

# Maitland

**MI Somerset Capital Management Investment Funds  
ICVC**

**Annual Report 30 September 2022**

# MI Somerset Capital Management Investment Funds ICVC

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

## Directory

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

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

### Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 026 4282  
Fax: 0845 299 1178  
E-mail: [SomersetCM@maitlandgroup.com](mailto:SomersetCM@maitlandgroup.com)

### Directors of the Authorised Corporate Director

A.C. Deptford  
P.J. Foley-Brickley  
C. O'Keeffe  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Manager

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

### Lead Investment Managers

Kumar Pandit  
Edward Robertson  
Christopher White  
Mark Williams

### Co-Lead Investment Manager

Mark Asquith

### Depository

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

### Independent Auditor

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

## Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD is responsible for:

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

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

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

In so far as the ACD is aware:

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

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

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



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Maitland Institutional Services Limited

20 January 2023

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

for the year ended 30 September 2022

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

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

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

The Depositary must ensure that:

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

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

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

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

### **Northern Trust Investor Services Limited**

UK Trustee and Depositary Services

20 January 2023

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

### Opinion

We have audited the financial statements of MI Somerset Capital Management Investment Funds ICVC (the 'Company') for the year ended 30 September 2022. These financial statements comprise together the statement of accounting policies and risk management policies and the individual financial statements of each of the following Sub-funds (the 'Sub-funds') of the Company:

- MI Somerset Global Emerging Markets Fund
- MI Somerset Emerging Markets Dividend Growth Fund
- MI Somerset Emerging Markets Discovery Fund

The individual financial statements for each of the Company's Sub-funds comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 30 September 2022 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, 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 Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the Sub-fund's financial resources or ability to continue operations over the going concern year.

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

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

continued

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

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

### Other information

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

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

We have nothing to report in this regard.

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

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

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

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

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

### Responsibilities of the Authorised Corporate Director

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

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

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

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

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

continued

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

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

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

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

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

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

continued

### Use of our report

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

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants

London, United Kingdom

20 January 2023

## Accounting Policies and Risk Management Policies

for the year ended 30 September 2022

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

### 1. Accounting Policies

#### (a) Basis of accounting

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

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

The Authorised Status and head office of the Sub-funds can be found within the general information starting on page 75.

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

The MI Somerset Emerging Markets Small Cap Fund has been terminated following the merger into the MI Somerset Emerging Markets Discovery Fund on the 1 October 2021.

The MI Somerset Global Emerging Markets Screened Fund has been terminated, following the redemption of the Fund's largest investors on the 15 September 2022.

#### (b) Recognition of revenue

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

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

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

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

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

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

#### (d) Treatment of expenses

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

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

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

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

#### (f) Taxation

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

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

## 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.

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

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

#### (h) Basis of valuation of investments

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

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

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

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

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

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

#### (i) Exchange rates

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

#### (j) Swing prices

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

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies

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

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

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

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

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

#### Market price risk

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

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

#### Currency risk

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

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

#### Interest rate risk

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

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

#### Credit risk

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

There are no net borrowings.

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

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies (continued)

#### Liquidity risk

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

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

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

MISL conducts regular monitoring to ensure the liquidity profile of a Sub-fund's investments comply with its underlying obligations, particularly its ability to meet redemption requests.

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

#### Counterparty risk

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

#### Derivatives

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

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

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

#### Fair value of financial assets and liabilities

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

## Investment Objective and Policy

### Investment objective

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

### Investment policy

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

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

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

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

## Investment Manager's Report

for the year ended 30 September 2022

The Sub-fund in capital terms during the 12 months to 30 September 2022 underperformed by -4.69% against the MSCI Emerging Markets Total Return Net Index. The Sub-fund's Institutional Accumulation Class<sup>1</sup> unit price at NAV fell 17.86% in sterling terms whereas the MSCI Emerging Markets Total Return Net Index fell 13.17%.

The macro backdrop remains challenging as global interest rates rise, inflationary factors persist and a US recession looks increasingly likely. Sentiment towards risk assets and Emerging Markets in particular is at its lowest level for some time as Russia's invasion of Ukraine put further upwards pressure on commodity prices at the start of 2022 and exacerbated inflationary pressures in the global economy. However, investors should take some re-assurance from valuation support (unlike in the US) and the less immediate need to raise interest rates (again, unlike in the US).

Semiconductors have detracted from performance due to weakening demand in smartphones and PC markets due to China lockdowns, inflation and geopolitical impacts. Global supply chain issues remain very much fragmented (rather than uniform) and we are yet to see a clear end in sight. Are we close to finding a bottom on price to book valuation? Poor third quarter results and equally poor guidance are being digested by the market; stock prices and valuations are holding at lower levels and not reacting to bad news. We don't think profit recovery will be quick, inventories will take time to digest. Even if we don't have the confidence to build up these positions significantly, it is probably better to wait at these trough valuations rather than sell out partially and try and time lower levels or go looking for more defensive areas of the market.

The recent share price fall of the digital economy leader in the Southeast Asian region, Sea, suggested a loss of confidence by investors in the company's ability to manage cash burn and growth, as a result the company has communicated for the first time the path to profitability, and more importantly, the intention to exit cash burning markets like India, which were going to be difficult to win anyway given incumbent operators. In the past year, investors have been both too bullish on the upside and too bearish on the downside. It has been painful to watch, but the last leg-down, we believe, wasn't merited – the company's recent announcements have been a (successful) move to shore up investor confidence in their commitment to running a business that will generate free cash. There is value in the core e-commerce and finance businesses; the time investors have to wait before money starts being generated sustainably is shorter. Core markets of Indonesia, Taiwan and Thailand will turn free cash flow positive next year, with the company trading at 3x sales.

