



# MI Quilter Cheviot Investment Funds

Annual Report 30 April 2023

# MI Quilter Cheviot Investment Funds

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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 521 1006  
Fax: 0845 299 1095  
E-mail: [QuilterCheviot@maitlandgroup.com](mailto:QuilterCheviot@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

Quilter Cheviot Limited  
Senator House, 85 Queen Victoria Street, London EC4V 4AB  
(Authorised and regulated by the Financial Conduct Authority)

### Depositary

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

### Independent Auditors

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

# MI Quilter Cheviot Investment Funds

## Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association ('IA') in May 2014 and updated 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.

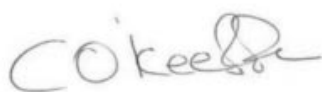
The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the Sourcebook. The ACD is also responsible for safeguarding the assets of the Company 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 steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of the information.

## Certification of the Annual Report by the Authorised Corporate Director

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



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Apex Fundrock Limited

10 August 2023

Apex Fundrock Limited operates as ACD and AIFM for the purpose of the AIFM directive 22 July 2013.

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

for the year ended 30 April 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds Sourcebook, 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 Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

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

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

- (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, 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

10 August 2023

# MI Quilter Cheviot Investment Funds

## Independent Auditor's Report to the Shareholders of MI Quilter Cheviot Investment Funds ('the Company')

### Opinion

We have audited the financial statements of MI Quilter Cheviot Investment Funds (the 'Company') for the year ended 30 April 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 Quilter Cheviot Alternative Assets Fund
- MI Quilter Cheviot Asian and Emerging Markets Equity Fund
- MI Quilter Cheviot Conservative Fixed Interest Fund
- MI Quilter Cheviot Diversified Returns Fund
- MI Quilter Cheviot European Equity Fund
- MI Quilter Cheviot Fixed Interest Fund
- MI Quilter Cheviot North American Equity Fund
- MI Quilter Cheviot UK Equity 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 and updated 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 April 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 United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 and updated in June 2017, 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 & Cost of Living crisis, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the Sub-fund's financial resources or ability to continue operations over the going concern period.



## Independent Auditor's Report to the Shareholders of MI Quilter Cheviot Investment Funds ('the Company')

continued

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

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

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

### Other information

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

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 146, the General Information) is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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

### Responsibilities of the Authorised Corporate Director

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

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate a Sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

## Independent Auditor's Report to the Shareholders of MI Quilter Cheviot Investment Funds ('the Company')

continued

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice (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.

## Independent Auditor's Report to the Shareholders of MI Quilter Cheviot Investment Funds ('the Company')

continued

- 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.

### 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

10 August 2023

# MI Quilter Cheviot Investment Funds

## Accounting Policies and Risk Management Policies

for the year ended 30 April 2023

The financial statements for MI Quilter Cheviot Investment Funds 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 and updated in June 2017.

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

The authorised status and head office of the Company can be found within the general information starting on page 146.

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

#### (b) Recognition of revenue

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

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

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

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

Interest on debt securities and bank and short-term deposits is recognised on an accrual basis.

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

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

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

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

#### (d) Treatment of expenses

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

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

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

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

#### (f) Taxation

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

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

## Accounting Policies and Risk Management Policies

continued

### 1. Accounting Policies (continued)

#### (g) Distribution policy

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

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

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

All expenses (except for those relating to the purchase and sale of investments) are charged against revenue 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.

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

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

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

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

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

#### (i) Exchange rates

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

#### (j) Dilution levy

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

### 2. Risk Management Policies and Disclosures

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, interest rate 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 for the purpose of meeting their investment objective and for Efficient Portfolio Management (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 use of derivatives and forward transactions for the purpose of meeting a Sub-fund's investment objectives may increase the risk profile of that Sub-fund. Derivatives may also be used for investment purposes.

# MI Quilter Cheviot Investment Funds

## Accounting Policies and Risk Management Policies

continued

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

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.

#### Value at Risk ('VaR') disclosure

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

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

On a daily basis the funds are managed by the ACD according to the commitment based approach to managing global exposure which is subject to a 100% limit. The VaR figures disclosed in the accounts are based on the historical method. Historical patterns can be a poor measure of future trends. A confidence level of 99% is employed, with a data history of 19 months, and a holding period of one month (20 days).

The Absolute VaR of a UCITS cannot be greater than 20% of its NAV, and therefore the VaR limit set during the financial year to 30 April 2023 was 20% (2022: 20%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial year end 30 April 2023.

#### 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.

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

#### Interest rate risk

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

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

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

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

## Accounting Policies and Risk Management Policies

continued

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

#### Credit risk

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

There are no net borrowings or unlisted securities and the ACD considers that the Sub-funds have little exposure to credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Sub-funds 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, the Sub-funds will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-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-funds' cash to ensure they can meet their liabilities. In addition, the Manager monitors market liquidity of all securities, seeking to ensure the Sub-funds maintain sufficient liquidity to meet known and potential redemption activity. Sub-funds' cash balances are monitored daily by the ACD and the Investment Manager. All of the Sub-funds' financial liabilities are payable on demand or in less than one year.

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

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of each Sub-fund.

#### Counterparty risk

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

#### Derivatives

The Sub-funds may enter into derivative contracts for Efficient Portfolio Management (EPM) purposes (including hedging) or investment 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-fund to stray from its 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 Quilter Cheviot Alternative Assets Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund's exposure to alternative asset classes will typically be 70% but may be lower in times of market volatility (when exposure to mainstream asset classes such as equities, government bonds, investment grade and/or sub-investment grade corporate bonds, cash, near cash, money market instruments and permitted deposits may be increased). However, the Sub-fund's exposure to alternative asset classes will never fall below 50%. Investments may include: property; commodities (such as gold and precious metals); private equity; infrastructure; currency; derivatives; absolute return strategy funds and multi-asset strategy funds. The exposure to property and commodities will vary and may at times be significant. The remainder of the Sub-fund will be composed of mainstream asset classes which may include equities, government bonds, investment grade and/or sub-investment grade corporate bonds, cash, near cash, money market instruments and permitted deposits.

The Sub-fund may invest directly or indirectly in order to gain exposure to a diversified portfolio of asset classes. The Sub-fund will typically invest at least 90% of the portfolio indirectly but at times, dependent on market conditions and the Investment Manager's view of the market, the indirect exposure may be higher or lower, but it is not expected to ever fall below 80%.

The Investment Manager will use indirect investment methods which may include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD), Investment Trusts and Real Estate Investment Trusts to gain exposure to alternative assets classes with the purpose of ensuring that the liquidity profile of the Sub-fund is appropriate for a retail fund that offers daily dealing to investors.

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management or investment purposes. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.



## Investment Manager's Report

continued

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned -12.05%\* in GBP terms, underperforming its comparator benchmark, the HFRX Global Hedge Fund GBP Index which returned -2.77%~ in GBP terms. The Sub-fund's commercial property and private equity investments were the principal detractors to returns, coming under considerable pressure amid the turbulent (and prevailing "risk off") market conditions. Holdings in the LXI REIT, Supermarket Income REIT, ASI UK Real Estate Share and CT (formerly BMO) Property Growth & Income exhibited the sharpest drawdowns within the former allocation, while Chrysalis Investments posted sharp falls within the latter.

Positive returns were seen from the Sub-fund's money market fund exposures. With financial markets enduring a change in the economic environment, sentiment, and prospective returns, bonds are now able to provide a higher rate of return, with money market instruments also providing an attractive yield. This was evident through a combination of holdings such as the Royal London Short-Term Money Market and Blackrock ICS Sterling Liquidity Premier. Gains in global equity markets also led to positive returns from the HSBC MSCI World UCITS ETF.

Divergence in performance was also seen across the Sub-fund's absolute return and multi-asset strategy funds allocation, with the exposure posting a small negative return over the year. Pleasing gains were seen from the holdings in Janus Henderson Absolute Return, Trium ESG Emissions Improvers and Aspect Diversified Trends. However, these gains were negated by the holdings in PIMCO GIS Dynamic Multi-Asset and JPMorgan Funds - US Opportunistic Long-Short Equity.

Turning to activity, and several new ideas were added over the year, with the holding in the LFIS Vision UCITS Premia sold to help fund these positions. The first of the new investments was the Ardea Global Alpha Fund, a strategy focused on identifying government related securities that are closely related but priced inconsistently with each other (known as relative value mispricing). Profits can be made when this mispricing corrects and capital can be recycled into the next opportunity. The fund is structured to be a defensive fixed income solution that targets consistent low volatility returns, independent of market direction. We see the holding as a defensive fixed income anchor within the Sub-fund, helping to navigate the ups and downs of financial markets.

The second new holding was the Trium ESG Emissions Improvers, which focuses on sectors that account for the vast majority of European greenhouse gas emissions such as utilities, energy, materials and industrials. The fund's team aims to improve those emissions through engagement with company management. This is a long-short equity fund (a strategy looking to profit from both rising and falling share prices) with a bias to medium to large European companies. It aims to invest in a sector and commodity neutral manner, with its core long exposure favouring companies that have a strong investment case and where their potential for environmental transformation is under-appreciated. The fund is run by a motivated and compelling manager with impressive industry contacts and the technical understanding to recommend and drive positive changes in mid- and large-sized companies.

# MI Quilter Cheviot Alternative Assets Fund

## Investment Manager's Report

continued

The position in the JPMorgan Funds - US Opportunistic Long-Short Equity was sold at the end of the year, with the holding in the Janus Henderson Absolute Return increased. BH Macro was also initiated as a new position during the first quarter of the year. This is a closed-ended investment company listed on the London Stock Exchange, which specialises in providing exposure to hedge fund strategies managed exclusively by Brevan Howard Asset Management, a leading global hedge fund manager. While the holding has endured a relatively volatile period of late, we believe it offers attractive long-term diversification benefits in relation to traditional asset classes such as equities and fixed income.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot Alternative Assets Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>FINANCIALS 90.00% (84.16%)</b>			
<b>Closed-End Investments 16.35% (22.79%)</b>			
396,921	BH Macro	1,663,099	1.41
1,924,577	Chrysalis Investments	1,150,897	0.97
292,770	HarbourVest Global Private Equity	6,074,977	5.14
1,765,298	HgCapital Trust	6,081,451	5.14
1,737,772	Pantheon International	4,370,497	3.69
		<b>19,340,921</b>	<b>16.35</b>
<b>Open-End and Miscellaneous Investment Vehicles 73.65% (61.37%)</b>			
2,864,887	ARC TIME Property Long Income & Growth PAIF - Z Net Income*	2,336,888	1.98
1,602,094	ASI UK Real Estate Share - I Accumulation*	3,553,124	3.00
23,910	Aspect Diversified Trends - P GBP Institutional*	3,985,499	3.37
57,572	BlackRock ICS Sterling Liquidity Premier - Accumulation*	6,211,453	5.25
890,239	CT Property Growth & Income - Q Income*	7,905,321	6.68
82,514	Fidante Partners Liquid Strategies ICAV - Ardea Global Alpha Fund - X GBP Hedged Income*	7,898,240	6.68
379,972	HSBC MSCI World UCITS ETF	8,569,812	7.24
12,877	iShares £ Corp Bond 0-5yr UCITS ETF - GBP Distributing	1,255,636	1.06
400,454	iShares MSCI Target UK Real Estate UCITS ETF - GBP Distributing	1,702,130	1.44
44,414	iShares UK Gilts 0-5yr UCITS ETF - GBP Distributing	5,592,611	4.73
5,298,538	Janus Henderson Absolute Return - G Accumulation*	5,934,363	5.02
7,703,759	Legal & General UK Property - I Class Distribution*	4,247,082	3.59
73,915	MontLake UCITS Fund Platform ICAV - Mygale Event Driven UCITS*	7,933,250	6.71
624,506	PIMCO GIS Dynamic Multi-Asset - Institutional GBP (Hedged) Accumulation*	7,912,494	6.69
7,651,311	Royal London Short Term Money Market - Y Income*	7,559,496	6.39
29,574	Trium ESG Emissions Improvers - F GBP Accumulation*	3,589,988	3.04
9,653	Vanguard Global Short-Term Bond Index - Institutional Plus*	928,101	0.78
		<b>87,115,488</b>	<b>73.65</b>
<b>REAL ESTATE 4.81% (7.28%)</b>			
<b>Real Estate Investment Trusts 4.81% (7.28%)</b>			
4,846,946	Assura	2,462,249	2.08
1,034,567	LXI REIT	1,090,434	0.92
1,330,892	PRS REIT	1,147,229	0.97
1,132,257	Supermarket Income REIT	990,725	0.84
		<b>5,690,637</b>	<b>4.81</b>
<b>Investment assets</b>		<b>112,147,046</b>	<b>94.81</b>
<b>Net other assets</b>		<b>6,139,060</b>	<b>5.19</b>
<b>Net assets</b>		<b>118,286,106</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 30.04.22.

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

# MI Quilter Cheviot Alternative Assets Fund

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	99.92	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-10.81	0.83
Operating charges	-0.93	-0.52
Return after operating charges <sup>^</sup>	-11.74	0.31 <sup>^^</sup>
Distributions	-1.05	-0.39
<b>Closing net asset value per share</b>	<b>87.13</b>	<b>99.92</b>
<sup>^</sup> After direct transaction costs of	0.05	-0.13
<b>Performance</b>		
Return after charges	-11.75%	0.31%
<b>Other information</b>		
Closing net asset value	£80,890,763	£103,300,364
Closing number of shares	92,843,147	103,385,979
Operating charges	1.02%	0.52%
Ongoing operating charges <sup>*</sup>	1.02%	0.59%
Direct transaction costs	-0.05%	0.13%
<b>Prices</b>		
Highest share price	99.89	104.86
Lowest share price	85.29	94.88

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	97.50	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-10.47	-1.99
Operating charges	-0.91	-0.51
Return after operating charges <sup>^</sup>	-11.38	-2.50
Distributions	-1.06	-0.34
Retained distributions on accumulation shares	1.06	0.34
<b>Closing net asset value per share</b>	<b>86.12</b>	<b>97.50</b>
<sup>^</sup> After direct transaction costs of	0.04	-0.13
<b>Performance</b>		
Return after charges	-11.67%	-2.50%
<b>Other information</b>		
Closing net asset value	£37,395,343	£966,403
Closing number of shares	43,424,158	991,167
Operating charges	1.02%	0.52%
Ongoing operating charges <sup>*</sup>	1.02%	0.59%
Direct transaction costs	-0.05%	0.13%
<b>Prices</b>		
Highest share price	97.44	101.93
Lowest share price	83.99	92.36

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -2.50%.

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

\*The Net Asset Value of the Sub-fund has increased by more than 10% if compared to the average Net Asset Value for the year. Taking an average of the daily Net Asset Value for the last month of the year has no overall effect on the operating charges.

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



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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- The Sub-fund may invest in property funds which can be less liquid than other asset classes.
- 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.
- The Sub-fund may invest in bond funds which will be impacted by changes in interest rates, inflation and any decline in creditworthiness of the underlying bond issuers.
- The Sub-fund can use derivatives in order to meet its investment objectives or to protect from price and currency movement. This may result in gains or losses that are greater than the original amount invested.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot Alternative Assets Fund

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital losses	2		(12,993,767)		(2,449,530)
Revenue	3	1,530,186		513,768	
Expenses	4	(147,542)		(68,631)	
Interest payable and similar charges	4	-		-	
Net revenue before taxation		1,382,644		445,137	
Taxation	5	(164,997)		(70,322)	
Net revenue after taxation			1,217,647		374,815
<b>Total return before distributions</b>			<b>(11,776,120)</b>		<b>(2,074,715)</b>
Distributions	6		(1,217,610)		(374,774)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(12,993,730)</b>		<b>(2,449,489)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>104,266,767</b>		<b>-</b>
Amounts receivable on issue of shares	58,639,645		112,489,490	
Less: Amounts payable on cancellation of shares	(31,953,424)		(5,775,594)	
		26,686,221		106,713,896
Dilution levy		46,623		-
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(12,993,730)		(2,449,489)
Retained distributions on accumulation shares		280,225		2,360
<b>Closing net assets attributable to Shareholders</b>		<b>118,286,106</b>		<b>104,266,767</b>

The notes on pages 20 to 26 form an integral part of these Financial Statements.

# MI Quilter Cheviot Alternative Assets Fund

## Balance Sheet

as at 30 April 2023

	Note	£	30.04.23	£	30.04.22	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments			112,147,046		95,341,461	
<b>Current assets</b>						
Debtors	7	3,850,669		508,006		
Cash and bank balances	9	9,028,788		8,881,525		
<b>Total current assets</b>			<b>12,879,457</b>		<b>9,389,531</b>	
<b>Total assets</b>			<b>125,026,503</b>		<b>104,730,992</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Distribution payable		(301,369)		(248,747)		
Other creditors	8	(6,439,028)		(215,478)		
<b>Total creditors</b>			<b>(6,740,397)</b>		<b>(464,225)</b>	
<b>Total liabilities</b>			<b>(6,740,397)</b>		<b>(464,225)</b>	
<b>Net assets attributable to Shareholders</b>			<b>118,286,106</b>		<b>104,266,767</b>	

The notes on pages 20 to 26 form an integral part of these Financial Statements.

# MI Quilter Cheviot Alternative Assets Fund

## Notes to the Financial Statements

for the year ended 30 April 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<sup>^</sup>

	Realised £	30.04.23 Unrealised £	Total £
Non-derivative securities	(1,372,569)	(11,610,324)	(12,982,893)
Currency losses	(341)	–	(341)
Transaction charges	(10,533)	–	(10,533)
<b>Net capital losses</b>	<b>(1,383,443)</b>	<b>(11,610,324)</b>	<b>(12,993,767)</b>

	Realised £	30.09.21 to 30.04.22 Unrealised £	Total £
Non-derivative securities	(43,666)	(2,404,973)	(2,448,639)
Currency gains	62	–	62
Transaction charges	(953)	–	(953)
<b>Net capital losses</b>	<b>(44,557)</b>	<b>(2,404,973)</b>	<b>(2,449,530)</b>

<sup>^</sup>Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

	30.04.23 £	30.09.21 to 30.04.22 £
UK dividends: Ordinary	255,859	45,565
Interest distributions	–	90,765
Property income distributions	191,031	153,505
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	70,055	–
Unfranked investment income	560,179	163,221
Interest distributions	186,799	12,751
Offshore distributions	231,742	47,961
Bank interest	34,521	–
<b>Total revenue</b>	<b>1,530,186</b>	<b>513,768</b>

### 4. Expenses

	30.04.23 £	30.09.21 to 30.04.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	25,612	11,240
Administration fees	35,894	15,645
Registration fees	48,659	18,227
	110,165	45,112



## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	10,601	4,171
Safe custody and other bank charges	4,204	2,084
	<hr/> 14,805	<hr/> 6,255
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	2,163	1,977
	<hr/> 12,228	<hr/> 11,340
Other expenses:		
Legal fees	10,402	3,424
Printing costs	(58)	2,500
	<hr/> 10,344	<hr/> 5,924
<b>Expenses</b>	<hr/> <b>147,542</b>	<hr/> <b>68,631</b>
Interest payable and similar charges	-	-
<b>Total</b>	<hr/> <b>147,542</b>	<hr/> <b>68,631</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
(a) Analysis of charge in the year:		
Corporation tax at 20%	164,997	70,322
Income tax deducted at source	-	3,601
Income tax recoverable	-	(3,601)
<b>Total tax charge (note 5b)</b>	<hr/> <b>164,997</b>	<hr/> <b>70,322</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,382,644	445,137
Corporation tax at 20%	276,529	89,027
Effects of:		
UK dividends	(65,183)	(9,113)
Non-taxable overseas earnings	(46,349)	(9,592)
<b>Total tax charge (note 5a)</b>	<hr/> <b>164,997</b>	<hr/> <b>70,322</b>

(c) Deferred tax

There was no liability to deferred tax at the balance sheet date (2022: nil).

# MI Quilter Cheviot Alternative Assets 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:

		30.04.23 £	30.09.21 to 30.04.22 £
First interim distribution	31.07.22	170,618	–
Second interim distribution	31.10.22	347,479	–
Third interim distribution	31.01.23	319,913	144,890
Final distribution	30.04.23	439,718	251,102
		1,277,728	395,992
Revenue deducted on cancellation of shares		38,052	4,608
Revenue received on issue of shares		(98,170)	(25,826)
<b>Distributions</b>		<b>1,217,610</b>	<b>374,774</b>
<b>Reconciliation of net revenue after taxation to net distributions:</b>			
Net revenue after taxation per Statement of Total Return		1,217,647	374,815
Undistributed revenue brought forward		41	–
Undistributed revenue carried forward		(78)	(41)
<b>Distributions</b>		<b>1,217,610</b>	<b>374,774</b>

### 7. Debtors

		30.04.23 £	30.04.22 £
Amounts receivable on issues		693,698	246,867
Sales awaiting settlement		2,844,871	–
Accrued income:			
Dividends receivable		306,862	257,538
UK income tax recoverable		3,601	3,601
Prepaid expenses:			
Legal fees		1,637	–
<b>Total debtors</b>		<b>3,850,669</b>	<b>508,006</b>

### 8. Other Creditors

		30.04.23 £	30.04.22 £
Amounts payable on cancellations		432,116	117,030
Purchases awaiting settlement		5,814,348	–
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		2,391	2,158
Administration fee		3,382	3,013
Registration fees		4,238	3,366
		10,011	8,537

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,857	4,170
Safe custody and other bank charges	704	1,675
	2,561	5,845
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	14,205	11,340
Other accrued expenses:		
Printing costs	790	2,404
Taxation payable:		
Corporation tax payable	164,997	70,322
	164,997	70,322
<b>Total other creditors</b>	<b>6,439,028</b>	<b>215,478</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	9,028,788	8,881,525
<b>Cash and bank balances</b>	<b>9,028,788</b>	<b>8,881,525</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot Alternative Assets Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	<b>30.04.23</b>	<b>Utilisation of</b>	<b>30.04.22</b>	<b>Utilisation of</b>
	<b>% of VaR</b>	<b>VaR (*) 20%</b>	<b>% of VaR</b>	<b>VaR (*) 20%</b>
VaR at year end:	4.64	23.20	5.41	27.05
Minimum VaR:	4.59	22.95	5.19	25.95
Maximum VaR:	6.01	30.05	10.75	53.75
Average VaR:	5.33	26.65	8.58	42.90

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

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes %	Purchases before transaction cost £
		£	%			
Equities	7,726,288	-	0.00	2	0.00	7,726,286
Funds	35,002,079	-	0.00	-	0.00	35,002,079
<b>Total purchases after commissions and tax</b>	<b>42,728,367</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes %	Sales before transaction cost £
		£	%			
Equities	2,291,038	-	0.00	2	0.00	2,291,040
Funds	10,755,492	-	0.00	-	0.00	10,755,492
<b>Total sales after commissions and tax</b>	<b>13,046,530</b>					
Commission as a % of average net assets	0.00%					
Taxes as a % of the average net assets	0.00%					

30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes %	Purchases before transaction cost £
		£	%			
Equities	33,295,000	-	0.00	105,770	0.32	33,189,230
Funds	64,839,598	-	0.00	2	0.00	64,839,596
Corporate actions	157,401	-	0.00	-	0.00	157,401
<b>Total purchases after commissions and tax</b>	<b>98,291,999</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes %	Sales before transaction cost £
		£	%			
Equities	501,899	-	0.00	1	0.00	501,900
<b>Total sales after commissions and tax</b>	<b>501,899</b>					
Commission as a % of average net assets	0.00%					
Taxes as a % of the average net assets	0.13%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 16. 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 April 2023 is 0.17% (2022: 0.21%).

