



# MI Somerset Capital Management Investment Funds ICVC

Annual Report 30 September 2023

# MI Somerset Capital Management Investment Funds ICVC

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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 026 4282  
Fax: 0845 299 1178  
E-mail: [SomersetCM@maitlandgroup.com](mailto:SomersetCM@maitlandgroup.com)

### Directors of the Authorised Corporate Director

A.C. Deptford  
P.J. Foley-Brickley  
I.T. Oddy (appointed 9 June 2023)  
C. O'Keeffe  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Manager

#### To 31 January 2024:

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

#### From 1 February 2024:

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

### Depositary

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 Somerset Capital Management Investment Funds ICVC

## Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') require 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 applying 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 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 a Sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The 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 all 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 that 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 issued by the Investment Association.



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Apex Fundrock Limited

30 January 2024

## Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the MI Somerset Capital Management Investment Funds ICVC ('the Company')

for the year ended 30 September 2023

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 Fund Manager ('the AFM'), are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents 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 AFM:

- (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**

UK Trustee and Depositary Services

30 January 2024

## Independent Auditor's Report to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ("the Company")

### Opinion

We have audited the Financial Statements of MI Somerset Capital Management Investment Funds ICVC (the 'Company') for the year ended 30 September 2023. 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 Somerset Global Emerging Markets Fund
- MI Somerset Emerging Markets Dividend Growth Fund
- MI Somerset Emerging Markets Discovery Fund

The individual financial statements for each of the Company's Sub-funds comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the 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 '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 30 September 2023 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 the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes Sourcebook, and the 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 the Ukrainian War and the 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 year.

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.

## Independent Auditor's Report to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ("the Company")

continued

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.

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 Authorised Corporate Director is responsible for the other information contained within the annual report.

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised 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 on page 72, 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 the Sub-funds 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, windup 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.

## Independent Auditor's Report to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ("the Company")

continued

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.

### 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 the 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 ('SORP') 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.
- We enquired of the Authorised 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 Somerset Capital Management Investment Funds ICVC ("the Company")

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

30 January 2024

# MI Somerset Capital Management Investment Funds ICVC

## Accounting Policies and Risk Management Policies

for the year ended 30 September 2023

The financial statements for MI Somerset Capital Management Investment Funds ICVC comprises the individual financial statements for each Sub-fund and the accounting policies and risk management policies below:

### 1. Accounting Policies

#### (a) Basis of accounting

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

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

Apex Fundrock Limited as the Authorised Fund Manager ("the AFM") of the Funds wishes to inform investors of a recent announcement by the Investment Manager to the Funds, Somerset Capital Management LLP ("Somerset").

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

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

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

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

At this stage we wish to inform investors that:

All of the Funds' portfolios remain highly liquid and the Funds can be traded as normal;

The Funds remain in compliance with their investment objective and policy of the Prospectus and continue to be actively managed;

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

The Authorised Status and head office of the Sub-funds can be found within the general information starting on page 71.

The Certification of the Annual Report by the Authorised Corporate Director ('ACD') can be found on page 2.

#### (b) Recognition of revenue

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

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

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (c) Treatment of stock and special dividends

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

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

#### (d) Treatment of expenses

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

## Accounting Policies and Risk Management Policies

continued

### 1. Accounting Policies (continued)

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

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.

#### (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.

For the purpose of enhancing revenue entitlement, the annual management fee payable to the Investment Manager for MI Somerset Emerging Markets Dividend Growth Fund are allocated to capital. This will reduce the capital growth of the Sub-fund. All other expenses (except for those relating to the purchase and sale of investments), are charged against income for the year.

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.

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 an identical instrument.
- Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – Valuation techniques using unobservable inputs.

#### (i) Exchange rates

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

#### (j) Swing prices

The ACD adjusts the price for all deals on a given day up or down according to net cash flows in the fund. On a particular trading day, if more shares in a Sub-fund are bought than sold, the ACD will adjust the price for all trades to reflect the Sub-fund's need to purchase more assets. If more shares are being sold than are being bought, the ACD will adjust the price to reflect the fund's need to sell assets. Investors will pay the same price on a given day, whether they are buying or selling.

## 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 Sub-funds may also enter into a range of derivative transactions whose purpose is Efficient Portfolio Management ('EPM') including hedging. In addition, the Sub-funds only execute derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

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-fund 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 are 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.

#### 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.

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

#### Credit risk

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

There are no net borrowings.

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

## Accounting Policies and Risk Management Policies

continued

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

#### Liquidity risk

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

Under normal circumstances, a Sub-fund will remain close to fully invested. However, where circumstances require either because a view of illiquid securities markets or high levels of redemptions in the Sub-fund, 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-fund's 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 a Sub-fund's investments comply with its underlying obligations, particularly its 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.

#### Derivatives

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

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

In the opinion of the ACD there is no sophisticated derivative use within the Sub-funds and accordingly a sensitivity analysis is not presented.

#### Fair value of financial assets and liabilities

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

# MI Somerset Global Emerging Markets Fund

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to achieve capital appreciation by mainly investing in an actively managed portfolio of emerging market securities.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or Efficient Portfolio Management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the year ended 30 September 2023

The Somerset Global Emerging Markets Fund's Institutional Accumulation Class<sup>1</sup> share price at NAV was down 3.20% in sterling terms in the 12 months to 30 September 2023, whereas the MSCI Emerging Markets Index rose 2.16%.

The backdrop for emerging markets remained tough and funds exposed to China and growth struggled particularly. In late 2022, investors were optimistic about a recovery in China as stringent zero-COVID policies ended. However, the post-lockdown economic recovery was slower than expected and investor sentiment, and stock market returns, have remained weak in China. The slow pace of the economic recovery took many observers and investors by surprise, including us. The government continues to add support incrementally, including via the recent expansion of the number of international flights and visa free travel into the country. The stock market has not reacted to stimulus thus far, waiting for confirmation of a sustained recovery. We expect continued incremental policy support until sentiment improves.

At the portfolio level, our consumer names in China have been the key detractor to relative performance over the period. However, we continue to think our selected exposure to consumption trends like premiumisation and electric vehicles are compelling places to invest. For example, e-commerce company JD.com's premium reputation, alongside its industry-leading in-house logistics network, give it an edge within this competitive sector. Similarly, BYD's (the leading EV maker) advantage lies in its ability to dominate the mid-priced EV market whilst remaining profitable. This year its market share of total auto sales has risen to 39%, as customers seeking to purchase a vehicle are flocking to purchase its models, which are around 50% cheaper than a Tesla and cost \$20,000 for an entry level car.

Elsewhere, our technology exposure (Taiwan Semiconductor, SK Hynix and Samsung Electronics) has performed strongly over the period as breakthroughs in generative artificial intelligence and large language learning models will lead to new potential growth engines over the long-term. Companies such as SK Hynix, the DRAM maker, will be a beneficiary of this large order demand as it is one of the few memory companies that can provide the advanced chips to power the GH200. Valuations remain supportive. The semiconductor industry was only just beginning to recover from last year's contraction. We think at the least AI demand should put a bottom under the cycle from here.

## Investment Manager's Report

continued

We took advantage of market falls to add a number of new positions at attractive valuations over the period. We purchased Sendas Distribuidora in Brazil, the country's leading (cash and carry) food distribution business, which will benefit from a reduction in real interest rates later in the year and a pick-up in the local economy. In China, we purchased Milkyway Chemical Supply Chain Service, the largest private chemical logistics company in China. Milkyway Chemical Supply Chain Service should benefit from an increasing usage of outsourced chemical logistics, which is low at 26% compared to nearer 80% in developed markets. This will hinge on tightening environmental and safety regulations, which drives increased outsourcing. We also believe Milkyway Chemical Supply Chain Service will gain share, where it only expects to make RMB 7billion of revenue this year out of a RMB 250billion addressable market. This is probable as it is a well-run private player that mainly competes against State Run Enterprises who are not incentivised to grow in hazardous chemical logistics. Milkyway Chemical Supply Chain Service has licensing barriers in storage which are hard to challenge with high switching costs, which creates a tight supply/demand dynamic that provides pricing power. The competitive dynamic also applies to potential consolidation, where Milkyway Chemical Supply Chain Service is the key (and often only) buyer in this industry and can execute in a value accretive way.

Overall, we think that emerging markets remain well positioned within a global economic slowdown. We stick with our China overweight on cheap valuations and expect an economic upturn to gather momentum. We see tentative signs that the bottom is in sight as far as the economy is concerned. We believe Brazil offers provides huge potential with extreme positive real interest rates, falling inflation and low valuations. In India, aside from a few structural growth companies which always trade at high multiples, we are wary of adding at this point, with some smaller cyclical companies trading at over 50x Price to Earnings Ratio.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

**Edward Robertson**

Lead Manager

18 October 2023

# MI Somerset Global Emerging Markets Fund

## Portfolio Statement

as at 30 September 2023

| Holding  | Security                         | Market value<br>£ | % of total<br>net assets<br>2023 |
|--|----------------------------------|-------------------|----------------------------------|
| <b>TECHNOLOGY 30.40% (23.87%)</b>                              |                                  |                   |                                  |
| <b>Software and Computer Services 10.27% (12.27%)</b>          |                                  |                   |                                  |
| 77,779   | Infosys                          | 1,096,354         | 3.46                             |
| 58,102   | Meituan B                        | 696,735           | 2.20                             |
| 45,628   | Tencent                          | 1,461,937         | 4.61                             |
|  |                                  | <b>3,255,026</b>  | <b>10.27</b>                     |
| <b>Technology Hardware and Equipment 20.13% (11.60%)</b>       |                                  |                   |                                  |
| 1,403  | ASML                             | 678,640           | 2.14                             |
| 37,300   | Samsung Electronics              | 1,551,096         | 4.90                             |
| 83,000   | Silergy                          | 638,628           | 2.02                             |
| 17,640   | SK Hynix                         | 1,230,087         | 3.88                             |
| 172,505  | Taiwan Semiconductor             | 2,279,127         | 7.19                             |
|  |                                  | <b>6,377,578</b>  | <b>20.13</b>                     |
| <b>HEALTH CARE 0.00% (1.51%)</b>                               |                                  |                   |                                  |
| <b>Health Care Providers 0.00% (1.51%)</b>                     |                                  |                   |                                  |
| <b>FINANCIALS 27.74% (25.32%)</b>                              |                                  |                   |                                  |
| <b>Banks 18.18% (18.37%)</b>                                   |                                  |                   |                                  |
| 73,338   | Al Rajhi Bank                    | 1,087,687         | 3.43                             |
| 1,770,100  | Bank Central Asia                | 827,501           | 2.61                             |
| 9,720  | Capitec Bank                     | 723,747           | 2.29                             |
| 166,345  | Grupo Financiero Banorte         | 1,145,371         | 3.62                             |
| 210,383  | ICICI Bank                       | 1,974,723         | 6.23                             |
|  |                                  | <b>5,759,029</b>  | <b>18.18</b>                     |
| <b>Finance and Credit Services 3.95% (2.40%)</b>               |                                  |                   |                                  |
| 9,631  | Bajaj Finance                    | 741,769           | 2.34                             |
| 111,499  | Chailease                        | 510,794           | 1.61                             |
|  |                                  | <b>1,252,563</b>  | <b>3.95</b>                      |
| <b>Investment Banking and Brokerage Services 3.05% (1.66%)</b> |                                  |                   |                                  |
| 31,600   | Hong Kong Exchanges and Clearing | 966,183           | 3.05                             |
| <b>Life Insurance 2.56% (2.89%)</b>                            |                                  |                   |                                  |
| 121,399  | AIA                              | 810,453           | 2.56                             |
| <b>CONSUMER DISCRETIONARY 22.15% (23.52%)</b>                  |                                  |                   |                                  |
| <b>Automobiles and Parts 9.16% (6.73%)</b>                     |                                  |                   |                                  |
| 16,946   | Bajaj Auto                       | 846,135           | 2.67                             |
| 36,000   | BYD                              | 910,858           | 2.88                             |
| 27,069   | Contemporary Amperex Technology  | 615,330           | 1.94                             |
| 49,089   | Shenzhen Kedali Industry         | 528,621           | 1.67                             |
|  |                                  | <b>2,900,944</b>  | <b>9.16</b>                      |
| <b>Consumer Services 4.85% (1.12%)</b>                         |                                  |                   |                                  |
| 73,509   | Localiza Rent a Car              | 704,232           | 2.22                             |
| 539  | Localiza Rent a Car – Rights     | 1,411             | 0.01                             |
| 800  | MercadoLibre                     | 830,919           | 2.62                             |
|  |                                  | <b>1,536,562</b>  | <b>4.85</b>                      |



## Portfolio Statement

continued

| Holding | Security  | Market value<br>£ | % of total<br>net assets<br>2023 |
|---------|---|-------------------|----------------------------------|
|         | <b>Household Goods and Home Construction 3.73% (4.38%)</b>  |                   |                                  |
| 82,215  | Midea   | 510,605           | 1.61                             |
| 84,500  | Techtronic Industries                                       | 671,989           | 2.12                             |
|         |   | <b>1,182,594</b>  | <b>3.73</b>                      |
|         | <b>Personal Goods 0.00% (0.10%)</b>                         |                   |                                  |
|         | <b>Retailers 1.99% (4.24%)</b>                              |                   |                                  |
| 52,384  | JD.Com  | 630,360           | 1.99                             |
|         | <b>Travel and Leisure 2.42% (6.95%)</b>                     |                   |                                  |
| 16,800  | Yum China   | 766,977           | 2.42                             |
|         | <b>CONSUMER STAPLES 9.84% (17.32%)</b>                      |                   |                                  |
|         | <b>Beverages 5.68% (11.45%)</b>                             |                   |                                  |
| 553,400 | Budweiser   | 895,243           | 2.83                             |
| 447     | Heineken Malaysia   | 32,326            | 0.10                             |
| 49,807  | Wuliangye Yibin   | 870,444           | 2.75                             |
|         |   | <b>1,798,013</b>  | <b>5.68</b>                      |
|         | <b>Food Producers 1.95% (2.99%)</b>                         |                   |                                  |
| 224,417 | China Mengniu Dairy   | 616,421           | 1.95                             |
|         | <b>Personal Care, Drug and Grocery Stores 2.21% (2.88%)</b> |                   |                                  |
| 351,500 | Sendas Distribuidora  | 699,251           | 2.21                             |
|         | <b>INDUSTRIALS 2.49% (1.97%)</b>                            |                   |                                  |
|         | <b>Construction and Materials 1.77% (0.33%)</b>             |                   |                                  |
| 187,499 | Beijing Oriental Yuhong Waterproof Technology               | 560,093           | 1.77                             |
|         | <b>General Industrials 0.00% (1.64%)</b>                    |                   |                                  |
|         | <b>Industrial Support Services 0.72% (0.00%)</b>            |                   |                                  |
| 27,385  | Milkyway Chemical Supply Chain Service                      | 226,892           | 0.72                             |
|         | <b>BASIC MATERIALS 1.94% (3.79%)</b>                        |                   |                                  |
|         | <b>Industrial Metals and Mining 1.94% (3.79%)</b>           |                   |                                  |
| 20,100  | Freeport-McMoRan  | 614,116           | 1.94                             |
|         | <b>ENERGY 3.76% (1.44%)</b>                                 |                   |                                  |
|         | <b>Oil, Gas and Coal 3.76% (1.44%)</b>                      |                   |                                  |
| 154,900 | Petro Rio   | 1,191,538         | 3.76                             |
|         | <b>Investment assets</b>                                    | <b>31,144,593</b> | <b>98.32</b>                     |
|         | <b>Net other assets</b>                                     | <b>531,925</b>    | <b>1.68</b>                      |
|         | <b>Net assets</b>   | <b>31,676,518</b> | <b>100.00</b>                    |

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.22.