## Investment Manager's Report

continued

In terms of performance contributors, India, where we are overweight, enjoyed double-digit stock returns post re-opening from COVID-19. ICICI Bank reported its highest ever ROA and was the portfolio's strongest stock performer. Banks across our markets rose as interest rates continue to increase.

Sentiment in China has been particularly weak as businesses continue to struggle with lockdowns, slowing growth and the overextended property development sector is also acting as a headwind to growth. Despite a difficult backdrop, our consumer names in China have outperformed the market and our exposure to China has been a positive contributor to relative performance over the period. Yum China was the most significant contributor in China over the period, having surprised the market with a net profit of USD 83mil in Q2 2022 despite earlier guidance of potential losses amid COVID-19 lockdowns. They also reported better than expected operating margins of 6.4% in Q2 2022 (8.1% in Q1 2022) amid weak same store sales growth of -16%. In April, only 10% of their stores in Shanghai were able to operate and they achieved 40-50% of pre-lockdown sales. In May, sales were back to pre-lockdown levels with less than half of Shanghai stores in operations. Overall performance was better than expected driven by excellent cost control measures including reduced marketing spending during lockdowns and increasing the proportion of variable rental expenses. Looking forward, although the economic backdrop remains uncertain, the company has executed well in challenging times.

Looking forward, despite ongoing market volatility, we believe now is the right time to look for opportunities in sound companies (with our portfolio characteristics) trading cheaply. Our stance is that bombed out and beaten down areas of the market with valuation support, like China, offer good future returns for the portfolio (on the turn they will rebound strongly). This is where there are opportunities for outsized returns.

Brazil is approaching the end of its political cycle. The right-wing and centrist parties now control >60% of the Congress and Senate, which has reduced the odds of an anti-market agenda. The structural problems of Brazil remain: lack of infrastructure, fiscal deficits, debt levels approaching 90% of GDP, 9% unemployment and a lack of growth. However, the country continues to benefit from robust export commodity prices and high interest rates (13.75%) could be reversed once inflation is under control.

In China's case the government has levers to pull to boost growth, in contrast to the rest of the world. CPI inflation in China is just 2.5% compared to over 8% in the US. Furthermore, China is the only major economy with positive real interest rates. As the US and other developed markets look increasingly likely to enter recessions, Chinese policy is turning expansionary, offering diversification for investors. Importantly, we believe market fundamentals in China remain attractive. The MSCI China Index has fallen 32% year to date and 56% from its peak in February 2021, providing a compelling entry point for long-term investors.

<sup>1</sup>Net Asset Values of the Accumulation share classes are based on the published single price provided by Maitland Institutional Services Limited, the fund ACD and Administrator; historical prices for other share classes can be provided on request.

**Edward Robertson**

Lead Manager

20 October 2022

# MI Somerset Global Emerging Markets Fund

## Portfolio Statement

as at 30 September 2022

Holding	Security	Market value £	% of total net assets 2022
<b>TECHNOLOGY 23.87% (38.23%)</b>			
<b>Software and Computer Services 12.27% (20.30%)</b>			
9,700	Globant	1,625,617	0.63
574,731	Infosys	8,945,443	3.48
515,700	Meituan B	9,745,734	3.79
64,755	Sea ADR	3,251,382	1.26
263,628	Tencent	8,014,619	3.11
260,772	Yandex^	–	0.00
		<b>31,582,795</b>	<b>12.27</b>
<b>Technology Hardware and Equipment 11.60% (17.93%)</b>			
249,045	Samsung Electronics	8,264,676	3.21
228,000	Silergy	2,708,366	1.05
79,131	SK Hynix	4,117,369	1.60
1,151,505	Taiwan Semiconductor	13,710,984	5.33
319,000	Unimicron Technology	1,053,093	0.41
		<b>29,854,488</b>	<b>11.60</b>
<b>HEALTH CARE 1.51% (3.51%)</b>			
<b>Health Care Providers 1.51% (1.89%)</b>			
3,109,000	Hapvida Participacoes Investimentos	3,897,900	1.51
<b>Pharmaceuticals and Biotechnology 0.00% (1.62%)</b>			
<b>FINANCIALS 25.32% (20.88%)</b>			
<b>Banks 18.37% (10.27%)</b>			
604,333	Al Rajhi Bank	11,715,175	4.55
14,929,700	Bank Central Asia	7,509,459	2.92
61,694	Capitec Bank	4,775,591	1.86
1,285,845	Grupo Financiero Banorte	7,390,520	2.87
1,673,634	ICICI Bank	15,886,364	6.17
37,342	TCS^	–	0.00
		<b>47,277,109</b>	<b>18.37</b>
<b>Finance and Credit Services 2.40% (3.95%)</b>			
32,338	Bajaj Finance	2,612,248	1.02
690,450	Chailease	3,555,375	1.38
		<b>6,167,623</b>	<b>2.40</b>
<b>Investment Banking and Brokerage Services 1.66% (0.00%)</b>			
139,100	Hong Kong Exchanges and Clearing	4,276,434	1.66
<b>Life Insurance 2.89% (6.66%)</b>			
994,799	AIA	7,430,227	2.89