# MI Quilter Cheviot Alternative Assets Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	42,151,747	–	45,249,936	–
Level 2 <sup>^^</sup>	69,995,299	–	50,091,525	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>112,147,046</b>	<b>–</b>	<b>95,341,461</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 GBP	A Accumulation GBP
Opening number of shares	103,385,979	991,167
Shares issued	21,548,193	45,209,743
Shares cancelled	(32,091,025)	(2,776,752)
<b>Closing number of Shares</b>	<b>92,843,147</b>	<b>43,424,158</b>

# MI Quilter Cheviot Alternative Assets Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.1693	–	0.1693	n/a
		Group 2	0.0947	0.0746	0.1693	n/a
	Second interim	Group 1	0.2849	–	0.2849	n/a
		Group 2	0.1678	0.1171	0.2849	n/a
	Third interim	Group 1	0.2716	–	0.2716	0.1527
		Group 2	0.1216	0.1500	0.2716	0.1527
	Final	Group 1	0.3246	–	0.3246	0.2406
		Group 2	0.1704	0.1542	0.3246	0.2406

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.1800	–	0.1800	n/a
		Group 2	0.0878	0.0922	0.1800	n/a
	Second interim	Group 1	0.2935	–	0.2935	n/a
		Group 2	0.1170	0.1765	0.2935	n/a
	Third interim	Group 1	0.2655	–	0.2655	0.1044
		Group 2	0.0890	0.1765	0.2655	0.1044
	Final	Group 1	0.3186	–	0.3186	0.2376
		Group 2	0.1657	0.1529	0.3186	0.2376

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot Asian and Emerging Markets Equity Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest at least 90% in a diversified portfolio of equities in: developed markets in the Asia-Pacific region; and, global emerging markets. The Sub-fund will invest at least 80% of the portfolio indirectly.

The Investment Manager has the ability to increase or decrease exposure to any of the regions on a tactical basis without limits. This may mean that from time to time, the Sub-fund will focus significantly on particular investment markets or opportunities across the Asia Pacific region or global emerging markets as it expects them to perform well.

The Sub-fund may additionally invest in other equities, cash, near cash, money market instruments and permitted deposits.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the period covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one-year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.



## Investment Manager's Report

continued

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the one year period to 30 April 2023, the A Income Class returned -0.31%\* in GBP terms, outperforming its comparator benchmark, the MSCI AC Asia Pacific Index (net) which returned -2.57%~ in GBP terms. Emerging markets enjoyed a promising start to 2023, with markets in Taiwan and Korea riding off the coattails of the renewed tech boom. While initially there was positive sentiment around China's reopening, this was marred by a rise in geopolitical tension, most notably when a suspected Chinese spy balloon was shot down by the US.

From an attribution perspective, strong relative performance was seen from the Fidelity Asia Pacific Opportunities, M&G Japan and Pacific North of South Emerging Markets All Cap Equity. As a reminder, the latter position was first initiated in April 2022 (and subsequently added to over the period) as a differentiated, value-biased strategy focused on identifying mispriced stocks. Well positioned to benefit from higher inflation and energy prices, with circa 20% in commodity-related companies and a diversified spread of country exposures, the fund complements the more growth-orientated, thematic exposures held within the emerging markets allocation. The position in Vontobel MTX Sustainable Emerging Markets Leaders was sold in full to fund the additional investments into this holding.

Turning to the Japanese equity allocation, and during the period we introduced M&G Japan as a new high conviction idea, exiting the position in Usonian Japan Value as a result. M&G Japan is run by the experienced Carl Vine and team, with an investment process that is focused on companies with the potential for catalyst-driven share price improvements (such as share buybacks or corporate change). Over the course of the period we further added to the position at the expense of the holdings in Baillie Gifford Japanese Income Growth and SPARX Japan Sustainable Equity, with the exposure to SPARX now also exited in full. The move ensures M&G Japan is now the largest position within the Japanese equity allocation, with the rationale clear: we like the team's demonstration of strong stock selection abilities, alongside the additional benefits brought by its strong record of corporate engagement with both current and potential holdings.

Finally, we made a change to the Sub-fund's Asia Pacific ex Japan exposure, adding to the position in Fidelity Asia Pacific Opportunities and trimming the holding in Matthews Asia ex Japan Total Return Equity following changes to its management team.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year-end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Investment Manager's Report

continued

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>Open-End and Miscellaneous Investment Vehicles 94.06% (91.94%)</b>			
8,248,522	Baillie Gifford Japanese Income Growth - W4 GBP Inc*	11,366,464	10.48
6,375,409	Fidelity Asia Pacific Opportunities - R GBP Accumulation*	8,447,417	7.79
96,971	iShares Core MSCI EM IMI UCITS ETF - USD Accumulation	2,280,758	2.10
27,189	iShares Core MSCI Japan IMI UCITS ETF - USD Accumulation	991,039	0.91
8,092	iShares Core MSCI Pacific ex-Japan ETF - USD Accumulation GBP	1,082,952	1.00
12,125,415	JPMorgan Emerging Markets Fund C - Net Income*	19,279,409	17.79
11,532,070	M&G Japan - Sterling PP Income*	13,999,933	12.91
312,001	Matthews Asia ex Japan Total Return Equity - S Income GBP*	3,634,812	3.35
2,300,155	Pacific North of South Emerging Markets All Cap Equity - R2 GBP Distributing*	26,566,790	24.50
455,952	Sands Capital Emerging Markets Growth - A Accumulation GBP*	7,988,283	7.37
7,797	Veritas Asian Fund - D GBP*	6,354,113	5.86
		101,991,970	94.06
<b>Investment assets</b>		<b>101,991,970</b>	<b>94.06</b>
<b>Net other assets</b>		<b>6,443,688</b>	<b>5.94</b>
<b>Net assets</b>		<b>108,435,658</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 30.04.22.

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

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	87.95	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-0.41	-11.21
Operating charges	-0.50	-0.69
Return after operating charges <sup>^</sup>	-0.91	-11.90 <sup>^^</sup>
Distributions	-1.84	-0.15
<b>Closing net asset value per share</b>	<b>85.20</b>	<b>87.95</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-1.03%	-11.90%
<b>Other information</b>		
Closing net asset value	£91,197,239	£99,182,484
Closing number of shares	107,039,884	112,771,406
Operating charges	0.83%	0.72%
Ongoing operating charges <sup>*</sup>	0.81%	0.81%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	89.75	103.91
Lowest share price	80.01	84.62

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	86.40	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-0.41	-12.94
Operating charges	-0.49	-0.66
Return after operating charges <sup>^</sup>	-0.90	-13.60
Distributions	-1.82	-0.18
Retained distributions on accumulation shares	1.82	0.18
<b>Closing net asset value per share</b>	<b>85.50</b>	<b>86.40</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-1.04%	-13.60%
<b>Other information</b>		
Closing net asset value	£17,238,419	£906,867
Closing number of shares	20,161,519	1,049,633
Operating charges	0.83%	0.72%
Ongoing operating charges <sup>*</sup>	0.81%	0.81%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	88.91	100.00
Lowest share price	79.52	83.12

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -14.73%.

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

<sup>\*</sup>The Net Asset Value of the Sub-fund has increased by more than 10% if compared to the average Net Asset Value for the year. Taking an average of the daily Net Asset Value for the last month of the year has the effect of decreasing the operating charges by 0.02%. The ACD believes this to be more representative of the charges going forward.

## Comparative Tables

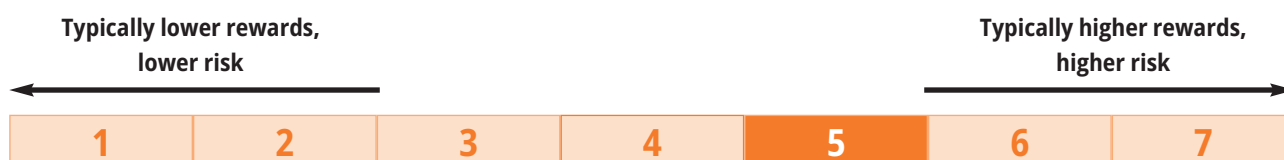
continued

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



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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- 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 a non-UCITS Retail Scheme Open-Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital losses	2		(2,965,924)		(15,029,915)
Revenue	3	2,110,372		219,104	
Expenses	4	(98,249)		(69,542)	
Interest payable and similar charges	4	-		-	
Net revenue before taxation		2,012,123		149,562	
Taxation	5	-		-	
Net revenue after taxation			2,012,123		149,562
<b>Total return before distributions</b>			<b>(953,801)</b>		<b>(14,880,353)</b>
Distributions	6		(2,012,111)		(149,493)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(2,965,912)</b>		<b>(15,029,846)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>100,089,351</b>		<b>-</b>
Amounts receivable on issue of shares	39,885,242		122,264,285	
Less: Amounts payable on cancellation of shares	(28,721,822)		(7,145,297)	
		11,163,420		115,118,988
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(2,965,912)		(15,029,846)
Retained distributions on accumulation shares		148,799		209
<b>Closing net assets attributable to Shareholders</b>		<b>108,435,658</b>		<b>100,089,351</b>

The notes on pages 36 to 42 form an integral part of these Financial Statements.

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Balance Sheet

as at 30 April 2023

	Note	£	30.04.23	£	30.04.22	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments			101,991,970		92,018,585	
<b>Current assets</b>						
Debtors	7	5,226,419		5,756,616		
Cash and bank balances	9	3,042,221		8,555,253		
<b>Total current assets</b>			<b>8,268,640</b>		<b>14,311,869</b>	
<b>Total assets</b>			<b>110,260,610</b>		<b>106,330,454</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Bank overdrafts	9	-		(24,765)		
Distribution payable		(291,469)		(226)		
Other creditors	8	(1,533,483)		(6,216,112)		
<b>Total creditors</b>			<b>(1,824,952)</b>		<b>(6,241,103)</b>	
<b>Total liabilities</b>			<b>(1,824,952)</b>		<b>(6,241,103)</b>	
<b>Net assets attributable to Shareholders</b>			<b>108,435,658</b>		<b>100,089,351</b>	

The notes on pages 36 to 42 form an integral part of these Financial Statements.

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

for the year ended 30 April 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<sup>^</sup>

	Realised £	30.04.23 Unrealised £	Total £
Non-derivative securities	(5,179,873)	2,223,022	(2,956,851)
Transaction charges	(9,073)	–	(9,073)
<b>Net capital losses</b>	<b>(5,188,946)</b>	<b>2,223,022</b>	<b>(2,965,924)</b>

	Realised £	30.09.21 to 30.04.22 Unrealised £	Total £
Non-derivative securities	(1,007,577)	(14,021,815)	(15,029,392)
Transaction charges	(523)	–	(523)
<b>Net capital losses</b>	<b>(1,008,100)</b>	<b>(14,021,815)</b>	<b>(15,029,915)</b>

<sup>^</sup>Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

	30.04.23 £	30.09.21 to 30.04.22 £
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	1,993,642	52,062
Offshore distributions	93,109	167,042
Bank interest	23,621	–
<b>Total revenue</b>	<b>2,110,372</b>	<b>219,104</b>

### 4. Expenses

	30.04.23 £	30.09.21 to 30.04.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	24,424	11,717
Administration fees	34,228	16,305
Registration fees	49,527	19,328
	108,179	47,350
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	10,151	4,329
Safe custody and other bank charges	1,167	599
	11,318	4,928
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	2,163	1,977
	12,228	11,340



# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
Other expenses:		
Legal fees	10,406	3,424
Printing costs	(58)	2,500
	<hr/>	<hr/>
	10,348	5,924
Rebates:		
Manager fee rebates from underlying holdings	(43,824)	-
	<hr/>	<hr/>
<b>Expenses</b>	<b>98,249</b>	<b>69,542</b>
Interest payable and similar charges	-	-
<b>Total</b>	<b>98,249</b>	<b>69,542</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
(a) Analysis of charge in the year:		
<b>Total tax charge (note 5b)</b>	<hr/>	<hr/>
	-	-
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	2,012,123	149,562
Corporation tax at 20%	402,425	29,912
Effects of:		
UK dividends	(398,729)	(10,412)
Movement in surplus management expenses	14,926	13,908
Non-taxable overseas earnings	(18,622)	(33,408)
	<hr/>	<hr/>
<b>Total tax charge (note 5a)</b>	<b>-</b>	<b>-</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £28,834 (2022: £13,908) in relation to surplus management expenses of £144,170 (2022: £69,542). 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 Quilter Cheviot Asian and Emerging Markets Equity 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>30.04.23</b>	<b>30.09.21 to</b>
		<b>£</b>	<b>30.04.22</b>
			<b>£</b>
First interim distribution	31.07.22	779,423	–
Second interim distribution	31.10.22	555,970	–
Third interim distribution	31.01.23	378,802	148,958
Final distribution	30.04.23	346,127	421
		2,060,322	149,379
Revenue deducted on cancellation of shares		40,996	4,607
Revenue received on issue of shares		(89,207)	(4,493)
<b>Distributions</b>		<b>2,012,111</b>	<b>149,493</b>

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

Net revenue after taxation per Statement of Total Return		2,012,123	149,562
Undistributed revenue brought forward		69	–
Undistributed revenue carried forward		(81)	(69)
<b>Distributions</b>		<b>2,012,111</b>	<b>149,493</b>

### 7. Debtors

		<b>30.04.23</b>	<b>30.04.22</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		808,863	572,231
Sales awaiting settlement		4,064,520	5,132,323
Accrued income:			
Dividends receivable		351,402	52,062
Prepaid expenses:			
Legal fee		1,634	–
<b>Total debtors</b>		<b>5,226,419</b>	<b>5,756,616</b>

### 8. Other Creditors

		<b>30.04.23</b>	<b>30.04.22</b>
		<b>£</b>	<b>£</b>
Amounts payable on cancellations		378,309	89,282
Purchases awaiting settlement		1,128,631	6,100,000
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		2,216	2,028
Administration fee		3,135	2,831
Registration fees		4,240	3,466
		9,591	8,325

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,767	4,328
Safe custody and other bank charges	193	436
	1,960	4,764
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	14,205	11,340
Other accrued expenses:		
Printing costs	787	2,401
	787	2,401
<b>Total other creditors</b>	<b>1,533,483</b>	<b>6,216,112</b>

\*Included within the auditor's remuneration is irrecoverable VAT £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	3,042,221	8,555,253
Overdraft positions	–	(24,765)
<b>Cash and bank balances</b>	<b>3,042,221</b>	<b>8,530,488</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	30.04.23 % of VaR	Utilisation of VaR (*) 20%	30.04.22 % of VaR	Utilisation of VaR (*) 20%
VaR at year end:	8.22	41.10	7.66	38.30
Minimum VaR:	6.67	33.35	7.66	38.30
Maximum VaR:	8.68	43.40	22.71	113.55
Average VaR:	8.17	40.85	13.30	66.50

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

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Funds	49,633,261	–	0.00	–	0.00	49,633,261
<b>Total purchases after commissions and tax</b>	<b>49,633,261</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Funds	36,774,851	–	0.00	–	0.00	36,774,851
<b>Total sales after commissions and tax</b>	<b>36,774,851</b>					

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

30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Funds	112,180,300	–	0.00	2	0.00	112,180,298
<b>Total purchases after commissions and tax</b>	<b>112,180,300</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Funds	5,132,323	–	0.00	–	0.00	5,132,323
<b>Total sales after commissions and tax</b>	<b>5,132,323</b>					

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

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 32. 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 April 2023 is 0.00% (2022: 0.00%).

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	4,354,749	–	3,037,128	–
Level 2 <sup>^^</sup>	97,637,221	–	88,981,457	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>101,991,970</b>	<b>–</b>	<b>92,018,585</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 GBP	A Accumulation GBP
Opening number of shares	112,771,406	1,049,633
Shares issued	26,352,656	19,949,521
Shares cancelled	(32,084,178)	(837,635)
<b>Closing number of Shares</b>	<b>107,039,884</b>	<b>20,161,519</b>

# MI Quilter Cheviot Asian and Emerging Markets Equity Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.7370	–	0.7370	n/a
		Group 2	0.5148	0.2222	0.7370	n/a
	Second interim	Group 1	0.5050	–	0.5050	n/a
		Group 2	0.3441	0.1609	0.5050	n/a
	Third interim	Group 1	0.3248	–	0.3248	0.1462
		Group 2	0.2331	0.0917	0.3248	0.1462
	Final	Group 1	0.2723	–	0.2723	0.0002
		Group 2	0.0594	0.2129	0.2723	0.0002

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.7223	–	0.7223	n/a
		Group 2	0.3765	0.3458	0.7223	n/a
	Second interim	Group 1	0.5009	–	0.5009	n/a
		Group 2	0.3263	0.1746	0.5009	n/a
	Third interim	Group 1	0.3217	–	0.3217	0.1569
		Group 2	0.1607	0.1610	0.3217	0.1569
	Final	Group 1	0.2711	–	0.2711	0.0186
		Group 2	0.0463	0.2248	0.2711	0.0186

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot Conservative Fixed Interest Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve income and the potential for capital growth, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest directly or indirectly in UK and global fixed income securities, cash, near cash, money market instruments and permitted deposits in order to give exposure to a diversified portfolio of fixed interest holdings.

The Sub-fund will typically invest at least 70% of the portfolio directly but at times, dependent on market conditions and the Investment Manager's view of the market, the direct exposure may be higher or lower than this but it is not expected to ever fall below 50%.

The Sub-fund's intention is to invest conservatively and the Sub-fund's exposure will be 70% or greater in UK conventional gilts and index-linked gilts. The Sub-fund may additionally invest in investment grade and/or sub-investment grade corporate bonds.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.



## Investment Manager's Report

continued

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned -12.86%\* in GBP terms, marginally outperforming its comparator benchmark, the Markit iBoxx GBP Overall Index, which returned -13.96%~ in GBP terms.

The gilt market was at the epicentre of the sell-off following the "mini-budget" crisis in September. Combined with the aforementioned sharp rise in interest rates across the globe, it has been a particularly challenging time for fixed interest investors. Signs of respite came when bond markets posted a positive return in the fourth quarter of 2022, with this momentum continuing into January 2023. However, the strong rally fizzled out in February due to persistently strong economic data. Turmoil in the banking sector reinvigorated calls for an imminent end to central banks increasing rates, and bond prices moved firmly higher while equity markets were hit by bouts of volatility. While the Fed increased rates after the collapse of SVB, expectations for further increases have somewhat diminished, with markets once more pricing in cuts before year end. We believe that bonds offer attractive long-term value at this stage, particularly in the UK, although sticky inflation and elevated issuance levels remain a concern.

Turning to activity, and during the period we exited PIMCO GIS Global Investment Grade Credit, allocating the proceeds to Royal London Sterling Credit. In September, we then reduced the duration (a measurement of sensitivity to interest rate changes) of the Sub-fund's gilt exposure, and increased the Sub-fund's headline credit allocation over the ensuing weeks. This was achieved by adding to the existing position in Federated Hermes Unconstrained Credit, alongside the introduction of a new holding: Vanguard UK Investment Grade Bond Index. The Vanguard position is a low-cost, 'passive' means of obtaining exposure to the universe of sterling-denominated, investment-grade fixed income securities, excluding government and government related-securities, with maturities greater than one year.

Later in the period, given the ongoing worries about the banking sector, as well as Fed tightening and the risk of recession, we decided to increase the defensiveness of the Sub-fund's corporate bond exposure, reducing the weighting in Federated Hermes Unconstrained Credit in favour of incorporating Wellington Global Credit ESG. Wellington Global Credit ESG invests primarily in investment grade-rated corporate bonds, but has the flexibility to add value across securitised, government, high yield and emerging markets debt. Elsewhere, the duration of the conventional gilt exposure was also modestly increased.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Investment Manager's Report

continued

Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>FINANCIALS 21.79% (14.50%)</b>			
<b>Open-End and Miscellaneous Investment Vehicles 21.79% (14.50%)</b>			
5,971,767	Federated Hermes Unconstrained Credit - M3 GBP Distribution*	5,004,937	5.15
8,025,375	Royal London Sterling Credit - Z Income*	9,405,740	9.68
51,097	Vanguard UK Investment Grade Bond - Institutional Plus GBP Distribution*	4,669,617	4.81
214,200	Wellington Global Credit ESG - G Q1 DisH GBP*	2,093,440	2.15
		21,173,734	21.79
<b>DEBT INSTRUMENTS 75.00% (80.76%)</b>			
<b>Pound Sterling denominated government debt securities 75.00% (80.76%)</b>			
£12,592,649	UK Treasury 0.625% 07.06.25	11,797,549	12.13
£13,854,502	UK Treasury 0.875% 22.10.29	11,702,205	12.04
£7,180,085	UK Treasury 1% 22.04.24	6,953,769	7.16
£11,596,223	UK Treasury 1% 31.01.32	9,292,749	9.56
£10,341,664	UK Treasury 1.25% 22.07.27	9,374,822	9.65
£10,129,791	UK Treasury 1.5% 22.07.26	9,453,121	9.73
£15,859,723	UK Treasury 1.625% 22.10.28	14,310,545	14.73
		72,884,760	75.00
<b>Investment assets</b>		<b>94,058,494</b>	<b>96.79</b>
<b>Net other assets</b>		<b>3,115,821</b>	<b>3.21</b>
<b>Net assets</b>		<b>97,174,315</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 30.04.22.

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

Analysis of bonds by credit rating^^	Market value £	% of total net assets 2023	% of total net assets 2022
Investment grade (BBB & above)	72,884,760	75.00	80.76
		72,884,760	80.76

^^Source: NTISL

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	91.66	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-11.05	-7.75
Operating charges	-0.20	-0.18 <sup>^^</sup>
Return after operating charges <sup>^</sup>	-11.25	-7.93
Distributions	-1.71	-0.41
<b>Closing net asset value per share</b>	<b>78.70</b>	<b>91.66</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-12.27%	-7.93%
<b>Other information</b>		
Closing net asset value	£51,761,811	£49,097,927
Closing number of shares	65,772,785	53,564,872
Operating charges	0.24%	0.18%
Ongoing operating charges*	0.21%	0.23%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	92.74	105.84
Lowest share price	75.34	91.26

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	87.30	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-10.55	-12.53
Operating charges	-0.19	-0.17
Return after operating charges <sup>^</sup>	-10.74	-12.70
Distributions	-1.63	-0.30
Retained distributions on accumulation shares	1.63	0.30
<b>Closing net asset value per share</b>	<b>76.56</b>	<b>87.30</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-12.30%	-12.70%
<b>Other information</b>		
Closing net asset value	£45,412,504	£490,732
Closing number of shares	59,315,540	562,105
Operating charges	0.24%	0.18%
Ongoing operating charges*	0.21%	0.23%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	88.33	100.00
Lowest share price	71.96	86.72

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -12.52%

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

\*The Net Asset Value of the Sub-fund has increased by more than 10% if compared to the average Net Asset Value for the year. Taking an average of the daily Net Asset Value for the last month of the year has the effect of decreasing the operating charges by 0.03%. The ACD believes this to be more representative of the charges going forward.

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



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

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond. There may be cases where the organisation from which we buy a bond fails to carry out its obligations which could cause losses to the Sub-fund.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- The level of income may go down as well as up and is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital losses	2		(8,430,199)		(5,632,682)
Revenue	3	1,411,752		242,303	
Expenses	4	(93,488)		(43,789)	
Interest payable and similar charges	4	-		-	
Net revenue before taxation		1,318,264		198,514	
Taxation	5	-		-	
Net revenue after taxation			1,318,264		198,514
<b>Total return before distributions</b>			<b>(7,111,935)</b>		<b>(5,434,168)</b>
Distributions	6		(1,318,265)		(198,476)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(8,430,200)</b>		<b>(5,632,644)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>49,588,659</b>		<b>-</b>
Amounts receivable on issue of shares	70,571,928		58,930,421	
Less: Amounts payable on cancellation of shares	(14,953,883)		(3,710,384)	
		55,618,045		55,220,037
Dilution levy		1,506		-
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(8,430,200)		(5,632,644)
Retained distributions on accumulation shares		396,305		1,266
<b>Closing net assets attributable to Shareholders</b>		<b>97,174,315</b>		<b>49,588,659</b>

The notes on pages 52 to 58 form an integral part of these Financial Statements.

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Balance Sheet

as at 30 April 2023

	Note	£	30.04.23	£	30.04.22	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments			<b>94,058,494</b>		<b>47,239,675</b>	
<b>Current assets</b>						
Debtors	7	9,569,947		254,332		
Cash and bank balances	9	1,525,684		2,284,029		
<b>Total current assets</b>			<b>11,095,631</b>		<b>2,538,361</b>	
<b>Total assets</b>			<b>105,154,125</b>		<b>49,778,036</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Distribution payable		(363,066)		(118,432)		
Other creditors	8	(7,616,744)		(70,945)		
<b>Total creditors</b>			<b>(7,979,810)</b>		<b>(189,377)</b>	
<b>Total liabilities</b>			<b>(7,979,810)</b>		<b>(189,377)</b>	
<b>Net assets attributable to Shareholders</b>			<b>97,174,315</b>		<b>49,588,659</b>	

The notes on pages 52 to 58 form an integral part of these Financial Statements.