# MI Somerset Global Emerging Markets Fund

## Comparative Tables

### Change in net assets per share

| A Accumulation GBP                             | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 224.40        | 279.14        | 262.43        |
| Return before operating charges <sup>^</sup>   | -3.26         | -50.56        | 21.69         |
| Operating charges                              | -3.80         | -4.18         | -4.98         |
| Return after operating charges <sup>^</sup>    | -7.06         | -54.74        | 16.71         |
| Distributions                                  | -0.39         | 0.00          | -0.38         |
| Retained distributions on accumulation shares  | 0.39          | 0.00          | 0.38          |
| <b>Closing net asset value per share</b>       | <b>217.34</b> | <b>224.40</b> | <b>279.14</b> |
| <sup>^</sup> After direct transaction costs of | 0.09          | -0.40         | -0.24         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | -3.15%        | -19.61%       | 6.37%         |
| <b>Other information</b>                       |               |               |               |
| Closing net asset value                        | £76,005       | £116,277      | £250,034      |
| Closing number of shares                       | 34,970        | 51,817        | 89,573        |
| Operating charges                              | 1.72%         | 1.67%         | 1.69%         |
| Ongoing operating charges*                     | 1.90%         | 1.69%         | 1.69%         |
| Direct transaction costs                       | -0.04%        | 0.16%         | 0.08%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 243.89        | 288.81        | 330.39        |
| Lowest share price                             | 201.49        | 221.30        | 262.53        |

| B Income GBP                                   | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 210.48        | 260.33        | 242.69        |
| Return before operating charges <sup>^</sup>   | -3.14         | -46.59        | 22.48         |
| Operating charges                              | -2.02         | -2.16         | -2.58         |
| Return after operating charges <sup>^</sup>    | -5.16         | -48.75        | 19.90         |
| Distributions                                  | -2.03         | -1.10         | -2.26         |
| <b>Closing net asset value per share</b>       | <b>203.29</b> | <b>210.48</b> | <b>260.33</b> |
| <sup>^</sup> After direct transaction costs of | 0.08          | -0.38         | -0.22         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | -2.45%        | -18.72%       | 8.20%         |
| <b>Other information</b>                       |               |               |               |
| Closing net asset value                        | £663,159      | £925,179      | £2,874,356    |
| Closing number of shares                       | 326,212       | 439,566       | 1,069,556     |
| Operating charges                              | 0.97%         | 0.92%         | 0.94%         |
| Ongoing operating charges*                     | 1.15%         | 0.94%         | 0.94%         |
| Direct transaction costs                       | -0.04%        | 0.16%         | 0.08%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 229.34        | 269.73        | 306.18        |
| Lowest share price                             | 189.62        | 207.89        | 242.93        |

## Comparative Tables

continued

### Change in net assets per share

| B Accumulation GBP                             | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 243.68        | 300.29        | 280.18        |
| Return before operating charges <sup>^</sup>   | -0.53         | -54.12        | 23.07         |
| Operating charges                              | -2.34         | -2.49         | -2.96         |
| Return after operating charges <sup>^</sup>    | -2.87         | -56.61        | 20.11         |
| Distributions                                  | -2.62         | -1.46         | -2.63         |
| Retained distributions on accumulation shares  | 2.62          | 1.46          | 2.63          |
| <b>Closing net asset value per share</b>       | <b>240.81</b> | <b>243.68</b> | <b>300.29</b> |
| <sup>^</sup> After direct transaction costs of | 0.10          | -0.43         | -0.25         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | -1.18%        | -18.85%       | 7.18%         |
| <b>Other information</b>                       |               |               |               |
| Closing net asset value                        | £16,009,515   | £190,008,001  | £234,168,225  |
| Closing number of shares                       | 6,648,181     | 77,973,792    | 77,981,460    |
| Operating charges                              | 0.97%         | 0.92%         | 0.94%         |
| Ongoing operating charges*                     | 1.15%         | 0.94%         | 0.94%         |
| Direct transaction costs                       | -0.04%        | 0.16%         | 0.08%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 265.72        | 310.99        | 353.59        |
| Lowest share price                             | 220.42        | 239.23        | 280.46        |

### Change in net assets per share

| B Accumulation USD                             | 30.09.23<br>\$c | 30.09.22<br>\$c | 30.09.21<br>\$c |
|--|-----------------|-----------------|-----------------|
| <b>Opening net asset value per share</b>       | 90.64           | 134.95          | 120.75          |
| Return before operating charges <sup>^</sup>   | 21.33           | -43.24          | 15.55           |
| Operating charges                              | -1.03           | -1.07           | -1.35           |
| Return after operating charges <sup>^</sup>    | 20.30           | -44.31          | 14.20           |
| Distributions                                  | 0.00            | -0.52           | -1.18           |
| Retained distributions on accumulation shares  | 0.00            | 0.52            | 1.18            |
| <b>Closing net asset value per share</b>       | <b>110.94</b>   | <b>90.64</b>    | <b>134.95</b>   |
| <sup>^</sup> After direct transaction costs of | 0.04            | -0.19           | -0.12           |
| <b>Performance</b>                             |                 |                 |                 |
| Return after charges                           | 22.40%          | -32.83%         | 11.76%          |
| <b>Other information</b>                       |                 |                 |                 |
| Closing net asset value                        | \$367,359       | \$57,205,280    | \$104,741,366   |
| Closing number of shares                       | 331,146         | 63,111,083      | 77,613,289      |
| Operating charges                              | 0.97%           | 0.92%           | 0.94%           |
| Ongoing operating charges*                     | 1.15%           | 0.94%           | 0.94%           |
| Direct transaction costs                       | -0.04%          | 0.16%           | 0.08%           |
| <b>Prices</b>                                  |                 |                 |                 |
| Highest share price                            | 117.39          | 140.10          | 163.36          |
| Lowest share price                             | 84.72           | 90.50           | 121.05          |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was US\$1.2205 (2022: \$1.1163, 2021: \$1.3483).

# MI Somerset Global Emerging Markets Fund

## Comparative Tables

continued

### Change in net assets per share

| B Accumulation EUR                             | 30.09.23<br>€c | 30.09.22<br>€c | 30.09.21<br>€c |
|--|----------------|----------------|----------------|
| <b>Opening net asset value per share</b>       | 115.85         | 142.61         | 126.21         |
| Return before operating charges <sup>^</sup>   | -0.35          | -25.55         | 17.79          |
| Operating charges                              | -1.12          | -1.21          | -1.39          |
| Return after operating charges <sup>^</sup>    | -1.47          | -26.76         | 16.40          |
| Distributions                                  | -1.16          | 0.00           | -1.26          |
| Retained distributions on accumulation shares  | 1.16           | 0.00           | 1.26           |
| <b>Closing net asset value per share</b>       | <b>114.38</b>  | <b>115.85</b>  | <b>142.61</b>  |
| <sup>^</sup> After direct transaction costs of | 0.05           | -0.21          | -0.12          |
| <b>Performance</b>                             |                |                |                |
| Return after charges                           | -1.27%         | -18.76%        | 12.99%         |
| <b>Other information</b>                       |                |                |                |
| Closing net asset value                        | €22,079        | €31,931        | €510,608       |
| Closing number of shares                       | 19,304         | 27,562         | 358,040        |
| Operating charges                              | 0.97%          | 0.92%          | 0.94%          |
| Ongoing operating charges*                     | 1.15%          | 0.94%          | 0.94%          |
| Direct transaction costs                       | -0.04%         | 0.16%          | 0.08%          |
| <b>Prices</b>                                  |                |                |                |
| Highest share price                            | 124.91         | 150.26         | 165.93         |
| Lowest share price                             | 106.65         | 116.56         | 126.51         |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was €1.1538 (2022: €1.1395, 2021: €1.1634).

| B Accumulation DKK                             | 30.09.23<br>ore | 30.09.22<br>ore | 30.09.21<br>ore |
|--|-----------------|-----------------|-----------------|
| <b>Opening net asset value per share</b>       | 2,229.88        | 2,806.83        | 2,484.98        |
| Return before operating charges <sup>^</sup>   | 2.74            | -555.54         | 346.63          |
| Operating charges                              | -19.65          | -21.41          | -24.78          |
| Return after operating charges <sup>^</sup>    | -16.91          | -576.95         | 321.85          |
| Distributions                                  | -23.65          | -15.25          | -27.20          |
| Retained distributions on accumulation shares  | 23.65           | 15.25           | 27.20           |
| <b>Closing net asset value per share</b>       | <b>2,212.97</b> | <b>2,229.88</b> | <b>2806.83</b>  |
| <sup>^</sup> After direct transaction costs of | 0.89            | -4.11           | -2.33           |
| <b>Performance</b>                             |                 |                 |                 |
| Return after charges                           | -0.76%          | -20.56%         | 12.95%          |
| <b>Other information</b>                       |                 |                 |                 |
| Closing net asset value                        | kr.125,930,164  | kr.126,892,249  | kr.159,723,922  |
| Closing number of shares                       | 5,690,549       | 5,690,549       | 5,690,549       |
| Operating charges                              | 0.88%           | 0.83%           | 0.85%           |
| Ongoing operating charges*                     | 1.06%           | 0.85%           | 0.85%           |
| Direct transaction costs                       | -0.04%          | 0.16%           | 0.08%           |
| <b>Prices</b>                                  |                 |                 |                 |
| Highest share price                            | 2,405.57        | 2,955.92        | 3,265.61        |
| Lowest share price                             | 2,054.33        | 2,243.46        | 2,490.47        |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was kr.8.6208 (2022: kr.8.4726, 2021: kr.8.6511).

## Comparative Tables

continued

\*The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily Net Asset Values for the last month of the year has the effect of increasing the operating charges by 0.25%. The ACD believes this to be more representative of the charges going forward.

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



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The indicator does not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the 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 Investment Company with Variable Capital 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 Somerset Global Emerging Markets Fund

## Statement of Total Return

for the year ended 30 September 2023

|   | Note | £           | 30.09.23<br>£      | £           | 30.09.22<br>£       |
|---|------|-------------|--------------------|-------------|---------------------|
| Income  |      |             |                    |             |                     |
| Net capital losses  | 2    |             | (1,493,467)        |             | (63,093,177)        |
| Revenue   | 3    | 3,160,676   |                    | 4,861,227   |                     |
| Expenses  | 4    | (1,641,590) |                    | (2,735,416) |                     |
| Interest payable and similar charges  | 4    | (727)       |                    | (57)        |                     |
| Net revenue before taxation   |      | 1,518,359   |                    | 2,125,754   |                     |
| Taxation  | 5    | (1,656,095) |                    | (1,352,314) |                     |
| Net (expense)/revenue after taxation  |      |             | (137,736)          |             | 773,440             |
| <b>Total return before distributions</b>  |      |             | <b>(1,631,203)</b> |             | <b>(62,319,737)</b> |
| Distributions   | 6    |             | (1,235,166)        |             | (1,628,106)         |
| <b>Change in net assets attributable to Shareholders from investment activities</b> |      |             | <b>(2,866,369)</b> |             | <b>(63,947,843)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2023

|  | £             | 30.09.23<br>£      | £            | 30.09.22<br>£      |
|--|---------------|--------------------|--------------|--------------------|
| <b>Opening net assets attributable to Shareholders</b>   |               | <b>257,299,693</b> |              | <b>333,788,375</b> |
| Amounts receivable on issue of shares  | 43,063,508    |                    | 53,768,306   |                    |
| Breach compensation  | 3,016         |                    | –            |                    |
| Dilution levy  | 396,750       |                    | –            |                    |
| Less: Amounts payable on cancellation of shares  | (266,743,683) |                    | (67,840,608) |                    |
|  |               | (223,280,409)      |              | (14,072,302)       |
| Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above) |               | (2,866,369)        |              | (63,947,843)       |
| Retained distribution on accumulation shares   |               | 523,603            |              | 1,531,463          |
| <b>Closing net assets attributable to Shareholders</b>   |               | <b>31,676,518</b>  |              | <b>257,299,693</b> |

The notes on pages 22 to 28 form an integral part of these Financial Statements.

# MI Somerset Global Emerging Markets Fund

## Balance Sheet

as at 30 September 2023

|  | Note | £         | 30.09.23          | £         | 30.09.22           | £ |
|--|------|-----------|-------------------|-----------|--------------------|---|
| <b>ASSETS</b>                                  |      |           |                   |           |                    |   |
| <b>Fixed Assets</b>                            |      |           |                   |           |                    |   |
| Investments                                    |      |           | 31,144,593        |           | 254,064,312        |   |
| <b>Current Assets</b>                          |      |           |                   |           |                    |   |
| Debtors  | 7    | 493,384   |                   | 259,505   |                    |   |
| Cash and bank balances                         | 9    | 269,597   |                   | 3,979,188 |                    |   |
| <b>Total current assets</b>                    |      |           | <b>762,981</b>    |           | <b>4,238,693</b>   |   |
| <b>Total assets</b>                            |      |           | <b>31,907,574</b> |           | <b>258,303,005</b> |   |
| <b>LIABILITIES</b>                             |      |           |                   |           |                    |   |
| <b>Creditors</b>                               |      |           |                   |           |                    |   |
| Bank overdrafts                                | 9    | (87,205)  |                   | (17,624)  |                    |   |
| Distribution payable                           |      | (5,853)   |                   | (4,856)   |                    |   |
| Other creditors                                | 8    | (137,998) |                   | (980,832) |                    |   |
| <b>Total creditors</b>                         |      |           | <b>(231,056)</b>  |           | <b>(1,003,312)</b> |   |
| <b>Total liabilities</b>                       |      |           | <b>(231,056)</b>  |           | <b>(1,003,312)</b> |   |
| <b>Net assets attributable to Shareholders</b> |      |           | <b>31,676,518</b> |           | <b>257,299,693</b> |   |

The notes on pages 22 to 28 form an integral part of these Financial Statements.

# MI Somerset Global Emerging Markets Fund

## Notes to the Financial Statements

for the year ended 30 September 2023

### 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 Losses

|                           | 30.09.23           | 30.09.22            |
|---------------------------|--------------------|---------------------|
|                           | £                  | £                   |
| Non-derivative securities | 532,059            | (62,886,513)        |
| Currency losses           | (1,991,013)        | (153,209)           |
| Transaction charges       | (34,513)           | (53,455)            |
| <b>Net capital losses</b> | <b>(1,493,467)</b> | <b>(63,093,177)</b> |

### 3. Revenue

|                            | 30.09.23         | 30.09.22         |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| Overseas dividends         | 2,983,338        | 4,644,822        |
| Taxable overseas dividends | 41,442           | 206,150          |
| Bank interest              | 135,862          | 10,255           |
| Sundry income              | 34               | -                |
| <b>Total revenue</b>       | <b>3,160,676</b> | <b>4,861,227</b> |

### 4. Expenses

|   | 30.09.23  | 30.09.22  |
|---|-----------|-----------|
|   | £         | £         |
| Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them: |           |           |
| ACD's fee   | 150,656   | 233,978   |
| Registration fee  | 50,083    | 55,400    |
|   | 200,739   | 289,378   |
| Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:   |           |           |
| Investment Manager's fee  | 1,299,267 | 2,241,404 |
| Payable to the Depositary, associates of the Depositary and agents of either of them:                   |           |           |
| Depositary's fee (including VAT)  | 39,088    | 57,796    |
| Safe custody and other bank charges   | 55,820    | 94,738    |
|   | 94,908    | 152,534   |
| Auditor's remuneration*:  |           |           |
| Audit fee   | 10,145    | 9,394     |
| Tax compliance services   | 2,163     | 2,163     |
|   | 12,308    | 11,557    |



## Notes to the Financial Statements

continued

### 4. Expenses (continued)

|                                      | 30.09.23         | 30.09.22         |
|--------------------------------------|------------------|------------------|
|                                      | £                | £                |
| Other expenses:                      |                  |                  |
| Legal fees                           | 31,686           | 38,295           |
| Printing costs                       | 2,682            | 2,248            |
|                                      | 34,368           | 40,543           |
| <b>Expenses</b>                      | <b>1,641,590</b> | <b>2,735,416</b> |
| Interest payable and similar charges | 727              | 57               |
| <b>Total</b>                         | <b>1,642,317</b> | <b>2,735,473</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

### 5. Taxation

|   | 30.09.23         | 30.09.22         |
|---|------------------|------------------|
|   | £                | £                |
| (a) Analysis of charge in the year:                 |                  |                  |
| Capital gains tax on Indian trades                  | 1,369,434        | 854,629          |
| Overseas tax  | 286,661          | 497,685          |
| <b>Total tax charge (note 5b)</b>                   | <b>1,656,095</b> | <b>1,352,314</b> |
| (b) Factors affecting taxation charge for the year: |                  |                  |
| Net revenue before taxation                         | 1,518,359        | 2,125,754        |
| Corporation tax at 20%                              | 303,672          | 425,151          |
| Effects of:   |                  |                  |
| Capital gains tax on Indian trades                  | 1,369,434        | 854,629          |
| Adjustments in respect of prior periods             | 2,988            | (3,342)          |
| Movement in surplus management expenses             | 291,249          | 513,340          |
| Overseas tax expensed                               | 286,661          | 497,685          |
| Unutilised double taxation relief                   | (1,241)          | (6,185)          |
| Non-taxable overseas earnings                       | (596,668)        | (928,964)        |
| <b>Total tax charge (note 5a)</b>                   | <b>1,656,095</b> | <b>1,352,314</b> |

#### (c) Deferred tax

At the year end there is a potential deferred tax asset of £4,497,596 (2022: £4,206,347) in relation to surplus management expenses of £22,487,980 (2022: £21,031,734). 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 Somerset Global Emerging Markets 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>30.09.23</b>  | <b>30.09.22</b>  |
|--|----------|------------------|------------------|
|  |          | <b>£</b>         | <b>£</b>         |
| Interim distribution                       | 31.03.23 | 238,933          | –                |
| Final distribution                         | 30.09.23 | 294,898          | 1,536,319        |
|  |          | 533,831          | 1,536,319        |
| Revenue deducted on cancellation of shares |          | 713,528          | 163,134          |
| Revenue received on issue of shares        |          | (12,193)         | (71,347)         |
| <b>Distributions</b>                       |          | <b>1,235,166</b> | <b>1,628,106</b> |

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

|   |  |                  |                  |
|---|--|------------------|------------------|
| Net (expense) / income after taxation per statement of total return |  | (137,736)        | 773,440          |
| Income shortfall  |  | 3,447            | –                |
| Capital gains tax on Indian trades                                  |  | 1,369,434        | 854,629          |
| Undistributed revenue brought forward                               |  | 27               | 64               |
| Undistributed revenue carried forward                               |  | (6)              | (27)             |
| <b>Distributions</b>  |  | <b>1,235,166</b> | <b>1,628,106</b> |

### 7. Debtors

|                              |  | <b>30.09.23</b> | <b>30.09.22</b> |
|------------------------------|--|-----------------|-----------------|
|                              |  | <b>£</b>        | <b>£</b>        |
| Amounts receivable on issues |  | 2,996           | 151,582         |
| Currency deals outstanding   |  | 1,403           | 389             |
| Sales awaiting settlement    |  | 447,701         | –               |
| Breach compensation          |  | 3,016           | –               |
| Accrued income:              |  |                 |                 |
| Dividends receivable         |  | 14,937          | 94,092          |
| Overseas tax recoverable     |  | 16,239          | 13,442          |
| Prepaid expenses:            |  |                 |                 |
| Legal Fee                    |  | 7,092           | –               |
| <b>Total debtors</b>         |  | <b>493,384</b>  | <b>259,505</b>  |

### 8. Other Creditors

|   |  | <b>30.09.23</b> | <b>30.09.22</b> |
|---|--|-----------------|-----------------|
|   |  | <b>£</b>        | <b>£</b>        |
| Amounts payable on cancellations  |  | 36,353          | 188,997         |
| Purchases awaiting settlement   |  | 31,473          | 553,680         |
| Accrued expenses:   |  |                 |                 |
| Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |  |                 |                 |
| ACD's fee   |  | 3,288           | 18,268          |
| Registration fee  |  | 3,914           | 4,326           |
|   |  | 7,202           | 22,594          |

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

|   | 30.09.23       | 30.09.22       |
|---|----------------|----------------|
|   | £              | £              |
| Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them: |                |                |
| Investment Manager's fee  | 18,551         | 165,703        |
| Amounts payable to the Depositary, associates of the Depositary and agents of either of them:                 |                |                |
| Depositary's fee (including VAT)  | 2,006          | 9,117          |
| Safe custody and other bank charges   | 1,790          | 16,075         |
|   | 3,796          | 25,192         |
| Auditor's remuneration*:  |                |                |
| Audit fee   | 10,145         | 9,394          |
| Tax compliance services   | 2,163          | 2,163          |
|   | 12,308         | 11,557         |
| Other accrued expenses:   |                |                |
| Legal fees  | 27,074         | 12,015         |
| Printing costs  | 1,241          | 1,094          |
|   | 28,315         | 13,109         |
| <b>Total other creditors</b>  | <b>137,998</b> | <b>980,832</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

### 9. Cash and Bank Balances

|                               | 30.09.23       | 30.09.22         |
|-------------------------------|----------------|------------------|
|                               | £              | £                |
| Cash and bank balances        | 269,597        | 3,979,188        |
| Overdraft positions           | (87,205)       | (17,624)         |
| <b>Cash and bank balances</b> | <b>182,392</b> | <b>3,961,564</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 Somerset Capital Management LLP ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Somerset Capital Management Investment Funds ICVC.