# MI Somerset Global Emerging Markets Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
<b>CONSUMER DISCRETIONARY 23.52% (20.21%)</b>			
<b>Automobiles and Parts 6.73% (2.86%)</b>			
162,261	Bajaj Auto	6,303,311	2.45
185,000	BYD	4,104,168	1.60
92,180	Contemporary Amperex Technology	4,668,214	1.81
183,490	Shenzhen Kedali Industry	2,229,677	0.87
		<hr/>	
		17,305,370	6.73
<b>Consumer Services 1.12% (0.00%)</b>			
285,500	Localiza Rent a Car	2,888,619	1.12
874	Localiza Rent a Car Rights	1,592	0.00
		<hr/>	
		2,890,211	1.12
<b>Household Goods and Home Construction 4.38% (4.46%)</b>			
721,715	Midea	4,495,732	1.75
446,000	Techtronic Industries	3,857,991	1.50
500,545	Zhejiang Supor	2,913,770	1.13
		<hr/>	
		11,267,493	4.38
<b>Leisure Goods 0.00% (2.30%)</b>			
<b>Personal Goods 0.10% (0.00%)</b>			
12,378	Proya Cosmetics	254,772	0.10
<b>Retailers 4.24% (5.68%)</b>			
481,934	JD.Com	10,917,047	4.24
<b>Travel and Leisure 6.95% (4.91%)</b>			
3,053,920	Sands China	6,865,639	2.67
260,000	Yum China	11,021,410	4.28
		<hr/>	
		17,887,049	6.95
<b>CONSUMER STAPLES 17.32% (9.54%)</b>			
<b>Beverages 11.45% (4.46%)</b>			
4,614,300	Budweiser	10,821,183	4.21
132,109	Heineken	10,418,003	4.05
383,478	Wuliangye Yibin	8,198,181	3.19
		<hr/>	
		29,437,367	11.45
<b>Food Producers 2.99% (4.07%)</b>			
2,162,417	China Mengniu Dairy	7,686,960	2.99
<b>Personal Care, Drug and Grocery Stores 2.88% (1.01%)</b>			
145,267	Clicks	2,066,926	0.80
180,100	Hindustan Unilever	5,347,648	2.08
		<hr/>	
		7,414,574	2.88

# MI Somerset Global Emerging Markets Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
	<b>INDUSTRIALS 1.97% (3.15%)</b>		
	<b>Construction and Materials 0.33% (0.00%)</b>		
251,899	Beijing Oriental Yuhong Waterproof Technology	839,144	0.33
	<b>Electronic and Electrical Equipment 0.00% (1.85%)</b>		
	<b>General Industrials 1.64% (1.30%)</b>		
933,077	Fuyao Glass Industry	4,219,881	1.64
	<b>BASIC MATERIALS 3.79% (2.38%)</b>		
	<b>Industrial Metals and Mining 3.79% (2.38%)</b>		
133,600	Freeport-McMoRan	3,270,884	1.27
543,000	Vale	6,478,696	2.52
		9,749,580	3.79
	<b>ENERGY 1.44% (0.00%)</b>		
	<b>Oil, Gas and Coal 1.44% (0.00%)</b>		
813,600	Petro Rio	3,708,288	1.44
	<b>Investment assets</b>	<b>254,064,312</b>	<b>98.74</b>
	<b>Net other assets</b>	<b>3,235,381</b>	<b>1.26</b>
	<b>Net assets</b>	<b>257,299,693</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.21.

^These are suspended securities and have been valued at the Manager's best assessment of their fair value.

## Comparative Tables

### Change in net assets per share

	A Accumulation GBP		
	30.09.22 p	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	279.14	262.43	262.09
Return before operating charges <sup>^</sup>	-50.56	21.69	4.59
Operating charges	-4.18	-4.98	-4.25
Return after operating charges <sup>^</sup>	-54.74	16.71	0.34
Distributions	0.00	-0.38	-0.58
Retained distributions on accumulation shares	0.00	0.38	0.58
<b>Closing net asset value per share</b>	<b>224.40</b>	<b>279.14</b>	<b>262.43</b>
<sup>^</sup> After direct transaction costs of	-0.40	-0.24	-0.18
<b>Performance</b>			
Return after charges	-19.61%	6.37%	0.13%
<b>Other information</b>			
Closing net asset value	£116,277	£250,034	£206,144
Closing number of shares	51,817	89,573	78,553
Operating charges	1.67%	1.69%	1.68%
Ongoing operating charges*	1.69%	1.69%	1.68%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	288.81	330.39	282.71
Lowest share price	221.30	262.53	205.54

	B Income GBP		
	30.09.22 p	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	260.33	242.69	242.48
Return before operating charges <sup>^</sup>	-46.59	22.48	4.56
Operating charges	-2.16	-2.58	-2.19
Return after operating charges <sup>^</sup>	-48.75	19.90	2.37
Distributions	-1.10	-2.26	-2.16
<b>Closing net asset value per share</b>	<b>210.48</b>	<b>260.33</b>	<b>242.69</b>
<sup>^</sup> After direct transaction costs of	-0.38	-0.22	-0.16
<b>Performance</b>			
Return after charges	-18.72%	8.20%	0.98%
<b>Other information</b>			
Closing net asset value	£925,179	£2,784,356	£11,860,971
Closing number of shares	439,566	1,069,556	4,887,197
Operating charges	0.92%	0.94%	0.93%
Ongoing operating charges*	0.94%	0.94%	0.93%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	269.73	306.18	262.05
Lowest share price	207.89	242.93	191.26

# MI Somerset Global Emerging Markets Fund

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation GBP		
	30.09.22 p	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	300.29	280.18	277.79
Return before operating charges <sup>^</sup>	-54.12	23.07	4.89
Operating charges	-2.49	-2.96	-2.50
Return after operating charges <sup>^</sup>	-56.61	20.11	2.39
Distributions	-1.46	-2.63	-2.65
Retained distributions on accumulation shares	1.46	2.63	2.65
<b>Closing net asset value per share</b>	<b>243.68</b>	<b>300.29</b>	<b>280.18</b>
<sup>^</sup> After direct transaction costs of	-0.43	-0.25	-0.19
<b>Performance</b>			
Return after charges	-18.85%	7.18%	0.86%
<b>Other information</b>			
Closing net asset value	£190,008,001	£234,168,225	£190,627,121
Closing number of shares	77,973,792	77,981,460	68,036,890
Operating charges	0.92%	0.94%	0.93%
Ongoing operating charges*	0.94%	0.94%	0.93%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	310.99	353.59	300.34
Lowest share price	239.23	280.46	218.70