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Notes to the Financial Statements

for the year ended 30 April 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<sup>^</sup>

	Realised £	30.04.23 Unrealised £	Total £
Non-derivative securities	(10,758,379)	2,338,621	(8,419,758)
Currency gains	197	–	197
Transaction charges	(10,638)	–	(10,638)
<b>Net capital losses</b>	<b>(10,768,820)</b>	<b>2,338,621</b>	<b>(8,430,199)</b>

	Realised £	30.09.21 to 30.04.22 Unrealised £	Total £
Non-derivative securities	(15,160)	(5,617,027)	(5,632,187)
Transaction charges	(495)	–	(495)
<b>Net capital losses</b>	<b>(15,655)</b>	<b>(5,617,027)</b>	<b>(5,632,682)</b>

<sup>^</sup>Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

	30.04.23 £	30.09.21 to 30.04.22 £
Distributions from Regulated Collective Investment Schemes:		
Interest distributions	441,233	76,554
Interest on debt securities	950,384	165,749
Bank interest	20,135	–
<b>Total revenue</b>	<b>1,411,752</b>	<b>242,303</b>

### 4. Expenses

	30.04.23 £	30.09.21 to 30.04.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	14,823	5,687
Administration fees	20,786	7,914
Registration fees	26,916	9,421
	<u>62,525</u>	<u>23,022</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	6,058	2,135
Safe custody and other bank charges	2,354	1,200
	<u>8,412</u>	<u>3,335</u>



## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b> £	<b>30.09.21 to</b> <b>30.04.22</b> £
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax Compliance services	2,163	1,977
	12,228	11,340
Other expenses:		
Legal fees	10,406	3,592
Printing costs	(83)	2,500
	10,323	6,092
<b>Expenses</b>	<b>93,488</b>	<b>43,789</b>
Interest payable and similar charges	-	-
<b>Total</b>	<b>93,488</b>	<b>43,789</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b> £	<b>30.09.21 to</b> <b>30.04.22</b> £
(a) Analysis of charge in the year:		
<b>Total tax charge (note 5b)</b>	-	-
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,318,264	198,514
Corporation tax at 20%	263,653	39,703
Effects of:		
Interest distributions	(263,653)	(39,703)
<b>Total tax charge (note 5a)</b>	-	-

(c) Deferred tax

There was no liability to deferred tax at the balance sheet date (2022: nil).

# MI Quilter Cheviot Conservative Fixed Interest 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:

		30.04.23 £	30.09.21 to 30.04.22 £
First interim distribution	31.07.22	155,344	–
Second interim distribution	31.10.22	263,284	–
Third interim distribution	31.01.23	401,981	87,725
Final distribution	30.04.23	674,828	119,698
		1,495,437	207,423
Revenue deducted on cancellation of shares		46,524	4,538
Revenue received on issue of shares		(223,696)	(13,485)
<b>Distributions</b>		<b>1,318,265</b>	<b>198,476</b>

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

Net revenue after taxation per Statement of Total Return		1,318,264	198,514
Undistributed revenue brought forward		38	–
Undistributed revenue carried forward		(37)	(38)
<b>Distributions</b>		<b>1,318,265</b>	<b>198,476</b>

### 7. Debtors

		30.04.23 £	30.04.22 £
Amounts receivable on issues		156,564	58,566
Sales awaiting settlement		9,265,135	–
Accrued income:			
Interest on debt securities		146,614	195,766
Prepaid expenses:			
Legal fees		1,634	–
<b>Total debtors</b>		<b>9,569,947</b>	<b>254,332</b>

### 8. Other Creditors

		30.04.23 £	30.04.22 £
Amounts payable on cancellations		264,050	49,756
Purchases awaiting settlement		7,328,330	–
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		2,000	1,035
Administration fee		2,828	1,446
Registration fees		2,780	1,850
		7,608	4,331

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,342	2,135
Safe custody and other bank charges	428	980
	1,770	3,115
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	14,205	11,340
Other accrued expenses:		
Printing costs	781	2,403
	781	2,403
<b>Total other creditors</b>	<b>7,616,744</b>	<b>70,945</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	1,525,684	2,284,029
<b>Cash and bank balances</b>	<b>1,525,684</b>	<b>2,284,029</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	30.04.23 % of VaR	Utilisation of VaR (*) 20%	30.04.22 % of VaR	Utilisation of VaR (*) 20%
VaR at year end:	6.22	31.10	5.58	27.92
Minimum VaR:	3.14	15.70	5.51	27.56
Maximum VaR:	6.60	33.00	25.79	128.93
Average VaR:	5.45	27.25	11.99	59.96

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

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Bonds	73,234,490	–	0.00	–	0.00	73,234,490
Funds	21,320,156	–	0.00	–	0.00	21,320,156
<b>Total purchases after commissions and tax</b>	<b>94,554,646</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Bonds	32,729,165	–	0.00	–	0.00	32,729,165
Funds	6,726,714	–	0.00	–	0.00	6,726,714
<b>Total sales after commissions and tax</b>	<b>39,455,879</b>					

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

#### 30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Bonds	45,491,849	–	0.00	–	0.00	45,491,849
Funds	7,962,158	–	0.00	–	0.00	7,962,158
<b>Total purchases after commissions and tax</b>	<b>53,454,007</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Bonds	582,146	–	0.00	–	0.00	582,146
<b>Total sales after commissions and tax</b>	<b>582,146</b>					

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

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 48. 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 April 2023 is 0.06% (2022: 0.00%).

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	72,884,759	–	40,047,307	–
Level 2 <sup>^^</sup>	21,173,735	–	7,192,368	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>94,058,494</b>	<b>–</b>	<b>47,239,675</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 GBP	A Accumulation GBP
Opening number of shares	53,564,872	562,105
Shares issued	29,817,564	59,667,292
Shares cancelled	(17,609,651)	(913,857)
<b>Closing number of Shares</b>	<b>65,772,785</b>	<b>59,315,540</b>

# MI Quilter Cheviot Conservative Fixed Interest Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.2507	–	0.2507	n/a
		Group 2	0.1296	0.1211	0.2507	n/a
	Second interim	Group 1	0.3889	–	0.3889	n/a
		Group 2	0.2190	0.1699	0.3889	n/a
	Third interim	Group 1	0.5181	–	0.5181	0.1898
		Group 2	0.3104	0.2077	0.5181	0.1898
	Final	Group 1	0.5520	–	0.5520	0.2211
		Group 2	0.1895	0.3625	0.5520	0.2211

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.2374	–	0.2374	n/a
		Group 2	0.0483	0.1891	0.2374	n/a
	Second interim	Group 1	0.3709	–	0.3709	n/a
		Group 2	0.1606	0.2103	0.3709	n/a
	Third interim	Group 1	0.4955	–	0.4955	0.0743
		Group 2	0.2044	0.2911	0.4955	0.0743
	Final	Group 1	0.5256	–	0.5256	0.2252
		Group 2	0.2385	0.2871	0.5256	0.2252

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot Diversified Returns Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund's exposure to alternative asset classes will typically be 60% (with a minimum of 50%) which may include: private equity; infrastructure; currency; derivatives; absolute return strategy funds and multi-asset strategy funds. The Sub-fund will have no direct exposure to property or commodities funds. The majority of the alternative asset class exposure will be composed of absolute return strategy funds and multi-asset strategy funds which may include event-driven strategies; equity long/short strategies; and trend-following funds. The remainder of the Sub-fund will be composed of mainstream asset classes which may include equities, government bonds, investment grade and/or sub-investment grade corporate bonds, cash, near cash, money market instruments and permitted deposits.

The Sub-fund may invest directly or indirectly in order to gain exposure to a diversified portfolio of asset classes. The Sub-fund will typically invest at least 90% of the portfolio indirectly but at times, dependent on market conditions and the Investment Manager's view of the market, the indirect exposure may be higher or lower, but it is not expected to ever fall below 80%.

The Investment Manager will use indirect investment methods which may include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD) and Investment Trusts, to gain exposure to alternative assets classes with the purpose of ensuring that the liquidity profile of the Sub-fund is appropriate for a retail fund that offers daily dealing to investors.

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management or investment purposes. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention.

The Sub-fund's asset allocation will provide an efficient, cost-effective exposure to mainstream asset classes such as global equities through the use of predominately low-cost passive funds, with a contrasting exposure to alternative asset classes with the objective of diversifying both risk and return within the fund itself, or as part of a wider model portfolio. The Sub-fund will therefore obtain some of its exposure through low-cost investments that track the performance of mainstream asset classes (but the Sub-fund itself does not seek to track any index). No more than 50% of the Sub-fund will be invested in index-tracking investments.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.



## Investment Manager's Report

continued

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned -1.86%\* in GBP terms, underperforming its comparator benchmark, the MSCI Custom Index of 100% Long MSCI World Diversified Multiple Factor Index + 70% Short MSCI World Index, which returned 0.82%~ in GBP terms.

From an attribution perspective, gains in global equity markets led to a positive contribution from the HSBC MSCI World UCITS ETF, the top holding in the Sub-fund. In contrast, last year's dramatic repricing of fixed interest investments impacted several rate sensitive investments, including the iShares UK Gilts 0-5 Year UCITS ETF, Sequoia Economic Infrastructure Income and Hipgnosis Songs.

Divergence in performance was also seen across the Sub-fund's absolute return and multi-asset strategy funds allocation, with the exposure posting a small negative return over the year. Pleasing gains were seen from the holdings in Janus Henderson Absolute Return, Trium ESG Emissions Improvers and Aspect Diversified Trends. However, these gains were negated by the holdings in PIMCO GIS Dynamic Multi-Asset and JPMorgan US Opportunistic Long-Short Equity.

Turning to activity, and several new ideas were added over the year, with the holding in LFIS Vision UCITS Premia sold to help fund these positions. The first of the new investments was Ardea Global Alpha, a strategy focused on identifying government related securities that are closely related but priced inconsistently with each other (known as relative value mispricing). Profits can be made when this mispricing corrects and capital can be recycled into the next opportunity. The fund is structured to be a defensive fixed income solution that targets consistent low volatility returns, independent of market direction. We see the holding as a defensive fixed income anchor within the Sub-fund, helping to navigate the ups and downs of financial markets.

# MI Quilter Cheviot Diversified Returns Fund

## Investment Manager's Report

continued

The second new holding was Trium ESG Emissions Improvers, which focuses on sectors that account for the vast majority of European greenhouse gas emissions such as utilities, energy, materials and industrials. The fund's team aims to improve those emissions through engagement with company management. This is a long-short equity fund (a strategy looking to profit from both rising and falling share prices) with a bias to medium to large European companies. It aims to invest in a sector and commodity neutral manner, with its core long exposure favouring companies that have a strong investment case and where their potential for environmental transformation is under-appreciated. The fund is run by a motivated and compelling manager with impressive industry contacts and the technical understanding to recommend and drive positive changes in mid- and large-sized companies.

The position in the JPMorgan US Opportunistic Long-Short Equity Fund was sold at the end of the year, with the holding in Janus Henderson Absolute Return increased. BH Macro was also initiated as a new position during the first quarter of the year. This is a closed-ended investment company listed on the London Stock Exchange, which specialises in providing exposure to hedge fund strategies managed exclusively by Brevan Howard Asset Management, a leading global hedge fund manager. While the holding has endured a relatively volatile period of late, we believe it offers attractive long-term diversification benefits in relation to traditional asset classes such as equities and fixed income.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot Diversified Returns Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>FINANCIALS 94.23% (96.73%)</b>			
<b>Closed-End Investments 10.38% (9.68%)</b>			
468,079	BH Macro	1,951,889	2.63
1,017,652	Hipgnosis Songs	884,340	1.19
1,119,146	International Public Partnership	1,640,668	2.21
1,286,259	Renewables Infrastructure	1,636,122	2.20
1,956,611	Sequoia Economic Infrastructure Income	1,600,508	2.15
		7,713,527	10.38
<b>Open-End and Miscellaneous Investment Vehicles 83.85% (87.05%)</b>			
26,020	Aspect Diversified Trends - P GBP Institutional*	4,349,714	5.85
45,096	BlackRock ICS Sterling Liquidity Premier - Accumulation*	4,865,167	6.55
89,739	Fidante Partners Liquid Strategies ICAV - Ardea Global Alpha - Class X GBP Hedged Income*	8,579,946	11.54
443,916	HSBC MSCI World UCITS ETF - USD Distributing	10,006,976	13.46
52,420	iShares UK Gilts 0-5yr UCITS ETF - GBP Distributing	6,597,581	8.88
5,762,463	Janus Henderson Absolute Return - G Accumulation*	6,453,959	8.68
80,388	MontLake UCITS Fund Platform ICAV - Mygale Event Driven UCITS*	8,628,010	11.61
679,185	PIMCO GIS Dynamic Multi-Asset - Institutional GBP (Hedged) Accumulation*	8,605,277	11.58
34,872	Trium ESG Emissions Improvers - F GBP Accumulation*	4,233,112	5.70
		62,319,742	83.85
<b>Investment assets</b>		<b>70,033,269</b>	<b>94.23</b>
<b>Net other assets</b>		<b>4,291,098</b>	<b>5.77</b>
<b>Net assets</b>		<b>74,324,367</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 30.04.22.

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

# MI Quilter Cheviot Diversified Returns Fund

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	99.65	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-1.03	0.77
Operating charges	-0.79	-0.88
Return after operating charges <sup>^</sup>	-1.82	-0.11 <sup>^^</sup>
Distributions	-0.92	-0.24
<b>Closing net asset value per share</b>	<b>96.91</b>	<b>99.65</b>
<sup>^</sup> After direct transaction costs of	0.01	0.00
<b>Performance</b>		
Return after charges	-1.83%	-0.11%
<b>Other information</b>		
Closing net asset value	£57,804,668	£50,962,970
Closing number of shares	59,644,722	51,139,563
Operating charges	0.81%	0.88%
Ongoing operating charges*	0.80%	0.95%
Direct transaction costs	-0.01%	0.00%
<b>Prices</b>		
Highest share price	99.88	102.78
Lowest share price	96.00	97.74

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	97.88	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-1.02	-1.26
Operating charges	-0.78	-0.86
Return after operating charges <sup>^</sup>	-1.80	-2.12
Distributions	-0.88	-0.24
Retained distributions on accumulation shares	0.88	0.24
<b>Closing net asset value per share</b>	<b>96.08</b>	<b>97.88</b>
<sup>^</sup> After direct transaction costs of	0.01	0.00
<b>Performance</b>		
Return after charges	-1.84%	-2.12%
<b>Other information</b>		
Closing net asset value	£16,519,699	£328,698
Closing number of shares	17,193,542	335,821
Operating charges	0.81%	0.88%
Ongoing operating charges*	0.80%	0.95%
Direct transaction costs	-0.01%	0.00%
<b>Prices</b>		
Highest share price	98.10	100.70
Lowest share price	94.55	95.84

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -2.14%.

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

\*The Net Asset Value of the Sub-fund has increased by more than 10% if compared to the average Net Asset Value for the year. Taking an average of the daily Net Asset Value for the last month of the year has the effect of decreasing the operating charges by 0.01%. The ACD believes this to be more representative of the charges going forward.

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



The Sub-fund is ranked at 3 because funds of this type have experienced low to medium 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 or increase.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- The Sub-fund may invest in bond funds which will be impacted by changes in interest rates, inflation and any decline in creditworthiness of the underlying bond issuers.
- The Sub-fund can use derivatives in order to meet its investment objectives or to protect from price and currency movement. This may result in gains or losses that are greater than the original amount invested.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot Diversified Returns Fund

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital losses	2		(1,585,117)		(1,270,387)
Revenue	3	731,274		165,320	
Expenses	4	(114,284)		(49,630)	
Interest payable and similar charges	4	(616)		-	
Net revenue before taxation		616,374		115,690	
Taxation	5	-		-	
Net revenue after taxation			616,374		115,690
<b>Total return before distributions</b>			<b>(968,743)</b>		<b>(1,154,697)</b>
Distributions	6		(616,372)		(115,683)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(1,585,115)</b>		<b>(1,270,380)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>51,291,668</b>		-
Amounts receivable on issue of shares	41,777,500		55,915,251	
Less: Amounts payable on cancellation of shares	(17,247,918)		(3,353,757)	
		24,529,582		52,561,494
Dilution levy		3,440		-
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(1,585,115)		(1,270,380)
Retained distributions on accumulation shares		84,792		554
<b>Closing net assets attributable to Shareholders</b>		<b>74,324,367</b>		<b>51,291,668</b>

The notes on pages 68 to 74 form an integral part of these Financial Statements.

# MI Quilter Cheviot Diversified Returns Fund

## Balance Sheet

as at 30 April 2023

	Note	£	30.04.23	£	30.04.22	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments			70,033,269		49,613,969	
<b>Current assets</b>						
Debtors	7	4,101,633		178,595		
Cash and bank balances	9	4,058,596		1,672,320		
<b>Total current assets</b>			<b>8,160,229</b>		<b>1,850,915</b>	
<b>Total assets</b>			<b>78,193,498</b>		<b>51,464,884</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Distribution payable		(129,787)		(83,715)		
Other creditors	8	(3,739,344)		(89,501)		
<b>Total creditors</b>			<b>(3,869,131)</b>		<b>(173,216)</b>	
<b>Total liabilities</b>			<b>(3,869,131)</b>		<b>(173,216)</b>	
<b>Net assets attributable to Shareholders</b>			<b>74,324,367</b>		<b>51,291,668</b>	

The notes on pages 68 to 74 form an integral part of these Financial Statements.

# MI Quilter Cheviot Diversified Returns Fund

## Notes to the Financial Statements

for the year ended 30 April 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<sup>^</sup>

	Realised £	30.04.23 Unrealised £	Total £
Non-derivative securities	(1,019,121)	(555,795)	(1,574,916)
Currency losses	(325)	–	(325)
Transaction charges	(9,876)	–	(9,876)
<b>Net capital losses</b>	<b>(1,029,322)</b>	<b>(555,795)</b>	<b>(1,585,117)</b>

	Realised £	30.09.21 to 30.04.22 Unrealised £	Total £
Non-derivative securities	–	(1,269,711)	(1,269,711)
Currency gains	74	–	74
Transaction charges	(750)	–	(750)
<b>Net capital losses</b>	<b>(676)</b>	<b>(1,269,711)</b>	<b>(1,270,387)</b>

<sup>^</sup>Where realised gains/losses include gains/losses arising from prior years, a corresponding loss/gain is included within the unrealised gains/losses presented.

### 3. Revenue

	30.04.23 £	30.09.21 to 30.04.22 £
Overseas dividends	428,227	102,074
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	23,244	–
Interest distributions	73,275	4,252
Offshore distributions	173,345	58,994
Bank interest	33,183	–
<b>Total revenue</b>	<b>731,274</b>	<b>165,320</b>

### 4. Expenses

	30.04.23 £	30.09.21 to 30.04.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	16,030	5,686
Administration fees	22,469	7,913
Registration fees	43,983	15,488
	82,482	29,087
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	6,559	2,100
Safe custody and other bank charges	2,657	1,400
	9,216	3,500



## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax Compliance services	2,163	1,977
	<hr/>	<hr/>
	12,228	11,340
Other expenses:		
Legal fees	10,406	3,203
Printing costs	(48)	2,500
	<hr/>	<hr/>
	10,358	5,703
<b>Expenses</b>	<hr/> <b>114,284</b>	<hr/> <b>49,630</b>
Interest payable and similar charges	616	–
<b>Total</b>	<hr/> <b>114,900</b>	<hr/> <b>49,630</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
(a) Analysis of charge in the year:		
<b>Total tax charge (note 5b)</b>	<hr/> –	<hr/> –
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	616,374	115,690
Corporation tax at 20%	123,275	23,138
Effects of:		
UK dividends	(4,649)	–
Movement in surplus management expenses	1,688	9,076
Non-taxable overseas earnings	(120,314)	(32,214)
<b>Total tax charge (note 5a)</b>	<hr/> –	<hr/> –

(c) Deferred tax

At the year end there is a potential deferred tax asset of £10,764 (2022: £9,076) in relation to surplus management expenses of £53,820 (2022: £45,377). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

# MI Quilter Cheviot Diversified Returns 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>30.04.23</b>	<b>30.09.21 to</b>
		<b>£</b>	<b>30.04.22</b>
			<b>£</b>
First interim distribution	31.07.22	157,463	–
Second interim distribution	31.10.22	99,675	–
Third interim distribution	31.01.23	207,772	36,686
Final distribution	30.04.23	164,587	84,268
		<hr/> 629,497	<hr/> 120,954
Revenue deducted on cancellation of shares		9,683	1,088
Revenue received on issue of shares		(22,808)	(6,359)
<b>Distributions</b>		<hr/> <b>616,372</b>	<hr/> <b>115,683</b>
<b>Reconciliation of net revenue after taxation to net distributions:</b>			
Net revenue after taxation per Statement of Total Return		616,374	115,690
Undistributed revenue brought forward		7	–
Undistributed revenue carried forward		(9)	(7)
<b>Distributions</b>		<hr/> <b>616,372</b>	<hr/> <b>115,683</b>

### 7. Debtors

		<b>30.04.23</b>	<b>30.04.22</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		378,225	95,959
Sales awaiting settlement		3,598,938	–
Accrued income:			
Dividends receivable		122,836	82,636
Prepaid expenses:			
Legal fees		1,634	–
<b>Total debtors</b>		<hr/> <b>4,101,633</b>	<hr/> <b>178,595</b>

### 8. Other Creditors

		<b>30.04.23</b>	<b>30.04.22</b>
		<b>£</b>	<b>£</b>
Amounts payable on cancellations		291,456	67,151
Purchases awaiting settlement		3,423,695	–
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		1,523	1,057
Administration fee		2,154	1,475
Registration fees		3,821	2,846
		<hr/> 7,498	<hr/> 5,378

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,213	2,099
Safe custody and other bank charges	487	1,132
	1,700	3,231
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	14,205	11,340
Other accrued expenses:		
Printing costs	790	2,401
	790	2,401
<b>Total other creditors</b>	<b>3,739,344</b>	<b>89,501</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	4,058,596	1,672,320
<b>Cash and bank balances</b>	<b>4,058,596</b>	<b>1,672,320</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot Diversified Returns Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	30.04.23 % of VaR	Utilisation of VaR (*) 20%	30.04.22 % of VaR	Utilisation of VaR (*) 20%
VaR at year end:	3.31	16.55	3.23	16.15
Minimum VaR:	2.95	14.75	3.23	16.15
Maximum VaR:	3.78	18.90	18.04	90.20
Average VaR:	3.27	16.35	8.01	40.05

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

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	5,607,227	–	0.00	7	0.00	5,607,220
Funds	28,312,309	–	0.00	–	0.00	28,312,309
<b>Total purchases after commissions and tax</b>	<b>33,919,536</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	2,019,761	–	0.00	–	0.00	2,019,761
Funds	9,948,644	–	0.00	–	0.00	9,948,644
<b>Total sales after commissions and tax</b>	<b>11,968,405</b>					

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

#### 30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	18,850,006	–	0.00	14	0.00	18,849,992
Funds	32,033,674	–	0.00	1	0.00	32,033,673
<b>Total purchases after commissions and tax</b>	<b>50,883,680</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
	–	–	0.00	–	0.00	–
<b>Total sales after commissions and tax</b>	<b>–</b>					

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

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 64. 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 April 2023 is 0.06% (2022: 0.04%).