# MI Somerset Global Emerging Markets Fund

## Notes to the Financial Statements

continued

### 11. Contingent Liabilities and Outstanding Commitments

At 30 September 2023, the Sub-fund had a contingent liability of £4,156 on a holding of 539 Localiza Rent a Car nil paid shares resulting from a rights issue whereby 0.0073 nil paid share was issued for every one ordinary shares held. The nil paid shares may be exercised on 20 November 2023 at £7.71 per share (30.09.22: Nil).

### 12. Risk Management Policies and Disclosures

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

These policies have been applied throughout the year under review.

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 £3,114,459 (2022: £25,406,431).

#### Currency risk

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

| Currency             | 30.09.23<br>Total<br>£ | 30.09.22<br>Total<br>£ |
|----------------------|------------------------|------------------------|
| Brazilian real       | 2,601,321              | 16,990,033             |
| Chinese renminbi     | 3,311,984              | 27,819,371             |
| Euro                 | 759,575                | 10,431,445             |
| Hong Kong dollar     | 7,660,179              | 73,720,002             |
| Indian rupee         | 4,644,917              | 39,095,452             |
| Indonesian rupiah    | 841,958                | 7,509,459              |
| Mexican peso         | 1,145,371              | 7,390,520              |
| Pound sterling       | 467,329                | 3,126,105              |
| Saudi riyal          | 1,087,687              | 11,715,175             |
| South African rand   | 723,747                | 6,842,517              |
| South Korean won     | 2,781,183              | 12,382,045             |
| Taiwanese dollar     | 3,438,597              | 21,106,971             |
| United States dollar | 2,212,670              | 19,170,598             |
|                      | <b>31,676,518</b>      | <b>257,299,693</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 £3,120,919 (2022: £25,417,395).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.23

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes  |      | Purchases before transaction cost<br>£ |
|--|--------------------------|------------------|------|--------|------|--|
|  |                          | £                | %    | £      | %    |  |
| Equities   | 56,002,224               | 16,765           | 0.03 | 24,132 | 0.04 | 55,961,327                             |
| Corporate actions                                | 28,407                   | –                | 0.00 | –      | 0.00 | 28,407                                 |
| <b>Total purchases after commissions and tax</b> | <b>56,030,631</b>        |                  |      |        |      |  |

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | Taxes   |      | Sales before transaction cost<br>£ |
|--|------------------------|------------------|------|---------|------|------------------------------------|
|  |                        | £                | %    | £       | %    |                                    |
| Equities                                     | 279,482,623            | 103,080          | 0.04 | 323,087 | 0.12 | 279,908,790                        |
| <b>Total sales after commissions and tax</b> | <b>279,482,623</b>     |                  |      |         |      |                                    |
| Commission as a % of average net assets      | 0.07%                  |                  |      |         |      |                                    |
| Taxes as a % of the average net assets       | 0.20%                  |                  |      |         |      |                                    |

30.09.22

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes   |      | Purchases before transaction cost<br>£ |
|--|--------------------------|------------------|------|---------|------|--|
|  |                          | £                | %    | £       | %    |  |
| Equities   | 154,900,785              | 80,534           | 0.05 | 123,189 | 0.08 | 154,697,062                            |
| Corporate actions                                | (141,030)                | –                | 0.00 | –       | 0.00 | (141,030)                              |
| <b>Total purchases after commissions and tax</b> | <b>154,759,755</b>       |                  |      |         |      |  |

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | Taxes   |      | Sales before transaction cost<br>£ |
|--|------------------------|------------------|------|---------|------|------------------------------------|
|  |                        | £                | %    | £       | %    |                                    |
| Equities                                     | 164,591,323            | 89,376           | 0.05 | 180,747 | 0.11 | 164,861,446                        |
| <b>Total sales after commissions and tax</b> | <b>164,591,323</b>     |                  |      |         |      |                                    |
| Commission as a % of average net assets      | 0.06%                  |                  |      |         |      |                                    |
| Taxes as a % of the average net assets       | 0.10%                  |                  |      |         |      |                                    |

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 16 to 19. 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 30 September 2023 is 0.18% (2022: 0.10%).

# MI Somerset Global Emerging Markets Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

Apex Fundrock Ltd has appointed Polen Capital UK LLP as the delegated Investment Manager for the Funds with effect from 1 February 2024. For further information please see Significant Information on page 73.

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

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

| Share Class          | 30.09.23<br>p | 19.01.24<br>p | %<br>Movement |
|----------------------|---------------|---------------|---------------|
| A Accumulation GBP   | 216.68        | 212.73        | -1.82%        |
| B Income GBP*        | 204.46        | 200.76        | -1.81%        |
| B Accumulation GBP   | 240.08        | 234.86        | -2.17%        |
| B Accumulation USD   | 90.62         | 88.32         | -2.54%        |
| B Accumulation EUR   | 98.83         | 97.83         | -1.01%        |
| B Accumulation DKK** | 255.92        | -             | -100.00%      |

\* adjusted for income distribution for comparison purposes

\*\* this share class has been fully redeemed on 04.01.24.

### 16. Fair Value Disclosure

| Valuation technique | 30.09.23          |                  | 30.09.22           |                  |
|---------------------|-------------------|------------------|--------------------|------------------|
|                     | Assets<br>£       | Liabilities<br>£ | Assets<br>£        | Liabilities<br>£ |
| Level 1^            | 31,144,593        | -                | 254,064,312        | -                |
| Level 2^^           | -                 | -                | -                  | -                |
| Level 3^^^          | -                 | -                | -                  | -                |
|                     | <b>31,144,593</b> | <b>-</b>         | <b>254,064,312</b> | <b>-</b>         |

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

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

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

## Notes to the Financial Statements

continued

### 17. Shares in Issue

|                                 | <b>A Accumulation<br/>GBP</b> | <b>B Income<br/>GBP</b> | <b>B Accumulation<br/>GBP</b> |
|---------------------------------|-------------------------------|-------------------------|-------------------------------|
| Opening number of shares        | 51,817                        | 439,566                 | 77,973,792                    |
| Shares issued                   | 299                           | 13,103                  | 17,574,281                    |
| Shares cancelled                | (17,146)                      | (135,116)               | (88,892,418)                  |
| Shares converted                | –                             | 8,659                   | (7,474)                       |
| <b>Closing number of shares</b> | <b>34,970</b>                 | <b>326,212</b>          | <b>6,648,181</b>              |

|                                 | <b>B Accumulation<br/>USD</b> | <b>B Accumulation<br/>EUR</b> | <b>B Accumulation<br/>DKK</b> |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Opening number of shares        | 63,111,083                    | 27,562                        | 5,690,549                     |
| Shares issued                   | 674                           | 6,598                         | –                             |
| Shares cancelled                | (62,780,611)                  | (14,856)                      | –                             |
| Shares converted                | –                             | –                             | –                             |
| <b>Closing number of shares</b> | <b>331,146</b>                | <b>19,304</b>                 | <b>5,690,549</b>              |

# MI Somerset Global Emerging Markets Fund

## Distribution Tables

for the year ended 30 September 2023

### Income Share Distributions

| Share class | Distribution | Shares  | Net revenue | Equalisation | Distribution paid/payable 2023 | Distribution paid 2022 |
|-------------|--------------|---------|-------------|--------------|--------------------------------|------------------------|
| B GBP       | Interim      | Group 1 | 0.2328p     | –            | 0.2328p                        | –                      |
|             |              | Group 2 | 0.1825p     | 0.0503p      | 0.2328p                        | –                      |
|             | Final        | Group 1 | 1.7941p     | –            | 1.7941p                        | 1.1047p                |
|             |              | Group 2 | 0.9959p     | 0.7982p      | 1.7941p                        | 1.1047p                |

### Accumulation Share Distributions

| Share class | Distribution | Shares               | Net revenue | Equalisation | Amount reinvested 2023 | Amount reinvested 2022 |
|-------------|--------------|----------------------|-------------|--------------|------------------------|------------------------|
| A GBP       | Interim      | Group 1              | –           | –            | –                      | –                      |
|             |              | Group 2 <sup>^</sup> | –           | –            | –                      | –                      |
|             | Final        | Group 1              | 0.3933p     | –            | 0.3933p                | –                      |
|             |              | Group 2              | 0.3862p     | 0.0071p      | 0.3933p                | –                      |
| B GBP       | Interim      | Group 1              | 0.2752p     | –            | 0.2752p                | –                      |
|             |              | Group 2              | 0.2567p     | 0.0185p      | 0.2752p                | –                      |
|             | Final        | Group 1              | 2.3409p     | –            | 2.3409p                | 1.4571p                |
|             |              | Group 2              | –           | 2.3409p      | 2.3409p                | 1.4571p                |
| B USD       | Interim      | Group 1              | –           | –            | –                      | –                      |
|             |              | Group 2 <sup>^</sup> | –           | –            | –                      | –                      |
|             | Final        | Group 1              | –           | –            | –                      | 0.5197\$c              |
|             |              | Group 2 <sup>^</sup> | –           | –            | –                      | 0.5197\$c              |
| B EUR       | Interim      | Group 1              | 0.1305€c    | –            | 0.1305€c               | –                      |
|             |              | Group 2              | 0.0718€c    | 0.0587€c     | 0.1305€c               | –                      |
|             | Final        | Group 1              | 1.0335€c    | –            | 1.0335€c               | –                      |
|             |              | Group 2 <sup>^</sup> | 1.0335€c    | –            | 1.0335€c               | –                      |
| B DKK       | Interim      | Group 1              | 3.4807ore   | –            | 3.4807ore              | –                      |
|             |              | Group 2 <sup>^</sup> | 3.4807ore   | –            | 3.4807ore              | –                      |
|             | Final        | Group 1              | 20.1649ore  | –            | 20.1649ore             | 15.2456ore             |
|             |              | Group 2 <sup>^</sup> | 20.1649ore  | –            | 20.1649ore             | 15.2456ore             |

<sup>^</sup>No Group 2 shares held in this distribution period.

Interim period: 01.10.22 - 31.03.23

Final period: 01.04.23 - 30.09.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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



# MI Somerset Emerging Markets Dividend Growth Fund

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to achieve capital appreciation and income growth by mainly investing in an actively managed portfolio of dividend-paying emerging market securities.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or Efficient Portfolio Management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the year ended 30 September 2023

During the 12-month period ended 30 September 2023, the Somerset Emerging Markets Dividend Growth Fund outperformed the MSCI Emerging Markets Index by +6.18%. The Sub-fund's GBP Accumulation Class<sup>1</sup> share price at Net Asset Value (NAV) rose 8.34% in sterling terms whereas the MSCI Emerging Markets Index rose 2.16%.

India was the largest contributor to performance. One of our strongest investments was BLS International Services in India, a company we purchased in the 12-month period. BLS processes visas, identification documents, and attests documents, on behalf of national and state governments. There is a long runway of growth in the industry as circa 50% of such document processing is still completed by national or state governments in-house. However, the trend is to outsource processing as it is easier and more profitable for governments. The industry itself has high barriers to entry and is comprised of only three players, of which BLS International is the second largest, with the capability to provide services on a global scale. We expect the company to grow earnings by over 35% in the coming 12 months and its competitive advantages put it in a strong position to take market share of new outsourcing contracts. Overall, we remain underweight India, while we continue to search for businesses at attractive valuations in a market that has become expensive.

Elsewhere, the Sub-fund's technology investments in 2023 have been buoyed by developments in AI. In May, NVIDIA's unveiling of the DGX GH200 supercomputer and its huge order demand showed that investment in AI capabilities is likely to continue. Companies such as SK Hynix, the DRAM maker, will be a beneficiary of this large order demand as it is one of the few memory companies that can provide the advanced chips to power the GH200. From a fundamental perspective, we believe the stock remains attractively valued trading on just 1.2x book value. In addition, companies across the semiconductor supply chain such as eMemory Technology and Park Systems performed strongly for the Sub-fund. Looking forward, we believe our exposure will continue to benefit from the increasing investment needed in technology hardware required for AI computing.

We have added to our technology exposure and our weighting has risen from 25.4% to 27.3% NAV over the 12-month period (including impact of market movements). One company we purchased was Silergy, the largest independent analogue IC (Integrated Circuits) design company in Asia, with a focus on high-performance PMIC (Power Management Integrated Circuit). The company is listed in Taiwan but headquartered in China. Alongside providing PMIC solutions globally, domestically Silergy has also sought to displace MNCs (Multinational Companies) in China. There is a long growth outlook for Silergy in analogue PMIC, with the core demand coming from industrials and automotive, along with import substitution in China. However, more recently, Silergy along with the entire PMIC sector has had a difficult period as demand waned post the COVID era PMIC supply shortage. The stock has corrected c.80% from its peak in

# MI Somerset Emerging Markets Dividend Growth Fund

## Investment Manager's Report

continued

2021 and is trading near its 5 year trough price/book value, reflecting this weakness in the business. Whilst we have no predictor for when demand will pick up, the industry is now almost 2 years through digesting any excess inventories and sales have stabilised for Silergy. Consequently, we believe the opportunity is skewed to the upside from this juncture.

China has experienced a volatile 12 months but our selective exposure, which is diversified across industries, has outperformed the market. It is important to highlight that our exposure is not a market call, but a selection of individual companies that we feel are well placed to grow for a number of years in this environment, and where valuations do not reflect our expectations. Beijing Kingsoft Office Software (BKOS), a company that develops productivity software, much like Microsoft Office, has been the Sub-fund's strongest performer. The Chinese government has long iterated its desire to move away from using productivity software developed by international companies and as such BKOS is used across the government and is being rolled out in county governments, alongside being taken-up by enterprises and individuals. We sold out of our position as valuations become unjustifiable following a period of AI-related exuberance but would happily buy back at more appropriate levels.

In China, we have taken advantage of suppressed pricing presented during the market volatility to add positions at attractive valuations. Over the period we purchased Sieyuan Electric, the largest private producer of equipment for the electrical grid in China, and second largest overall. The investment case for Sieyuan is interesting because, while concerns about a slowing Chinese economy and weak consumption remain, we have identified areas of the economy where there is expenditure and growth. In recent years there has been a sustained effort by the government to increase investment in the Chinese electricity grid to meet the requirements of growing demand related to EVs, broad consumption, and changing power generation mix to renewable sources. The private sector is also investing in equipment to facilitate decarbonisation and electrification. We expect these investments to continue within China and internationally, so this step change in CAPEX provides a strong runway for growth over the long term for an electrical equipment provider such as Sieyuan. The company's R&D capabilities and innovative and comprehensive product portfolio are strong advantages which should put it in a good position to be a key provider of equipment and win tenders. Sieyuan is a cash generative company and has been able to fund its own growth whilst paying a dividend, enhancing the total return to Shareholders.