	B Accumulation USD		
	30.09.22 \$c	30.09.21 \$c	30.09.20 \$c
<b>Opening net asset value per share</b>	134.95	120.75	114.14
Return before operating charges <sup>^</sup>	-43.24	15.55	7.68
Operating charges	-1.07	-1.35	-1.07
Return after operating charges <sup>^</sup>	-44.31	14.20	6.61
Distributions	-0.52	-1.18	-1.13
Retained distributions on accumulation shares	0.52	1.18	1.13
<b>Closing net asset value per share</b>	<b>90.64</b>	<b>134.95</b>	<b>120.75</b>
<sup>^</sup> After direct transaction costs of	-0.19	-0.12	-0.08
<b>Performance</b>			
Return after charges	-32.83%	11.76%	5.79%
<b>Other information</b>			
Closing net asset value	\$57,205,280	\$104,741,366	\$101,790,526
Closing number of shares	63,111,083	77,613,289	84,297,908
Operating charges	0.92%	0.94%	0.93%
Ongoing operating charges*	0.94%	0.94%	0.93%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	140.10	163.36	130.34
Lowest share price	90.50	121.05	84.08

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was US\$1.1163 (2021: \$1.3483, 2020: \$1.2928).

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation EUR		
	30.09.22 € c	30.09.21 € c	30.09.20 € c
<b>Opening net asset value per share</b>	142.61	126.21	125.81
Return before operating charges <sup>^</sup>	-25.55	17.79	1.56
Operating charges	-1.21	-1.39	-1.16
Return after operating charges <sup>^</sup>	-26.76	16.40	0.40
Distributions	0.00	-1.26	-1.17
Retained distributions on accumulation shares	0.00	1.26	1.17
<b>Closing net asset value per share</b>	<b>115.85</b>	<b>142.61</b>	<b>126.21</b>
<sup>^</sup> After direct transaction costs of	-0.21	-0.12	-0.09
<b>Performance</b>			
Return after charges	-18.76%	12.99%	0.32%
<b>Other information</b>			
Closing net asset value	€31,931	€510,608	€407,470
Closing number of shares	27,562	358,040	322,853
Operating charges	0.92%	0.94%	0.93%
Ongoing operating charges*	0.94%	0.94%	0.93%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	150.26	165.93	140.95
Lowest share price	116.56	126.51	96.26

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was € 1.1395 (2021: € 1.1634, 2020: € 1.1025).

	B Accumulation DKK		
	30.09.22 ore	30.09.21 ore	30.09.20 ore
<b>Opening net asset value per share</b>	2,806.83	2,484.98	2,535.15
Return before operating charges <sup>^</sup>	-555.54	346.63	-29.37
Operating charges	-21.41	-24.78	-20.80
Return after operating charges <sup>^</sup>	-576.95	321.85	-50.17
Distributions	-15.25	-27.20	-25.83
Retained distributions on accumulation shares	15.25	27.20	25.83
<b>Closing net asset value per share</b>	<b>2,229.88</b>	<b>2,806.83</b>	<b>2,484.98</b>
<sup>^</sup> After direct transaction costs of	-4.11	-2.33	-1.73
<b>Performance</b>			
Return after charges	-20.56%	12.95%	-1.98%
<b>Other information</b>			
Closing net asset value	kr 126,892,249	kr 159,723,922	kr 141,409,028
Closing number of shares	5,690,549	5,690,549	5,690,549
Operating charges	0.83%	0.85%	0.84%
Ongoing operating charges*	0.85%	0.85%	0.84%
Direct transaction costs	0.16%	0.08%	0.07%
<b>Prices</b>			
Highest share price	2,955.92	3,265.61	2,843.35
Lowest share price	2,243.46	2,490.47	1,903.96

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was kr. 8.4726 (2021: kr.8.6511 2020: kr.8.2064).

## Comparative Tables

continued

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.

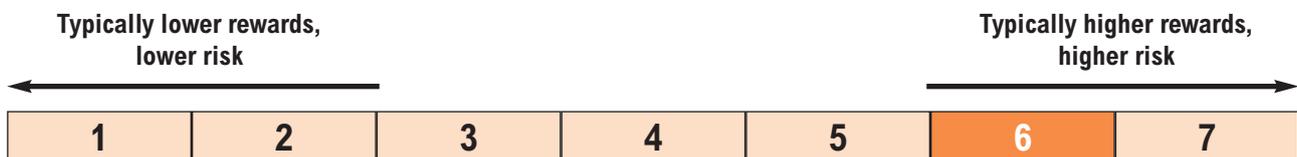
\*The Net Asset Value of the Sub-fund has increased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily Net Asset Values for the last month of the year has the effect of increasing the operating charges by 0.02%. The ACD believes this to be more representative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

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

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

## Risk and Reward Profile

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



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

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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

## Risk warning

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

# MI Somerset Global Emerging Markets Fund

## Statement of Total Return

for the year ended 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
Income					
Net capital (losses)/gains	2		(63,093,177)		18,080,571
Revenue	3	4,861,227		6,542,502	
Expenses	4	(2,735,416)		(3,064,105)	
Interest payable and similar charges	4	(57)		(407)	
Net revenue before taxation		2,125,754		3,477,990	
Taxation	5	(1,352,314)		(664,087)	
Net revenue after taxation			773,440		2,813,903
<b>Total return before distributions</b>			<b>(62,319,737)</b>		<b>20,894,474</b>
Distributions	6		(1,628,106)		(2,813,949)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(63,947,843)</b>		<b>18,080,525</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2022

	£	30.09.22 £	£	30.09.21 £
<b>Opening net assets attributable to Shareholders</b>		<b>333,788,375</b>		<b>299,031,861</b>
Amounts receivable on issue of shares	53,768,306		76,892,056	
Less: Amounts payable on cancellation of shares	(67,840,608)		(63,077,914)	
		(14,072,302)		13,814,142
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(63,947,843)		18,080,525
Retained distribution on accumulation shares		1,531,463		2,861,847
<b>Closing net assets attributable to Shareholders</b>		<b>257,299,693</b>		<b>333,788,375</b>

The notes on pages 23 to 30 form an integral part of these Financial Statements.