# MI Quilter Cheviot Diversified Returns Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	7,713,527	–	18,102,751	–
Level 2 <sup>^^</sup>	62,319,742	–	31,511,218	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>70,033,269</b>	<b>–</b>	<b>49,613,969</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 GBP	A Accumulation GBP
Opening number of shares	51,139,563	335,821
Shares issued	24,945,490	18,080,440
Shares cancelled	(16,440,331)	(1,222,719)
<b>Closing number of shares</b>	<b>59,644,722</b>	<b>17,193,542</b>

# MI Quilter Cheviot Diversified Returns Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.2617	–	0.2617	n/a
		Group 2	0.2106	0.0511	0.2617	n/a
	Second interim	Group 1	0.1442	–	0.1442	n/a
		Group 2	0.1150	0.0292	0.1442	n/a
	Third interim	Group 1	0.2930	–	0.2930	0.0792
		Group 2	0.2588	0.0342	0.2930	0.0792
	Final	Group 1	0.2176	–	0.2176	0.1637
		Group 2	0.1499	0.0677	0.2176	0.1637

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.2587	–	0.2587	n/a
		Group 2	0.1525	0.1062	0.2587	n/a
	Second interim	Group 1	0.1390	–	0.1390	n/a
		Group 2	0.0728	0.0662	0.1390	n/a
	Third interim	Group 1	0.2845	–	0.2845	0.0775
		Group 2	0.1881	0.0964	0.2845	0.0775
	Final	Group 1	0.2024	–	0.2024	0.1646
		Group 2	0.1575	0.0449	0.2024	0.1646

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot European Equity Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest at least 90% directly or indirectly, in shares of companies in developed markets in Europe excluding the UK. The Sub-fund will typically invest at least 80% of the portfolio directly but at times, dependent on market conditions and the Investment Manager's view of the market, the direct exposure may be higher or lower than this but it is not expected to ever fall below 60%. These are companies that are domiciled, incorporated or have a significant portion of their business in developed markets in Europe excluding the UK, even if listed elsewhere.

The Sub-fund may also invest in other transferable securities, warrants, money market instruments, deposits and cash.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

The Investment Manager's strategy for selecting investments and allocating to sectors is dynamic and will reflect its assessment of the market cycle.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.



## Investment Manager's Report

continued

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned 13.62\* in GBP terms, marginally outperforming its comparator benchmark, the MSCI Europe ex UK Index (net), which returned 13.00%~ in GBP terms.

From an attribution perspective, security selection – as opposed to sector allocations – was the primary driver of relative returns, with contributions from across the Energy, Industrials, Information Technology and Materials exposures. These included holdings in TotalEnergies, Siemens, Airbus, Infineon Technologies and CRH, the manufacturer and supplier of building materials in North America and Europe. Security selection was also positive within the Consumer Discretionary sector, albeit partially offset by the underweight allocation. Notable holdings in this space include names such as LVMH Moët Hennessy Louis Vuitton, Prosus (the global internet group comprising a large stake in Chinese internet company Tencent) and Stellantis (formed by a merger between Peugeot and Fiat Chrysler, and now the fourth largest carmaker globally by units sold, with a strong presence in Europe, North America, and Latin America).

Negative contributors over the year included the Sub-fund's exposure to Utilities, represented via the holding in EDP Renováveis (EDPR), one of the few listed renewables pure plays in Europe. The company owns and operates a pipeline of wind and solar farms, predominantly within Europe and the US, and we believe the share price is appealing for what remains a leading name in its field. The Sub-fund's Consumer Staples exposure also detracted, due largely to specialised food ingredients supplier Kerry. Finally, the Sub-fund's small cap exposure, achieved via JP Morgan's Europe Smaller Companies, lagged the broader market as the economic and market conditions experienced in 2022 created significant headwinds for smaller companies, in contrast to better capitalised large-cap stocks.

We were active in our positioning of the Sub-fund over the year. Given the evolving economic outlook and significant rotation in market leadership experienced throughout the period, we sought to adopt a proactive approach to both sector allocations and security selection decisions, managing risk while remaining on the lookout for the long-term opportunities that market volatility usually provides.

During the second quarter of 2022, the overarching theme was a rotation towards more defensively-positioned segments of the market. We exited German industrial company Kion, a leader in industrial trucks and services and supply chain solutions, amid the worsening economic outlook. The position in Volkswagen was also sold, given the company's underlying earnings cyclicality. We trimmed names such as ASML (which designs and manufactures equipment essential to the semiconductor industry), Infineon Technologies (which engages in the provision of power semiconductors and sensor solutions) and Cellnex Telecom (the wireless telecommunications and broadcasting infrastructure operator). While we believe these to be fundamentally attractive companies, reducing the positions ensured greater balance across the Sub-fund's holdings at a time of extreme uncertainty. Exposure was increased to names such as Allianz, Nestlé, Sanofi and the oil major TotalEnergies. Two new positions were also added during the quarter: Deutsche Telekom, a well-managed business offering security in difficult times, and Gecina, a leading French office real estate company with a balanced sustainable growth model and trading on an attractive valuation.

# MI Quilter Cheviot European Equity Fund

## Investment Manager's Report

continued

During the third quarter we sold our remaining position in Adidas (having reduced it earlier in the period), investing the proceeds into wine and spirits operator Pernod Ricard, luxury goods company LVMH Moët Hennessy Louis Vuitton and telecommunications company Deutsche Telekom.

In the second half of the period, and in the wake of October's market nadir, a number of the 'defensive earners' amongst these names were trimmed in favour of areas deemed more attractive from a risk / return perspective. While we continue to see all of these companies as core holdings, we considered the headline balance of exposures in dialling down their weights, while simultaneously adding to areas where we see greater opportunity.

Within the Consumer Discretionary allocation, we initiated a position in Compagnie Financière Richemont, a leading luxury goods company incorporating flagship names such as Cartier, Montblanc and Van Cleef & Arpels. We see Compagnie Financière Richemont as well placed to benefit from a more economically resilient high-net-worth consumer and exciting growth prospects in the Chinese market, while also complementing the strategies' existing investment in fellow luxury goods name LVMH Moët Hennessy Louis Vuitton.

Elsewhere, we reintroduced Schindler, one of the world's largest elevator and escalator providers, having originally sold the position in Q1 2022 amid concerns regarding the increasingly difficult market backdrop and ongoing uncertainty in China. We also added to Schneider Electric, the electricity distribution and industrial automation specialist. Finally, in a world of higher interest rates and higher net interest income we increased exposure to ING Groep and BNP Paribas.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
	<b>TECHNOLOGY 11.30% (12.36%)</b>		
	<b>Software and Computer Services 3.99% (3.71%)</b>		
22,766	Prosus	1,355,295	1.97
12,873	SAP	1,387,470	2.02
		<b>2,742,765</b>	<b>3.99</b>
	<b>Technology Hardware and Equipment 7.31% (8.65%)</b>		
7,560	ASML	3,794,922	5.52
42,818	Infineon Technologies	1,233,379	1.79
		<b>5,028,302</b>	<b>7.31</b>
	<b>TELECOMMUNICATIONS 3.80% (2.94%)</b>		
	<b>Telecommunications Service Providers 3.80% (2.94%)</b>		
40,759	Cellnex Telecom	1,364,831	1.99
64,966	Deutsche Telekom	1,245,576	1.81
		<b>2,610,407</b>	<b>3.80</b>
	<b>HEALTH CARE 17.19% (16.98%)</b>		
	<b>Medical Equipment and Services 2.00% (1.77%)</b>		
27,911	Siemens Healthineers	1,378,043	2.00
	<b>Pharmaceuticals and Biotechnology 15.19% (15.21%)</b>		
33,982	Novartis	2,760,792	4.01
16,605	Novo Nordisk	2,197,870	3.20
13,819	Roche	3,453,826	5.02
23,178	Sanofi	2,033,336	2.96
		<b>10,445,824</b>	<b>15.19</b>
	<b>FINANCIALS 21.47% (20.51%)</b>		
	<b>Banks 6.81% (5.75%)</b>		
36,322	BNP Paribas	1,866,605	2.72
174,598	ING Groep	1,707,841	2.48
125,579	Nordea Bank	1,106,866	1.61
		<b>4,681,312</b>	<b>6.81</b>
	<b>Investment Banking and Brokerage Services 4.62% (5.35%)</b>		
22,722	Amundi	1,182,047	1.72
20,836	Euronext	1,317,901	1.92
877	Partners Group	674,892	0.98
		<b>3,174,840</b>	<b>4.62</b>
	<b>Open-End and Miscellaneous Investment Vehicles 4.53% (4.79%)</b>		
1,015,463	JP Morgan Europe Smaller Companies - C Net Income*	1,166,767	1.70
62,566	Vanguard FTSE Developed Europe ex UK UCITS ETF - GBP Distributing	1,948,931	2.83
		<b>3,115,698</b>	<b>4.53</b>
	<b>Non-life Insurance 5.51% (4.62%)</b>		
13,356	Allianz	2,658,546	3.87
28,048	Sampo OYJ	1,130,630	1.64
		<b>3,789,176</b>	<b>5.51</b>

# MI Quilter Cheviot European Equity Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>REAL ESTATE 2.00% (0.00%)</b>		
	<b>Real Estate 2.00% (0.00%)</b>		
15,508	Gecina	1,372,714	2.00
	<b>CONSUMER DISCRETIONARY 8.29% (10.37%)</b>		
	<b>Automobiles and Parts 1.66% (3.75%)</b>		
86,776	Stellantis	1,141,433	1.66
	<b>Personal Goods 6.63% (6.62%)</b>		
9,486	Compagnie Financière Richemont	1,242,728	1.81
4,339	LVMH Moët Hennessy Louis Vuitton	3,315,058	4.82
		4,557,786	6.63
	<b>CONSUMER STAPLES 10.38% (9.73%)</b>		
	<b>Beverages 2.82% (1.92%)</b>		
10,546	Pernod Ricard	1,936,378	2.82
	<b>Food Producers 7.56% (7.81%)</b>		
14,114	Kerry	1,181,718	1.72
39,383	Nestlé	4,020,107	5.84
		5,201,824	7.56
	<b>INDUSTRIALS 17.01% (17.49%)</b>		
	<b>Construction and Materials 1.90% (3.07%)</b>		
34,033	CRH	1,307,101	1.90
	<b>Aerospace and Defense 1.86% (1.96%)</b>		
11,484	Airbus	1,280,679	1.86
	<b>Electronic and Electrical Equipment 5.59% (4.77%)</b>		
55,740	Alstom	1,111,475	1.62
19,721	Schneider Electric	2,730,387	3.97
		3,841,862	5.59
	<b>General Industrials 3.98% (3.90%)</b>		
21,013	Siemens	2,738,197	3.98
	<b>Industrial Engineering 3.68% (3.79%)</b>		
82,670	Epiroc	1,307,048	1.90
6,917	Schindler	1,225,290	1.78
		2,532,338	3.68
	<b>ENERGY 3.97% (3.91%)</b>		
	<b>Oil, Gas and Coal 3.97% (3.91%)</b>		
53,730	TotalEnergies	2,731,043	3.97

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>UTILITIES 1.84% (2.21%)</b>		
	<b>Electricity 1.84% (2.21%)</b>		
71,675	EDP Renováveis	1,267,627	1.84
<b>Investment assets</b>		<b>66,875,349</b>	<b>97.25</b>
<b>Net other assets</b>		<b>1,888,574</b>	<b>2.75</b>
<b>Net assets</b>		<b>68,763,923</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 30.04.22.

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

# MI Quilter Cheviot European Equity Fund

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	91.82	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	12.55	-7.12
Operating charges	-0.19	-0.11
Return after operating charges <sup>^</sup>	12.36	-7.23 <sup>^^</sup>
Distributions	-2.43	-0.95
<b>Closing net asset value per share</b>	<b>101.75</b>	<b>91.82</b>
<sup>^</sup> After direct transaction costs of	-0.05	-0.25
<b>Performance</b>		
Return after charges	13.46%	-7.23%
<b>Other information</b>		
Closing net asset value	£57,951,067	£67,297,786
Closing number of shares	56,954,448	73,291,903
Operating charges	0.22%	0.11%
Ongoing operating charges*	0.19%	0.21%
Direct transaction costs	0.06%	0.25%
<b>Prices</b>		
Highest share price	91.21	108.77
Lowest share price	79.82	84.30

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	87.78	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	12.18	-12.12
Operating charges	-0.20	-0.10
Return after operating charges <sup>^</sup>	11.98	-12.22
Distributions	-2.35	-0.89
Retained distributions on accumulation shares	2.35	0.89
<b>Closing net asset value per share</b>	<b>99.76</b>	<b>87.78</b>
<sup>^</sup> After direct transaction costs of	-0.05	-0.23
<b>Performance</b>		
Return after charges	13.65%	-12.22%
<b>Other information</b>		
Closing net asset value	£10,812,856	£589,568
Closing number of shares	10,838,977	671,640
Operating charges	0.22%	0.11%
Ongoing operating charges*	0.19%	0.21%
Direct transaction costs	0.06%	0.25%
<b>Prices</b>		
Highest share price	104.56	100.76
Lowest share price	82.49	79.82

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -12.21%.

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

\*The Net Asset Value (NAV) of the Sub-fund has increased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily NAV for the last month of the year has the effect of increasing the operating charges by 0.03%. The ACD believes this to be more representative of the charges going forward.

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



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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot European Equity Fund

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital gains/(losses)	2		6,595,009		(10,308,454)
Revenue	3	1,988,810		814,488	
Expenses	4	(118,283)		(60,330)	
Interest payable and similar charges	4	-		-	
Net revenue before taxation		1,870,527		754,158	
Taxation	5	(239,664)		(89,981)	
Net revenue after taxation			1,630,863		664,177
<b>Total return before distributions</b>			<b>8,225,872</b>		<b>(9,644,277)</b>
Distributions	6		(1,630,892)		(664,139)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>6,594,980</b>		<b>(10,308,416)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>67,887,354</b>		-
Amounts receivable on issue of shares	22,619,068		81,829,929	
Less: Amounts payable on cancellation of shares	(28,502,931)		(3,639,848)	
		(5,883,863)		78,190,081
Dilution levy		8,172		-
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		6,594,980		(10,308,416)
Retained distributions on accumulation shares		157,280		5,689
<b>Closing net assets attributable to Shareholders</b>		<b>68,763,923</b>		<b>67,887,354</b>

The notes on pages 86 to 92 form an integral part of these Financial Statements.



## Balance Sheet

as at 30 April 2023

	Note	30.04.23		30.04.22	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			66,875,349		65,514,085
<b>Current assets</b>					
Debtors	7	1,033,596		717,449	
Cash and bank balances	9	1,827,652		2,422,608	
<b>Total current assets</b>			<b>2,861,248</b>		<b>3,140,057</b>
<b>Total assets</b>			<b>69,736,597</b>		<b>68,654,142</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Bank overdrafts	9	(23,256)		-	
Distribution payable		(651,616)		(654,204)	
Other creditors	8	(297,802)		(112,584)	
<b>Total creditors</b>			<b>(972,674)</b>		<b>(766,788)</b>
<b>Total liabilities</b>			<b>(972,674)</b>		<b>(766,788)</b>
<b>Net assets attributable to Shareholders</b>			<b>68,763,923</b>		<b>67,887,354</b>

The notes on pages 86 to 92 form an integral part of these Financial Statements.

# MI Quilter Cheviot European Equity Fund

## Notes to the Financial Statements

for the year ended 30 April 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)^

	<b>Realised</b>	<b>30.04.23</b>	<b>Total</b>
	<b>£</b>	<b>Unrealised</b>	<b>£</b>
Non-derivative securities	(4,164,461)	10,778,475	6,614,014
Currency losses	(6,188)	–	(6,188)
Transaction charges	(12,817)	–	(12,817)
<b>Net capital gains</b>	<b>(4,183,466)</b>	<b>10,778,475</b>	<b>6,595,009</b>

	<b>Realised</b>	<b>30.09.21 to 30.04.22</b>	<b>Total</b>
	<b>£</b>	<b>Unrealised</b>	<b>£</b>
Non-derivative securities	(1,147,266)	(9,085,264)	(10,232,530)
Currency losses	(72,409)	–	(72,409)
Transaction charges	(3,515)	–	(3,515)
<b>Net capital losses</b>	<b>(1,223,190)</b>	<b>(9,085,264)</b>	<b>(10,308,454)</b>

^Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
Overseas dividends	1,916,037	787,186
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	18,571	3,289
Offshore distributions	44,858	24,013
Bank interest	9,344	–
<b>Total revenue</b>	<b>1,988,810</b>	<b>814,488</b>

### 4. Expenses

	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	14,694	7,552
Administration fees	20,593	10,510
Registration fees	44,595	17,156
	<b>79,882</b>	<b>35,218</b>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	6,147	2,792
Safe custody and other bank charges	9,658	4,851
	<b>15,805</b>	<b>7,643</b>

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b>	<b>30.09.21 to 30.04.22</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax Compliance services	2,163	1,977
	<hr/> 12,228	<hr/> 11,340
Other expenses:		
Legal fees	10,406	3,592
Printing costs	(38)	2,500
External pricing service fees	–	37
	<hr/> 10,368	<hr/> 6,129
<b>Expenses</b>	<hr/> <b>118,283</b>	<hr/> <b>60,330</b>
Interest payable and similar charges	–	–
<b>Total</b>	<hr/> <b>118,283</b>	<hr/> <b>60,330</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b>	<b>30.09.21 to 30.04.22</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Overseas tax	239,664	89,981
<b>Total tax charge (note 5b)</b>	<hr/> <b>239,664</b>	<hr/> <b>89,981</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,870,527	754,158
Corporation tax at 20%	374,105	150,832
Effects of:		
UK dividends	(3,714)	(658)
Movement in surplus management expenses	21,788	12,066
Overseas tax expensed	239,664	89,981
Non-taxable overseas earnings	(392,179)	(162,240)
<b>Total tax charge (note 5a)</b>	<hr/> <b>239,664</b>	<hr/> <b>89,981</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £33,854 (2022: £12,066) in relation to surplus management expenses of £169,270 (2022: £60,330). 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 Quilter Cheviot European Equity 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:

		30.04.23 £	30.09.21 to 30.04.22 £
First distribution	31.07.22	586,788	–
Second distribution	31.10.22	60,422	–
Third distribution	31.01.23	126,559	39,475
Final distribution	30.04.23	771,950	659,890
		1,545,719	699,365
Revenue deducted on cancellation of shares		190,572	7,170
Revenue received on issue of shares		(105,399)	(42,396)
<b>Distributions</b>		<b>1,630,892</b>	<b>664,139</b>

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

Net revenue after taxation per Statement of Total Return		1,630,863	664,177
Undistributed revenue brought forward		38	–
Undistributed revenue carried forward		(9)	(38)
<b>Distributions</b>		<b>1,630,892</b>	<b>664,139</b>

### 7. Debtors

		30.04.23 £	30.04.22 £
Amounts receivable on issues		456,633	421,783
Accrued income:			
Dividends receivable		196,554	193,952
Overseas tax recoverable		378,775	–
UK income tax recoverable		–	101,714
Prepaid expenses:			
Legal fees		1,634	–
<b>Total debtors</b>		<b>1,033,596</b>	<b>717,449</b>

### 8. Other Creditors

		30.04.23 £	30.04.22 £
Amounts payable on cancellations		272,655	85,487
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		1,407	1,406
Administration fee		1,991	1,963
Registration fees		3,858	3,156
		7,256	6,525

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,105	2,791
Safe custody and other bank charges	1,788	4,040
	2,893	6,831
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	14,205	11,340
Other accrued expenses:		
Printing costs	793	2,401
	793	2,401
<b>Total other creditors</b>	<b>297,802</b>	<b>112,584</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	1,827,652	2,422,608
Overdraft positions	(23,256)	–
<b>Cash and bank balances</b>	<b>1,804,396</b>	<b>2,422,608</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot European Equity Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	<b>30.04.23</b>	<b>Utilisation of</b>	<b>30.04.22</b>	<b>Utilisation of</b>
	<b>% of VaR</b>	<b>VaR (*) 20%</b>	<b>% of VaR</b>	<b>VaR (*) 20%</b>
VaR at year end:	13.25	66.25	12.62	63.10
Minimum VaR:	9.69	48.45	5.55	27.75
Maximum VaR:	13.96	69.80	18.4	92.00
Average VaR:	13.09	65.45	13.7	68.50

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

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes		Purchases before transaction cost £
		£	%		£	%	
Equities	20,463,227	10,162	0.05	21,432	0.10	20,431,633	
Funds	3,072,067	–	0.00	–	0.00	3,072,067	
<b>Total purchases after commissions and tax</b>	<b>23,535,294</b>						

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes		Sales before transaction cost £
		£	%		£	%	
Equities	25,843,073	12,048	0.05	–	0.00	25,855,121	
Funds	2,944,706	–	0.00	–	0.00	2,944,706	
<b>Total sales after commissions and tax</b>	<b>28,787,779</b>						
Commission as a % of average net assets	0.04%						
Taxes as a % of the average net assets	0.04%						

30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes		Purchases before transaction cost £
		£	%		£	%	
Equities	76,438,950	36,257	0.05	96,498	0.13	76,306,195	
Funds	6,194,585	–	0.00	–	0.00	6,194,585	
<b>Total purchases after commissions and tax</b>	<b>82,633,535</b>						

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes		Sales before transaction cost £
		£	%		£	%	
Equities	4,400,415	2,200	0.05	–	0.00	4,402,615	
Funds	2,486,505	–	0.00	–	0.00	2,486,505	
<b>Total sales after commissions and tax</b>	<b>6,886,920</b>						
Commission as a % of average net assets	0.07%						
Taxes as a % of the average net assets	0.18%						

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 82. 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 April 2023 is 0.05% (2022: 0.12%).

# MI Quilter Cheviot European Equity Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	65,708,582	–	64,233,227	–
Level 2 <sup>^^</sup>	1,166,767	–	1,280,858	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>66,875,349</b>	<b>–</b>	<b>65,514,085</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 GBP	A Accumulation GBP
Opening number of shares	73,291,903	671,640
Shares issued	13,681,839	11,023,093
Shares cancelled	(30,019,294)	(855,756)
<b>Closing number of Shares</b>	<b>56,954,448</b>	<b>10,838,977</b>



## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.9902	–	0.9902	n/a
		Group 2	0.2127	0.7775	0.9902	n/a
	Second interim	Group 1	0.0970	–	0.0970	n/a
		Group 2	0.0387	0.0583	0.0970	n/a
	Third interim	Group 1	0.2027	–	0.2027	0.0596
		Group 2	0.0941	0.1086	0.2027	0.0596
	Final	Group 1	1.1441	–	1.1441	0.8926
		Group 2	0.6124	0.5317	1.1441	0.8926

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.9443	–	0.9443	n/a
		Group 2	0.1449	0.7994	0.9443	n/a
	Second interim	Group 1	0.0951	–	0.0951	n/a
		Group 2	0.0272	0.0679	0.0951	n/a
	Third interim	Group 1	0.1956	–	0.1956	0.0398
		Group 2	0.0617	0.1339	0.1956	0.0398
	Final	Group 1	1.1102	–	1.1102	0.8467
		Group 2	0.4885	0.6217	1.1102	0.8467

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot Fixed Interest Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve income and the potential for capital growth, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest directly or indirectly in UK and global fixed income securities, cash, near cash, money market instruments and permitted deposits in order to give exposure to a diversified portfolio of fixed interest holdings. The Sub-fund's exposure will be 60% or greater in UK conventional gilts, index-linked gilts and investment grade corporate bonds. The Sub-fund may additionally invest in global sovereign debt and sub-investment grade corporate bonds.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather

## Investment Manager's Report

continued

than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned -13.17%\* in GBP terms, outperforming its comparator benchmark, the Markit iBoxx Sterling Overall Index, which returned -13.96%~ in GBP terms.

The gilt market was at the epicentre of the sell-off following the "mini-budget" crisis in September. Combined with the aforementioned sharp rise in interest rates across the globe, it has been a particularly challenging time for fixed interest investors. Signs of respite came when bond markets posted a positive return in the fourth quarter of 2022, with this momentum continuing into January 2023. However, the strong rally fizzled out in February due to persistently strong economic data. Turmoil in the banking sector reinvigorated calls for an imminent end to central banks increasing rates, and bond prices moved firmly higher while equity markets were hit by bouts of volatility. While the Fed increased rates after the collapse of SVB, expectations for further increases have somewhat diminished, with markets once more pricing in cuts before year end. We believe that bonds offer attractive long-term value at this stage, particularly in the UK, although sticky inflation and elevated issuance levels remain a concern.

Turning to activity, and during the period we exited PIMCO GIS Global Investment Grade Credit, investing the proceeds across the existing holdings in Royal London Sterling Credit, Vanguard UK Investment Grade Bond and Federated Hermes Unconstrained Credit. In September we also modestly reduced the duration (a measurement of sensitivity to interest rate changes) of the Sub-fund's gilt exposure, adjusting the mix of securities held across the conventional and index-linked allocations in the process.