Overall, we think that emerging markets remain well positioned within a global economic slowdown as many countries still have numerous fiscal and monetary tools at their disposal. Brazil, with the potential to reduce currently extreme positive real interest rates, falling inflation and low valuations provides huge potential. And although stimulus has had little effect yet, China remains one of the few large economies that continues to lower interest rates, encourage bank lending and has the capability for further fiscal aid. While we do not expect a huge boost to the economy, we do expect the measures of the last 12 months to gain traction and to see an ongoing economic recovery. While not seeking broad exposure to the economy or market, we think that our individual companies can all potentially perform well in this environment.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

**Kumar Pandit & Mark Williams**

Co-Lead Managers

19 October 2023

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

as at 30 September 2023

| Holding  | Security                         | Market value<br>£ | % of total<br>net assets<br>2023 |
|--|----------------------------------|-------------------|----------------------------------|
| <b>TECHNOLOGY 29.62% (25.50%)</b>                                    |                                  |                   |                                  |
| <b>Software and Computer Services 6.36% (13.23%)</b>                 |                                  |                   |                                  |
| 23,684   | IndiaMart Intermesh              | 668,634           | 0.98                             |
| 1,756,791  | Locaweb Servicos De Internet     | 1,836,517         | 2.69                             |
| 57,200   | Tencent                          | 1,832,708         | 2.69                             |
|  |                                  | <hr/>             |                                  |
|  |                                  | 4,337,859         | 6.36                             |
| <hr/>  |                                  |                   |                                  |
| <b>Technology Hardware and Equipment 23.26% (12.27%)</b>             |                                  |                   |                                  |
| 31,000   | Aspeed Technology                | 2,161,621         | 3.17                             |
| 38,000   | eMemory Technology               | 1,938,005         | 2.84                             |
| 16,985   | Leeno Industrial                 | 1,587,133         | 2.32                             |
| 252,400  | Sieyuan Electric                 | 1,460,453         | 2.14                             |
| 167,000  | Silergy                          | 1,284,950         | 1.88                             |
| 35,883   | SK Hynix                         | 2,502,223         | 3.67                             |
| 232,250  | Taiwan Semiconductor             | 3,068,474         | 4.50                             |
| 426,000  | Unimicron Technology             | 1,870,705         | 2.74                             |
|  |                                  | <hr/>             |                                  |
|  |                                  | 15,873,564        | 23.26                            |
| <hr/>  |                                  |                   |                                  |
| <b>HEALTH CARE 7.37% (12.03%)</b>                                    |                                  |                   |                                  |
| <b>Health Care Providers 0.00% (2.64%)</b>                           |                                  |                   |                                  |
| <b>Pharmaceuticals and Biotechnology 7.37% (9.39%)</b>               |                                  |                   |                                  |
| 1093HK   | CSPC Pharmaceutical              | 1,085,451         | 1.59                             |
| 3218TT   | Universal Vision Biotechnology   | 1,812,444         | 2.65                             |
| 603259C1   | WuXi AppTec                      | 2,133,862         | 3.13                             |
|  |                                  | <hr/>             |                                  |
|  |                                  | 5,031,757         | 7.37                             |
| <hr/>  |                                  |                   |                                  |
| <b>FINANCIALS 16.95% (23.71%)</b>                                    |                                  |                   |                                  |
| <b>Banks 9.19% (12.05%)</b>  |                                  |                   |                                  |
| 50,480   | Bank of Georgia                  | 1,860,188         | 2.73                             |
| 42,607,068   | Guaranty Trust Bank              | 1,193,596         | 1.75                             |
| 71,263   | HDFC Bank                        | 1,072,527         | 1.57                             |
| 27,014   | Kaspi KZ JSC                     | 2,142,528         | 3.14                             |
|  |                                  | <hr/>             |                                  |
|  |                                  | 6,268,839         | 9.19                             |
| <hr/>  |                                  |                   |                                  |
| <b>Finance and Credit Services 5.07% (4.98%)</b>                     |                                  |                   |                                  |
| 104,031  | Aavas Financiers                 | 1,775,729         | 2.60                             |
| 367,280  | Chailease                        | 1,682,566         | 2.47                             |
|  |                                  | <hr/>             |                                  |
|  |                                  | 3,458,295         | 5.07                             |
| <hr/>  |                                  |                   |                                  |
| <b>Investment Banking and Brokerage Services 2.69% (6.68%)</b>       |                                  |                   |                                  |
| 60,100   | Hong Kong Exchanges and Clearing | 1,837,582         | 2.69                             |
| <hr/>  |                                  |                   |                                  |
| <b>REAL ESTATE 2.41% (0.00%)</b>                                     |                                  |                   |                                  |
| <b>Real Estate Investment and Services Development 2.41% (0.00%)</b> |                                  |                   |                                  |
| 1,780,000  | China Overseas Property          | 1,646,510         | 2.41                             |
|  |                                  | <hr/>             |                                  |

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

continued

| Holding   | Security  | Market value<br>£ | % of total<br>net assets<br>2023 |
|-----------|---|-------------------|----------------------------------|
|           | <b>CONSUMER DISCRETIONARY 14.72% (16.37%)</b>               |                   |                                  |
|           | <b>Automobiles and Parts 4.98% (4.48%)</b>                  |                   |                                  |
| 76,500    | BYD   | 1,935,574         | 2.84                             |
| 135,776   | Shenzhen Kedali Industry                                    | 1,462,121         | 2.14                             |
|           |   | <b>3,397,695</b>  | <b>4.98</b>                      |
|           | <b>Consumer Services 1.51% (2.16%)</b>                      |                   |                                  |
| 792,263   | Indian Energy Exchange                                      | 1,032,383         | 1.51                             |
|           | <b>Household Goods and Home Construction 1.77% (2.22%)</b>  |                   |                                  |
| 152,000   | Techtronic Industries                                       | 1,208,785         | 1.77                             |
|           | <b>Personal Goods 2.48% (0.00%)</b>                         |                   |                                  |
| 183,600   | Anta Sports Products  | 1,692,547         | 2.48                             |
|           | <b>Retailers 1.79% (4.49%)</b>                              |                   |                                  |
| 558,724   | Lojas Renner  | 1,223,003         | 1.79                             |
|           | <b>Travel and Leisure 2.19% (3.02%)</b>                     |                   |                                  |
| 20,500    | Copa  | 1,496,895         | 2.19                             |
|           | <b>CONSUMER STAPLES 4.75% (3.40%)</b>                       |                   |                                  |
|           | <b>Beverages 2.55% (3.40%)</b>                              |                   |                                  |
| 8,652     | Kweichow Moutai   | 1,742,267         | 2.55                             |
|           | <b>Personal Care, Drug and Grocery Stores 2.20% (0.00%)</b> |                   |                                  |
| 754,800   | Sendas Distribuidora  | 1,501,549         | 2.20                             |
|           | <b>INDUSTRIALS 14.31% (9.77%)</b>                           |                   |                                  |
|           | <b>Electronic and Electrical Equipment 6.44% (5.77%)</b>    |                   |                                  |
| 23,450    | Park Systems  | 2,328,107         | 3.41                             |
| 622,246   | Zhejiang Sanhua Intelligent Controls                        | 2,068,463         | 3.03                             |
|           |   | <b>4,396,570</b>  | <b>6.44</b>                      |
|           | <b>General Industrials 2.91% (4.00%)</b>                    |                   |                                  |
| 303,300   | Sunreisin New Materials                                     | 1,983,174         | 2.91                             |
|           | <b>Industrial Support Services 4.96% (0.00%)</b>            |                   |                                  |
| 907,184   | BLS International Services                                  | 2,237,244         | 3.28                             |
| 138,784   | Milkyway Chemical Supply Chain Service                      | 1,149,864         | 1.68                             |
|           |   | <b>3,387,108</b>  | <b>4.96</b>                      |
|           | <b>ENERGY 7.16% (6.98%)</b>                                 |                   |                                  |
|           | <b>Oil, Gas and Coal 7.16% (6.98%)</b>                      |                   |                                  |
| 1,844,153 | ADNOC Drilling  | 1,653,764         | 2.42                             |
| 420,100   | Petro Rio   | 3,231,539         | 4.74                             |
|           |   | <b>4,885,303</b>  | <b>7.16</b>                      |
|           | <b>Investment assets</b>                                    | <b>66,401,685</b> | <b>97.29</b>                     |
|           | <b>Net other assets</b>                                     | <b>1,848,820</b>  | <b>2.71</b>                      |
|           | <b>Net assets</b>   | <b>68,250,505</b> | <b>100.00</b>                    |

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.22.

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

### Change in net assets per share

| A Income GBP                                   | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 111.73        | 152.33        | 115.33        |
| Return before operating charges <sup>^</sup>   | 11.81         | -37.24        | 42.01         |
| Operating charges                              | -1.54         | -1.59         | -1.69         |
| Return after operating charges <sup>^</sup>    | 10.27         | -38.83        | 40.32         |
| Distributions                                  | -2.02         | -1.77         | -3.32         |
| <b>Closing net asset value per share</b>       | <b>119.98</b> | <b>111.73</b> | <b>152.33</b> |
| <sup>^</sup> After direct transaction costs of | -0.19         | -0.26         | -0.51         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | 9.19%         | -25.49%       | 34.96%        |
| <b>Other information</b>                       |               |               |               |
| Closing net asset value                        | £12,391,711   | £15,653,452   | £61,601,623   |
| Closing number of shares                       | 10,327,941    | 14,009,913    | 40,439,979    |
| Operating charges                              | 1.29%         | 1.22%         | 1.18%         |
| Ongoing operating charges*                     | 1.35%         | 1.26%         | 1.25%         |
| Direct transaction costs                       | 0.16%         | 0.20%         | 0.36%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 127.96        | 153.83        | 156.51        |
| Lowest share price                             | 110.01        | 111.31        | 113.24        |

| A Accumulation GBP                             | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 150.39        | 202.69        | 150.38        |
| Return before operating charges <sup>^</sup>   | 15.91         | -50.18        | 54.52         |
| Operating charges                              | -2.08         | -2.12         | -2.21         |
| Return after operating charges <sup>^</sup>    | 13.83         | -52.30        | 52.31         |
| Distributions                                  | -2.73         | -2.37         | -4.33         |
| Retained distributions on accumulation shares  | 2.73          | 2.37          | 4.33          |
| <b>Closing net asset value per share</b>       | <b>164.22</b> | <b>150.39</b> | <b>202.69</b> |
| <sup>^</sup> After direct transaction costs of | -0.26         | -0.35         | -0.67         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | 9.20%         | -25.80%       | 34.79%        |
| <b>Other information</b>                       |               |               |               |
| Closing net asset value                        | £46,498,408   | £58,674,813   | £92,387,787   |
| Closing number of shares                       | 28,314,176    | 39,015,998    | 45,581,898    |
| Operating charges                              | 1.29%         | 1.22%         | 1.18%         |
| Ongoing operating charges*                     | 1.35%         | 1.26%         | 1.25%         |
| Direct transaction costs                       | 0.16%         | 0.20%         | 0.36%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 172.16        | 204.54        | 205.49        |
| Lowest share price                             | 148.06        | 148.17        | 147.50        |

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

continued

### Change in net assets per share

| B Income EUR                                   | 30.09.23 <sup>†</sup><br>€c | 30.09.22<br>€c | 30.09.21 <sup>^^</sup><br>€c |
|--|-----------------------------|----------------|------------------------------|
| <b>Opening net asset value per share</b>       | 74.93                       | 104.92         | 100.00                       |
| Return before operating charges <sup>^</sup>   | 8.76                        | -27.68         | 7.54                         |
| Operating charges                              | -1.04                       | -1.11          | -1.21                        |
| Return after operating charges <sup>^</sup>    | 7.72                        | -28.79         | 6.33                         |
| Redemption payment                             | -82.26                      | -              | -                            |
| Distributions                                  | -0.39                       | -1.20          | -1.41                        |
| <b>Closing net asset value per share</b>       | <b>0.00</b>                 | <b>74.93</b>   | <b>104.92</b>                |
| <sup>^</sup> After direct transaction costs of | -0.13                       | -0.18          | -0.37                        |
| <b>Performance</b>                             |                             |                |                              |
| Return after charges                           | 10.30%                      | -27.44%        | 6.33%                        |
| <b>Other information</b>                       |                             |                |                              |
| Closing net asset value                        | €0                          | €9,672         | €6,947                       |
| Closing number of shares                       | 0                           | 12,908         | 6,621                        |
| Operating charges                              | 1.29%                       | 1.22%          | 1.18%                        |
| Ongoing Operating charges*                     | 1.35%                       | 1.26%          | 1.25%                        |
| Direct transaction costs                       | 0.16%                       | 0.20%          | 0.36%                        |
| <b>Prices</b>                                  |                             |                |                              |
| Highest share price                            | 86.45                       | 107.61         | 108.18                       |
| Lowest share price                             | 74.43                       | 75.45          | 97.41                        |

<sup>^^</sup>On 11 March 2021 shares in B Income EUR were issued.

<sup>†</sup>On 28 September 2023 all shares in B Income EUR Share Class were redeemed.

| B Accumulation EUR                             | 30.09.23<br>€c | 30.09.22<br>€c | 30.09.21<br>€c |
|--|----------------|----------------|----------------|
| <b>Opening net asset value per share</b>       | 145.03         | 199.13         | 140.66         |
| Return before operating charges <sup>^</sup>   | 17.14          | -51.98         | 60.61          |
| Operating charges                              | -2.02          | -2.12          | -2.14          |
| Return after operating charges <sup>^</sup>    | 15.12          | -54.10         | 58.47          |
| Distributions                                  | -2.65          | -2.30          | -4.28          |
| Retained distributions on accumulation shares  | 2.65           | 2.30           | 4.28           |
| <b>Closing net asset value per share</b>       | <b>160.15</b>  | <b>145.03</b>  | <b>199.13</b>  |
| <sup>^</sup> After direct transaction costs of | -0.25          | -0.35          | -0.65          |
| <b>Performance</b>                             |                |                |                |
| Return after charges                           | 10.43%         | -27.17%        | 41.57%         |
| <b>Other information</b>                       |                |                |                |
| Closing net asset value                        | €207,008       | €187,463       | €486,000       |
| Closing number of shares                       | 129,260        | 129,260        | 244,064        |
| Operating charges                              | 1.29%          | 1.22%          | 1.18%          |
| Ongoing operating charges*                     | 1.35%          | 1.26%          | 1.25%          |
| Direct transaction costs                       | 0.16%          | 0.20%          | 0.36%          |
| <b>Prices</b>                                  |                |                |                |
| Highest share price                            | 167.79         | 204.13         | 202.30         |
| Lowest share price                             | 144.06         | 144.35         | 139.21         |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was €1.1538 (2022: €1.1395, 2021: €1.1634).

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

continued

### Change in net assets per share

| <b>B Income USD</b>                            | <b>30.09.23</b><br>\$c | <b>30.09.22</b><br>\$c | <b>30.09.21</b><br>\$c |
|--|------------------------|------------------------|------------------------|
| <b>Opening net asset value per share</b>       | 65.43                  | 108.22                 | 78.50                  |
| Return before operating charges <sup>^</sup>   | 14.27                  | -40.62                 | 33.31                  |
| Operating charges                              | -0.99                  | -1.08                  | -1.22                  |
| Return after operating charges <sup>^</sup>    | 13.28                  | -41.70                 | 32.09                  |
| Distributions                                  | -1.42                  | -1.09                  | -2.37                  |
| <b>Closing net asset value per share</b>       | <b>77.29</b>           | <b>65.43</b>           | <b>108.22</b>          |
| <sup>^</sup> After direct transaction costs of | -0.12                  | -0.18                  | -0.37                  |
| <b>Performance</b>                             |                        |                        |                        |
| Return after charges                           | 20.30%                 | -38.53%                | 40.88%                 |
| <b>Other information</b>                       |                        |                        |                        |
| Closing net asset value                        | \$74,240               | \$135,950              | \$224,864              |
| Closing number of shares                       | 96,054                 | 207,785                | 207,785                |
| Operating charges                              | 1.29%                  | 1.22%                  | 1.18%                  |
| Ongoing operating charges*                     | 1.35%                  | 1.26%                  | 1.25%                  |
| Direct transaction costs                       | 0.16%                  | 0.20%                  | 0.36%                  |
| <b>Prices</b>                                  |                        |                        |                        |
| Highest share price                            | 85.16                  | 109.90                 | 115.04                 |
| Lowest share price                             | 64.88                  | 65.53                  | 77.35                  |

| <b>B Accumulation USD</b>                      | <b>30.09.23</b><br>\$c | <b>30.09.22</b><br>\$c | <b>30.09.21</b><br>\$c |
|--|------------------------|------------------------|------------------------|
| <b>Opening net asset value per share</b>       | 86.39                  | 140.69                 | 100.70                 |
| Return before operating charges <sup>^</sup>   | 29.45                  | -52.89                 | 41.55                  |
| Operating charges                              | -1.39                  | -1.41                  | -1.56                  |
| Return after operating charges <sup>^</sup>    | 28.06                  | -54.30                 | 39.99                  |
| Distributions                                  | -2.59                  | -1.42                  | -3.27                  |
| Retained distributions on accumulation shares  | 2.59                   | 1.42                   | 3.27                   |
| <b>Closing net asset value per share</b>       | <b>114.45</b>          | <b>86.39</b>           | <b>140.69</b>          |
| <sup>^</sup> After direct transaction costs of | -0.17                  | -0.23                  | -0.48                  |
| <b>Performance</b>                             |                        |                        |                        |
| Return after charges                           | 32.48%                 | -38.60%                | 39.71%                 |
| <b>Other information</b>                       |                        |                        |                        |
| Closing net asset value                        | \$59,552               | \$540,615              | € 929,580              |
| Closing number of shares                       | 52,032                 | 625,787                | 660,715                |
| Operating charges                              | 1.29%                  | 1.22%                  | 1.18%                  |
| Ongoing operating charges*                     | 1.35%                  | 1.26%                  | 1.25%                  |
| Direct transaction costs                       | 0.16%                  | 0.20%                  | 0.36%                  |
| <b>Prices</b>                                  |                        |                        |                        |
| Highest share price                            | 124.58                 | 142.87                 | 147.58                 |
| Lowest share price                             | 85.66                  | 85.53                  | 99.21                  |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was US\$1.2205 (2022: \$1.1163, 2021: \$1.3483).