# MI Somerset Global Emerging Markets Fund

## Balance Sheet

as at 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			254,064,312		326,782,416
<b>Current Assets</b>					
Debtors	7	812,796		4,914,505	
Cash and bank balances	9	3,979,188		5,614,857	
<b>Total current assets</b>			<b>4,791,984</b>		<b>10,529,362</b>
<b>Total assets</b>			<b>258,856,296</b>		<b>337,311,778</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Bank overdrafts	9	(17,624)		(32,186)	
Distribution payable		(4,856)		(20,142)	
Other creditors	8	(1,534,123)		(3,471,075)	
<b>Total creditors</b>			<b>(1,556,603)</b>		<b>(3,523,403)</b>
<b>Total liabilities</b>			<b>(1,556,603)</b>		<b>(3,523,403)</b>
<b>Net assets attributable to Shareholders</b>			<b>257,299,693</b>		<b>333,788,375</b>

The notes on pages 23 to 30 form an integral part of these Financial Statements.

# MI Somerset Global Emerging Markets Fund

## Notes to the Financial Statements

for the year ended 30 September 2022

### 1. Accounting Policies

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

<b>2. Net Capital (Losses)/Gains</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Non-derivative securities	(62,886,513)	18,298,607
Currency losses	(153,209)	(159,507)
Transaction charges	(53,455)	(58,529)
<b>Net capital (losses)/gains</b>	<b>(63,093,177)</b>	<b>18,080,571</b>

<b>3. Revenue</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Overseas dividends	4,644,822	6,333,251
Taxable overseas dividends	206,150	209,251
Bank interest	10,255	–
<b>Total revenue</b>	<b>4,861,227</b>	<b>6,542,502</b>

<b>4. Expenses</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	233,978	249,142
Registration fee	55,400	65,420
	<u>289,378</u>	<u>314,562</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	2,241,404	2,499,824
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	57,796	60,821
Safe custody and other bank charges	94,738	88,792
	<u>152,534</u>	<u>149,613</u>

## Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.22 £	30.09.21 £
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,739
Tax compliance services (including VAT)	2,163	1,978
	11,557	10,717
Other expenses:		
Legal fees	38,295	86,948
Printing costs	2,248	2,441
	40,543	89,389
<b>Expenses</b>	<b>2,735,416</b>	<b>3,064,105</b>
Interest payable and similar charges	57	407
<b>Total</b>	<b>2,735,473</b>	<b>3,064,512</b>

5. Taxation	30.09.22 £	30.09.21 £
(a) Analysis of charge in the year:		
Capital gains tax on Indian trades	854,629	–
Overseas tax	497,685	664,087
<b>Total tax charge (note 5b)</b>	<b>1,352,314</b>	<b>664,087</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	2,125,754	3,477,990
Corporation tax at 20%	425,151	695,598
Effects of:		
Capital gains tax on Indian trades	854,629	–
Adjustments in respect of prior periods	(3,342)	–
Movement in surplus management expenses	513,340	577,330
Overseas tax expensed	497,685	664,087
Unutilised double taxation relief	(6,185)	(6,278)
Non-taxable overseas earnings	(928,964)	(1,266,650)
<b>Total tax charge (note 5a)</b>	<b>1,352,314</b>	<b>664,087</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £4,206,347 (2021: £3,693,007) in relation to surplus management expenses of £21,031,734 (2021: £18,477,084). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements

continued

### 6. Distributions

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

		<b>30.09.22</b>	<b>30.09.21</b>
		£	£
Interim distribution	31.03.22	–	480,644
Final distribution	30.09.22	1,536,319	2,405,558
		<hr/> 1,536,319	<hr/> 2,886,202
Revenue deducted on cancellation of shares		163,134	106,974
Revenue received on issue of shares		(71,347)	(179,227)
<b>Distributions</b>		<hr/> <b>1,628,106</b>	<hr/> <b>2,813,949</b>

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

Net revenue after taxation per Statement of Total Return		773,440	2,813,903
Capital gains tax on Indian trades		854,629	–
Undistributed revenue brought forward		64	110
Undistributed revenue carried forward		(27)	(64)
<b>Distributions</b>		<hr/> <b>1,628,106</b>	<hr/> <b>2,813,949</b>

### 7. Debtors

		<b>30.09.22</b>	<b>30.09.21</b>
		£	£
Amounts receivable on issues		151,582	1,709,445
Currency deals outstanding		553,680	1,842,941
Sales awaiting settlement		–	869,725
Accrued income:			
Dividends receivable		94,092	232,323
Overseas tax recoverable		13,442	260,071
<b>Total debtors</b>		<hr/> <b>812,796</b>	<hr/> <b>4,914,505</b>

# MI Somerset Global Emerging Markets Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	188,997	151,975
Currency deals outstanding	553,291	1,843,261
Purchases awaiting settlement	553,680	1,186,762
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	18,268	21,376
Registration fee	4,326	5,001
	<u>22,594</u>	<u>26,377</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	165,703	208,679
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	9,117	10,419
Safe custody and other bank charges	16,075	15,459
	<u>25,192</u>	<u>25,878</u>
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,739
Tax compliance services (including VAT)	2,163	1,978
	<u>11,557</u>	<u>10,717</u>
Other accrued expenses:		
Legal fees	12,015	16,326
Printing costs	1,094	1,100
	<u>13,109</u>	<u>17,426</u>
<b>Total other creditors</b>	<b><u>1,534,123</u></b>	<b><u>3,471,075</u></b>
<b>9. Cash and Bank Balances</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	3,979,188	5,614,857
Overdraft positions	(17,624)	(32,186)
<b>Cash and bank balances</b>	<b><u>3,961,564</u></b>	<b><u>5,582,671</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Maitland Institutional Services Limited ('MISL') 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.