Later in the year, given the ongoing worries about the banking sector, as well as Fed tightening and the risk of recession, we decided to increase the defensiveness of the Sub-fund's corporate bond exposure, reducing the weighting in Federated Hermes Unconstrained Credit in favour of Wellington Global Credit ESG. The Wellington Global Credit ESG Fund invests primarily in investment grade-rated corporate bonds, but has the flexibility to add value across securitised, government, high yield and emerging markets debt. Lastly, we incorporated several short-dated European Investment Bank ('EIB') bonds, taking advantage of what we perceived to be relatively attractive yields to maturity when compared to their conventional gilt counterparts.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot Fixed Interest Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>FINANCIALS 48.82% (48.54%)</b>			
<b>Open-End and Miscellaneous Investment Vehicles 48.82% (48.54%)</b>			
23,642,204	Federated Hermes Unconstrained Credit - M3 GBP Distribution*	19,814,531	12.19
27,308,079	Royal London Sterling Credit - Z Income*	32,005,069	19.69
256,463	Vanguard UK Investment Grade Bond - Institutional Plus GBP Distribution*	23,437,439	14.42
418,350	Wellington Global Credit ESG - G Q1 DisH GBP*	4,088,660	2.52
		79,345,699	48.82
<b>DEBT INSTRUMENTS 47.46% (46.66%)</b>			
<b>Pound sterling denominated government debt securities 47.46% (46.66%)</b>			
£1,205,000	European Investment Bank 0.75% 15.11.24	1,136,074	0.70
£1,168,000	European Investment Bank 0.875% 15.12.23	1,140,108	0.70
£6,063,302	UK Treasury 0.125% Index Linked 22.03.46	7,539,438	4.64
£16,876,438	UK Treasury 0.625% 07.06.25	15,810,860	9.72
£13,889,100	UK Treasury 0.875% 22.10.29	11,731,428	7.22
£8,284,493	UK Treasury 1.25% Index Linked 22.11.32	15,382,409	9.47
£12,624,866	UK Treasury 1.50% 22.07.47	7,622,263	4.69
£9,062,334	UK Treasury 1.625% 22.10.54	5,195,527	3.20
£10,928,832	UK Treasury 4.50% 07.12.42	11,564,671	7.12
		77,122,778	47.46
<b>Investment assets</b>		<b>156,468,477</b>	<b>96.28</b>
<b>Net other assets</b>		<b>6,041,590</b>	<b>3.72</b>
<b>Net assets</b>		<b>162,510,067</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 30.04.22.

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

Analysis of bonds by credit rating^^	Market value £	% of total net assets 2023	% of total net assets 2022
Investment grade (BBB & above)	77,122,778	47.46	46.66
		77,122,778	46.66

^^Source: NTISL

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	90.68	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-11.14	-8.12
Operating charges	-0.23	-0.26
Return after operating charges <sup>^</sup>	-11.37	-8.38 <sup>^^</sup>
Distributions	-2.99	-0.94
<b>Closing net asset value per share</b>	<b>76.32</b>	<b>90.68</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-12.54%	-8.38%
<b>Other information</b>		
Closing net asset value	£139,173,755	£112,278,105
Closing number of shares	182,355,661	123,812,710
Operating charges	0.28%	0.27%
Ongoing operating charges*	0.27%	0.32%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	91.36	104.21
Lowest share price	70.41	91.28

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	88.22	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	-10.90	-11.53
Operating charges	-0.22	-0.25
Return after operating charges <sup>^</sup>	-11.12	-11.78
Distributions	-2.97	-0.83
Retained distributions on accumulation shares	2.97	0.83
<b>Closing net asset value per share</b>	<b>77.10</b>	<b>88.22</b>
<sup>^</sup> After direct transaction costs of	0.00	0.00
<b>Performance</b>		
Return after charges	-12.60%	-11.78%
<b>Other information</b>		
Closing net asset value	£23,336,312	£763,191
Closing number of shares	30,269,039	865,058
Operating charges	0.28%	0.27%
Ongoing operating charges*	0.27%	0.32%
Direct transaction costs	0.00%	0.00%
<b>Prices</b>		
Highest share price	88.88	100.00
Lowest share price	69.00	88.28

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -11.70%.

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

\*The Net Asset Value (NAV) of the Sub-fund has increased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily NAV for the last month of the year has the effect of decreasing the operating charges by 0.01%. The ACD believes this to be more representative of the charges going forward.

# MI Quilter Cheviot Fixed Interest Fund

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



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

- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond. There may be cases where the organisation from which we buy a bond fails to carry out its obligations which could cause losses to the Sub-fund.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- The level of income may go down as well as up and is not guaranteed.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- For further risk information please see the Prospectus.

### Risk warning

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

## Statement of Total Return

for the year ended 30 April 2023

	Note	£	30.04.23 £	£	30.09.21 to 30.04.22 £
Income					
Net capital losses	2		(21,818,060)		(13,437,345)
Revenue	3	5,335,659		1,143,745	
Expenses	4	(170,225)		(74,095)	
Interest payable and similar charges	4	–		–	
Net revenue before taxation		5,165,434		1,069,650	
Taxation	5	–		–	
Net revenue after taxation			5,165,434		1,069,650
<b>Total return before distributions</b>			<b>(16,652,626)</b>		<b>(12,367,695)</b>
Distributions	6		(5,165,495)		(1,069,540)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(21,818,121)</b>		<b>(13,437,235)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

	£	30.04.23 £	£	30.09.21 to 30.04.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>113,041,296</b>		<b>–</b>
Breach Compensation received	1,844		–	
Amounts receivable on issue of shares	94,513,435		135,224,714	
Less: Amounts payable on cancellation of shares	(23,691,205)		(8,752,667)	
		70,824,074		126,472,047
Dilution levy		3,367		1,965
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(21,818,121)		(13,437,235)
Retained distributions on accumulation shares		459,451		4,519
<b>Closing net assets attributable to Shareholders</b>		<b>162,510,067</b>		<b>113,041,296</b>

The notes on pages 101 to 107 form an integral part of these Financial Statements.

# MI Quilter Cheviot Fixed Interest Fund

## Balance Sheet

as at 30 April 2023

	Note	£	30.04.23	£	30.04.22	£
<b>ASSETS</b>						
<b>Fixed assets</b>						
Investments			156,468,477		107,616,273	
<b>Current assets</b>						
Debtors	7	5,660,875		546,664		
Cash and bank balances	9	3,254,569		5,728,974		
<b>Total current assets</b>			<b>8,915,444</b>		<b>6,275,638</b>	
<b>Total assets</b>			<b>165,383,921</b>		<b>113,891,911</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Bank overdrafts	9	(728,414)		-		
Distribution payable		(1,574,094)		(680,722)		
Other creditors	8	(571,346)		(169,893)		
<b>Total creditors</b>			<b>(2,873,854)</b>		<b>(850,615)</b>	
<b>Total liabilities</b>			<b>(2,873,854)</b>		<b>(850,615)</b>	
<b>Net assets attributable to Shareholders</b>			<b>162,510,067</b>		<b>113,041,296</b>	

The notes on pages 101 to 107 form an integral part of these Financial Statements.



## Notes to the Financial Statements

for the year ended 30 April 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<sup>^</sup>

	Realised £	30.04.23 Unrealised £	Total £
Non-derivative securities	(6,223,352)	(15,584,433)	(21,807,785)
Transaction charges	(10,275)	–	(10,275)
<b>Net capital losses</b>	<b>(6,233,627)</b>	<b>(15,584,433)</b>	<b>(21,818,060)</b>

	Realised £	30.09.21 to 30.04.22 Unrealised £	Total £
Non-derivative securities	–	(13,436,779)	(13,436,779)
Transaction charges	(566)	–	(566)
<b>Net capital losses</b>	<b>(566)</b>	<b>(13,436,779)</b>	<b>(13,437,345)</b>

<sup>^</sup>Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

	30.04.23 £	30.09.21 to 30.04.22 £
Distributions from Regulated Collective Investment Schemes:		
Interest distributions	2,393,765	578,397
Interest on debt securities	2,885,991	565,348
Bank interest	55,903	–
<b>Total revenue</b>	<b>5,335,659</b>	<b>1,143,745</b>

### 4. Expenses

	30.04.23 £	30.09.21 to 30.04.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	33,751	13,260
Administration fees	47,313	18,225
Registration fees	49,350	18,637
	130,414	50,122
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	13,888	4,899
Safe custody and other bank charges	3,324	1,642
	17,212	6,541

# MI Quilter Cheviot Fixed Interest Fund

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax Compliance services	2,163	1,977
	<hr/>	<hr/>
	12,228	11,340
Other expenses:		
Legal fees	10,406	3,592
Printing costs	(35)	2,500
	<hr/>	<hr/>
	10,371	6,092
	<hr/>	<hr/>
<b>Expenses</b>	<b>170,225</b>	<b>74,095</b>
Interest payable and similar charges	-	-
<b>Total</b>	<b>170,225</b>	<b>74,095</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

<b>5. Taxation</b>	<b>30.04.23</b>	<b>30.09.21 to</b>
	<b>£</b>	<b>30.04.22</b>
		<b>£</b>
(a) Analysis of charge in the year:		
<b>Total tax charge (note 5b)</b>	<hr/> -	<hr/> -
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	5,165,434	1,069,650
Corporation tax at 20%	1,033,087	213,930
Effects of:		
Interest distributions	(1,033,087)	(213,930)
<b>Total tax charge (note 5a)</b>	<hr/> -	<hr/> -

(c) Deferred tax

There was no liability to deferred tax at the balance sheet date.

## 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:

		30.04.23 £	30.09.21 to 30.04.22 £
First interim distribution	31.07.22	947,750	–
Second interim distribution	31.10.22	1,180,897	–
Third interim distribution	31.01.23	1,443,161	436,211
Final distribution	30.04.23	1,834,468	685,234
		5,406,276	1,121,445
Revenue deducted on cancellation of shares		104,670	17,811
Revenue received on issue of shares		(345,451)	(69,716)
<b>Distributions</b>		<b>5,165,495</b>	<b>1,069,540</b>

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

Net revenue after taxation per Statement of Total Return		5,165,434	1,069,650
Undistributed revenue brought forward		110	–
Undistributed revenue carried forward		(49)	(110)
<b>Distributions</b>		<b>5,165,495</b>	<b>1,069,540</b>

### 7. Debtors

		30.04.23 £	30.04.22 £
Amounts receivable on issues		1,258,493	327,371
Sales awaiting settlement		4,020,000	–
Accrued income:			
Interest on debt securities		380,748	219,293
Prepaid expenses:			
Legal fees		1,634	–
<b>Total debtors</b>		<b>5,660,875</b>	<b>546,664</b>

### 8. Other Creditors

		30.04.23 £	30.04.22 £
Amounts payable on cancellations		540,613	140,959
Accrued expenses:			
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:			
ACD's fee		3,355	2,349
Administration fee		4,746	3,279
Registration fees		4,341	3,322
		12,442	8,950

# MI Quilter Cheviot Fixed Interest Fund

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

	30.04.23 £	30.04.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	2,663	4,899
Safe custody and other bank charges	623	1,341
	<hr/> 3,286	<hr/> 6,240
Other expenses:		
Auditor's remuneration*:		
Audit fee	10,065	9,363
Tax compliance services	4,140	1,977
	<hr/> 14,205	<hr/> 11,340
Other accrued expenses:		
Printing costs	800	2,404
	<hr/>	<hr/>
<b>Total other creditors</b>	<b>571,346</b>	<b>169,893</b>

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

	30.04.23 £	30.04.22 £
Cash and bank balances	3,254,569	5,728,974
Overdraft positions	(728,414)	–
<b>Cash and bank balances</b>	<b>2,526,155</b>	<b>5,728,974</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

	30.04.23 % of VaR	Utilisation of VaR (*) 20%	30.04.22 % of VaR	Utilisation of VaR (*) 20%
VaR at year end:	10.66	53.30	4.46	22.30
Minimum VaR:	3.83	19.15	1.39	6.95
Maximum VaR:	11.95	59.75	6.72	33.60
Average VaR:	8.28	41.40	5.26	26.30

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

# MI Quilter Cheviot Fixed Interest Fund

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 30.04.23

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Bonds	43,196,967	–	0.00	–	0.00	43,196,967
Funds	67,759,801	–	0.00	–	0.00	67,759,801
<b>Total purchases after commissions and tax</b>	<b>110,956,768</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Bonds	4,516,815	–	0.00	–	0.00	4,516,815
Funds	37,584,705	–	0.00	–	0.00	37,584,705
<b>Total sales after commissions and tax</b>	<b>42,101,520</b>					

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

#### 30.04.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Bonds	59,856,286	–	0.00	14	0.00	59,856,272
Funds	60,944,713	–	0.00	–	0.00	60,944,713
<b>Total purchases after commissions and tax</b>	<b>120,800,999</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
	–	–	0.00	–	0.00	–
<b>Total sales after commissions and tax</b>	<b>–</b>					

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

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 97. 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 April 2023 is 0.06% (2022: 0.00%).

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

Valuation technique	30.04.23		30.04.22	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Level 1 <sup>^</sup>	77,122,778	–	52,743,238	–
Level 2 <sup>^^</sup>	79,345,699	–	54,873,035	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>156,468,477</b>	<b>–</b>	<b>107,616,273</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 GBP	A Accumulation GBP
Opening number of shares	123,812,710	865,058
Shares issued	87,592,138	30,001,731
Shares cancelled	(29,049,187)	(597,750)
<b>Closing number of Shares</b>	<b>182,355,661</b>	<b>30,269,039</b>

# MI Quilter Cheviot Fixed Interest Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.6409	–	0.6409	n/a
		Group 2	0.3840	0.2569	0.6409	n/a
	Second interim	Group 1	0.7514	–	0.7514	n/a
		Group 2	0.6688	0.0826	0.7514	n/a
	Third interim	Group 1	0.7303	–	0.7303	0.3874
		Group 2	0.4414	0.2889	0.7303	0.3874
	Final	Group 1	0.8632	–	0.8632	0.5498
		Group 2	0.4283	0.4349	0.8632	0.5498

### Accumulation share distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	0.6185	–	0.6185	n/a
		Group 2	0.2569	0.3616	0.6185	n/a
	Second interim	Group 1	0.7564	–	0.7564	n/a
		Group 2	0.6356	0.1208	0.7564	n/a
	Third interim	Group 1	0.7305	–	0.7305	0.3037
		Group 2	0.3160	0.4145	0.7305	0.3037
	Final	Group 1	0.8602	–	0.8602	0.5216
		Group 2	0.4608	0.3994	0.8602	0.5216

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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



## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest at least 90% directly or indirectly, in shares of North American companies. The Sub-fund will typically invest at least 80% of the portfolio directly but at times, dependent on market conditions and the Investment Manager's view of the market, the direct exposure may be higher or lower than this but it is not expected to ever fall below 60%. North American companies are those that are domiciled, incorporated or have a significant portion of their business in North America, even if listed elsewhere.

The Sub-fund may also invest in other transferable securities, warrants, money market instruments, deposits and cash.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

The Investment Manager's strategy for selecting investments and allocating to sectors is dynamic and will reflect its assessment of the market cycle.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

# MI Quilter Cheviot North American Equity Fund

## Investment Manager's Report

continued

In the banking sector, the recent collapse of Silicon Valley Bank ("SVB") and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned 0.30%\* in GBP terms, marginally underperforming its comparator benchmark, the MSCI North America Index (net), which returned 1.07%~ in GBP terms. There was significant divergence in performance across underlying sectors as the Fed continued its program of interest rate rises, which continues to have varying impacts on different types of businesses.

From an attribution perspective, positive absolute and relative returns were seen from the Sub-fund's exposure to the Financials sector, where security selection proved decisive. Despite a difficult period, exacerbated by sentiment fluctuating amid the fallout from the US banking failures, JPMorgan Chase and Ares Management (the leading alternative asset manager) proved their resilience and were key contributors to the positive returns, with global professional services name Marsh & McLennan also performing strongly. Elsewhere, positive security selection across the Communication Services (from Netflix and T-Mobile), Energy (from ExxonMobil and Chevron) and Materials (from Linde – the largest global supplier of industrial, process and specialty gases) sectors also contributed, while the decision to avoid allocating capital to US Real Estate also served the Sub-fund well, as many REITs experienced significant drawdowns.

In contrast, detractors from relative performance included the Sub-fund's exposures to the Consumer Discretionary, Health Care, Industrials and Information Technology sectors. This included weakness in names including APTIV, Amazon, Medtronic, Emerson Electric and Union Pacific. Not holding NVIDIA in the second half of the period also proved detrimental to performance following our sale of the position, although this was partly offset by strength in names such as Advanced Micro Devices and Micron Technology.

We were active in our positioning of the Sub-fund over the year. Given the evolving economic outlook and significant rotation in market leadership experienced throughout the period, we sought to adopt a proactive approach to both sector allocations and security selection decisions, managing risk while remaining on the lookout for the long-term opportunities that market volatility usually provides. In the first six months of the period we selectively reduced Information Technology and Consumer Discretionary names, exiting NVIDIA (the designer and manufacturer of computer graphics processors units, chipsets and related multimedia software) while reducing Advanced Micro Devices (the global semiconductor company) and Tesla. We also exited APTIV, the specialist in connected and autonomous vehicle technology, alongside the remaining exposure to Xylem (specialising in engineered technologies for water and wastewater operations) and Trane Technologies (the heating, ventilation & air conditioning equipment products manufacturer).

The proceeds from these trades were used to increase exposure to those segments of the market that we perceived to be better underpinned amid the prevailing conditions. For instance, we added to oil and gas major ExxonMobil. We also added to pharmaceuticals company Merck and international packaged food company (and owner of the Cadbury, Milka and Oreo brands) Mondelez International, as well as railroad owner and commercial operator Union Pacific. Existing holdings in tobacco company Philip Morris International and global professional services firm Marsh & McLennan were also increased. Micron Technology (the manufacturer of both DRAM and Flash Memory) was re-introduced into the Sub-fund. We see an interesting recovery story here, with these markets showing much more favourable economics going forward. Finally, we also re-introduced a position in T-Mobile, the third largest wireless network operator in the US. While network quality and coverage have been an issue historically, following increased investment the company is gaining traction. Its acquisition of Sprint Corporation has offered huge cost saving opportunities, with the network operating leverage also offering superior growth in profits for a cheap and below sector valuation.

## Investment Manager's Report

continued

In the second half of the period, and in the wake of October's market nadir, a number of the 'defensive earners' amongst these names were trimmed in favour of areas deemed more attractive from a risk / return perspective. While we continue to see all of these companies as core holdings, we considered the headline balance of exposures in dialling down their weights, while simultaneously adding to areas where we see greater opportunity.

With this in mind, we increased the position in Rockwell Automation (the industrial automation equipment and services provider), having trimmed the stock amid the turbulent first few months of 2022. Nike was added in November at what we believe to be an appealing valuation; we see sportswear as an attractive and growing industry driven by international demand, a greater focus on fitness and the continuation of so-called 'casualisation' trends. In the same month we also added The Walt Disney Company, a business many investors will be familiar with. The stock was weak throughout 2022, and yet with its ubiquitous brands, structural internet TV exposure via Disney+, and significant pent-up demand within its Theme Parks business, we see a strong recovery story here for what remains a high-quality asset.

In December, a new investment was made in Emerson Electric, which designs and supplies control systems, valves, analytical instruments and industrial software to global industrial, commercial and consumer markets. Staying focused on Industrials, Honeywell International was sold later in the period.

Elsewhere, another new name added across the portfolio was Markel, a diverse US financial holding company with a focus on speciality insurance. Possessing a strong business model and impressive track record of successful capital allocation, the business utilises the cash generated from its insurance division to invest in public and private equities. We believe this division has room to surprise to the upside, enabling more cash to be deployed and further growing the book value of the company. Turning to banks, in a world of higher interest rates and higher net interest income we increased exposure to Bank of America, while the holding in JPMorgan Chase was trimmed in late March to manage the headline exposure.

In February we initiated a position in Zoetis, a company exposed to animal health: a multi-billion dollar market that has undergone rapid growth in recent years, and where we see a positive confluence of factors providing an attractive investment opportunity. Zoetis is a market leader in the US, well positioned for future growth given its market leadership, global scale, product pipeline and financial strength. Finally, additional activity in 2023 included topping up exposure to names including Netflix, Taiwan Semiconductor and Advanced Micro Devices ('AMD'), reducing Marsh & McLennan, and exiting Adobe System on the basis of identifying more compelling opportunities to deploy the capital.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

# MI Quilter Cheviot North American Equity Fund

## Portfolio Statement

as at 30 April 2023

Holding	Security	Market value £	% of total net assets 2023
<b>TECHNOLOGY 24.75% (27.61%)</b>			
<b>Software and Computer Services 14.25% (17.13%)</b>			
107,356	Alphabet A Class	9,163,766	2.80
17,574	Intuit	6,204,849	1.90
94,348	Microsoft	23,055,008	7.06
56,115	Palo Alto Networks	8,142,789	2.49
		<hr/>	
		46,566,412	14.25
		<hr/>	
<b>Technology Hardware and Equipment 10.50% (10.48%)</b>			
143,747	Apple	19,397,957	5.94
116,253	Micron Technology	5,950,408	1.82
133,510	Taiwan Semiconductor	8,945,616	2.74
		<hr/>	
		34,293,981	10.50
		<hr/>	
<b>TELECOMMUNICATIONS 1.65% (0.00%)</b>			
<b>Telecommunications Service Providers 1.65% (0.00%)</b>			
47,138	T-Mobile	5,394,590	1.65
		<hr/>	
<b>HEALTH CARE 11.98% (11.70%)</b>			
<b>Medical Equipment and Services 4.66% (5.65%)</b>			
96,083	Medtronic	6,949,092	2.13
18,773	Thermo Fisher Scientific	8,284,665	2.53
		<hr/>	
		15,233,757	4.66
		<hr/>	
<b>Pharmaceuticals and Biotechnology 7.32% (6.05%)</b>			
100,968	Merck	9,272,129	2.84
275,844	Pfizer	8,531,552	2.61
43,789	Zoetis	6,121,545	1.87
		<hr/>	
		23,925,226	7.32
		<hr/>	
<b>FINANCIALS 15.18% (11.06%)</b>			
<b>Finance and Credit Services 1.95% (1.84%)</b>			
22,105	S&P Global	6,373,075	1.95
		<hr/>	
<b>Investment Banking and Brokerage Services 5.86% (6.36%)</b>			
94,506	Ares Management	6,583,251	2.01
269,244	Bank of America	6,269,655	1.92
57,349	JPMorgan Chase	6,305,015	1.93
		<hr/>	
		19,157,921	5.86
		<hr/>	
<b>Open-End and Miscellaneous Investment Vehicles 3.43% (1.01%)</b>			
340,317	iShares S&P 500 UCITS ETF - USD Distributing	11,194,728	3.43
		<hr/>	
<b>Nonlife Insurance 3.94% (1.85%)</b>			
5,958	Markel	6,484,573	1.98
44,650	Marsh & McLennan	6,398,508	1.96
		<hr/>	
		12,883,081	3.94
		<hr/>	

# MI Quilter Cheviot North American Equity Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>CONSUMER DISCRETIONARY 14.25% (14.18%)</b>		
	<b>Automobiles and Parts 0.00% (3.91%)</b>		
	<b>Media 3.58% (1.12%)</b>		
22,427	Netflix	5,884,635	1.80
71,138	The Walt Disney Company	5,798,986	1.78
		<hr/>	
		11,683,621	3.58
	<b>Retailers 8.74% (7.08%)</b>		
189,072	Amazon.com	15,856,245	4.85
35,327	Dollar General	6,221,980	1.90
64,460	Nike	6,495,726	1.99
		<hr/>	
		28,573,951	8.74
	<b>Travel and Leisure 1.93% (2.07%)</b>		
46,774	Marriot International	6,299,276	1.93
	<b>CONSUMER STAPLES 5.58% (7.24%)</b>		
	<b>Beverages 1.87% (3.10%)</b>		
119,938	Coca Cola	6,118,040	1.87
	<b>Food Producers 1.96% (2.10%)</b>		
104,626	Mondelez International	6,383,734	1.96
	<b>Tobacco 1.75% (2.04%)</b>		
72,078	Philip Morris International	5,730,585	1.75
	<b>INDUSTRIALS 13.86% (14.64%)</b>		
	<b>Construction and Materials 0.00% (0.86%)</b>		
	<b>Electronic and Electrical Equipment 3.74% (1.79%)</b>		
28,331	Rockwell Automation	6,384,276	1.95
88,363	Emerson Electric	5,851,045	1.79
		<hr/>	
		12,235,321	3.74
	<b>General Industrials 0.00% (2.11%)</b>		
	<b>Industrial Support Services 5.60% (5.81%)</b>		
126,261	Advanced Micro Devices	8,974,030	2.75
50,268	Visa Class A	9,304,017	2.85
		<hr/>	
		18,278,047	5.60
	<b>Industrial Transportation 4.52% (4.07%)</b>		
56,369	Union Pacific	8,773,193	2.69
20,867	United Rentals	5,991,421	1.83
		<hr/>	
		14,764,614	4.52
	<b>BASIC MATERIALS 3.19% (3.06%)</b>		
	<b>Chemicals 3.19% (3.06%)</b>		
35,423	Linde	10,408,006	3.19

# MI Quilter Cheviot North American Equity Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>ENERGY 5.10% (5.01%)</b>		
	<b>Oil, Gas and Coal 5.10% (5.01%)</b>		
50,024	Chevron	6,706,733	2.05
105,965	ExxonMobil	9,966,980	3.05
		<hr/>	<hr/>
		16,673,713	5.10
	<b>UTILITIES 1.86% (1.74%)</b>		
	<b>Electricity 1.86% (1.74%)</b>		
99,893	Nextera Energy	6,087,801	1.86
		<hr/>	<hr/>
	<b>Investment assets</b>	<b>318,259,480</b>	<b>97.40</b>
	<b>Net other assets</b>	<b>8,511,231</b>	<b>2.60</b>
		<hr/>	<hr/>
	<b>Net assets</b>	<b>326,770,711</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 30.04.22.