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

continued

### Change in net assets per share

| B Accumulation AUD                             | 30.09.23<br>\$c | 30.09.22<br>\$c | 30.09.21<br>\$c |
|--|-----------------|-----------------|-----------------|
| <b>Opening net asset value per share</b>       | 97.31           | 141.85          | 102.02          |
| Return before operating charges <sup>^</sup>   | 20.30           | -43.11          | 41.34           |
| Operating charges                              | -1.42           | -1.43           | -1.51           |
| Return after operating charges <sup>^</sup>    | 18.88           | -44.54          | 39.83           |
| Distributions                                  | -2.19           | -0.97           | -2.99           |
| Retained distributions on accumulation shares  | 2.19            | 0.97            | 2.99            |
| <b>Closing net asset value per share</b>       | <b>116.19</b>   | <b>97.31</b>    | <b>141.85</b>   |
| <sup>^</sup> After direct transaction costs of | -0.18           | -0.23           | -0.46           |
| <b>Performance</b>                             |                 |                 |                 |
| Return after charges                           | 19.40%          | -31.40%         | 39.04%          |
| <b>Other information</b>                       |                 |                 |                 |
| Closing net asset value                        | \$154,725       | \$253,513       | € 369,534       |
| Closing number of shares                       | 133,171         | 260,518         | 260,518         |
| Operating charges                              | 1.29%           | 1.22%           | 1.18%           |
| Ongoing operating charges*                     | 1.35%           | 1.26%           | 1.25%           |
| Direct transaction costs                       | 0.16%           | 0.20%           | 0.36%           |
| <b>Prices</b>                                  |                 |                 |                 |
| Highest share price                            | 122.87          | 141.12          | 143.10          |
| Lowest share price                             | 96.20           | 95.90           | 102.11          |

| C Accumulation AUD                             | 30.09.23<br>\$c | 30.09.22<br>\$c | 30.09.21<br>\$c |
|--|-----------------|-----------------|-----------------|
| <b>Opening net asset value per share</b>       | 158.86          | 227.43          | 161.46          |
| Return before operating charges <sup>^</sup>   | 32.87           | -68.57          | 65.97           |
| Operating charges                              | 0.00            | 0.00            | 0.00            |
| Return after operating charges <sup>^</sup>    | 32.87           | -68.57          | 65.97           |
| Distributions on income shares                 | -3.78           | -3.07           | -5.24           |
| Retained distributions on accumulation shares  | 3.78            | 3.07            | 5.24            |
| <b>Closing net asset value per share</b>       | <b>191.73</b>   | <b>158.86</b>   | <b>227.43</b>   |
| <sup>^</sup> After direct transaction costs of | -0.29           | -0.38           | -0.73           |
| <b>Performance</b>                             |                 |                 |                 |
| Return after charges                           | 20.69%          | -30.15%         | 40.86%          |
| <b>Other information</b>                       |                 |                 |                 |
| Closing net asset value                        | \$17,034,576    | \$17,505,741    | € 27,731,597    |
| Closing number of shares                       | 8,884,655       | 11,019,349      | 12,193,631      |
| Operating charges                              | 0.00%           | 0.00%           | 0.00%           |
| Direct transaction costs                       | 0.16%           | 0.20%           | 0.36%           |
| <b>Prices</b>                                  |                 |                 |                 |
| Highest share price                            | 202.65          | 226.78          | 229.34          |
| Lowest share price                             | 157.05          | 156.56          | 161.61          |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was AU\$1.8949 (2022: AU\$1.7362, 2021: AU\$1.866).

\*The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily Net Asset Values for the last month of the year has the effect of increasing the operating charges by 0.06%. The ACD believes this to be more representative of the charges going forward.

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



## Comparative Tables

continued

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



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The two indicators do not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the 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 Investment Company with Variable Capital 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 Somerset Emerging Markets Dividend Growth Fund

## Statement of Total Return

for the year ended 30 September 2023

|   | Note | £         | 30.09.23<br>£    | £           | 30.09.22<br>£       |
|---|------|-----------|------------------|-------------|---------------------|
| Income  |      |           |                  |             |                     |
| Net capital gains/(losses)  | 2    |           | 6,833,944        |             | (35,571,407)        |
| Revenue   | 3    | 1,778,051 |                  | 2,368,453   |                     |
| Expenses  | 4    | (904,455) |                  | (1,266,641) |                     |
| Interest payable and similar charges  | 4    | (18)      |                  | –           |                     |
| Net revenue before taxation   |      | 873,578   |                  | 1,101,812   |                     |
| Taxation  | 5    | (151,023) |                  | (680,797)   |                     |
| Net revenue after taxation  |      |           | 722,555          |             | 421,015             |
| <b>Total return before distributions</b>  |      |           | <b>7,556,499</b> |             | <b>(35,150,392)</b> |
| Distributions   | 6    |           | (1,403,880)      |             | (1,610,044)         |
| <b>Change in net assets attributable to Shareholders from investment activities</b> |      |           | <b>6,152,619</b> |             | <b>(36,760,436)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2023

|  | £            | 30.09.23<br>£     | £            | 30.09.22<br>£      |
|--|--------------|-------------------|--------------|--------------------|
| <b>Opening net assets attributable to Shareholders</b>   |              | <b>85,336,150</b> |              | <b>170,324,059</b> |
| Amounts receivable on issue of shares  | 4,907,165    |                   | 8,962,267    |                    |
| Less: Amounts payable on cancellation of shares  | (29,170,026) |                   | (58,340,403) |                    |
|  |              | (24,262,861)      |              | (49,378,136)       |
| Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above) |              | 6,152,619         |              | (36,760,436)       |
| Retained distribution on accumulation shares   |              | 1,024,597         |              | 1,150,663          |
| <b>Closing net assets attributable to Shareholders</b>   |              | <b>68,250,505</b> |              | <b>85,336,150</b>  |

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

# MI Somerset Emerging Markets Dividend Growth Fund

## Balance Sheet

as at 30 September 2023

|  | Note | £         | 30.09.23           | £         | 30.09.22          | £ |
|--|------|-----------|--------------------|-----------|-------------------|---|
| <b>ASSETS</b>                                  |      |           |                    |           |                   |   |
| <b>Fixed Assets</b>                            |      |           |                    |           |                   |   |
| Investments                                    |      |           | 66,401,685         |           | 83,422,704        |   |
| <b>Current Assets</b>                          |      |           |                    |           |                   |   |
| Debtors  | 7    | 1,911,996 |                    | 960,233   |                   |   |
| Cash and bank balances                         | 9    | 1,013,220 |                    | 1,810,611 |                   |   |
| <b>Total current assets</b>                    |      |           | <b>2,925,216</b>   |           | <b>2,770,844</b>  |   |
| <b>Total assets</b>                            |      |           | <b>69,326,901</b>  |           | <b>86,193,548</b> |   |
| <b>LIABILITIES</b>                             |      |           |                    |           |                   |   |
| <b>Creditors</b>                               |      |           |                    |           |                   |   |
| Bank overdrafts                                | 9    | (403,725) |                    | (102,744) |                   |   |
| Distribution payable                           |      | (149,542) |                    | (182,516) |                   |   |
| Other creditors                                | 8    | (523,129) |                    | (572,138) |                   |   |
| <b>Total creditors</b>                         |      |           | <b>(1,076,396)</b> |           | <b>(857,398)</b>  |   |
| <b>Total liabilities</b>                       |      |           | <b>(1,076,396)</b> |           | <b>(857,398)</b>  |   |
| <b>Net assets attributable to Shareholders</b> |      |           | <b>68,250,505</b>  |           | <b>85,336,150</b> |   |

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

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

for the year ended 30 September 2023

### 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)

|                                   | 30.09.23         | 30.09.22            |
|-----------------------------------|------------------|---------------------|
|                                   | £                | £                   |
| Non-derivative securities         | 6,121,207        | (35,279,268)        |
| Currency gains/(losses)           | 733,680          | (252,655)           |
| Transaction charges               | (20,943)         | (39,484)            |
| <b>Net Capital gains/(losses)</b> | <b>6,833,944</b> | <b>(35,571,407)</b> |

### 3. Revenue

|                            | 30.09.23         | 30.09.22         |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| Overseas dividends         | 1,717,523        | 2,265,958        |
| Taxable overseas dividends | 21,707           | 98,495           |
| Bank interest              | 38,821           | 4,000            |
| <b>Total revenue</b>       | <b>1,778,051</b> | <b>2,368,453</b> |

### 4. Expenses

|   | 30.09.23       | 30.09.22       |
|---|----------------|----------------|
|   | £              | £              |
| Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |                |                |
| ACD's fee   | 65,365         | 98,078         |
| Registration fee  | 108,050        | 126,185        |
|   | <u>173,415</u> | <u>224,263</u> |
| Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:     |                |                |
| Investment Manager's fee  | 643,955        | 958,313        |
| Payable to the Depositary, associates of the Depositary and agents of either of them:                     |                |                |
| Depositary's fee (including VAT)  | 19,609         | 27,950         |
| Safe custody and other bank charges   | 29,041         | 36,909         |
|   | <u>48,650</u>  | <u>64,859</u>  |
| Auditor's remuneration*:  |                |                |
| Audit fee   | 10,145         | 9,394          |
| Tax compliance services   | 2,163          | 2,163          |
|   | <u>12,308</u>  | <u>11,557</u>  |

## Notes to the Financial Statements

continued

### 4. Expenses (continued)

|   | 30.09.23       | 30.09.22         |
|---|----------------|------------------|
|   | £              | £                |
| Other expenses:   |                |                  |
| Legal fees  | 57,833         | 39,796           |
| Printing costs  | 4,486          | 4,495            |
|   | 62,319         | 44,291           |
| Total operating charge (OCG) rebates accrued against expenses | (36,192)       | (36,642)         |
| <b>Expenses</b>   | <b>904,455</b> | <b>1,266,641</b> |
| Interest payable and similar charges                          | 18             | –                |
| <b>Total</b>  | <b>904,473</b> | <b>1,266,641</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

### 5. Taxation

|   | 30.09.23       | 30.09.22       |
|---|----------------|----------------|
|   | £              | £              |
| (a) Analysis of charge in the year:                 |                |                |
| Capital gains tax on Indian trades                  | 37,387         | 230,666        |
| Overseas tax  | 113,636        | 450,131        |
| <b>Total tax charge (note 5b)</b>                   | <b>151,023</b> | <b>680,797</b> |
| (b) Factors affecting taxation charge for the year: |                |                |
| Net revenue before taxation                         | 873,578        | 1,101,812      |
| Corporation tax at 20%                              | 174,716        | 220,362        |
| Effects of:   |                |                |
| Capital gains tax on Indian trades                  | 37,387         | 230,666        |
| Adjustments in respect of prior periods             | 53,636         | –              |
| Movement in surplus management expenses             | 115,804        | 235,784        |
| Overseas tax expensed                               | 113,636        | 450,131        |
| Unutilised double taxation relief                   | (651)          | (2,955)        |
| Non-taxable overseas earnings                       | (343,505)      | (453,191)      |
| <b>Total tax charge (note 5a)</b>                   | <b>151,023</b> | <b>680,797</b> |

#### (c) Deferred tax

At the year end there is a potential deferred tax asset of £15,321,273 (2022: £15,205,469) in relation to surplus management expenses of £76,606,363 (2022: £76,027,345). 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 Somerset Emerging Markets Dividend 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>30.09.23</b>  | <b>30.09.22</b>  |
|--|----------|------------------|------------------|
|  |          | <b>£</b>         | <b>£</b>         |
| Interim distribution                       | 31.03.23 | 410,606          | 427,470          |
| Final distribution                         | 30.09.23 | 828,818          | 994,508          |
|  |          | 1,239,424        | 1,421,978        |
| Revenue deducted on cancellation of shares |          | 184,252          | 226,467          |
| Revenue received on issue of shares        |          | (19,796)         | (38,401)         |
| <b>Distributions</b>                       |          | <b>1,403,880</b> | <b>1,610,044</b> |

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

|  |  |                  |                  |
|--|--|------------------|------------------|
| Net revenue after taxation per Statement of Total Return |  | 722,555          | 421,015          |
| Expenses allocated to capital                            |  | 643,955          | 958,313          |
| Capital gains tax on Indian trades                       |  | 37,387           | 230,666          |
| Undistributed revenue brought forward                    |  | 19               | 69               |
| Undistributed revenue carried forward                    |  | (36)             | (19)             |
| <b>Distributions</b>                                     |  | <b>1,403,880</b> | <b>1,610,044</b> |

### 7. Debtors

|                                     |  | <b>30.09.23</b>  | <b>30.09.22</b> |
|-------------------------------------|--|------------------|-----------------|
|                                     |  | <b>£</b>         | <b>£</b>        |
| Amounts receivable on issues        |  | 51,216           | 109,080         |
| Sales awaiting settlement           |  | 1,563,748        | 567,155         |
| Accrued income:                     |  |                  |                 |
| Dividends receivable                |  | 127,661          | 125,702         |
| Overseas tax recoverable            |  | 154,821          | 149,665         |
| Total operating charge (OGC) rebate |  | 7,780            | 2,052           |
| Prepaid expenses:                   |  |                  |                 |
| Legal fee                           |  | 6,770            | 6,579           |
| <b>Total debtors</b>                |  | <b>1,911,996</b> | <b>960,233</b>  |

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

continued

### 8. Other Creditors

|   | 30.09.23             | 30.09.22             |
|---|----------------------|----------------------|
|   | £                    | £                    |
| Amounts payable on cancellations  | 403,353              | 451,601              |
| Currency deals outstanding  | 487                  | –                    |
| Accrued expenses:   |                      |                      |
| Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |                      |                      |
| ACD's fee   | 4,758                | 6,187                |
| Registration fee  | 8,436                | 9,419                |
|   | <hr/> 13,194         | <hr/> 15,606         |
| Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:     |                      |                      |
| Investment Manager's fee  | 45,561               | 59,478               |
| Amounts payable to the Depositary, associates of the Depositary and agents of either of them:                     |                      |                      |
| Depositary's fee (including VAT)  | 3,027                | 3,717                |
| Safe custody and other bank charges   | 4,322                | 4,938                |
|   | <hr/> 7,349          | <hr/> 8,655          |
| Auditor's remuneration*:  |                      |                      |
| Audit fee   | 10,145               | 9,394                |
| Tax compliance services   | 2,163                | 2,163                |
|   | <hr/> 12,308         | <hr/> 11,557         |
| Other expenses:   |                      |                      |
| Legal fees  | 39,012               | 23,406               |
| Printing costs  | 1,865                | 1,835                |
|   | <hr/> 40,877         | <hr/> 25,241         |
| <b>Total other creditors</b>  | <hr/> <b>523,129</b> | <hr/> <b>572,138</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

### 9. Cash and Bank Balances

|                               | 30.09.23             | 30.09.22               |
|-------------------------------|----------------------|------------------------|
|                               | £                    | £                      |
| Cash and bank balances        | 1,013,220            | 1,810,611              |
| Overdraft positions           | (403,725)            | (102,744)              |
| <b>Cash and bank balances</b> | <hr/> <b>609,495</b> | <hr/> <b>1,707,867</b> |

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Apex Fundrock Limited ('AFL') is regarded as a related party by virtue of having the ability to act in respect of the operations of the 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 Somerset Capital Management LLP ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Total ongoing charge rebates accrued against expenses 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 Somerset Capital Management Investment Funds ICVC.

### 11. Contingent Liabilities and Outstanding Commitments

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

### 12. Risk Management Policies and Disclosures

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

These policies have been applied throughout the year under review.

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 £6,640,169 (2022: £8,342,270).

#### Currency risk

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

| Currency                  | 30.09.23<br>Total<br>£ | 30.09.22<br>Total<br>£ |
|---------------------------|------------------------|------------------------|
| Australian dollar         | 77,168                 | 58,283                 |
| Brazilian real            | 8,203,272              | 13,852,674             |
| Chinese renminbi          | 12,000,205             | 17,642,017             |
| Euro                      | (192)                  | (48)                   |
| Hong Kong dollar          | 11,786,984             | 11,473,336             |
| Indian rupee              | 7,098,000              | 9,696,541              |
| Nigerian naira            | 1,209,244              | 2,406,875              |
| Polish zloty              | 154,821                | 149,665                |
| Pound sterling            | 2,162,738              | 1,609,984              |
| South Korean won          | 6,417,463              | 7,766,479              |
| Taiwanese dollar          | 13,833,238             | 12,052,835             |
| Thai baht                 | –                      | 1,711,035              |
| United States dollar      | 3,653,800              | 5,081,367              |
| Unit Arab Emirates dirham | 1,653,764              | 1,835,107              |
|                           | <b>68,250,505</b>      | <b>85,336,150</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 £6,608,777 (2022: £8,372,617).



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.23

| Analysis of purchases                            | Total purchase cost<br>£ | £      | Commissions paid<br>% | £      | Taxes<br>% | Purchases before transaction cost<br>£ |
|--|--------------------------|--------|-----------------------|--------|------------|--|
| Equities   | 31,890,762               | 19,625 | 0.06                  | 26,401 | 0.08       | 31,844,736                             |
| Corporate Actions                                | (112,191)                | –      | 0.00                  | –      | 0.00       | (112,191)                              |
| <b>Total purchases after commissions and tax</b> | <b>31,778,571</b>        |        |                       |        |            |  |

| Analysis of sales                            | Net sale proceeds<br>£ | £      | Commissions paid<br>% | £      | Taxes<br>% | Sales before transaction cost<br>£ |
|--|------------------------|--------|-----------------------|--------|------------|------------------------------------|
| Equities                                     | 55,160,290             | 22,163 | 0.04                  | 60,941 | 0.11       | 55,243,394                         |
| <b>Total sales after commissions and tax</b> | <b>55,160,290</b>      |        |                       |        |            |                                    |
| Commission as a % of average net assets      | 0.05%                  |        |                       |        |            |                                    |
| Taxes as a % of the average net assets       | 0.11%                  |        |                       |        |            |                                    |

30.09.22

| Analysis of purchases                            | Total purchase cost<br>£ | £      | Commissions paid<br>% | £      | Taxes<br>% | Purchases before transaction cost<br>£ |
|--|--------------------------|--------|-----------------------|--------|------------|--|
| Equities   | 55,176,662               | 30,481 | 0.06                  | 28,375 | 0.05       | 55,117,806                             |
| Corporate Actions                                | (2,118)                  | –      | 0.00                  | –      | 0.00       | (2,118)                                |
| <b>Total purchases after commissions and tax</b> | <b>55,174,544</b>        |        |                       |        |            |  |

| Analysis of sales                            | Net sale proceeds<br>£ | £      | Commissions paid<br>% | £       | Taxes<br>% | Sales before transaction cost<br>£ |
|--|------------------------|--------|-----------------------|---------|------------|------------------------------------|
| Equities                                     | 104,385,909            | 64,026 | 0.06                  | 110,214 | 0.11       | 104,560,149                        |
| <b>Total sales after commissions and tax</b> | <b>104,385,909</b>     |        |                       |         |            |                                    |
| Commission as a % of average net assets      | 0.08%                  |        |                       |         |            |                                    |
| Taxes as a % of the average net assets       | 0.12%                  |        |                       |         |            |                                    |

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 34 to 38. 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 30 September 2023 is 0.20% (2022: 0.16%).