Authorised Corporate Director and other fees payable to Maitland Institutional Services Limited ('the ACD') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

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

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: none).

### 12. Risk Management Policies and Disclosures

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

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

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

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £25,406,431 (2021: £32,678,242).

## Notes to the Financial Statements

continued

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

#### Currency risk

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

<b>Currency</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Brazilian real	16,990,033	20,846,574
Chinese renminbi	27,819,371	41,883,732
Euro	10,431,445	8,871,977
Hong Kong dollar	73,720,002	67,651,063
Indian rupee	39,095,452	57,170,249
Indonesian rupiah	7,509,459	–
Mexican peso	7,390,520	8,749,156
Polish zloty	–	205,911
Pound sterling	3,126,105	5,399,670
Saudi riyal	11,715,175	1,188,545
South African rand	6,842,517	14,416,729
South Korean won	12,382,045	24,890,238
Taiwanese dollar	21,106,971	36,040,415
United Arab Emirates dirham	–	2,637,635
United States dollar	19,170,598	43,836,481
	<b>257,299,693</b>	<b>333,788,375</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £25,417,395 (2021: £32,838,811).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.22

Analysis of purchases	Total purchase cost £	Commissions paid £	Commissions paid %	Taxes £	Taxes %	Purchases before transaction cost £
Equities	154,900,785	80,534	0.05	123,189	0.08	154,697,062
Corporate actions	(141,030)	–	0.00	–	0.00	(141,030)
<b>Total purchases after commissions and tax</b>	<b>154,759,755</b>					
Analysis of sales	Net sale proceeds £	Commissions paid £	Commissions paid %	Taxes £	Taxes %	Sales before transaction cost £
Equities	164,591,323	89,376	0.05	180,747	0.11	164,861,446
<b>Total sales after commissions and tax</b>	<b>164,591,323</b>					
Commission as a % of average net assets	0.06%					
Taxes as a % of the average net assets	0.10%					

30.09.21

Analysis of purchases	Total purchase cost £	Commissions paid £	Commissions paid %	Taxes £	Taxes %	Purchases before transaction cost £
Equities	119,262,479	63,873	0.05	50,491	0.04	119,148,115
<b>Total purchases after commissions and tax</b>	<b>119,262,479</b>					
Analysis of sales	Net sale proceeds £	Commissions paid £	Commissions paid %	Taxes £	Taxes %	Sales before transaction cost £
Equities	106,187,328	76,525	0.07	87,872	0.08	106,351,725
<b>Total sales after commissions and tax</b>	<b>106,187,328</b>					
Commission as a % of average net assets	0.04%					
Taxes as a % of the average net assets	0.04%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 17 to 20. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2022 is 0.10% (2021: 0.10%).

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

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

Share Class	30.09.22	16.01.23	% Movement
A Accumulation GBP	226.28	240.68	6.37%
B Income GBP*	213.33	227.38	6.59%
B Accumulation GBP	245.69	262.14	6.70%
B Accumulation USD	81.87	87.28	6.62%
B Accumulation EUR	102.52	109.30	6.61%
B Accumulation DKK	265.35	282.96	6.63%

\*adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

Valuation technique	30.09.22		30.09.21	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	254,064,312	–	326,782,416	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>254,064,312</b>	<b>–</b>	<b>326,782,416</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 Accumulation GBP	B Income GBP	B Accumulation GBP
Opening number of shares	89,573	1,069,556	77,981,460
Shares issued	757	17,251	18,250,085
Shares cancelled	(38,513)	(647,241)	(18,257,753)
<b>Closing number of shares</b>	<b>51,817</b>	<b>439,566</b>	<b>77,973,792</b>

	B Accumulation USD	B Accumulation EUR	B Accumulation DKK
Opening number of shares	77,613,289	358,040	5,690,549
Shares issued	5,613,649	–	–
Shares cancelled	(20,115,855)	(330,478)	–
<b>Closing number of shares</b>	<b>63,111,083</b>	<b>27,562</b>	<b>5,690,549</b>

# MI Somerset Global Emerging Markets Fund

## Distribution Tables

for the year ended 30 September 2022

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution paid/payable 2022	Distribution paid 2021
B GBP	Interim	Group 1	–	–	–	0.3751p
		Group 2	–	–	–	0.3751p
	Final	Group 1	1.1047p	–	1.1047p	1.8832p
		Group 2	0.7654p	0.3393p	1.1047p	1.8832p

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2022	Amount reinvested 2021
A GBP	Interim	Group 1	–	–	–	–
		Group 2	–	–	–	–
	Final	Group 1	–	–	–	0.3776p
		Group 2	–	–	–	0.3776p
B GBP	Interim	Group 1	–	–	–	0.4696p
		Group 2	–	–	–	0.4696p
	Final	Group 1	1.4571p	–	1.4571p	2.1577p
		Group 2	0.6938p	0.7633p	1.4571p	2.1577p
B USD	Interim	Group 1	–	–	–	0.2147\$c
		Group 2	–	–	–	0.2147\$c
	Final	Group 1	0.5197\$c	–	0.5197\$c	0.9701\$c
		Group 2 <sup>^</sup>	0.5197\$c	–	0.5197\$c	0.9701\$c
B EUR	Interim	Group 1	–	–	–	0.2354€ c
		Group 2	–	–	–	0.2354€ c
	Final	Group 1	–	–	–	1.0243€ c
		Group 2	–	–	–	1.0243€ c
B DKK	Interim	Group 1	–	–	–	5.7814ore
		Group 2	–	–	–	5.7814ore
	Final	Group 1	15.2456ore	–	15.2456ore	21.4193ore
		Group 2 <sup>^</sup>	15.2456ore	–	15.2456ore	21.4193ore

