64,271	64,769
Revenue received on issue of shares		(9,119)	(24,744)
<b>Distributions</b>		<hr/> <b>1,618,958</b>	<hr/> <b>1,733,906</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		1,618,964	1,733,904
Undistributed revenue brought forward		9	11
Undistributed revenue carried forward		(15)	(9)
<b>Distributions</b>		<hr/> <b>1,618,958</b>	<hr/> <b>1,733,906</b>

### 7. Debtors

		<b>31.01.24</b>	<b>31.01.23</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		–	144,146
Accrued income:			
Bank interest receivable		2,562	–
Dividends receivable		202,849	232,489
Overseas tax recoverable		28,922	27,211
Prepaid expenses:			
Legal fees		177	172
<b>Total debtors</b>		<hr/> <b>234,510</b>	<hr/> <b>404,018</b>

### 8. Other Creditors

		<b>31.01.24</b>	<b>31.01.23</b>
		<b>£</b>	<b>£</b>
Amounts payable on cancellations		120,331	686,561
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
Registration fee		1,271	1,274
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:			
Investment Manager's fee		89,312	93,371
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:			
Depositary's fee (including VAT)		4,205	4,338
Safe custody and other bank charges		1,972	2,099
		<hr/> 6,177	<hr/> 6,437

## Notes to the Financial Statements

continued

<b>8. Other Creditors (continued)</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration*:		
Audit fee	10,870	10,065
Tax compliance services	4,511	2,163
	<hr/> 15,381	<hr/> 12,228
Other expenses:		
Printing costs	878	836
	<hr/>	<hr/>
<b>Total other creditors</b>	<b>233,350</b>	<b>800,707</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,564 (2023: £2,038).

<b>9. Cash and Bank Balances</b>	<b>31.01.24</b>	<b>31.01.23</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	656,263	1,052,611
<b>Cash and bank balances</b>	<b>656,263</b>	<b>1,052,611</b>

### 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 Sub-fund in its capacity as the Authorised Corporate Director ('ACD').

ACD 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 Charles Stanley & Co Limited ('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 shares and dilution levy (if applicable) are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Charles Stanley Investment Funds II.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2023: none).

# MI Charles Stanley UK & International Growth Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 10 to 11.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £10,505,095 (2023: £10,938,434).

#### Currency risk

The Company invests in Collective Investment Schemes, therefore the Sub-funds maybe indirectly exposed to the underlying Collective Investment Scheme investments.

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

	<b>31.01.24</b>	<b>31.01.23</b>
	<b>Total</b>	<b>Total</b>
<b>Currency</b>	<b>£</b>	<b>£</b>
Euro	4,321,411	4,286,058
Indian rupee	3,472,185	3,127,680
Japanese yen	4,573,992	3,661,429
Pound sterling	48,673,261	56,837,477
Swiss franc	1,337,200	1,266,882
United States dollar	43,330,326	40,860,732
	<b>105,708,375</b>	<b>110,040,258</b>

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 Shareholders would increase or decrease by approximately £5,703,511 (2023: £5,320,278).

#### 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 Sub-fund's assets comprise equity shares which neither pay interest nor have a maturity date.

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.01.24

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Funds	4,030,951	–	0.00	–	0.00	4,030,951
<b>Total purchases after commissions and tax</b>	<b>4,030,951</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	5,518,597	–	0.00	108	0.00	5,518,705
Funds	5,897,430	–	0.00	–	0.00	5,897,430
<b>Total sales after commissions and tax</b>	<b>11,416,027</b>					

Commission as a % of average net assets	0.00%
Taxes as a % of the average net assets	0.00%

31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	2,852,313	15	0.00	14,205	0.50	2,838,093
Funds	2,350,137	–	0.00	–	0.00	2,350,137
<b>Total purchases after commissions and tax</b>	<b>5,202,450</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	7,882,813	–	0.00	136	0.00	7,882,949
Funds	4,993,528	–	0.00	–	0.00	4,993,528
<b>Total sales after commissions and tax</b>	<b>12,876,341</b>					

Commission as a % of average net assets	0.00%
Taxes as a % of the average net assets	0.01%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative table on page 56. The direct transaction costs within the comparative table may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2024 is 0.02% (2023: 0.03%).

# MI Charles Stanley UK & International Growth Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	31.01.24		31.01.23	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	50,130,214	–	56,875,456	–
Level 2 <sup>^^</sup>	54,920,738	–	52,508,880	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>105,050,952</b>	<b>–</b>	<b>109,384,336</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shares in Issue

	<b>A Accumulation</b>
Opening number of shares	34,024,154
Shares issued	620,439
Shares cancelled	(3,400,758)
<b>Closing number of shares</b>	<b>31,243,835</b>

# MI Charles Stanley UK & International Growth Fund

## Distribution Table

for the year ended 31 January 2024

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2024 p	Amount reinvested 2023 p
A	Interim	Group 1	3.0980	–	3.0980	2.8403
		Group 2	1.7203	1.3777	3.0980	2.8403
	Final	Group 1	1.8125	–	1.8125	2.0288
		Group 2	0.1547	1.6578	1.8125	2.0288

### Further information

Interim period: 01.02.23 - 31.07.23

Final period: 01.08.23 - 31.01.24

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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

# MI Charles Stanley Investment Funds II

## General Information

### Authorised Status

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

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

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

The Company was incorporated in England and Wales on 02 June 2005 under registration number IC000398. The Shareholders are not liable for the debts of the Company.

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

MI Charles Stanley Equity Fund

MI Charles Stanley Monthly High Income Fund

MI Charles Stanley UK & International Growth Fund

### Head Office

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

### Address for Service

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

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

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

### Classes of Shares

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

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

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

\*B Income share class launched 2 May 2023.

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

The Company may issue both Income and Accumulation Shares.

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

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



## General Information

continued

### Valuation Point

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

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

### Buying, Redeeming and Switching of Shares

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

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

Or by telephone to: 0345 308 1456

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

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

### Pricing Basis

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

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

### Other Information

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

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

### Significant Information

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

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

### ACD Value Assessment

The ACD is required to provide an annual statement for the Company, attesting that in the opinion of the ACD the services provided to the Company 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 Shares

This statement references services provided directly by the ACD and those services delegated by the ACD to third parties such as, but not limited to, investment management, depositary 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 ACD Value Assessment is published on [www.fundrock.com](http://www.fundrock.com).

# MI Charles Stanley Investment Funds II

## General Information

continued

### Remuneration of the ACD

The ACD is subject to a remuneration policy which 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 instrument of incorporation of the funds managed, and does not impair the ACD's compliance with its duty to act in the best interests of the funds it manages.

The ACD 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 ACD. The Investment Manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year of the Company, 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 Sub-fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

<b>31.01.24</b>	<b>Number of Beneficiaries</b>	<b>Fixed Remuneration</b>	<b>Variable Remuneration Paid</b>	<b>Total</b>
Total remuneration paid by the ACD during the year	17	£1,503,000	£206,000	£1,709,000
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	6	£732,000	£127,000	£859,000

Further information is available in the ACD's Remuneration Policy Statement which can be obtained from [www.fundrock.com](http://www.fundrock.com) or, on request free of charge, by writing to the registered office of the ACD.

### Risk Warning

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