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

Apex Fundrock Ltd has appointed Polen Capital UK LLP as the delegated Investment Manager for the Funds with effect from 1 February 2024. For further information please see Significant Information on page 73.

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

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

| Share Class        | 30.09.23<br>p | 19.01.24<br>p | %<br>Movement |
|--------------------|---------------|---------------|---------------|
| A Income GBP*      | 121.46        | 117.26        | -3.46%        |
| A Accumulation GBP | 164.27        | 158.92        | -3.26%        |
| B Accumulation EUR | 138.84        | 134.36        | -3.23%        |
| B Income USD*      | 64.10         | 60.41         | -5.76%        |
| B Accumulation AUD | 61.18         | 58.61         | -4.20%        |
| C Accumulation AUD | 101.01        | 98.45         | -2.53%        |

\* adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

| Valuation technique | 30.09.23          |                  | 30.09.22          |                  |
|---------------------|-------------------|------------------|-------------------|------------------|
|                     | Assets<br>£       | Liabilities<br>£ | Assets<br>£       | Liabilities<br>£ |
| Level 1^            | 66,401,685        | -                | 83,422,704        | -                |
| Level 2^^           | -                 | -                | -                 | -                |
| Level 3^^^          | -                 | -                | -                 | -                |
|                     | <b>66,401,685</b> | <b>-</b>         | <b>83,422,704</b> | <b>-</b>         |

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

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

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

## Notes to the Financial Statements

continued

### 17. Shares in Issue

|                                 | <b>A Income<br/>GBP</b> | <b>A Accumulation<br/>GBP</b> | <b>B Income<br/>EUR</b> | <b>B Accumulation<br/>EUR</b> |
|---------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|
| Opening number of shares        | 14,009,913              | 39,015,998                    | 12,908                  | 129,260                       |
| Shares issued                   | 385,847                 | 2,076,687                     | 5,877                   | –                             |
| Shares cancelled                | (4,074,686)             | (12,777,706)                  | (18,785)                | –                             |
| Shares converted                | 6,867                   | (803)                         | –                       | –                             |
| <b>Closing number of shares</b> | <b>10,327,941</b>       | <b>28,314,176</b>             | <b>–</b>                | <b>129,260</b>                |

  

|                                 | <b>B Income<br/>USD</b> | <b>B Accumulation<br/>USD</b> | <b>B Accumulation<br/>AUD</b> | <b>C Accumulation<br/>AUD</b> |
|---------------------------------|-------------------------|-------------------------------|-------------------------------|-------------------------------|
| Opening number of shares        | 207,785                 | 625,787                       | 260,518                       | 11,019,349                    |
| Shares issued                   | –                       | –                             | –                             | 228,343                       |
| Shares cancelled                | (111,731)               | (573,755)                     | (127,347)                     | (2,363,037)                   |
| Shares converted                | –                       | –                             | –                             | –                             |
| <b>Closing number of shares</b> | <b>96,054</b>           | <b>52,032</b>                 | <b>133,171</b>                | <b>8,884,655</b>              |

# MI Somerset Emerging Markets Dividend Growth Fund

## Distribution Tables

for the year ended 30 September 2023

### Income Share Distributions

| Share class | Distribution | Shares               | Net revenue | Equalisation | Distribution paid/payable 2023 | Distribution paid 2022 |           |
|-------------|--------------|----------------------|-------------|--------------|--------------------------------|------------------------|-----------|
| A GBP       | Interim      | Group 1              | 0.5784p     | –            | 0.5784p                        | 0.4819p                |           |
|             |              | Group 2              | 0.3271p     | 0.2513p      | 0.5784p                        | 0.4819p                |           |
|             | Final        | Group 1              | 1.4400p     | –            | –                              | 1.4400p                | 1.2920p   |
|             |              | Group 2              | 0.7104p     | 0.7296p      | 0.7296p                        | 1.4400p                | 1.2920p   |
| B EUR       | Interim      | Group 1              | 0.3866€c    | –            | 0.3866€c                       | 0.3350€c               |           |
|             |              | Group 2              | 0.2692€c    | 0.1174€c     | 0.3866€c                       | 0.3350€c               |           |
|             | Final        | Group 1              | N/A         | N/A          | N/A                            | N/A                    | 0.8683€c  |
|             |              | Group 2              | N/A         | N/A          | N/A                            | N/A                    | 0.8683€c  |
| B USD       | Interim      | Group 1              | 0.3751\$c   | –            | 0.3751\$c                      | 0.3325\$c              |           |
|             |              | Group 2 <sup>^</sup> | 0.3751\$c   | –            | 0.3751\$c                      | 0.3325\$c              |           |
|             | Final        | Group 1              | 1.0415\$c   | –            | –                              | 1.0415\$c              | 0.7572\$c |
|             |              | Group 2 <sup>^</sup> | 1.0415\$c   | –            | –                              | 1.0415\$c              | 0.7572\$c |

### Accumulation Share Distributions

| Share class | Distribution | Shares               | Net revenue | Equalisation | Amount reinvested 2023 | Amount reinvested 2022 |           |
|-------------|--------------|----------------------|-------------|--------------|------------------------|------------------------|-----------|
| A GBP       | Interim      | Group 1              | 0.7792p     | –            | 0.7792p                | 0.6439p                |           |
|             |              | Group 2              | 0.3529p     | 0.4263p      | 0.7792p                | 0.6439p                |           |
|             | Final        | Group 1              | 1.9472p     | –            | –                      | 1.9472p                | 1.7215p   |
|             |              | Group 2              | 1.0138p     | 0.9334p      | 0.9334p                | 1.9472p                | 1.7215p   |
| B EUR       | Interim      | Group 1              | 0.7500€c    | –            | 0.7500€c               | 0.6416€c               |           |
|             |              | Group 2 <sup>^</sup> | 0.7500€c    | –            | 0.7500€c               | 0.6416€c               |           |
|             | Final        | Group 1              | 1.8988€c    | –            | –                      | 1.8988€c               | 1.6605€c  |
|             |              | Group 2 <sup>^</sup> | 1.8988€c    | –            | –                      | 1.8988€c               | 1.6605€c  |
| B USD       | Interim      | Group 1              | 1.1889\$c   | –            | 1.1889\$c              | 0.4353\$c              |           |
|             |              | Group 2 <sup>^</sup> | 1.1889\$c   | –            | 1.1889\$c              | 0.4353\$c              |           |
|             | Final        | Group 1              | 1.3984\$c   | –            | –                      | 1.3984\$c              | 0.9893\$c |
|             |              | Group 2 <sup>^</sup> | 1.3984\$c   | –            | –                      | 1.3984\$c              | 0.9893\$c |
| B AUD       | Interim      | Group 1              | 0.5359\$c   | –            | 0.5359\$c              | –                      |           |
|             |              | Group 2 <sup>^</sup> | 0.5359\$c   | –            | 0.5359\$c              | –                      |           |
|             | Final        | Group 1              | 1.6575\$c   | –            | –                      | 1.6575\$c              | 0.9678\$c |
|             |              | Group 2 <sup>^</sup> | 1.6575\$c   | –            | –                      | 1.6575\$c              | 0.9678\$c |
| C AUD       | Interim      | Group 1              | 1.1326\$c   | –            | 1.1326\$c              | 0.9948\$c              |           |
|             |              | Group 2              | 0.5805\$c   | 0.5521\$c    | 1.1326\$c              | 0.9948\$c              |           |
|             | Final        | Group 1              | 2.6458\$c   | –            | –                      | 2.6458\$c              | 2.0711\$c |
|             |              | Group 2              | 1.6072\$c   | 1.0386\$c    | 1.0386\$c              | 2.6458\$c              | 2.0711\$c |

<sup>^</sup>No Group 2 shares held in this distribution period.

Interim period: 01.10.22 - 31.03.23

Final period: 01.04.23 - 30.09.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

## Distribution Tables

continued

### 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 Somerset Emerging Markets Discovery Fund

## Investment Objective and Policy

### Investment Objective

The Sub-fund seeks to outperform the MSCI Emerging Markets SMID Index (with net dividends reinvested) over a 5 year period by investing at least 80% (but usually significantly more) in an actively managed portfolio of smaller and mid cap emerging and frontier market securities.

There is no guarantee that this return will be achieved and investors should note that capital is at risk.

### Investment Policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging and frontier market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation does not generally exceed US\$ 15 billion at the time of the initial investment.

The Investment Manager uses detailed research to seek to discover the best investment opportunities considering each company's specific circumstances.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or Efficient Portfolio Management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest no more than 5% of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

## Investment Manager's Report

for the year ended 30 September 2023

The Sub-fund's Accumulation Class<sup>1</sup> share price at NAV rose by 10.69% in sterling terms during the 12 months to 30 September 2023, whereas the MSCI Emerging Markets Index rose by 2.16% and the MSCI Emerging Markets Small Mid Cap Index rose 9.72%. Against the Sub-fund's benchmark, the Sub-fund outperformed by 8.02% over the period.

Since this is my first commentary as Co-Manager for the MI Somerset Emerging Markets Discovery Fund, before giving my views on the Sub-fund and market, I wanted to introduce myself, my investment philosophy and background. I started in the asset management industry in 2005, when I joined Fidelity as an Investment Analyst in London, having gained an MSc in chemical engineering from the Universidad Metropolitana, Venezuela, and an MBA, majoring in Finance & Accounting from Indiana University. I joined the Emerging Markets team and managed the Fidelity Latin America Fund from 2008-2019. In January 2021, I joined Somerset Capital Management LLP as a Senior Investment Analyst where I have specialised in Latin America, but also formed part of the Global Emerging Markets portfolio construction team, so my experience is broad across Global Emerging Market Equities.

In respect to my management of the MI Somerset Emerging Markets Discovery Fund, my primary objective is to increase returns for Shareholders by maximising the future earnings power of the portfolio. If I succeed in my role as Portfolio Manager, the portfolio will compound long-term returns at a reasonable rate, while limiting the risk of a permanent loss of capital.

To achieve this, we will buy companies that have a proven business model and where I have conviction that their future profits will be significantly higher than they are today. We define a proven business model as one that has a track record of sustaining high returns on capital, or improving returns on capital over time, and that can reinvest cash generated by high returns either internally (preferred option) or via acquisitions (analysis will be needed). If the company is not able to reinvest cash, they must have a sensible management team that returns excess cash as dividends to Shareholders. Few companies can meet these criteria over time, and even fewer do it at a reasonable price for investors. My work is to narrow the market and build a balanced portfolio of <50 constituents.

## Investment Manager's Report

continued

Turning to Sub-fund performance over the last 12 months, India has been a pocket of strong performance. The growth story in India remains undimmed, although investors tend to have to pay slightly higher valuations as a result. Macrotech Developers (real estate) was the Sub-fund's best performing stock in India. BLS International Services, one of three international players that processes visas and identification documents for national and state governments, also performed strongly. c.50% of document processing remains in-house but the market is increasingly outsourcing, providing a long runway for growth. In addition, BLS is winning contracts from peers and is improving margins by increasing sales of value-added services. We recently purchased a new holding in India, Star Health & Allied Insurance. The firm offers health and travel insurance policies to individuals. Supported by our growth at a reasonable price ('GARP') approach, we believe the company offers years of growth at a reasonable valuation. We do not expect to actively increase overall exposure to India significantly from here.

We also saw strong returns across our Financials, which benefitted from rising interest rates. Bank of Georgia (one of the two dominant banks in Georgia) was the Sub-fund's highest contributor to relative returns. The bank is well capitalised, has conservative provisioning and is highly profitable. The stock rallied as rate rises increased throughout the year.

China Overseas Property Holding ('COPH'), the leading property management company, is the Sub-fund's largest single stock exposure in China and contributed positively to Sub-fund performance despite negative sentiment towards Chinese equities. COPH's stock price benefitted its resilient operational performance over the period. We continue to see it as a key beneficiary from industry consolidation in the long-term. We need to be cognisant of the low weight to Chinese names within the portfolio, as the government there seeks to further increase economic stimulus to prompt an economic recovery. We continue to look for opportunities to purchase Chinese companies with proven business models at attractive valuations.

The Sub-fund has significant exposure to Latin America. In Brazil, extreme positive real interest rates, falling inflation and low valuations provides huge potential. The Sub-fund has exposure to exporters and consumers companies that should benefit from the reduction in real interest rates. In Mexico, the portfolio looks to benefit from strong economics and "Near-shoring".

The South African economy has been weak, with political inertia combining with rolling electricity blackouts implemented to manage the outdated power generation infrastructure. We hold Clicks, the leading pharmacy chain in South Africa, which has demonstrated consistent market share gains despite a difficult operating environment and remains highly profitable and cash generative.

In conclusion, emerging markets have derated significantly as an asset class during the last decade, valuations remain relatively cheap, and we expect to see an improvement as the cycle turns. I believe the universe still presents compelling opportunities, and my focus will be on owning well-managed businesses with strong balance sheets.

<sup>1</sup>Net Asset values of the Accumulation shares classes are based on the published single price provided by Apex Fundrock Limited, the Sub-fund ACD and Administrator; historical prices for other share classes can be provided on request.

**Angel Ortiz**

Portfolio Manager

17 October 2023

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

as at 30 September 2023

| Holding | Security  | Market value<br>£ | % of total<br>net assets<br>2023 |
|---------|---|-------------------|----------------------------------|
|         | <b>TECHNOLOGY 11.93% (11.54%)</b>                                     |                   |                                  |
|         | <b>Software and Computer Services 2.40% (4.85%)</b>                   |                   |                                  |
| 3,718   | Persistent Systems  | 212,517           | 2.40                             |
|         | <b>Technology Hardware and Equipment 9.53% (6.69%)</b>                |                   |                                  |
| 27,491  | Advantech   | 240,052           | 2.71                             |
| 2,000   | eMemory Technology  | 102,000           | 1.15                             |
| 3,640   | Leeno Industrial  | 340,133           | 3.84                             |
| 21,000  | Silergy   | 161,581           | 1.83                             |
|         |   | 843,766           | 9.53                             |
|         | <b>TELECOMMUNICATIONS 5.42% (4.46%)</b>                               |                   |                                  |
|         | <b>Telecommunications Service Providers 5.42% (4.46%)</b>             |                   |                                  |
| 153,639 | FPT   | 479,734           | 5.42                             |
|         | <b>HEALTH CARE 7.73% (9.81%)</b>                                      |                   |                                  |
|         | <b>Health Care Providers 2.97% (2.76%)</b>                            |                   |                                  |
| 11,674  | Mouwasat Medical Services   | 262,641           | 2.97                             |
|         | <b>Pharmaceuticals and Biotechnology 4.76% (7.05%)</b>                |                   |                                  |
| 14,842  | Ajanta Pharma   | 262,115           | 2.96                             |
| 160,800 | Mega Lifesciences   | 159,461           | 1.80                             |
|         |   | 421,576           | 4.76                             |
|         | <b>FINANCIALS 16.71% (15.68%)</b>                                     |                   |                                  |
|         | <b>Banks 5.37% (3.53%)</b>  |                   |                                  |
| 12,902  | Bank of Georgia   | 475,439           | 5.37                             |
| 788,129 | Security Bank Preferred Shares^                                       | -                 | -                                |
|         |   | 475,439           | 5.37                             |
|         | <b>Finance and Credit Services 6.09% (3.41%)</b>                      |                   |                                  |
| 35,700  | Chailease   | 163,547           | 1.85                             |
| 98,956  | Repc Home Finance   | 375,085           | 4.24                             |
|         |   | 538,632           | 6.09                             |
|         | <b>Investment Banking and Brokerage Services 0.00% (5.20%)</b>        |                   |                                  |
|         | <b>Non-life Insurance 5.25% (3.54%)</b>                               |                   |                                  |
| 58,384  | Qualitas Controladora   | 360,392           | 4.07                             |
| 17,622  | Star Health & Allied Insurance  | 104,606           | 1.18                             |
|         |   | 464,998           | 5.25                             |
|         | <b>REAL ESTATE 13.69% (8.29%)</b>                                     |                   |                                  |
|         | <b>Real Estate Investment and Services Development 13.69% (8.29%)</b> |                   |                                  |
| 473,000 | China Overseas Property   | 437,528           | 4.94                             |
| 57,075  | Corporacion Inmobiliaria Vesta  | 154,323           | 1.75                             |
| 76,838  | EZ Tec Empreendimentos e Participacoes                                | 236,575           | 2.67                             |
| 48,868  | Macrotech Developers  | 383,134           | 4.33                             |
|         |   | 1,211,560         | 13.69                            |