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

Interim period: 01.10.21 - 31.03.22

Final period: 01.04.22 - 30.09.22

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

### Investment objective

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

### Investment policy

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

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

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

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

## Investment Manager's Report

for the year ended 30 September 2022

During the 12-month period ended 30 September 2022, the Sub-fund underperformed the MSCI Emerging Markets Total Return Net Index by -12.40%. The Sub-fund's GBP Accumulation Class<sup>1</sup> unit price at Net Asset Value was down -25.57% in sterling terms whereas the market was down -13.17%.

While there have been numerous headwinds for global equity markets in the past twelve months, Global events over the period have been dominated by the Russian invasion of the Ukraine and the international impact of the war. Other political issues also continue to impact markets with President Xi's ongoing zero COVID-19 policy providing Chinese financial markets with significant headwinds. International pressures, such as Nancy Pelosi, the speaker of the US House of Representatives, who visited Taiwan in September 2022, have further hindered equity performance. China's response was to send an unprecedented level of shipping and aircraft nearer to the island than they had previously dared, hampering international trade routes. The US also confirmed regulation that limits the amount of Chinese materials that will be allowed in products sold to the US, which would exclude some companies (such as Korean battery manufacturers) from selling to the US unless exemptions are given.

Turnover over the period has been slightly elevated versus the longer term, primarily owing to our desire to take advantage of suppressed pricing presented during the market volatility. Some examples of stocks added over the period include Universal Vision Biotechnology in Taiwan, which is the country's leading eye care chain. It continues to launch new stores in Taiwan but the more significant long-term growth potential comes from China. With 700 million Chinese estimated to be eligible for refractive surgery there is a huge potential market to address, and Universal Vision steers clear of its key competition, Aier, by focusing on the East of the country alone. Universal Vision operates a mixture of self-owned clinics and hospital partnerships in China, and expansion has been relatively conservative due to ongoing concerns about lockdown and their impact on patient visits. Ultimately the company aims to open 50 clinics in Eastern China, either partnered with hospitals or standalone, over the medium term with margins rising to 23% in their current Chinese operations (compared to 29% in Taiwan). With a return on equity of over 30% and a 2% dividend yield supported by earnings growth expected to be at 25% over the next few years, we thought the company offered attractive exposure to China although listed in Taiwan. The purchase was funded by marginally reducing several other holdings that had performed well.

## Investment Manager's Report

continued

We also purchased Aspeed Technology, the global leader in the baseboard management controllers of datacenters. We expect Taiwan Semiconductor to perform well, but the accelerating demand from datacenters and new Intel platform should benefit Aspeed and also be supported by sufficient wafer supply from Taiwan Semiconductor. Aspeed may also be protected from any slowdown in demand seen in some of Taiwan Semiconductor's legacy products, as Aspeed has a greater proportion of sales and pricing supported by its first mover technology advantage. While the aggregate of the two holdings is above 6%, we feel this gives us a more balanced exposure to the region's technology than we would have had if investing in a typically overweight position in Taiwan Semiconductor alone, which has a 6% weighting in the emerging markets index.

A final example of a purchase, added in September 2022, is ADNOC Drilling, the newly-listed subsidiary of ADNOC Group (Abu Dhabi National Oil Company) which acts primarily as the vehicle that owns oil rigs and leases them to its parent, generating 85% revenue and 93% EBITDA. Secondly ADNOC provides oilfield services (15% revenue, 7% EBITDA), as a result almost all revenues come from ADNOC, its parent company. As a key component of the UAE's hydrocarbon industry ADNOC Drilling will benefit from the country's strategic goal of increasing oil production to 5m barrels per day (up from 3m barrels per day) and gas production to 1 billion cubic feet per day by 2030. Management are cognisant of sustainability and have a strategy in place to improve efficiency and reduce GHG intensity in line with the Paris Agreement and their reporting is in line with best practice. ADNOC Drilling gives us exposure to oil with low volatility and a good valuation on cash flow and dividend measures.

Over the reporting period the most significant portfolio country draw down was due to our exposure to Russia and other connected countries, where prior to the invasion we had rebalanced our Russian exposure significantly. Our exposure steadily decreased throughout 2021, in part due to elevated valuations and the rise in geopolitical risk. We first sold X5 Retail in June and then Sberbank in November 2021, the latter as a direct result of mounting tensions between Russia and Ukraine. These sales were vindicated following significant falls in Russian equities in the final weeks of 2021. By the beginning of 2022 we held only one Russian position, Novatek, the world's largest independent gas producer, which at the time was benefitting from a strong growth outlook for gas demand and pricing. We had tracked two other Russian companies, TCS Group and HeadHunter, for some time but had held off executing purchases owing to excessive valuations. TCS Group is one of the world's few profitable digital banks while HeadHunter is an online recruitment business. Importantly, both have domestic-facing businesses, strong balance sheets and neither have state affiliations. From a macro perspective, Russia's strong financial position with over \$600bn in FX reserves and a budget based on \$50 oil gave us further confidence that gradually increasing exposure was justified. Hence, from our bottom-up and top-down research we concluded that initiating small positions in TCS and HeadHunter in January 2022 following these falls (both stocks were down more than 35% in local currency terms) was reasonable. On reflection this was of course a mistake. Our base case remained that there would not be a full invasion of Ukraine and as such we felt that these high quality companies were undervalued. Indeed, even in the days prior to the invasion we consulted former security experts, who had just come back from visiting Russia and stated that it was incomprehensible that Russia would invade a sovereign nation. At a portfolio construction level, we did seek to manage our overall exposure to Russia by selling out completely of Coca Cola Hellenic, which has significant revenue exposure to Russia, and selling our position in OTP Bank in Hungary, which has 40% of its equity value in loans to Ukraine and Russia. We also sold out of our two companies in Kazakhstan, Kazatomprom and Kaspi Bank, which have significant indirect exposure to Russia.