## Comparative Tables

### Change in net assets per share

A Income~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	99.06	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	4.09	-0.44
Operating charges	-0.10	-0.06
Return after operating charges <sup>^</sup>	3.99	-0.50 <sup>^^</sup>
Distributions	-1.26	-0.44
<b>Closing net asset value per share</b>	<b>101.79</b>	<b>99.06</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.06
<b>Performance</b>		
Return after charges	4.02%	-0.50%
<b>Other information</b>		
Closing net asset value	£274,089,492	£283,694,094
Closing number of shares	269,270,606	286,372,230
Operating charges	0.10%	0.06%
Ongoing operating charges*	0.10%	0.11%
Direct transaction costs	0.02%	0.06%
<b>Prices</b>		
Highest share price	109.48	112.42
Lowest share price	90.94	93.53

A Accumulation~~	30.04.23 p	30.04.22 p
<b>Opening net asset value per share</b>	89.05	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	3.66	-10.89
Operating charges	-0.09	-0.06
Return after operating charges <sup>^</sup>	3.57	-10.95
Distributions	-1.13	-0.32
Retained distributions on accumulation shares	1.13	0.32
<b>Closing net asset value per share</b>	<b>92.62</b>	<b>89.05</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.06
<b>Performance</b>		
Return after charges	4.01%	-10.95%
<b>Other information</b>		
Closing net asset value	£50,292,960	£2,330,041
Closing number of shares	54,302,803	2,616,684
Operating charges	0.10%	0.06%
Ongoing operating charges*	0.10%	0.11%
Direct transaction costs	0.02%	0.06%
<b>Prices</b>		
Highest share price	98.71	100.00
Lowest share price	81.73	83.88