## Portfolio Statement

continued

| Holding | Security   | Market value<br>£ | % of total<br>net assets<br>2023 |
|---------|--|-------------------|----------------------------------|
|         | <b>CONSUMER DISCRETIONARY 13.03% (13.47%)</b>                |                   |                                  |
|         | <b>Automobiles and Parts 0.15% (1.72%)</b>                   |                   |                                  |
| 30,000  | China Meidong Auto   | 13,436            | 0.15                             |
|         | <b>Consumer Services 4.26% (0.00%)</b>                       |                   |                                  |
| 104,510 | BLS International Services                                   | 257,736           | 2.91                             |
| 12,400  | Localiza Rent a Car  | 118,795           | 1.35                             |
| 90      | Localize Rent a Car - Rights                                 | 236               | 0.00                             |
|         |  | 376,767           | 4.26                             |
|         | <b>Household Goods and Home Construction 3.35% (5.86%)</b>   |                   |                                  |
| 22,000  | Nien Made Enterprise   | 172,616           | 1.95                             |
| 22,893  | Zhejiang Supor   | 124,263           | 1.40                             |
|         |  | 296,879           | 3.35                             |
|         | <b>Leisure Goods 0.51% (2.20%)</b>                           |                   |                                  |
| 333     | NCSOFT   | 44,944            | 0.51                             |
|         | <b>Retailers 4.76% (3.69%)</b>                               |                   |                                  |
| 19,440  | Poya International   | 237,159           | 2.68                             |
| 92,400  | Sendas Distributora  | 183,814           | 2.08                             |
|         |  | 420,973           | 4.76                             |
|         | <b>CONSUMER STAPLES 9.56% (16.78%)</b>                       |                   |                                  |
|         | <b>Beverages 4.03% (5.08%)</b>                               |                   |                                  |
| 49,500  | Heineken Malaysia  | 208,762           | 2.36                             |
| 21,900  | Sichuan Swellfun   | 147,904           | 1.67                             |
|         |  | 356,666           | 4.03                             |
|         | <b>Personal Care, Drug and Grocery Stores 5.53% (11.70%)</b> |                   |                                  |
| 26,219  | Clicks   | 293,828           | 3.32                             |
| 2,950   | Dino Polska  | 195,936           | 2.21                             |
|         |  | 489,764           | 5.53                             |
|         | <b>INDUSTRIALS 12.56% (9.09%)</b>                            |                   |                                  |
|         | <b>Construction and Materials 3.01% (6.59%)</b>              |                   |                                  |
| 79,254  | Beijing New Building Materials                               | 266,561           | 3.01                             |
|         | <b>Electronic and Electrical Equipment 5.55% (2.50%)</b>     |                   |                                  |
| 3,670   | Park Systems   | 364,356           | 4.12                             |
| 41,500  | Wuxi Lead Intelligent Equipment                              | 126,477           | 1.43                             |
|         |  | 490,833           | 5.55                             |
|         | <b>Industrial Engineering 2.34% (0.00%)</b>                  |                   |                                  |
| 84,000  | Estun Automation   | 207,472           | 2.34                             |
|         | <b>Industrial Support Services 1.66% (0.00%)</b>             |                   |                                  |
| 17,698  | Milkyway Chemical Supply Chain Service                       | 146,633           | 1.66                             |
|         | <b>BASIC MATERIALS 3.10% (3.95%)</b>                         |                   |                                  |
|         | <b>Chemicals 3.10% (3.95%)</b>                               |                   |                                  |
| 9,874   | RHI Magniesta  | 274,695           | 3.10                             |

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

continued

|                |  | Market<br>value<br>£ | % of total<br>net assets<br>2023 |
|----------------|--|----------------------|----------------------------------|
| <b>Holding</b> | <b>Security</b>                                  |                      |                                  |
|                | <b>ENERGY 3.19% (0.00%)</b>                      |                      |                                  |
|                | <b>Oil, Gas and Coal 3.19% (0.00%)</b>           |                      |                                  |
| 36,700         | Petro Rio  | 282,308              | 3.19                             |
|                | <b>UTILITIES 0.84% (1.95%)</b>                   |                      |                                  |
|                | <b>Waste and Disposal Services 0.84% (1.95%)</b> |                      |                                  |
| 26,000         | Sunny Friend Environmental Technology            | 74,691               | 0.84                             |
|                | <b>Investment assets</b>                         | <b>8,653,485</b>     | <b>97.76</b>                     |
|                | <b>Net other assets</b>                          | <b>198,678</b>       | <b>2.24</b>                      |
|                | <b>Net assets</b>                                | <b>8,852,163</b>     | <b>100.00</b>                    |

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.22.

^This is a suspended security and has been valued at the Manager's best assessment of its fair value.

# MI Somerset Emerging Markets Discovery Fund

## Comparative Tables

### Change in net assets per share

| A Income GBP                                   | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 86.44         | 104.38        | 90.42         |
| Return before operating charges <sup>^</sup>   | 11.94         | -15.80        | 15.69         |
| Operating charges                              | -1.44         | -1.12         | -1.25         |
| Return after operating charges <sup>^</sup>    | 10.50         | -16.92        | 14.44         |
| Distributions                                  | -0.68         | -1.02         | -0.48         |
| <b>Closing net asset value per share</b>       | <b>96.26</b>  | <b>86.44</b>  | <b>104.38</b> |
| <sup>^</sup> After direct transaction costs of | -0.16         | -0.20         | -0.18         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | 12.15%        | -16.21%       | 15.97%        |
| <b>Other Information</b>                       |               |               |               |
| Closing net asset value                        | £125,634      | £324,348      | £398,673      |
| Closing number of shares                       | 130,509       | 375,233       | 381,935       |
| Operating charges                              | 1.56%         | 1.15%         | 1.21%         |
| Ongoing operating charges <sup>*</sup>         | 1.35%         | 0.78%         | 0.65%         |
| Direct transaction costs                       | 0.17%         | 0.21%         | 0.17%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 99.84         | 110.85        | 110.84        |
| Lowest share price                             | 81.22         | 86.36         | 89.35         |

| A Accumulation GBP                             | 30.09.23<br>p | 30.09.22<br>p | 30.09.21<br>p |
|--|---------------|---------------|---------------|
| <b>Opening net asset value per share</b>       | 89.12         | 106.05        | 91.13         |
| Return before operating charges <sup>^</sup>   | 11.80         | -15.79        | 16.18         |
| Operating charges                              | -1.48         | -1.14         | -1.26         |
| Return after operating charges <sup>^</sup>    | 10.32         | -16.93        | 14.92         |
| Distributions                                  | -0.69         | -1.02         | -0.50         |
| Retained distributions on accumulation shares  | 0.69          | 1.02          | 0.50          |
| <b>Closing net asset value per share</b>       | <b>99.44</b>  | <b>89.12</b>  | <b>106.05</b> |
| <sup>^</sup> After direct transaction costs of | -0.16         | -0.21         | -0.18         |
| <b>Performance</b>                             |               |               |               |
| Return after charges                           | 11.58%        | -15.96%       | 16.37%        |
| <b>Other Information</b>                       |               |               |               |
| Closing net asset value                        | £8,249,399    | £9,083,186    | £10,121,399   |
| Closing number of shares                       | 8,295,790     | 10,191,946    | 9,544,252     |
| Operating charges                              | 1.56%         | 1.15%         | 1.21%         |
| Ongoing operating charges <sup>*</sup>         | 1.35%         | 0.78%         | 0.65%         |
| Direct transaction costs                       | 0.17%         | 0.21%         | 0.17%         |
| <b>Prices</b>                                  |               |               |               |
| Highest share price                            | 102.40        | 112.85        | 112.03        |
| Lowest share price                             | 83.70         | 88.14         | 90.07         |

# MI Somerset Emerging Markets Discovery Fund

## Comparative Tables

continued

### Change in net assets per share

| A Accumulation EUR                             | 30.09.23<br>€c | 30.09.22<br>€c | 30.09.21<br>€c |
|--|----------------|----------------|----------------|
| <b>Opening net asset value per share</b>       | 115.29         | 139.37         | 112.40         |
| Return before operating charges <sup>^</sup>   | 18.12          | -22.55         | 28.60          |
| Operating charges                              | -1.94          | -1.53          | -1.63          |
| Return after operating charges <sup>^</sup>    | 16.18          | -24.08         | 26.97          |
| Distributions                                  | -0.63          | -1.25          | -0.19          |
| Retained distributions on accumulation shares  | 0.63           | 1.25           | 0.19           |
| <b>Closing net asset value per share</b>       | <b>131.47</b>  | <b>115.29</b>  | <b>139.37</b>  |
| <sup>^</sup> After direct transaction costs of | -0.21          | -0.28          | -0.23          |
| <b>Performance</b>                             |                |                |                |
| Return after charges                           | 14.03%         | -17.28%        | 23.99%         |
| <b>Other Information</b>                       |                |                |                |
| Closing net asset value                        | €214,258       | €700,559       | €66,609        |
| Closing number of shares                       | 162,974        | 607,649        | 47,794         |
| Operating charges                              | 1.56%          | 1.15%          | 1.21%          |
| Ongoing operating charges <sup>*</sup>         | 1.35%          | 0.78%          | 0.65%          |
| Direct transaction costs                       | 0.17%          | 0.21%          | 0.17%          |
| <b>Prices</b>                                  |                |                |                |
| Highest share price                            | 136.69         | 151.63         | 148.11         |
| Lowest share price                             | 110.11         | 114.80         | 112.02         |

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was €1.1538 (2022: €1.1395, 2021: €1.1634).

| A Accumulation USD                             | 30.09.23<br>\$c | 30.09.22 <sup>^^</sup><br>\$c |
|--|-----------------|-------------------------------|
| <b>Opening net asset value per share</b>       | 69.90           | 100.00 <sup>†</sup>           |
| Return before operating charges <sup>^</sup>   | 19.59           | -29.07                        |
| Operating charges                              | -1.30           | -1.03                         |
| Return after operating charges <sup>^</sup>    | 18.29           | -30.10                        |
| Distributions                                  | 0.00            | -0.77                         |
| Retained distributions on accumulation shares  | 0.00            | 0.77                          |
| <b>Closing net asset value per share</b>       | <b>88.19</b>    | <b>69.90</b>                  |
| <sup>^</sup> After direct transaction costs of | -0.14           | -0.19                         |
| <b>Performance</b>                             |                 |                               |
| Return after charges                           | 26.17%          | -30.10%                       |
| <b>Other information</b>                       |                 |                               |
| Closing net asset value                        | \$298,220       | \$1,963,893                   |
| Closing number of shares                       | 338,147         | 2,809,472                     |
| Operating charges                              | 1.56%           | 1.15%                         |
| Ongoing operating charges <sup>*</sup>         | 1.35%           | 0.78%                         |
| Direct transaction costs                       | 0.17%           | 0.21%                         |
| <b>Prices</b>                                  |                 |                               |
| Highest share price                            | 94.73           | 106.55                        |
| Lowest share price                             | 67.60           | 69.13                         |

<sup>^^</sup>A Accumulation USD share class was launched on 4 October 2021.

<sup>†</sup>Launch price.

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2023 was US\$1.2205 (2022: \$1.1163, 2021: \$1.3483).

## Comparative Tables

continued

| <b>B Accumulation GBP</b>                      | <b>30.09.23</b><br>p | <b>30.09.22</b><br>p | <b>30.09.21^^</b><br>p |
|--|----------------------|----------------------|------------------------|
| <b>Opening net asset value per share</b>       | 80.14                | 95.65                | 100.00 <sup>†</sup>    |
| Return before operating charges <sup>^</sup>   | 10.35                | -14.48               | -3.15                  |
| Operating charges                              | -1.33                | -1.03                | -1.20                  |
| Return after operating charges <sup>^</sup>    | 9.02                 | -15.51               | -4.35                  |
| Distributions                                  | -0.63                | -0.93                | -0.21                  |
| Retained distributions on accumulation shares  | 0.63                 | 0.93                 | 0.21                   |
| <b>Closing net asset value per share</b>       | <b>89.16</b>         | <b>80.14</b>         | <b>95.65</b>           |
| <sup>^</sup> After direct transaction costs of | -0.15                | -0.19                | -0.17                  |
| <b>Performance</b>                             |                      |                      |                        |
| Return after charges                           | 11.26%               | -16.22%              | -4.35%                 |
| <b>Other Information</b>                       |                      |                      |                        |
| Closing net asset value                        | £47,091              | £42,064              | £48,425                |
| Closing number of shares                       | 52,816               | 52,487               | 50,625                 |
| Operating charges                              | 1.56%                | 1.15%                | 1.21%                  |
| Ongoing operating charges <sup>*</sup>         | 1.35%                | 0.78%                | 0.65%                  |
| Direct transaction costs                       | 0.17%                | 0.21%                | 0.17%                  |
| <b>Prices</b>                                  |                      |                      |                        |
| Highest share price                            | 91.82                | 101.62               | 101.13                 |
| Lowest share price                             | 75.20                | 79.32                | 95.48                  |

<sup>^^</sup>B Accumulation share class was launched on 09 June 2021.

<sup>†</sup>Launch price.

<sup>\*</sup>The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily Net Asset Values for the last month of the year has the effect of decreasing the operating charges by 0.21%. The ACD believes this to be more representative of the charges going forward.

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

# MI Somerset Emerging Markets Discovery Fund

## Risk and Reward Profile

The risk and reward indicator table demonstrate 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:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the 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 Investment Company with Variable Capital 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 Somerset Emerging Markets Discovery Fund

## Statement of Total Return

for the year ended 30 September 2023

|   | Note | £         | 30.09.23<br>£  | £         | 30.09.22<br>£      |
|---|------|-----------|----------------|-----------|--------------------|
| Income  |      |           |                |           |                    |
| Net capital gains/(losses)  | 2    |           | 913,614        |           | (2,757,319)        |
| Revenue   | 3    | 229,467   |                | 387,009   |                    |
| Expenses  | 4    | (142,565) |                | (177,243) |                    |
| Interest payable and similar charges  | 4    | (193)     |                | –         |                    |
| Net revenue before taxation   |      | 86,709    |                | 209,766   |                    |
| Taxation  | 5    | (25,567)  |                | (82,336)  |                    |
| Net revenue after taxation  |      |           | 61,142         |           | 127,430            |
| <b>Total return before distributions</b>  |      |           | <b>974,756</b> |           | <b>(2,629,889)</b> |
| Distributions   | 6    |           | (61,146)       |           | (164,078)          |
| <b>Change in net assets attributable to Shareholders from investment activities</b> |      |           | <b>913,610</b> |           | <b>(2,793,967)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2023

|  | £           | 30.09.23<br>£     | £           | 30.09.22<br>£     |
|--|-------------|-------------------|-------------|-------------------|
| <b>Opening net assets attributable to Shareholders</b>   |             | <b>11,823,681</b> |             | <b>10,625,750</b> |
| Amounts receivable on issue of shares  | 2,568,651   |                   | 10,460,229  |                   |
| Less: Amounts payable on cancellation of shares  | (6,511,670) |                   | (6,602,604) |                   |
|  |             | (3,943,019)       |             | 3,857,625         |
| Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above) |             | 913,610           |             | (2,793,967)       |
| Retained distribution on accumulation shares   |             | 57,891            |             | 134,273           |
| <b>Closing net assets attributable to Shareholders</b>   |             | <b>8,852,163</b>  |             | <b>11,823,681</b> |

The notes on pages 61 to 68 form an integral part of these Financial Statements.

# MI Somerset Emerging Markets Discovery Fund

## Balance Sheet

as at 30 September 2023

|  | Note | £         | 30.09.23         | £         | 30.09.22          | £ |
|--|------|-----------|------------------|-----------|-------------------|---|
| <b>ASSETS</b>                                  |      |           |                  |           |                   |   |
| <b>Fixed Assets</b>                            |      |           |                  |           |                   |   |
| Investments                                    |      |           | 8,653,485        |           | 11,234,748        |   |
| <b>Current Assets</b>                          |      |           |                  |           |                   |   |
| Debtors  | 7    | 116,287   |                  | 649,586   |                   |   |
| Cash and bank balances                         | 9    | 279,253   |                  | 638,064   |                   |   |
| <b>Total current assets</b>                    |      |           | <b>395,540</b>   |           | <b>1,287,650</b>  |   |
| <b>Total assets</b>                            |      |           | <b>9,049,025</b> |           | <b>12,522,398</b> |   |
| <b>LIABILITIES</b>                             |      |           |                  |           |                   |   |
| <b>Creditors</b>                               |      |           |                  |           |                   |   |
| Bank overdrafts                                | 9    | (28,416)  |                  | (6,562)   |                   |   |
| Distribution payable                           |      | (891)     |                  | (3,089)   |                   |   |
| Other creditors                                | 8    | (167,555) |                  | (689,066) |                   |   |
| <b>Total creditors</b>                         |      |           | <b>(196,862)</b> |           | <b>(698,717)</b>  |   |
| <b>Total liabilities</b>                       |      |           | <b>(196,862)</b> |           | <b>(698,717)</b>  |   |
| <b>Net assets attributable to Shareholders</b> |      |           | <b>8,852,163</b> |           | <b>11,823,681</b> |   |

The notes on pages 61 to 68 form an integral part of these Financial Statements.



## Notes to the Financial Statements

for the year ended 30 September 2023

### 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/(Losses)</b> | <b>30.09.23</b> | <b>30.09.22</b>    |
|--------------------------------------|-----------------|--------------------|
|                                      | <b>£</b>        | <b>£</b>           |
| Non-derivative securities            | 985,075         | (2,814,348)        |
| Currency (losses)/gains              | (56,902)        | 67,911             |
| Transaction charges                  | (14,559)        | (10,882)           |
| <b>Net capital gains/(losses)</b>    | <b>913,614</b>  | <b>(2,757,319)</b> |

| <b>3. Revenue</b>          | <b>30.09.23</b> | <b>30.09.22</b> |
|----------------------------|-----------------|-----------------|
|                            | <b>£</b>        | <b>£</b>        |
| Overseas dividends         | 224,152         | 382,258         |
| Taxable overseas dividends | 1,519           | 4,487           |
| Bank interest              | 3,796           | 264             |
| <b>Total revenue</b>       | <b>229,467</b>  | <b>387,009</b>  |

| <b>4. Expenses</b>  | <b>30.09.23</b> | <b>30.09.22</b> |
|---|-----------------|-----------------|
|   | <b>£</b>        | <b>£</b>        |
| Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |                 |                 |
| ACD's fee   | 40,000          | 40,000          |
| Registration fee  | 23,210          | 21,425          |
|   | <b>63,210</b>   | <b>61,425</b>   |
| Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:     |                 |                 |
| Investment Manager's fee  | 32,205          | 58,553          |
| 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   | 4,032           | 7,551           |
|   | <b>16,032</b>   | <b>19,551</b>   |
| Auditor's remuneration*:  |                 |                 |
| Audit fee   | 10,145          | 9,394           |
| Tax compliance services   | 2,163           | 2,163           |
|   | <b>12,308</b>   | <b>11,557</b>   |

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

| <b>4. Expenses (continued)</b>       | <b>30.09.23</b> | <b>30.09.22</b> |
|--------------------------------------|-----------------|-----------------|
|                                      | <b>£</b>        | <b>£</b>        |
| Other expenses:                      |                 |                 |
| Legal fee                            | 16,724          | 24,338          |
| Printing costs                       | 2,086           | 1,819           |
|                                      | <hr/> 18,810    | <hr/> 26,157    |
| <b>Expenses</b>                      | <b>142,565</b>  | <b>177,243</b>  |
| Interest payable and similar charges | 193             | –               |
| <b>Total</b>                         | <b>142,758</b>  | <b>177,243</b>  |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

| <b>5. Taxation</b>                                  | <b>30.09.23</b> | <b>30.09.22</b> |
|---|-----------------|-----------------|
|   | <b>£</b>        | <b>£</b>        |
| (a) Analysis of charge in the year:                 |                 |                 |
| Capital gains tax on Indian trades                  | –               | 36,653          |
| Overseas tax  | 25,567          | 45,683          |
| <b>Total tax charge (note 5b)</b>                   | <b>25,567</b>   | <b>82,336</b>   |
| (b) Factors affecting taxation charge for the year: |                 |                 |
| Net revenue before taxation                         | 86,709          | 209,766         |
| Corporation tax at 20%                              | 17,342          | 41,953          |
| Effects of:   |                 |                 |
| Capital gains tax on Indian trades                  | –               | 36,653          |
| Adjustments in respect of prior periods             | (166)           | 45              |
| Movement in surplus management expenses             | 27,674          | 34,595          |
| Overseas tax expensed                               | 25,567          | 45,683          |
| Unutilised double taxation relief                   | (20)            | (141)           |
| Non-taxable overseas earnings                       | (44,830)        | (76,452)        |
| <b>Total tax charge (note 5a)</b>                   | <b>25,567</b>   | <b>82,336</b>   |

(c) Deferred tax

At the year end there is a potential deferred tax asset of £95,401 (2022: £67,727) in relation to surplus management expenses of £338,635 (2022: £338,635). 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.

## 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>30.09.23</b> | <b>30.09.22</b> |
|--|----------|-----------------|-----------------|
|  |          | <b>£</b>        | <b>£</b>        |
| Interim distribution                       | 31.03.23 | –               | 26,630          |
| Final distribution                         | 30.09.23 | 58,782          | 111,464         |
|  |          | 58,782          | 138,094         |
| Revenue deducted on cancellation of shares |          | 5,188           | 26,832          |
| Revenue received on issue of shares        |          | (2,824)         | (848)           |
| <b>Distributions</b>                       |          | <b>61,146</b>   | <b>164,078</b>  |

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

|  |  |               |                |
|--|--|---------------|----------------|
| Net revenue after taxation per Statement of Total Return |  | 61,142        | 127,430        |
| Capital gains tax on Indian trades                       |  | –             | 36,653         |
| Undistributed revenue brought forward                    |  | 10            | 5              |
| Undistributed revenue carried forward                    |  | (6)           | (10)           |
| <b>Distributions</b>                                     |  | <b>61,146</b> | <b>164,078</b> |

### 7. Debtors

|                              |  | <b>30.09.23</b> | <b>30.09.22</b> |
|------------------------------|--|-----------------|-----------------|
|                              |  | <b>£</b>        | <b>£</b>        |
| Amounts receivable on issues |  | 25,070          | 3,273           |
| Currency deals outstanding   |  | 35              | –               |
| Sales awaiting settlement    |  | –               | 562,992         |
| Accrued income:              |  |                 |                 |
| Dividends receivable         |  | 4,524           | 5,113           |
| Overseas tax recoverable     |  | 81,206          | 78,208          |
| Prepaid expenses:            |  |                 |                 |
| Legal fee                    |  | 1,934           | –               |
| Management fee               |  | 3,518           | –               |
| <b>Total debtors</b>         |  | <b>116,287</b>  | <b>649,586</b>  |

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

| <b>8. Other Creditors</b>   | <b>30.09.23</b>       | <b>30.09.22</b>       |
|---|-----------------------|-----------------------|
|   | <b>£</b>              | <b>£</b>              |
| Amounts payable on cancellations  | 23,276                | 638,796               |
| Currency deals outstanding  | –                     | 1,381                 |
| Purchases awaiting settlement   | 104,599               | 12,471                |
| Accrued expenses:   |                       |                       |
| Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |                       |                       |
| ACD's fee   | 3,288                 | 3,288                 |
| Registration fee  | 1,839                 | 1,742                 |
|   | <u>5,127</u>          | <u>5,030</u>          |
| Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:     |                       |                       |
| Investment Manager's fee  | –                     | 5,441                 |
| Amounts payable to the Depository, associates of the Depository and agents of either of them:                     |                       |                       |
| Depository's fee (including VAT)  | 2,006                 | 2,005                 |
| Safe custody and other bank charges   | 666                   | 1,157                 |
|   | <u>2,672</u>          | <u>3,162</u>          |
| Auditor's remuneration*:  |                       |                       |
| Audit fee   | 10,145                | 9,394                 |
| Tax compliance services   | 4,326                 | 2,163                 |
|   | <u>14,471</u>         | <u>11,557</u>         |
| Other expenses:   |                       |                       |
| Legal fees  | 16,330                | 10,378                |
| Printing costs  | 1,080                 | 850                   |
|   | <u>17,410</u>         | <u>11,228</u>         |
| <b>Total other creditors</b>  | <b><u>167,555</u></b> | <b><u>689,066</u></b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,051 (2022: £1,926).

| <b>9. Cash and Bank Balances</b> | <b>30.09.23</b>       | <b>30.09.22</b>       |
|----------------------------------|-----------------------|-----------------------|
|                                  | <b>£</b>              | <b>£</b>              |
| Cash and bank balances           | 279,253               | 638,064               |
| Overdraft positions              | (28,416)              | (6,562)               |
| <b>Cash and bank balances</b>    | <b><u>250,837</u></b> | <b><u>631,502</u></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 Somerset Capital Management LLP ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Somerset Capital Management Investment Funds ICVC.

### 11. Contingent Liabilities and Outstanding Commitments

At 30 September 2023, the Sub-fund had a contingent liability of £231 on a holding of 30 Localize Rent a Car nil paid shares resulting from a rights issue whereby 0.0073 nil paid share was issued for every one ordinary shares held. The nil paid shares may be exercised on 20 November 2023 at £7.71 per share (30.9.2022: Nil).

### 12. Risk Management Policies and Disclosures

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

These policies have been applied throughout the year under review.

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 £865,349 (2022: £1,123,475).

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

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

#### Currency risk

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

| Currency             | 30.09.23<br>Total<br>£ | 30.09.22<br>Total<br>£ |
|----------------------|------------------------|------------------------|
| Brazilian real       | 822,553                | 696,279                |
| Chinese renminbi     | 1,019,310              | 1,097,289              |
| Euro                 | (92,829)               | 11,084                 |
| Hong Kong dollar     | 453,712                | 817,724                |
| Indian rupee         | 1,700,743              | 1,058,857              |
| Malaysian ringgit    | 208,762                | 657,117                |
| Mexican peso         | 514,715                | 419,083                |
| Polish zloty         | 265,372                | 661,841                |
| Pound sterling       | 850,678                | 725,837                |
| Saudi riyal          | 262,641                | 491,405                |
| South African rand   | 293,828                | 1,557,712              |
| South Korean won     | 749,433                | 1,232,989              |
| Taiwanese dollar     | 1,155,967              | 1,295,667              |
| Thai baht            | 159,461                | 438,811                |
| United States dollar | 69                     | 135,222                |
| Vietnamese dong      | 487,748                | 526,764                |
|                      | <b>8,852,163</b>       | <b>11,823,681</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 £800,149 (2022: £1,109,784).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.23

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes |      | Purchases before transaction cost<br>£ |
|--|--------------------------|------------------|------|-------|------|--|
|  |                          | £                | %    | £     | %    |  |
| Equities   | 5,074,369                | 2,643            | 0.05 | 2,366 | 0.05 | 5,069,360                              |
| Corporate actions                                | (57,671)                 | –                | 0.00 | –     | 0.00 | (57,671)                               |
| <b>Total purchases after commissions and tax</b> | <b>5,016,698</b>         |                  |      |       |      |  |

  

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | Taxes |      | Sales before transaction cost<br>£ |
|--|------------------------|------------------|------|-------|------|------------------------------------|
|  |                        | £                | %    | £     | %    |                                    |
| Equities                                     | 8,568,806              | 4,381            | 0.05 | 7,832 | 0.09 | 8,581,019                          |
| <b>Total sales after commissions and tax</b> | <b>8,568,806</b>       |                  |      |       |      |                                    |

Commission as a % of average net assets 0.07%

Taxes as a % of the average net assets 0.10%

30.09.22

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes |      | Purchases before transaction cost<br>£ |
|--|--------------------------|------------------|------|-------|------|--|
|  |                          | £                | %    | £     | %    |  |
| Equities   | 9,883,855                | 7,395            | 0.07 | 5,615 | 0.06 | 9,870,845                              |
| Corporate actions                                | 5,143,349                | –                | 0.00 | –     | 0.00 | 5,143,349                              |
| <b>Total purchases after commissions and tax</b> | <b>15,027,204</b>        |                  |      |       |      |  |

  

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | Taxes  |      | Sales before transaction cost<br>£ |
|--|------------------------|------------------|------|--------|------|------------------------------------|
|  |                        | £                | %    | £      | %    |                                    |
| Equities                                     | 11,239,477             | 8,010            | 0.07 | 13,864 | 0.12 | 11,261,351                         |
| <b>Total sales after commissions and tax</b> | <b>11,239,477</b>      |                  |      |        |      |                                    |

Commission as a % of average net assets 0.09%

Taxes as a % of the average net assets 0.12%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 55 to 57. 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 30 September 2023 is 0.23% (2022: 0.34%).

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

Apex Fundrock Ltd has appointed Polen Capital UK LLP as the delegated Investment Manager for the Funds with effect from 1 February 2024. For further information please see Significant Information on page 73.

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

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

| Share Class        | 30.09.23 | 19.01.24 | %<br>Movement |
|--------------------|----------|----------|---------------|
| A Income GBP*      | 96.98    | 142.24   | 46.67%        |
| A Accumulation GBP | 99.47    | 101.87   | 2.41%         |
| B Accumulation GBP | 89.19    | 91.12    | 2.16%         |
| A Accumulation EUR | 113.98   | 116.43   | 2.15%         |
| A Accumulation USD | 72.28    | 74.43    | 2.97%         |

\*adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

| Valuation technique    | 30.09.23         |                  | 30.09.22          |                  |
|------------------------|------------------|------------------|-------------------|------------------|
|                        | Assets<br>£      | Liabilities<br>£ | Assets<br>£       | Liabilities<br>£ |
| Level 1 <sup>^</sup>   | 8,653,485        | –                | 11,234,748        | –                |
| Level 2 <sup>^^</sup>  | –                | –                | –                 | –                |
| Level 3 <sup>^^^</sup> | –                | –                | –                 | –                |
|                        | <b>8,653,485</b> | <b>–</b>         | <b>11,234,748</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<br>GBP | A Accumulation<br>GBP | A Accumulation<br>EUR | A Accumulation<br>USD | B Accumulation<br>GBP |
|---------------------------------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Opening number of shares        | 375,233         | 10,191,946            | 607,649               | 2,809,472             | 52,487                |
| Shares issued                   | –               | 2,289,888             | –                     | 581,646               | 333                   |
| Shares cancelled                | (244,724)       | (4,186,044)           | (444,675)             | (3,052,971)           | (4)                   |
| <b>Closing number of shares</b> | <b>130,509</b>  | <b>8,295,790</b>      | <b>162,974</b>        | <b>338,147</b>        | <b>52,816</b>         |



# MI Somerset Emerging Markets Discovery Fund

## Distribution Tables

for the year ended 30 September 2023

### Income Share Distributions

| Share class | Distribution | Shares   | Net revenue | Equalisation | Distribution paid/payable 2023 | Distribution paid 2022 |
|-------------|--------------|----------|-------------|--------------|--------------------------------|------------------------|
| A GBP       | Interim      | Group 1  | -           | -            | -                              | 0.1918p                |
|             |              | Group 2^ | -           | -            | -                              | 0.1918p                |
|             | Final        | Group 1  | 0.6826p     | -            | 0.6826p                        | 0.8232p                |
|             |              | Group 2^ | 0.6826p     | -            | 0.6826p                        | 0.8232p                |

### Accumulation Share Distributions

| Share class | Distribution | Shares   | Net revenue | Equalisation | Amount reinvested 2023 | Amount reinvested 2022 |
|-------------|--------------|----------|-------------|--------------|------------------------|------------------------|
| A GBP       | Interim      | Group 1  | -           | -            | -                      | 0.1764p                |
|             |              | Group 2^ | -           | -            | -                      | 0.1764p                |
|             | Final        | Group 1  | 0.6884p     | -            | 0.6884p                | 0.8399p                |
|             |              | Group 2  | 0.3348p     | 0.3536p      | 0.6884p                | 0.8399p                |
| A EUR       | Interim      | Group 1  | -           | -            | -                      | 0.1672€c               |
|             |              | Group 2^ | -           | -            | -                      | 0.1672€c               |
|             | Final        | Group 1  | 0.6315€c    | -            | 0.6315€c               | 1.0818€c               |
|             |              | Group 2  | 0.6315€c    | -            | 0.6315€c               | 1.0818€c               |
| A USD       | Interim      | Group 1  | -           | -            | -                      | 0.1093\$c              |
|             |              | Group 2^ | -           | -            | -                      | 0.1093\$c              |
|             | Final        | Group 1  | -           | -            | -                      | 0.6598\$c              |
|             |              | Group 2^ | -           | -            | -                      | 0.6598\$c              |
| B GBP       | Interim      | Group 1  | -           | -            | -                      | 0.1747p                |
|             |              | Group 2^ | -           | -            | -                      | 0.1747p                |
|             | Final        | Group 1  | 0.6283p     | -            | 0.6283p                | 0.7563p                |
|             |              | Group 2  | -           | 0.6283p      | 0.6283p                | 0.7563p                |

^No Group 2 shares held in this distribution period.

Interim period: 01.10.22 - 31.03.23

Final period: 01.04.23 - 30.09.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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

# MI Somerset Capital Management Investment Funds ICVC

## General Information

### Authorised Status

MI Somerset Capital Management Investment Funds ICVC (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 17 October 2008 under registration number IC000713. The Shareholders are not liable for the debts of the Company.

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

MI Somerset Global Emerging Markets Fund (Launched 17.11.2008)

MI Somerset Emerging Markets Dividend Growth Fund (Launched 29.03.2010)

MI Somerset Emerging Markets Discovery Fund (Launched 30.10.2019)

### 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-funds.

### Classes of Shares

The Company currently has the following classes of shares available for investment:

| Sub-fund   | Share Class |     |       |     |       |     |       |     |       |     |       |     |       |     |       |     |       |     |       |     |
|--|-------------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|
|  | A GBP       |     | B GBP |     | A USD |     | B USD |     | A EUR |     | B EUR |     | B AUD |     | B DKK |     | B SGD |     | C AUD |     |
|  | Inc         | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc | Inc   | Acc |
| MI Somerset Global Emerging Markets Fund                 | -           | ✓   | ✓     | ✓   | -     | -   | ✓*    | ✓   | -     | -   | ✓*    | ✓   | -     | -   | -     | ✓*  | -     | -   | -     | -   |
| MI Somerset Emerging Markets Dividend Growth Fund        | ✓           | ✓   | -     | -   | -     | -   | ✓     | ✓   | -     | -   | ✓     | ✓*  | -     | ✓   | -     | -   | -     | ✓*  | ✓*    | ✓   |
| MI Somerset Emerging Markets Discovery Fund <sup>^</sup> | ✓           | ✓   | -     | ✓   | -     | ✓   | -     | -   | -     | ✓   | -     | -   | -     | -   | -     | -   | -     | -   | -     | -   |

\*These share classes have no investment at the date of this report.

The company may issue both Income and Accumulation shares.

## General Information

continued

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

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

### Valuation Point

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

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

### 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 026 4282

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 the 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

Apex Fundrock Limited as the Authorised Fund Manager ("the AFM") of the Funds wishes to inform investors of a recent announcement by the Investment Manager to the Funds, Somerset Capital Management LLP ("Somerset").

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

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

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

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

# MI Somerset Capital Management Investment Funds ICVC

## General Information

continued

At this stage we wish to inform investors that:

All of the Funds' portfolios remain highly liquid and the Funds can be traded as normal;

The Funds remain in compliance with their investment objective and policy of the Prospectus and continue to be actively managed;

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

### Other Significant Information

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

The 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 the [www.fundrock.com](http://www.fundrock.com).

### Remuneration of the Authorised Corporate Director

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.

| 30.09.23   | Number of Beneficiaries | Fixed      | Variable | Total      |
|--|-------------------------|------------|----------|------------|
| Total remuneration paid by the ACD during the year   | 17                      | £1,446,000 | £559,000 | £2,005,000 |
| Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund | 6                       | £689,000   | £458,000 | £1,147,000 |

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.

## General Information

continued

### Risk Warning

An investment in an Investment Company with Variable Capital 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.