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -10.95%

# MI Quilter Cheviot North American Equity Fund

## Comparative Tables

continued

B Accumulation~~~	30.04.23 p
<b>Opening net asset value per share</b>	100.00 <sup>†</sup>
Return before operating charges <sup>^</sup>	2.09
Operating charges	-0.91
Return after operating charges <sup>^</sup>	1.18
Distributions	0.00
Retained distributions on accumulation shares	0.00
<b>Closing net asset value per share</b>	<b>101.18</b>
<sup>^</sup> After direct transaction costs of	-0.02
<b>Performance</b>	
Return after charges	1.18%
<b>Other information</b>	
Closing net asset value	£2,388,259
Closing number of shares	2,360,442
Operating charges	0.90%
Ongoing operating charges	0.90%
Direct transaction costs	0.02%
<b>Prices</b>	
Highest share price	102.09
Lowest share price	99.49

~~~B Accumulation launched 5 April 2023

<sup>†</sup>Launch Price

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

The return after charges is calculated as the closing Net Asset Value per share 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 indicator.



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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease or increase.
- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot North American Equity Fund

## Statement of Total Return

for the year ended 30 April 2023

|                                                                                     | Note | £         | 30.04.23<br>£     | £         | 30.09.21 to<br>30.04.22<br>£ |
|-------------------------------------------------------------------------------------|------|-----------|-------------------|-----------|------------------------------|
| Income                                                                              |      |           |                   |           |                              |
| Net capital gains/(losses)                                                          | 2    |           | 8,604,668         |           | (30,942,726)                 |
| Revenue                                                                             | 3    | 4,475,917 |                   | 1,420,535 |                              |
| Expenses                                                                            | 4    | (316,331) |                   | (142,568) |                              |
| Interest payable and similar charges                                                | 4    | -         |                   | -         |                              |
| Net revenue before taxation                                                         |      | 4,159,586 |                   | 1,277,967 |                              |
| Taxation                                                                            | 5    | (554,966) |                   | (163,937) |                              |
| Net revenue after taxation                                                          |      |           | 3,604,620         |           | 1,114,030                    |
| <b>Total return before distributions</b>                                            |      |           | <b>12,209,288</b> |           | <b>(29,828,696)</b>          |
| Distributions                                                                       | 6    |           | (3,604,842)       |           | (1,113,781)                  |
| <b>Change in net assets attributable to Shareholders from investment activities</b> |      |           | <b>8,604,446</b>  |           | <b>(30,942,477)</b>          |

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

|                                                                                                                    | £            | 30.04.23<br>£      | £            | 30.09.21 to<br>30.04.22<br>£ |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------------|--------------|------------------------------|
| <b>Opening net assets attributable to Shareholders</b>                                                             |              | <b>286,024,135</b> |              | <b>-</b>                     |
| Amounts receivable on issue of shares                                                                              | 113,693,613  |                    | 333,916,599  |                              |
| Less: Amounts payable on cancellation of shares                                                                    | (81,871,357) |                    | (16,955,564) |                              |
|                                                                                                                    |              | 31,822,256         |              | 316,961,035                  |
| Dilution levy                                                                                                      |              | 7,363              |              | -                            |
| Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above) |              | 8,604,446          |              | (30,942,477)                 |
| Retained distributions on accumulation shares                                                                      |              | 312,511            |              | 5,577                        |
| <b>Closing net assets attributable to Shareholders</b>                                                             |              | <b>326,770,711</b> |              | <b>286,024,135</b>           |

The notes on pages 120 to 126 form an integral part of these Financial Statements.

# MI Quilter Cheviot North American Equity Fund

## Balance Sheet

as at 30 April 2023

|                                                | Note | £           | 30.04.23           | £         | 30.04.22           | £ |
|------------------------------------------------|------|-------------|--------------------|-----------|--------------------|---|
| <b>ASSETS</b>                                  |      |             |                    |           |                    |   |
| <b>Fixed assets</b>                            |      |             |                    |           |                    |   |
| Investments                                    |      |             | 318,259,480        |           | 275,282,908        |   |
| <b>Current assets</b>                          |      |             |                    |           |                    |   |
| Debtors                                        | 7    | 2,428,395   |                    | 1,805,269 |                    |   |
| Cash and bank balances                         | 9    | 8,080,660   |                    | 9,973,661 |                    |   |
| <b>Total current assets</b>                    |      |             | <b>10,509,055</b>  |           | <b>11,778,930</b>  |   |
| <b>Total assets</b>                            |      |             | <b>328,768,535</b> |           | <b>287,061,838</b> |   |
| <b>LIABILITIES</b>                             |      |             |                    |           |                    |   |
| <b>Creditors</b>                               |      |             |                    |           |                    |   |
| Bank overdrafts                                | 9    | (66,571)    |                    | -         |                    |   |
| Distribution payable                           |      | (788,155)   |                    | (667,643) |                    |   |
| Other creditors                                | 8    | (1,143,098) |                    | (370,060) |                    |   |
| <b>Total creditors</b>                         |      |             | <b>(1,997,824)</b> |           | <b>(1,037,703)</b> |   |
| <b>Total liabilities</b>                       |      |             | <b>(1,997,824)</b> |           | <b>(1,037,703)</b> |   |
| <b>Net assets attributable to Shareholders</b> |      |             | <b>326,770,711</b> |           | <b>286,024,135</b> |   |

The notes on pages 120 to 126 form an integral part of these Financial Statements.

# MI Quilter Cheviot North American Equity Fund

## Notes to the Financial Statements

for the year ended 30 April 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)^

|                           | Realised<br>£       | 30.04.23<br>Unrealised<br>£ | Total<br>£       |
|---------------------------|---------------------|-----------------------------|------------------|
| Non-derivative securities | (13,499,821)        | 21,905,546                  | 8,405,725        |
| Currency gains            | 209,592             | –                           | 209,592          |
| Transaction charges       | (10,649)            | –                           | (10,649)         |
| <b>Net capital gains</b>  | <b>(13,300,878)</b> | <b>21,905,546</b>           | <b>8,604,668</b> |

|                           | Realised<br>£      | 30.09.21 to 30.04.22<br>Unrealised<br>£ | Total<br>£          |
|---------------------------|--------------------|-----------------------------------------|---------------------|
| Non-derivative securities | (4,887,751)        | (24,306,176)                            | (29,193,927)        |
| Currency losses           | (1,747,554)        | –                                       | (1,747,554)         |
| Transaction charges       | (1,245)            | –                                       | (1,245)             |
| <b>Net capital losses</b> | <b>(6,636,550)</b> | <b>(24,306,176)</b>                     | <b>(30,942,726)</b> |

^Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

|                                                             | 30.04.23<br>£    | 30.09.21 to<br>30.04.22<br>£ |
|-------------------------------------------------------------|------------------|------------------------------|
| Overseas dividends                                          | 4,378,697        | 1,375,252                    |
| Distributions from Regulated Collective Investment Schemes: |                  |                              |
| Offshore distributions                                      | 46,273           | 45,283                       |
| Bank interest                                               | 50,947           | –                            |
| <b>Total revenue</b>                                        | <b>4,475,917</b> | <b>1,420,535</b>             |

### 4. Expenses

|                                                                                                           | 30.04.23<br>£ | 30.09.21 to<br>30.04.22<br>£ |
|-----------------------------------------------------------------------------------------------------------|---------------|------------------------------|
| Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |               |                              |
| ACD's fee                                                                                                 | 72,575        | 32,182                       |
| Administration fees                                                                                       | 101,705       | 44,789                       |
| Registration fees                                                                                         | 73,549        | 29,768                       |
|                                                                                                           | 247,829       | 106,739                      |
| Payable to the Investment Managers, associates of the Investment Managers and agents of either of them:   |               |                              |
| Investment Manager's fee                                                                                  | 1,303         | –                            |

## Notes to the Financial Statements

continued

| <b>4. Expenses (continued)</b>                                                        | <b>30.04.23</b> | <b>30.09.21 to</b> |
|---------------------------------------------------------------------------------------|-----------------|--------------------|
|                                                                                       | <b>£</b>        | <b>30.04.22</b>    |
|                                                                                       |                 | <b>£</b>           |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                 |                    |
| Depositary's fee (including VAT)                                                      | 30,210          | 12,042             |
| Safe custody and other bank charges                                                   | 14,383          | 6,523              |
|                                                                                       | <u>44,593</u>   | <u>18,565</u>      |
| Auditor's remuneration*:                                                              |                 |                    |
| Audit fee                                                                             | 10,065          | 9,363              |
| Tax Compliance services                                                               | 2,163           | 1,977              |
|                                                                                       | <u>12,228</u>   | <u>11,340</u>      |
| Other expenses:                                                                       |                 |                    |
| Legal fees                                                                            | 10,410          | 3,424              |
| Printing costs                                                                        | (32)            | 2,500              |
|                                                                                       | <u>10,378</u>   | <u>5,924</u>       |
| <b>Expenses</b>                                                                       | <b>316,331</b>  | <b>142,568</b>     |
| Interest payable and similar charges                                                  | -               | -                  |
| <b>Total</b>                                                                          | <b>316,331</b>  | <b>142,568</b>     |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

| <b>5. Taxation</b>                                  | <b>30.04.23</b> | <b>30.09.21 to</b> |
|-----------------------------------------------------|-----------------|--------------------|
|                                                     | <b>£</b>        | <b>30.04.22</b>    |
|                                                     |                 | <b>£</b>           |
| (a) Analysis of charge in the year:                 |                 |                    |
| Overseas tax                                        | 554,966         | 163,937            |
| <b>Total tax charge (note 5b)</b>                   | <b>554,966</b>  | <b>163,937</b>     |
| (b) Factors affecting taxation charge for the year: |                 |                    |
| Net revenue before taxation                         | 4,159,586       | 1,277,967          |
| Corporation tax at 20%                              | 831,917         | 255,593            |
| Effects of:                                         |                 |                    |
| Movement in surplus management expenses             | 53,077          | 28,514             |
| Overseas tax expensed                               | 554,966         | 163,937            |
| Non-taxable overseas earnings                       | (884,994)       | (284,107)          |
| <b>Total tax charge (note 5a)</b>                   | <b>554,966</b>  | <b>163,937</b>     |

(c) Deferred tax

At the year end there is a potential deferred tax asset of £81,591 (2022: £28,514) in relation to surplus management expenses of £407,952 (2022: £142,568). 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 Quilter Cheviot North American Equity 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:

|                                            |          | 30.04.23<br>£    | 30.09.21 to<br>30.04.22<br>£ |
|--------------------------------------------|----------|------------------|------------------------------|
| First interim distribution                 | 31.07.22 | 899,659          | –                            |
| Second interim distribution                | 31.10.22 | 908,447          | –                            |
| Third interim distribution                 | 31.01.23 | 951,754          | 549,559                      |
| Final distribution                         | 30.04.23 | 931,281          | 667,643                      |
|                                            |          | 3,691,141        | 1,217,202                    |
| Revenue deducted on cancellation of shares |          | 146,509          | 20,902                       |
| Revenue received on issue of shares        |          | (232,808)        | (124,323)                    |
| <b>Distributions</b>                       |          | <b>3,604,842</b> | <b>1,113,781</b>             |

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

|                                                          |  |                  |                  |
|----------------------------------------------------------|--|------------------|------------------|
| Net revenue after taxation per Statement of Total Return |  | 3,604,620        | 1,114,030        |
| Undistributed revenue brought forward                    |  | 249              | –                |
| Undistributed revenue carried forward                    |  | (27)             | (249)            |
| <b>Distributions</b>                                     |  | <b>3,604,842</b> | <b>1,113,781</b> |

### 7. Debtors

|                              |  | 30.04.23<br>£    | 30.04.22<br>£    |
|------------------------------|--|------------------|------------------|
| Amounts receivable on issues |  | 2,359,089        | 1,738,827        |
| Accumulation dividend        |  | –                | 5,550            |
| Accrued income:              |  |                  |                  |
| Dividends receivable         |  | 67,676           | 60,892           |
| Prepaid expenses:            |  |                  |                  |
| Legal Fees                   |  | 1,630            | –                |
| <b>Total debtors</b>         |  | <b>2,428,395</b> | <b>1,805,269</b> |

### 8. Other Creditors

|                                                                                                                   |  | 30.04.23<br>£ | 30.04.22<br>£ |
|-------------------------------------------------------------------------------------------------------------------|--|---------------|---------------|
| Amounts payable on cancellations                                                                                  |  | 1,096,794     | 318,631       |
| Accrued expenses:                                                                                                 |  |               |               |
| Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |  |               |               |
| ACD's fee                                                                                                         |  | 6,609         | 6,112         |
| Administration fee                                                                                                |  | 9,348         | 8,534         |
| Registration fees                                                                                                 |  | 6,304         | 5,561         |
|                                                                                                                   |  | 22,261        | 20,207        |

## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

|                                                                                                               | 30.04.23<br>£    | 30.04.22<br>£  |
|---------------------------------------------------------------------------------------------------------------|------------------|----------------|
| Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them: |                  |                |
| Investment Manager's fee                                                                                      | 1,303            | –              |
| Amounts payable to the Depositary, associates of the Depositary and agents of either of them:                 |                  |                |
| Depositary's fee (including VAT)                                                                              | 5,185            | 12,040         |
| Safe custody and other bank charges                                                                           | 2,550            | 5,441          |
|                                                                                                               | <u>7,735</u>     | <u>17,481</u>  |
| Other expenses:                                                                                               |                  |                |
| Auditor's remuneration*:                                                                                      |                  |                |
| Audit fee                                                                                                     | 10,065           | 9,363          |
| Tax compliance services                                                                                       | 4,140            | 1,977          |
|                                                                                                               | <u>14,205</u>    | <u>11,340</u>  |
| Other accrued expenses:                                                                                       |                  |                |
| Printing costs                                                                                                | 800              | 2,401          |
|                                                                                                               | <u>800</u>       | <u>2,401</u>   |
| <b>Total other creditors</b>                                                                                  | <b>1,143,098</b> | <b>370,060</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

|                               | 30.04.23<br>£    | 30.04.22<br>£    |
|-------------------------------|------------------|------------------|
| Cash and bank balances        | 8,080,660        | 9,973,661        |
| Overdraft positions           | (66,571)         | –                |
| <b>Cash and bank balances</b> | <b>8,014,089</b> | <b>9,973,661</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot North American Equity Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

|                  | 30.04.23<br>% of VaR | Utilisation of<br>VaR (*) 20% | 30.04.22<br>% of VaR | Utilisation of<br>VaR (*) 20% |
|------------------|----------------------|-------------------------------|----------------------|-------------------------------|
| VaR at year end: | 15.14                | 75.70                         | 12.85                | 64.25                         |
| Minimum VaR:     | 11.78                | 58.90                         | 3.69                 | 18.45                         |
| Maximum VaR:     | 15.33                | 76.65                         | 22.88                | 114.40                        |
| Average VaR:     | 14.37                | 71.85                         | 15.31                | 76.55                         |

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



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.04.23

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes |      | Purchases before transaction cost<br>£ |
|--------------------------------------------------|--------------------------|------------------|------|-------|------|----------------------------------------|
|                                                  |                          | £                | %    | £     | %    |                                        |
| Equities                                         | 112,127,090              | 44,833           | 0.04 | –     | 0.00 | 112,082,257                            |
| Funds                                            | 20,933,458               | –                | 0.00 | –     | 0.00 | 20,933,458                             |
| <b>Total purchases after commissions and tax</b> | <b>133,060,548</b>       |                  |      |       |      |                                        |

| Analysis of sales                           | Net sale proceeds<br>£ | Commissions paid |      | Taxes |      | Sales before transaction cost<br>£ |
|---------------------------------------------|------------------------|------------------|------|-------|------|------------------------------------|
|                                             |                        | £                | %    | £     | %    |                                    |
| Equities                                    | 85,607,987             | 32,258           | 0.04 | 1,841 | 0.00 | 85,642,086                         |
| Funds                                       | 12,881,715             | –                | 0.00 | –     | 0.00 | 12,881,715                         |
| <b>Total sales after commission and tax</b> | <b>98,489,702</b>      |                  |      |       |      |                                    |
| Commission as a % of average net assets     | 0.03%                  |                  |      |       |      |                                    |
| Taxes as a % of the average net assets      | 0.00%                  |                  |      |       |      |                                    |

30.04.22

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | Taxes |      | Purchases before transaction cost<br>£ |
|--------------------------------------------------|--------------------------|------------------|------|-------|------|----------------------------------------|
|                                                  |                          | £                | %    | £     | %    |                                        |
| Equities                                         | 324,621,716              | 129,799          | 0.04 | 16    | 0.00 | 324,491,901                            |
| Funds                                            | 20,396,885               | –                | 0.00 | –     | 0.00 | 20,396,885                             |
| <b>Total purchases after commissions and tax</b> | <b>345,018,601</b>       |                  |      |       |      |                                        |

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | Taxes |      | Sales before transaction cost<br>£ |
|----------------------------------------------|------------------------|------------------|------|-------|------|------------------------------------|
|                                              |                        | £                | %    | £     | %    |                                    |
| Equities                                     | 24,190,159             | 9,733            | 0.04 | 97    | 0.00 | 24,199,989                         |
| Funds                                        | 16,351,607             | –                | 0.00 | –     | 0.00 | 16,351,607                         |
| <b>Total sales after commissions and tax</b> | <b>40,541,766</b>      |                  |      |       |      |                                    |
| Commission as a % of average net assets      | 0.06%                  |                  |      |       |      |                                    |
| Taxes as a % of the average net assets       | 0.00%                  |                  |      |       |      |                                    |

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 115 and 116. 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 April 2023 is 0.03% (2022: 0.06%).

# MI Quilter Cheviot North American Equity Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

| Valuation technique    | 30.04.23           |             | 30.04.22           |             |
|------------------------|--------------------|-------------|--------------------|-------------|
|                        | Assets             | Liabilities | Assets             | Liabilities |
|                        | £                  | £           | £                  | £           |
| Level 1 <sup>^</sup>   | 318,259,480        | –           | 275,282,908        | –           |
| Level 2 <sup>^^</sup>  | –                  | –           | –                  | –           |
| Level 3 <sup>^^^</sup> | –                  | –           | –                  | –           |
|                        | <b>318,259,480</b> |             | <b>275,282,908</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                  | A                 | B                |
|---------------------------------|--------------------|-------------------|------------------|
|                                 | Income             | Accumulation      | Accumulation     |
|                                 | GBP                | GBP               | GBP              |
| Opening number of shares        | 286,372,230        | 2,616,684         | –                |
| Shares issued                   | 62,587,034         | 56,419,105        | –                |
| Shares cancelled                | (79,688,658)       | (2,152,986)       | –                |
| Shares converted                | –                  | (2,580,000)       | 2,360,442        |
| <b>Closing number of Shares</b> | <b>269,270,606</b> | <b>54,302,803</b> | <b>2,360,442</b> |

# MI Quilter Cheviot North American Equity Fund

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

| Share class | Distribution   | Shares  | Net revenue<br>p | Equalisation<br>p | Distribution paid/payable<br>2023<br>p | Distribution paid<br>2022<br>p |
|-------------|----------------|---------|------------------|-------------------|----------------------------------------|--------------------------------|
| A Income    | First interim  | Group 1 | 0.3232           | –                 | 0.3232                                 | n/a                            |
|             |                | Group 2 | 0.1406           | 0.1826            | 0.3232                                 | n/a                            |
|             | Second interim | Group 1 | 0.3151           | –                 | 0.3151                                 | n/a                            |
|             |                | Group 2 | 0.1506           | 0.1645            | 0.3151                                 | n/a                            |
|             | Third interim  | Group 1 | 0.3261           | –                 | 0.3261                                 | 0.2084                         |
|             |                | Group 2 | 0.1371           | 0.1890            | 0.3261                                 | 0.2084                         |
|             | Final          | Group 1 | 0.2927           | –                 | 0.2927                                 | 0.2312                         |
|             |                | Group 2 | 0.0885           | 0.2042            | 0.2927                                 | 0.2312                         |

### Accumulation share distributions

| Share class     | Distribution   | Shares  | Net revenue<br>p | Equalisation<br>p | Amount reinvested<br>2023<br>p | Amount reinvested<br>2022<br>p |
|-----------------|----------------|---------|------------------|-------------------|--------------------------------|--------------------------------|
| A Accumulation  | First interim  | Group 1 | 0.2868           | –                 | 0.2868                         | n/a                            |
|                 |                | Group 2 | 0.1035           | 0.1833            | 0.2868                         | n/a                            |
|                 | Second interim | Group 1 | 0.2843           | –                 | 0.2843                         | n/a                            |
|                 |                | Group 2 | 0.1321           | 0.1522            | 0.2843                         | n/a                            |
|                 | Third interim  | Group 1 | 0.2945           | –                 | 0.2945                         | 0.1098                         |
|                 |                | Group 2 | 0.0990           | 0.1955            | 0.2945                         | 0.1098                         |
|                 | Final          | Group 1 | 0.2648           | –                 | 0.2648                         | 0.2121                         |
|                 |                | Group 2 | 0.0332           | 0.2316            | 0.2648                         | 0.2121                         |
| B Accumulation* | First interim  | Group 1 | n/a              | n/a               | n/a                            | n/a                            |
|                 |                | Group 2 | n/a              | n/a               | n/a                            | n/a                            |
|                 | Second interim | Group 1 | n/a              | n/a               | n/a                            | n/a                            |
|                 |                | Group 2 | n/a              | n/a               | n/a                            | n/a                            |
|                 | Third interim  | Group 1 | n/a              | n/a               | n/a                            | n/a                            |
|                 |                | Group 2 | n/a              | n/a               | n/a                            | n/a                            |
|                 | Final          | Group 1 | –                | –                 | –                              | n/a                            |
|                 |                | Group 2 | –                | –                 | –                              | n/a                            |

\*Share class launched on 5 April 2023

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot UK Equity Fund

## Investment Objective and Policy

for the year ended 30 April 2023

### Investment objective

The Sub-fund aims to achieve capital growth and income, net of charges, on a rolling five-year basis.

### Investment policy

The Sub-fund is actively managed. This means the Investment Manager uses their expertise to pick investments to achieve the Sub-fund's objective.

The Sub-fund will invest at least 90% directly or indirectly, in shares of UK companies. The Sub-fund will typically invest at least 80% of the portfolio directly but at times, dependent on market conditions and the Investment Manager's view of the market, the direct exposure may be higher or lower than this but it is not expected to ever fall below 60%. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere. No more than 20% of the Sub-fund will consist of shares of smaller companies.

The Sub-fund may also invest in other transferable securities, Collective Investment Schemes, warrants, money market instruments, deposits and cash.

The Sub-fund's indirect investments will include Collective Investment Schemes (which may include those that are managed or operated by the ACD or an associate of the ACD).

The Sub-fund may use derivative instruments for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose may affect the risk profile of the Sub-fund although this is not the ACD's intention. The Sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Shareholders.

The Investment Manager's strategy for selecting investments and allocating to sectors is dynamic and will reflect its assessment of the market cycle.

## Investment Manager's Report

for the year ended 30 April 2023

### Market Commentary

Following the tumultuous backdrop experienced for much of 2022, and despite the continued uncertainty surrounding the global economic outlook, financial markets made a gradual recovery over the final six months of the year covered within this annual report. Indeed, although the narrative has continued to shift back and forth, in recent months investors have been largely anticipating light at the end of the aggressive interest rate rise tunnel. Meanwhile, the UK government has experienced a period of relative political stability following the appointment of Rishi Sunak, the new Prime Minister, and his administration. This move marked a return to a more orthodox economic policy, with UK assets staging a recovery and the pound recovering from its September nadir. Elsewhere, China's sudden abandonment of its 'zero-Covid' policy improved sentiment and led to strong gains in Asian stock markets in the fourth quarter of 2022. While this move should lead to a rise in global economic activity, we do believe there will be domestic setbacks along the way, with ongoing geopolitical tensions also continuing to cloud the picture.

Global stock markets posted positive returns in the first quarter of 2023, with the MSCI All Country World Index returning 4.5% for a sterling-based investor. These gains followed in the wake of a positive final quarter of 2022, the first of the year, as markets rallied strongly from their October lows. Market volatility reduced in April, with stock and bond markets experiencing calmer conditions after the banking-orientated concerns of the preceding month.

Since the Federal Reserve ('Fed') embarked on its interest rate rising cycle just over a year ago, they have lifted the funds rate from 0.25% to 5.00%. The Bank of England ('BoE') and European Central Bank ('ECB') have also raised rates to 4.25% and 3.5% respectively as at the end of April 2023. Price pressures in most places decreased during the first quarter, but there were warning signs that high inflation may prove stickier than hoped – a 10.4% annual increase in the UK Consumer Prices Index to March 2023 being the sixth consecutive month the metric had been in the double-digit territory. Inflationary pressures have been more apparent in services than goods, driven to a greater extent by higher wages as commodity prices have cooled, although soaring food costs remain problematic. Europe exemplified this with a closing of the spread between headline and core inflation, as the March headline figure fell to a one year low while the core equivalent hit a new eurozone high of 5.7%. Despite this, European equities extended their recent run, continuing to outperform the UK and US and ending the month of April up over 4%.

## Investment Manager's Report

continued

Corporate profits have so far held up better than many expected in the face of tighter global monetary policy, as corporations' ability to pass on rising costs has become more apparent, even at the expense of small volume declines. This is evidenced by the numerous consumer staple and discretionary firms that have published results showing growth in overall sales revenue, even though volumes have fallen.

In the banking sector, the recent collapse of Silicon Valley Bank ('SVB') and a government-brokered takeover of Credit Suisse by UBS caused heightened near-term volatility, but the avoidance of a wider fallout has seemingly reassured investors for now. Although rising interest rates played a role in the demise of both institutions, their downfall was largely due to factors specific to themselves, rather than being indicative of systemic weakness. In the case of Credit Suisse, the takeover was preceded by a prolonged period of poor performance, while for SVB interest rate risk mismanagement can ultimately be seen as the root cause. US regional banks are now expected to face tighter regulatory scrutiny which, along with the issues recently experienced, will cause a tightening of credit and perhaps more consolidation in the sector. Recent reports show large withdrawals from banks, with the capital flowing into money market funds. Should this continue, it will tighten financial conditions further and weigh on economic activity as well as weaken banks. Large US lenders and European banks seem relatively better off at present, with far larger capital buffers than 15 years ago.

The key issues now for markets, as far as we are concerned, are how the relevant authorities manage the rehabilitation process for the impacted regional banks, and how successful they are in preventing widespread contagion. Central banks are able to print money at the requisite level to prevent a total collapse, but as this is at odds with their current inflation-fighting efforts, it remains to be seen how much appetite they have to go down this route.

Our view is that the situation will likely linger at a similar level to present conditions, providing a delicate balancing act. This will have an adverse impact on the broader economy, increasing the probability of a recession with general lending conditions tightening as standards are raised.

### Investment Review

During the year ended 30 April 2023, the A Income Class returned 5.60%\* in GBP terms, underperforming its comparator benchmark, the MSCI United Kingdom Index (net), which returned 8.31%~ in GBP terms.

From an attribution perspective, there were several contributors to the Sub-fund's underperformance. The first of these was weakness in the Financials sector, driven by an underweight position in HSBC and overweight position to specialist asset manager Intermediate Capital. The Sub-fund's Real Estate exposure was also a key detractor over the year, driven by the sole holding in SEGRO. The company is a UK-based industrial / logistics landlord, with around 70% of its property in the UK and the remainder across Continental Europe. Many of Segro's industrial assets are irreplaceable, with 50% located in London and the South-East, including air-side property at Heathrow. The company has a significant development land portfolio in both the UK and Europe, with considerable expertise in this field, while also being well-placed to reap the benefits of the growth in online retailing. We believe SEGRO continues to be a high quality operator in its field trading at an attractive valuation.

Elsewhere, holdings in Halma and Darktrace within the Information Technology sector detracted from relative performance, with the latter holding introduced during the course of the period. As outlined in the interim report, Darktrace's products use artificial intelligence to detect, respond and repair corporates' IT infrastructure during cyber security attacks. Despite the relatively short-term share price weakness experienced since its purchase, we believe the company remains well-placed to grow within an area of software and services that we remain positive towards.

Focusing on the Sub-fund's allocation to UK smaller companies, and while the headline exposure to this segment of the market was reduced during the course of the period, FTF Franklin UK Smaller Companies significantly lagged the broader market, thereby detracting from relative performance. A number of holdings experienced weak trading updates and / or profit warnings in 2023; factors which we believe to be driven by relatively temporary considerations. The manager retains a focus on 'quality' and 'growth' factors when selecting company, albeit with a strong valuation discipline, and we believe the portfolio continues to provide attractive exposure to smaller UK companies.

We were active in our positioning of the Sub-fund over the year. Given the evolving economic outlook and significant rotation in market leadership seen throughout the period, we sought to adopt a proactive approach to both sector allocations and security selection decisions, managing risk while remaining on the lookout for the long-term opportunities that market volatility usually provides.

The overarching theme throughout the second quarter of 2022 was the continued reduction of the Sub-fund's exposure to the UK consumer, a decision taken in light of the current cost of living squeeze and negative economic outlook. We sold Travis Perkins – the UK's largest supplier of building materials – on the basis of a gradually deteriorating outlook for the company's core markets of

## Investment Manager's Report

continued

renovation, maintenance and improvements ('RMI'). Elsewhere, we exited our position in Ocado, the largest dedicated online grocery retailer, pivoting in favour of companies with more robust earnings characteristics. Indeed, these purchases reflected a deliberate move towards more defensive holdings given the prevailing uncertainty. Positions were increased in global pharmaceutical company GSK and National Grid, for instance, alongside additions to British American Tobacco and consumer goods business Unilever. Bucking this theme, we also initiated a position in Melrose Industries: the turnaround specialist which acquires underperforming manufacturing businesses in order to improve their operational performance. With a demonstrable track record of execution and trading at a significant discount to its long-term average, we saw this as an opportune moment to add to the stock. Indeed, the positioned has performed strongly since its addition, as has another Industrials name – IMI, the global engineering company – which was introduced in the latter stages of the period.

Activity was more muted in the third quarter of 2022 – in acknowledgement of the work already undertaken amid the fast-changing market and economic landscape seen during the first half of 2022 – although there were still a number of stock-specific changes that we chose to implement over the year. We further trimmed the exposure to UK smaller companies given the worsening domestic economic outlook, and added to Haleon, the consumer healthcare business that demerged from GSK in July. We expect consumer health to remain one of the faster growing consumer staples categories, and Haleon's growth should be further enhanced by the transfer of prescription medicines to over the counter sales. In time we see the growth and experience of the business as a separate company leading to a premium valuation.

In the second half of the period, and in the wake of October's market nadir, a number of the 'defensive earners' amongst these names were trimmed in favour of areas deemed more attractive from a risk / return perspective. While we continue to see these companies as core holdings, we considered the headline balance of exposures in dialling down their weights, while simultaneously adding to areas where we see greater opportunity.

Across the Sub-fund's Financials exposure, we initiated a new position in NatWest, the most sensitive of the UK banks to increasing earnings from higher net interest income. The company possesses a resilient balance sheet, and trades at a relatively undemanding valuation. Later in the period we exited Barclays, choosing to consolidate the Sub-fund's bank holdings within HSBC, Standard Chartered and NatWest.

Several names were added amid the market turbulence and sustained share price weakness experienced over the year. As already mentioned, we initiated a new position in Darktrace within the Information Technology sector. Within the Health Care sector, Dechra Pharmaceuticals – which develops, manufactures and markets products for veterinarians – was added in early 2023. Providing exposure to the theme of animal health (a multi-billion dollar market that has undergone rapid growth in recent years) the position was sold following the announcement of a possible cash offer for the company, resulting in a pleasing gain from what ultimately proved to be a short holding period.

Finally, within the Communication Services sector (an allocation previously unrepresented within the Sub-fund) we purchased BT in the final weeks of the period. We see a number of catalysts allowing the company to pivot to growth after years of declining revenue. This thesis is complemented by the potential for rationalisation of the UK fixed and wireless markets, as well as an attractive group valuation.

### Outlook

Despite the prospect of relatively weak earnings this year, investors appear to be looking forward to a recovery in 2024, supported by lower bond yields. We think equity markets may have got ahead of themselves in the short-term, as history suggests that weaker growth, even when accompanied by falling interest rates, can prove challenging for risk assets.

Derivatives markets are still pricing in interest rate cuts before the end of 2023, putting the year end implied Fed funds rate at 4.3%. This contrasts with the situation in the UK, where markets expect interest rates to be higher at the end of the year, forecasting that Bank of England rate setters will look through a softening economy and maintain their vigilant stance on stubbornly high inflation.

Given how many moving parts there are to the current global economic picture, and the elevated degree of short-term uncertainty that exists, we believe it sensible to avoid making an aggressive call on the prospects of any one investment "style" or sector at this point in time. Having seen already this year how quickly the narrative can shift, it is our view that remaining flexible and pragmatic in our positioning of the Sub-fund, while incorporating the analysis offered by our investment research colleagues, remains the correct approach to take at this point in the cycle.

\*Source: Financial Express, 27 June 2023. All figures to 30 April 2023.

~Source: Data provided by FactSet.

## Portfolio Statement

as at 30 April 2023

| Holding   | Security                                                             | Market value<br>£ | % of total<br>net assets<br>2023 |
|-----------|----------------------------------------------------------------------|-------------------|----------------------------------|
|           | <b>TECHNOLOGY 1.95% (1.77%)</b>                                      |                   |                                  |
|           | <b>Software and Computer Services 1.95% (1.77%)</b>                  |                   |                                  |
| 1,835,647 | Darktrace                                                            | 5,139,812         | 1.95                             |
|           | <b>TELECOMMUNICATIONS 1.94% (0.00%)</b>                              |                   |                                  |
|           | <b>Telecommunications Service Providers 1.94% (0.00%)</b>            |                   |                                  |
| 3,225,905 | BT                                                                   | 5,122,737         | 1.94                             |
|           | <b>HEALTH CARE 11.35% (11.31%)</b>                                   |                   |                                  |
|           | <b>Pharmaceuticals and Biotechnology 11.35% (11.31%)</b>             |                   |                                  |
| 170,801   | AstraZeneca                                                          | 20,058,869        | 7.60                             |
| 332,172   | GSK                                                                  | 4,785,934         | 1.81                             |
| 1,457,067 | Haleon                                                               | 5,114,305         | 1.94                             |
|           |                                                                      | 29,959,108        | 11.35                            |
|           | <b>FINANCIALS 30.07% (26.69%)</b>                                    |                   |                                  |
|           | <b>Banks 8.49% (7.84%)</b>                                           |                   |                                  |
| 1,762,667 | HSBC                                                                 | 10,112,420        | 3.83                             |
| 2,769,835 | Natwest                                                              | 7,254,198         | 2.75                             |
| 802,812   | Standard Chartered                                                   | 5,044,871         | 1.91                             |
|           |                                                                      | 22,411,489        | 8.49                             |
|           | <b>Finance and Credit Services 1.93% (1.97%)</b>                     |                   |                                  |
| 60,969    | London Stock Exchange                                                | 5,083,595         | 1.93                             |
|           | <b>Investment Banking and Brokerage Services 4.23% (3.76%)</b>       |                   |                                  |
| 331,494   | 3i                                                                   | 5,857,499         | 2.22                             |
| 407,120   | Intermediate Capital                                                 | 5,298,667         | 2.01                             |
|           |                                                                      | 11,156,166        | 4.23                             |
|           | <b>Open-End and Miscellaneous Investment Vehicles 11.53% (8.67%)</b> |                   |                                  |
| 334,833   | FTF Franklin UK Smaller Companies - S Income*                        | 2,423,853         | 0.92                             |
| 1,342,676 | iShares Core FTSE 100 UCITS ETF - GBP Distributing                   | 10,381,571        | 3.94                             |
| 584,807   | Vanguard FTSE 250 UCITS ETF - GBP Distributing                       | 17,596,843        | 6.67                             |
|           |                                                                      | 30,402,267        | 11.53                            |
|           | <b>Life Insurance 3.89% (4.45%)</b>                                  |                   |                                  |
| 2,066,496 | Legal and General                                                    | 4,837,667         | 1.83                             |
| 448,677   | Prudential                                                           | 5,435,722         | 2.06                             |
|           |                                                                      | 10,273,389        | 3.89                             |
|           | <b>REAL ESTATE 2.13% (2.01%)</b>                                     |                   |                                  |
|           | <b>Real Estate Investment Trusts 2.13% (2.01%)</b>                   |                   |                                  |
| 671,932   | SEGRO                                                                | 5,607,944         | 2.13                             |
|           | <b>CONSUMER DISCRETIONARY 8.94% (9.11%)</b>                          |                   |                                  |
|           | <b>Automobiles and Parts 0.57% (0.00%)</b>                           |                   |                                  |
| 1,130,806 | Dowlais                                                              | 1,498,318         | 0.57                             |
|           | <b>Consumer Services 1.88% (1.86%)</b>                               |                   |                                  |
| 236,846   | Compass                                                              | 4,964,292         | 1.88                             |

# MI Quilter Cheviot UK Equity Fund

## Portfolio Statement

continued

| Holding   | Security                                                    | Market value<br>£ | % of total<br>net assets<br>2023 |
|-----------|-------------------------------------------------------------|-------------------|----------------------------------|
|           | <b>Household Goods and Home Construction 0.92% (1.65%)</b>  |                   |                                  |
| 1,896,071 | Taylor Wimpey                                               | 2,429,815         | 0.92                             |
|           | <b>Media 1.76% (2.05%)</b>                                  |                   |                                  |
| 175,111   | RELX                                                        | 4,631,686         | 1.76                             |
|           | <b>Retailers 1.74% (1.81%)</b>                              |                   |                                  |
| 2,855,206 | JD Sports Fashion                                           | 4,598,309         | 1.74                             |
|           | <b>Travel and Leisure 2.07% (1.74%)</b>                     |                   |                                  |
| 168,387   | Whitbread                                                   | 5,467,526         | 2.07                             |
|           | <b>CONSUMER STAPLES 10.21% (13.54%)</b>                     |                   |                                  |
|           | <b>Beverages 3.68% (5.09%)</b>                              |                   |                                  |
| 267,678   | Diageo                                                      | 9,695,297         | 3.68                             |
|           | <b>Tobacco 2.75% (3.82%)</b>                                |                   |                                  |
| 247,936   | British American Tobacco                                    | 7,257,087         | 2.75                             |
|           | <b>Personal Care, Drug and Grocery Stores 3.78% (4.63%)</b> |                   |                                  |
| 224,568   | Unilever                                                    | 9,959,591         | 3.78                             |
|           | <b>INDUSTRIALS 10.33% (10.51%)</b>                          |                   |                                  |
|           | <b>Aerospace and Defense 1.75% (0.00%)</b>                  |                   |                                  |
| 1,130,806 | Melrose Industries                                          | 4,623,866         | 1.75                             |
|           | <b>Electronic and Electrical Equipment 2.98% (1.64%)</b>    |                   |                                  |
| 105,207   | Halma                                                       | 2,428,178         | 0.92                             |
| 340,932   | IMI                                                         | 5,434,456         | 2.06                             |
|           |                                                             | 7,862,634         | 2.98                             |
|           | <b>General Industrials 1.72% (3.52%)</b>                    |                   |                                  |
| 1,459,363 | DS Smith                                                    | 4,525,485         | 1.72                             |
|           | <b>Industrial Support Services 1.96% (3.58%)</b>            |                   |                                  |
| 183,706   | Experian                                                    | 5,160,301         | 1.96                             |
|           | <b>Industrial Transportation 1.92% (1.77%)</b>              |                   |                                  |
| 110,472   | Ashtead                                                     | 5,056,303         | 1.92                             |
|           | <b>BASIC MATERIALS 6.88% (8.05%)</b>                        |                   |                                  |
|           | <b>Industrial Metals and Mining 6.88% (8.05%)</b>           |                   |                                  |
| 277,001   | Anglo American                                              | 6,772,674         | 2.57                             |
| 225,035   | Rio Tinto                                                   | 11,359,767        | 4.31                             |
|           |                                                             | 18,132,441        | 6.88                             |
|           | <b>ENERGY 11.62% (11.89%)</b>                               |                   |                                  |
|           | <b>Oil, Gas and Coal 11.62% (11.89%)</b>                    |                   |                                  |
| 1,882,046 | BP                                                          | 10,057,654        | 3.81                             |
| 839,892   | Shell                                                       | 20,594,152        | 7.81                             |
|           |                                                             | 30,651,806        | 11.62                            |



**Portfolio Statement**

continued

|                          |                                                      | Market<br>value<br>£ | % of total<br>net assets<br>2023 |
|--------------------------|------------------------------------------------------|----------------------|----------------------------------|
| <b> Holding</b>          | <b> Security</b>                                     |                      |                                  |
|                          | <b> UTILITIES 1.93% (2.04%)</b>                      |                      |                                  |
|                          | <b> Gas, Water and Multi-utilities 1.93% (2.04%)</b> |                      |                                  |
| 444,321                  | National Grid                                        | 5,085,254            | 1.93                             |
| <b>Investment assets</b> |                                                      | <b>256,756,518</b>   | <b>97.35</b>                     |
| <b>Net other assets</b>  |                                                      | <b>6,994,564</b>     | <b>2.65</b>                      |
| <b>Net assets</b>        |                                                      | <b>263,751,082</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 30.04.22.

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

# MI Quilter Cheviot UK Equity Fund

## Comparative Tables

### Change in net assets per share

| A Income~                                      | 30.04.23<br>p | 30.04.22<br>p       |
|------------------------------------------------|---------------|---------------------|
| <b>Opening net asset value per share</b>       | 98.83         | 100.00 <sup>†</sup> |
| Return before operating charges <sup>^</sup>   | 6.18          | 0.64                |
| Operating charges                              | -0.13         | -0.09               |
| Return after operating charges <sup>^</sup>    | 6.05          | 0.55 <sup>^^</sup>  |
| Distributions                                  | -3.39         | -1.62               |
| <b>Closing net asset value per share</b>       | <b>101.49</b> | <b>98.83</b>        |
| <sup>^</sup> After direct transaction costs of | -0.18         | -0.68               |
| <b>Performance</b>                             |               |                     |
| Return after charges                           | 6.12%         | 0.55%               |
| <b>Other information</b>                       |               |                     |
| Closing net asset value                        | £205,135,289  | £173,293,803        |
| Closing number of shares                       | 202,122,381   | 175,164,987         |
| Operating charges                              | 0.13%         | 0.09%               |
| Ongoing operating charges                      | 0.13%         | 0.14%               |
| Direct transaction costs                       | 0.18%         | 0.67%               |
| <b>Prices</b>                                  |               |                     |
| Highest share price                            | 105.12        | 105.10              |
| Lowest share price                             | 88.94         | 92.44               |

| A Accumulation~~                               | 30.04.23<br>p | 30.04.22<br>p       |
|------------------------------------------------|---------------|---------------------|
| <b>Opening net asset value per share</b>       | 99.15         | 100.00 <sup>†</sup> |
| Return before operating charges <sup>^</sup>   | 6.45          | -0.76               |
| Operating charges                              | -0.13         | -0.09               |
| Return after operating charges <sup>^</sup>    | 6.32          | -0.85               |
| Distributions                                  | -3.45         | -1.40               |
| Retained distributions on accumulation shares  | 3.45          | 1.40                |
| <b>Closing net asset value per share</b>       | <b>105.47</b> | <b>99.15</b>        |
| <sup>^</sup> After direct transaction costs of | -0.18         | -0.67               |
| <b>Performance</b>                             |               |                     |
| Return after charges                           | 6.37%         | -0.85%              |
| <b>Other information</b>                       |               |                     |
| Closing net asset value                        | £58,615,793   | £1,718,380          |
| Closing number of shares                       | 55,574,074    | 1,733,153           |
| Operating charges                              | 0.13%         | 0.09%               |
| Ongoing operating charges                      | 0.13%         | 0.14%               |
| Direct transaction costs                       | 0.18%         | 0.67%               |
| <b>Prices</b>                                  |               |                     |
| Highest share price                            | 107.70        | 103.65              |
| Lowest share price                             | 89.66         | 91.51               |

~A Income launched 30 September 2021

~~A Accumulation launched 13 December 2021

<sup>†</sup>Launch Price

<sup>^^</sup>A Income return after charges for the period 13 December 2021 to 30 April 2022 was -0.85%.

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

The return after charges is calculated as the closing Net Asset Value per share minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h), and complies with requirements of the current Statement of Recommended Practice for 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.

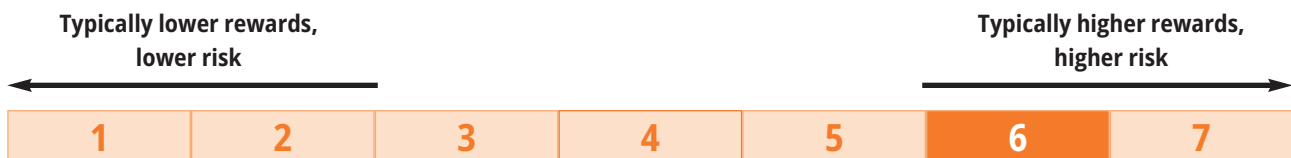
## Comparative Tables

continued

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

## Risk and Reward Profile

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



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 in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives. These other funds can themselves invest into assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

### Risk warning

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

# MI Quilter Cheviot UK Equity Fund

## Statement of Total Return

for the year ended 30 April 2023

|                                                                                     | Note | £         | 30.04.23<br>£     | £         | 30.09.21 to<br>30.04.22<br>£ |
|-------------------------------------------------------------------------------------|------|-----------|-------------------|-----------|------------------------------|
| Income                                                                              |      |           |                   |           |                              |
| Net capital gains/(losses)                                                          | 2    |           | 8,972,934         |           | (5,836,163)                  |
| Revenue                                                                             | 3    | 7,620,869 |                   | 2,841,300 |                              |
| Expenses                                                                            | 4    | (244,614) |                   | (105,228) |                              |
| Interest payable and similar charges                                                | 4    | (282)     |                   | -         |                              |
| Net revenue before taxation                                                         |      | 7,375,973 |                   | 2,736,072 |                              |
| Taxation                                                                            | 5    | -         |                   | -         |                              |
| Net revenue after taxation                                                          |      |           | 7,375,973         |           | 2,736,072                    |
| <b>Total return before distributions</b>                                            |      |           | <b>16,348,907</b> |           | <b>(3,100,091)</b>           |
| Distributions                                                                       | 6    |           | (7,375,937)       |           | (2,735,927)                  |
| <b>Change in net assets attributable to Shareholders from investment activities</b> |      |           | <b>8,972,970</b>  |           | <b>(5,836,018)</b>           |

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2023

|                                                                                                                    | £            | 30.04.23<br>£      | £            | 30.09.21 to<br>30.04.22<br>£ |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------------|--------------|------------------------------|
| <b>Opening net assets attributable to Shareholders</b>                                                             |              | <b>175,012,183</b> |              | <b>-</b>                     |
| Amounts receivable on issue of shares                                                                              | 116,729,711  |                    | 222,006,937  |                              |
| Less: Amounts payable on cancellation of shares                                                                    | (38,145,037) |                    | (41,179,900) |                              |
|                                                                                                                    |              | 78,584,674         |              | 180,827,037                  |
| Dilution levy                                                                                                      |              | 154,924            |              | -                            |
| Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above) |              | 8,972,970          |              | (5,836,018)                  |
| Retained distributions on accumulation shares                                                                      |              | 1,026,331          |              | 21,164                       |
| <b>Closing net assets attributable to Shareholders</b>                                                             |              | <b>263,751,082</b> |              | <b>175,012,183</b>           |

The notes on pages 138 to 144 form an integral part of these Financial Statements.

## Balance Sheet

as at 30 April 2023

|                                                | Note | £           | 30.04.23           | £           | 30.04.22           | £ |
|------------------------------------------------|------|-------------|--------------------|-------------|--------------------|---|
| <b>ASSETS</b>                                  |      |             |                    |             |                    |   |
| <b>Fixed assets</b>                            |      |             |                    |             |                    |   |
| Investments                                    |      |             | 256,756,518        |             | 169,620,172        |   |
| <b>Current assets</b>                          |      |             |                    |             |                    |   |
| Debtors                                        | 7    | 2,697,925   |                    | 1,182,313   |                    |   |
| Cash and bank balances                         | 9    | 7,675,673   |                    | 6,615,999   |                    |   |
| <b>Total current assets</b>                    |      |             | <b>10,373,598</b>  |             | <b>7,798,312</b>   |   |
| <b>Total assets</b>                            |      |             | <b>267,130,116</b> |             | <b>177,418,484</b> |   |
| <b>LIABILITIES</b>                             |      |             |                    |             |                    |   |
| <b>Creditors</b>                               |      |             |                    |             |                    |   |
| Distribution payable                           |      | (2,552,604) |                    | (2,162,237) |                    |   |
| Other creditors                                | 8    | (826,430)   |                    | (244,064)   |                    |   |
| <b>Total creditors</b>                         |      |             | <b>(3,379,034)</b> |             | <b>(2,406,301)</b> |   |
| <b>Total liabilities</b>                       |      |             | <b>(3,379,034)</b> |             | <b>(2,406,301)</b> |   |
| <b>Net assets attributable to Shareholders</b> |      |             | <b>263,751,082</b> |             | <b>175,012,183</b> |   |

The notes on pages 138 to 144 form an integral part of these Financial Statements.

# MI Quilter Cheviot UK Equity Fund

## Notes to the Financial Statements

for the year ended 30 April 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)^

|                           | Realised<br>£      | 30.04.23<br>Unrealised<br>£ | Total<br>£       |
|---------------------------|--------------------|-----------------------------|------------------|
| Non-derivative securities | (5,319,590)        | 14,303,100                  | 8,983,510        |
| Transaction charges       | (10,576)           | –                           | (10,576)         |
| <b>Net capital gains</b>  | <b>(5,330,166)</b> | <b>14,303,100</b>           | <b>8,972,934</b> |

|                           | Realised<br>£  | 30.09.21 to 30.04.22<br>Unrealised<br>£ | Total<br>£         |
|---------------------------|----------------|-----------------------------------------|--------------------|
| Non-derivative securities | 151,398        | (5,974,767)                             | (5,823,369)        |
| Currency losses           | (11,362)       | –                                       | (11,362)           |
| Transaction charges       | (1,432)        | –                                       | (1,432)            |
| <b>Net capital losses</b> | <b>138,604</b> | <b>(5,974,767)</b>                      | <b>(5,836,163)</b> |

^Where realised gains/losses include gains/losses arising in prior years, a corresponding loss/gain is included within the unrealised gains/loss presented.

### 3. Revenue

|                                                             | 30.04.23<br>£    | 30.09.21 to<br>30.04.22<br>£ |
|-------------------------------------------------------------|------------------|------------------------------|
| UK dividends: Ordinary                                      | 7,017,086        | 2,606,905                    |
| Property Income Distributions                               | –                | 86,557                       |
| Distributions from Regulated Collective Investment Schemes: |                  |                              |
| Franked investment income                                   | 558,023          | 147,838                      |
| Bank interest                                               | 45,760           | –                            |
| <b>Total revenue</b>                                        | <b>7,620,869</b> | <b>2,841,300</b>             |

### 4. Expenses

|                                                                                                           | 30.04.23<br>£ | 30.09.21 to<br>30.04.22<br>£ |
|-----------------------------------------------------------------------------------------------------------|---------------|------------------------------|
| Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |               |                              |
| ACD's fee                                                                                                 | 52,847        | 21,400                       |
| Administration fees                                                                                       | 74,078        | 29,779                       |
| Registration fees                                                                                         | 63,467        | 24,140                       |
|                                                                                                           | 190,392       | 75,319                       |
| Payable to the Depositary, associates of the Depositary and agents of either of them:                     |               |                              |
| Depositary's fee (including VAT)                                                                          | 21,669        | 7,795                        |
| Safe custody and other bank charges                                                                       | 10,031        | 4,643                        |
|                                                                                                           | 31,700        | 12,438                       |

**Notes to the Financial Statements**

continued

| <b>4. Expenses (continued)</b>       | <b>30.04.23</b>      | <b>30.09.21 to</b>   |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>£</b>             | <b>30.04.22</b>      |
|                                      |                      | <b>£</b>             |
| Auditor's remuneration*:             |                      |                      |
| Audit fee                            | 10,065               | 9,363                |
| Tax Compliance services              | 2,163                | 1,977                |
|                                      | <hr/>                | <hr/>                |
|                                      | 12,228               | 11,340               |
| Other expenses:                      |                      |                      |
| Legal fees                           | 10,406               | 3,592                |
| Printing costs                       | (112)                | 2,539                |
|                                      | <hr/>                | <hr/>                |
|                                      | 10,294               | 6,131                |
| <b>Expenses</b>                      | <hr/> <b>244,614</b> | <hr/> <b>105,228</b> |
| Interest payable and similar charges | 282                  | –                    |
| <b>Total</b>                         | <hr/> <b>244,896</b> | <hr/> <b>105,228</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

| <b>5. Taxation</b>                                  | <b>30.04.23</b> | <b>30.09.21 to</b> |
|-----------------------------------------------------|-----------------|--------------------|
|                                                     | <b>£</b>        | <b>30.04.22</b>    |
|                                                     |                 | <b>£</b>           |
| (a) Analysis of charge in the year:                 |                 |                    |
| Income tax deducted at source                       | –               | 8,439              |
| Income tax recoverable                              | –               | (8,439)            |
| <b>Total tax charge (note 5b)</b>                   | <hr/> –         | <hr/> –            |
| (b) Factors affecting taxation charge for the year: |                 |                    |
| Net revenue before taxation                         | 7,375,973       | 2,736,072          |
| Corporation tax at 20%                              | 1,475,195       | 547,214            |
| Effects of:                                         |                 |                    |
| UK dividends                                        | (1,515,022)     | (550,949)          |
| Movement in surplus management expenses             | 39,827          | 3,193              |
| Expenses not deductible for tax purposes            | –               | 542                |
| <b>Total tax charge (note 5a)</b>                   | <hr/> –         | <hr/> –            |

(c) Deferred tax

At the year end there is a potential deferred tax asset of £43,020 (2022: £3,193) in relation to surplus management expenses of £215,100 (2022: £15,964). 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 Quilter Cheviot UK Equity 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>30.04.23</b>        | <b>30.09.21 to</b>     |
|--------------------------------------------|----------|------------------------|------------------------|
|                                            |          | <b>£</b>               | <b>30.04.22</b>        |
|                                            |          |                        | <b>£</b>               |
| First interim distribution                 | 31.07.22 | 1,184,740              | –                      |
| Second interim distribution                | 31.10.22 | 2,410,161              | –                      |
| Third interim distribution                 | 31.01.23 | 1,063,196              | 614,159                |
| Final distribution                         | 30.04.23 | 3,270,343              | 2,183,383              |
|                                            |          | <hr/> 7,928,440        | <hr/> 2,797,542        |
| Revenue deducted on cancellation of shares |          | 208,294                | 158,127                |
| Revenue received on issue of shares        |          | (760,797)              | (219,742)              |
| <b>Distributions</b>                       |          | <hr/> <b>7,375,937</b> | <hr/> <b>2,735,927</b> |

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

|                                                          |  |                        |                        |
|----------------------------------------------------------|--|------------------------|------------------------|
| Net revenue after taxation per Statement of Total Return |  | 7,375,973              | 2,736,072              |
| Undistributed revenue brought forward                    |  | 145                    | –                      |
| Undistributed revenue carried forward                    |  | (181)                  | (145)                  |
| <b>Distributions</b>                                     |  | <hr/> <b>7,375,937</b> | <hr/> <b>2,735,927</b> |

### 7. Debtors

|                              |  | <b>30.04.23</b>        | <b>30.04.22</b>        |
|------------------------------|--|------------------------|------------------------|
|                              |  | <b>£</b>               | <b>£</b>               |
| Amounts receivable on issues |  | 1,537,025              | 513,683                |
| Accrued income:              |  |                        |                        |
| Dividends receivable         |  | 1,150,827              | 660,191                |
| UK income tax recoverable    |  | 8,439                  | 8,439                  |
| Prepaid expenses:            |  |                        |                        |
| Legal fees                   |  | 1,634                  | –                      |
| <b>Total debtors</b>         |  | <hr/> <b>2,697,925</b> | <hr/> <b>1,182,313</b> |

### 8. Other Creditors

|                                                                                                                   |  | <b>30.04.23</b> | <b>30.04.22</b> |
|-------------------------------------------------------------------------------------------------------------------|--|-----------------|-----------------|
|                                                                                                                   |  | <b>£</b>        | <b>£</b>        |
| Amounts payable on cancellations                                                                                  |  | 786,708         | 205,561         |
| Accrued expenses:                                                                                                 |  |                 |                 |
| Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them: |  |                 |                 |
| ACD's fee                                                                                                         |  | 5,346           | 3,663           |
| Administration fee                                                                                                |  | 7,563           | 5,115           |
| Registration fees                                                                                                 |  | 5,721           | 4,299           |
|                                                                                                                   |  | <hr/> 18,630    | <hr/> 13,077    |



## Notes to the Financial Statements

continued

### 8. Other Creditors (continued)

|                                                                                               | 30.04.23<br>£  | 30.04.22<br>£  |
|-----------------------------------------------------------------------------------------------|----------------|----------------|
| Amounts payable to the Depositary, associates of the Depositary and agents of either of them: |                |                |
| Depositary's fee (including VAT)                                                              | 4,114          | 7,795          |
| Safe custody and other bank charges                                                           | 2,014          | 3,852          |
|                                                                                               | 6,128          | 11,647         |
| Other expenses:                                                                               |                |                |
| Auditor's remuneration*:                                                                      |                |                |
| Audit fee                                                                                     | 10,065         | 9,363          |
| Tax compliance services                                                                       | 4,140          | 1,977          |
|                                                                                               | 14,205         | 11,340         |
| Other accrued expenses:                                                                       |                |                |
| Printing costs                                                                                | 759            | 2,439          |
|                                                                                               | 759            | 2,439          |
| <b>Total other creditors</b>                                                                  | <b>826,430</b> | <b>244,064</b> |

\*Included within the auditor's remuneration is irrecoverable VAT of £2,368 (2022: £1,890).

### 9. Cash and Bank Balances

|                               | 30.04.23<br>£    | 30.04.22<br>£    |
|-------------------------------|------------------|------------------|
| Cash and bank balances        | 7,675,673        | 6,615,999        |
| <b>Cash and bank balances</b> | <b>7,675,673</b> | <b>6,615,999</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 Quilter Cheviot Limited (the 'Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy 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 Quilter Cheviot Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

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

# MI Quilter Cheviot UK Equity Fund

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 9 to 11.

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

#### Disclosure of VaR limit

|                  | 30.04.23<br>% of VaR | Utilisation of<br>VaR (*) 20% | 30.04.22<br>% of VaR | Utilisation of<br>VaR (*) 20% |
|------------------|----------------------|-------------------------------|----------------------|-------------------------------|
| VaR at year end: | 14.43                | 72.15                         | 14.74                | 73.69                         |
| Minimum VaR:     | 12.56                | 62.80                         | 6.03                 | 30.17                         |
| Maximum VaR:     | 14.73                | 73.65                         | 22.31                | 111.53                        |
| Average VaR:     | 13.90                | 69.50                         | 16.42                | 82.09                         |

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

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.04.23

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | £       | Taxes |             | Purchases before transaction cost<br>£ |
|--------------------------------------------------|--------------------------|------------------|------|---------|-------|-------------|----------------------------------------|
|                                                  |                          | £                | %    |         | £     | %           |                                        |
| Equities                                         | 110,550,555              | –                | 0.00 | 540,048 | 0.49  | 110,010,507 |                                        |
| Funds                                            | 31,366,211               | –                | 0.00 | –       | 0.00  | 31,366,211  |                                        |
| <b>Total purchases after commissions and tax</b> | <b>141,916,766</b>       |                  |      |         |       |             |                                        |

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | £  | Taxes |            | Sales before transaction cost<br>£ |
|----------------------------------------------|------------------------|------------------|------|----|-------|------------|------------------------------------|
|                                              |                        | £                | %    |    | £     | %          |                                    |
| Equities                                     | 48,200,766             | –                | 0.00 | 24 | 0.00  | 48,200,790 |                                    |
| Funds                                        | 15,592,078             | –                | 0.00 | –  | 0.00  | 15,592,078 |                                    |
| <b>Total sales after commissions and tax</b> | <b>63,792,844</b>      |                  |      |    |       |            |                                    |

|                                         |       |
|-----------------------------------------|-------|
| Commission as a % of average net assets | 0.00% |
| Taxes as a % of the average net assets  | 0.25% |

30.04.22

| Analysis of purchases                            | Total purchase cost<br>£ | Commissions paid |      | £       | Taxes |             | Purchases before transaction cost<br>£ |
|--------------------------------------------------|--------------------------|------------------|------|---------|-------|-------------|----------------------------------------|
|                                                  |                          | £                | %    |         | £     | %           |                                        |
| Funds                                            | 232,396,813              | –                | 0.00 | 968,990 | 0.42  | 231,427,823 |                                        |
| <b>Total purchases after commissions and tax</b> | <b>232,396,813</b>       |                  |      |         |       |             |                                        |

| Analysis of sales                            | Net sale proceeds<br>£ | Commissions paid |      | £  | Taxes |            | Sales before transaction cost<br>£ |
|----------------------------------------------|------------------------|------------------|------|----|-------|------------|------------------------------------|
|                                              |                        | £                | %    |    | £     | %          |                                    |
| Funds                                        | 56,953,272             | –                | 0.00 | 29 | 0.00  | 56,953,301 |                                    |
| <b>Total sales after commissions and tax</b> | <b>56,953,272</b>      |                  |      |    |       |            |                                    |

|                                         |       |
|-----------------------------------------|-------|
| Commission as a % of average net assets | 0.00% |
| Taxes as a % of the average net assets  | 0.67% |

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 134. 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 April 2023 is 0.01% (2022: 0.02%).

# MI Quilter Cheviot UK Equity Fund

## Notes to the Financial Statements

continued

### 15. Post Balance Sheet Events

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

### 16. Fair Value Disclosure

| Valuation technique    | 30.04.23           |                  | 30.04.22           |                  |
|------------------------|--------------------|------------------|--------------------|------------------|
|                        | Assets<br>£        | Liabilities<br>£ | Assets<br>£        | Liabilities<br>£ |
| Level 1 <sup>^</sup>   | 254,332,669        | –                | 156,216,051        | –                |
| Level 2 <sup>^^</sup>  | 2,423,853          | –                | 13,404,121         | –                |
| Level 3 <sup>^^^</sup> | –                  | –                | –                  | –                |
|                        | <b>256,756,518</b> | <b>–</b>         | <b>169,620,172</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<br>Income<br>GBP | A<br>Accumulation<br>GBP |
|---------------------------------|--------------------|--------------------------|
| Opening number of shares        | 175,164,987        | 1,733,153                |
| Shares issued                   | 64,487,234         | 55,462,939               |
| Shares cancelled                | (37,529,840)       | (1,622,018)              |
| <b>Closing number of shares</b> | <b>202,122,381</b> | <b>55,574,074</b>        |

## Distribution Tables

for the year ended 30 April 2023

### Income share distributions

| Share class | Distribution   | Shares  | Net revenue<br>p | Equalisation<br>p | Distribution paid/payable<br>2023<br>p | Distribution paid<br>2022<br>p |
|-------------|----------------|---------|------------------|-------------------|----------------------------------------|--------------------------------|
| A Income    | First interim  | Group 1 | 0.5645           | –                 | 0.5645                                 | n/a                            |
|             |                | Group 2 | 0.2554           | 0.3091            | 0.5645                                 | n/a                            |
|             | Second interim | Group 1 | 1.0934           | –                 | 1.0934                                 | n/a                            |
|             |                | Group 2 | 0.3155           | 0.7779            | 1.0934                                 | n/a                            |
|             | Third interim  | Group 1 | 0.4729           | –                 | 0.4729                                 | 0.3810                         |
|             |                | Group 2 | 0.1693           | 0.3036            | 0.4729                                 | 0.3810                         |
|             | Final          | Group 1 | 1.2629           | –                 | 1.2629                                 | 1.2344                         |
|             |                | Group 2 | 0.4127           | 0.8502            | 1.2629                                 | 1.2344                         |

### Accumulation share distributions

| Share class    | Distribution   | Shares  | Net revenue<br>p | Equalisation<br>p | Amount reinvested<br>2023<br>p | Amount reinvested<br>2022<br>p |
|----------------|----------------|---------|------------------|-------------------|--------------------------------|--------------------------------|
| A Accumulation | First interim  | Group 1 | 0.5669           | –                 | 0.5669                         | n/a                            |
|                |                | Group 2 | 0.1382           | 0.4287            | 0.5669                         | n/a                            |
|                | Second interim | Group 1 | 1.1024           | –                 | 1.1024                         | n/a                            |
|                |                | Group 2 | 0.3390           | 0.7634            | 1.1024                         | n/a                            |
|                | Third interim  | Group 1 | 0.4845           | –                 | 0.4845                         | 0.1754                         |
|                |                | Group 2 | 0.1278           | 0.3567            | 0.4845                         | 0.1754                         |
|                | Final          | Group 1 | 1.2915           | –                 | 1.2915                         | 1.2201                         |
|                |                | Group 2 | 0.2077           | 1.0838            | 1.2915                         | 1.2201                         |

First interim period: 01.05.22 - 31.07.22

Second interim period: 01.08.22 - 31.10.22

Third interim period: 01.11.22 - 31.01.23

Final period: 01.02.23 - 30.04.23

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 Quilter Cheviot Investment Funds

## General Information

### Authorised Status

MI Quilter Cheviot Investment Funds (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 non-UCITS Retail Scheme under the COLL Sourcebook.

The Company was incorporated in England and Wales on 10 August 2021 under registration number IC046737. The Shareholders are not liable for the debts of the Company.

The Company currently has 8 Sub-funds, which are detailed below:

MI Quilter Cheviot Alternative Assets Fund  
MI Quilter Cheviot Asian and Emerging Markets Equity Fund  
MI Quilter Cheviot Conservative Fixed Interest Fund  
MI Quilter Cheviot Diversified Returns Fund  
MI Quilter Cheviot European Equity Fund  
MI Quilter Cheviot Fixed Interest Fund  
MI Quilter Cheviot North American Equity Fund  
MI Quilter Cheviot UK Equity Fund

### Head Office

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

### Address for Service

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

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

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

### Classes of Shares

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

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

| Sub-fund                                                  | Share Class |       |       |       |
|-----------------------------------------------------------|-------------|-------|-------|-------|
|                                                           | A GBP       |       | B GBP |       |
|                                                           | A Inc       | A Acc | B Inc | B Acc |
| MI Quilter Cheviot Alternative Assets Fund                | ✓           | ✓     | ✓*    | –     |
| MI Quilter Cheviot Asian and Emerging Markets Equity Fund | ✓           | ✓     | ✓*    | –     |
| MI Quilter Cheviot Conservative Fixed Interest Fund       | ✓           | ✓     | –     | –     |
| MI Quilter Cheviot Diversified Returns Fund               | ✓           | ✓     | ✓*    | –     |
| MI Quilter Cheviot European Equity Fund                   | ✓           | ✓     | ✓*    | –     |
| MI Quilter Cheviot Fixed Interest Fund                    | ✓           | ✓     | ✓*    | –     |
| MI Quilter Cheviot North American Equity Fund             | ✓           | ✓     | ✓*    | ✓     |
| MI Quilter Cheviot UK Equity Fund                         | ✓           | ✓     | ✓*    | –     |

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

## General Information

continued

On 9th May 2023, the Fund launched a new share class, B Income, into the following Sub-funds:

MI Quilter Cheviot Alternative Assets Fund  
MI Quilter Cheviot Asian and Emerging Markets Equity Fund  
MI Quilter Cheviot Diversified Returns Fund  
MI Quilter Cheviot European Equity Fund  
MI Quilter Cheviot Fixed Interest Fund  
MI Quilter Cheviot North American Equity Fund  
MI Quilter Cheviot UK Equity Fund

The Company may issue both Income and Accumulation Shares.

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

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

### Valuation Point

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

For the purpose of the pricing of shares, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of a 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 521 1006

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

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

### Pricing Basis

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

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

### Other Information

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

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

# MI Quilter Cheviot Investment Funds

## General Information

continued

### 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 properly 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 Apex Fundrock website.

### Remuneration of the Authorised Corporate Director

The ACD is subject to a remuneration policy which meets the requirements of the Alternative Investment Fund Managers Directive (AIFMD) as set out in SYSC 19B 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.

As the ACD provides UCITS and non-UCITS services, the remuneration figures have been prorated by the Net Asset Value of all the UCITS funds it manages as a percentage of the total assets under management.

| <b>30.04.23</b>                                                                                    | <b>Number of Beneficiaries</b> | <b>Fixed Remuneration</b> | <b>Variable Remuneration Paid</b> | <b>Total</b> |
|----------------------------------------------------------------------------------------------------|--------------------------------|---------------------------|-----------------------------------|--------------|
| Total remuneration paid by the ACD during the year                                                 | 16                             | £1,790,000                | £563,000                          | £2,353,000   |
| Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund | 6                              | £1,009,000                | £484,000                          | £1,493,000   |

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.

### Significant Information

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

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



## General Information

continued

### Risk Warning

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