Elsewhere, in July 2022 we sold out of Powergrid in India. It had performed well and recent sales of assets meant that there is less clarity as to how future growth is going to be generated, as the proceeds of sales of projects to its investment trust are yet to be allocated. The higher valuations above long-term averages and lack of visibility led to our sale.

Looking to late 2022 and beyond, we believe there are many opportunities in emerging markets for active managers to generate alpha. We see value in areas such as Brazil, where equities have sold off. Political risks have weighed on Brazilian equities in the near term and the uncertainty of the presidential elections – which proved too close to call – points to a potential earlier and faster interest rate hike. We believe Emerging Markets and our portfolio are well placed for the current environment, particularly relative to developed markets. We remain cautious in the immediate environment as recent slowdowns have been greater than we anticipated. China has been particularly disappointing as unemployment for 16-24 year olds has reached 19.3% in June from 18.4% in May, a record high, and a drought has led to power rationing in Sichuan as hydro-electric production is hampered. However, recent measures to stimulate the economy are likely to have some effect in the coming months and with valuations near decade lows we feel that there remains selective value to be found in equities there. Elsewhere

## Investment Manager's Report

continued

we maintain significant exposure to Brazil, which we have explained above, and electronics, largely in Taiwan and Korea. We acknowledge that we remain hostage to international investor sentiment, but feel that the recent sell-off is more a reflection of risk aversion than the underlying fundamentals of emerging markets.

<sup>1</sup>Net Asset Values of the Accumulation share classes are based on the published single price provided by Maitland Institutional Services Limited, the fund ACD and Administrator; historical prices for other share classes can be provided on request.

### **Kumar Pandit & Mark Williams**

Co-Lead Managers

19 October 2022

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

as at 30 September 2022

Holding	Security	Market value £	% of total net assets 2022
<b>TECHNOLOGY 28.09% (33.12%)</b>			
<b>Software and Computer Services 17.34% (15.16%)</b>			
26,000	Aspeed Technology	1,298,485	1.52
128,466	Beijing Kingsoft Office Software	3,263,785	3.82
180,196	HCL Technologies	1,850,039	2.17
18,212	IndiaMart Intermesh	894,005	1.05
42,790	Kaspi.kz's JSC GDR	2,211,756	2.59
2,421,091	Locaweb Servicos De Internet	3,608,841	4.23
55,000	Tencent	1,672,068	1.96
		<b>14,798,979</b>	<b>17.34</b>
<b>Technology Hardware and Equipment 10.75% (17.96%)</b>			
59,000	eMemory Technology	1,897,786	2.22
41,854	SK Hynix	2,177,761	2.55
331,250	Taiwan Semiconductor	3,944,198	4.62
350,000	Unimicron Technology	1,155,432	1.36
		<b>9,175,177</b>	<b>10.75</b>
<b>HEALTH CARE 12.03% (8.43%)</b>			
<b>Health Care Providers 2.64% (1.86%)</b>			
1,796,196	Hapvida Participacoes Investimentos	2,251,976	2.64
<b>Pharmaceuticals and Biotechnology 9.39% (6.57%)</b>			
4,245,200	CSPC Pharmaceutical	3,764,231	4.41
152,000	Universal Vision Biotechnology	1,211,581	1.42
335,200	WuXi AppTec	3,035,724	3.56
		<b>8,011,536</b>	<b>9.39</b>
<b>FINANCIALS 21.12% (24.34%)</b>			
<b>Banks 9.46% (16.04%)</b>			
100,037	Bank of Georgia	1,986,735	2.33
53,607,068	Guaranty Trust Bank	1,223,300	1.43
496,300	Kasikornbank	1,691,395	1.98
116,013	KB Financial	3,174,390	3.72
		<b>8,075,820</b>	<b>9.46</b>
<b>Finance and Credit Services 2.20% (4.49%)</b>			
460,000	Chailease	2,368,705	2.78
74,645	Housing Development Finance	1,880,468	2.20
		<b>42,491,73</b>	<b>4.98</b>
<b>Investment Banking and Brokerage Services 9.46% (2.30%)</b>			
209,610	Angel One	3,143,735	3.68
83,300	Hong Kong Exchanges and Clearing	2,560,942	3.00
		<b>5,704,677</b>	<b>6.68</b>
<b>Life Insurance 0.00% (1.51%)</b>			

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
	<b>CONSUMER DISCRETIONARY 16.37% (2.63%)</b>		
	<b>Automobiles and Parts 2.84% (0.00%)</b>		
990,000	China Meidong Auto	1,400,922	1.64
199,576	Shenzhen Kedali Industry	2,425,146	2.84
		<hr/>	
		3,826,068	4.48
	<b>Consumer Services 2.16% (0.00%)</b>		
1,178,705	Indian Energy Exchange	1,843,755	2.16
	<b>Household Goods and Home Construction 2.22% (0.00%)</b>		
219,000	Techtronic Industries	1,894,394	2.22
	<b>Retailers 6.13% (2.63%)</b>		
829,824	Lojas Renner	3,827,589	4.49
	<b>Travel and Leisure 3.02% (0.00%)</b>		
42,900	Copa	2,572,924	3.02
	<b>CONSUMER STAPLES 3.40% (7.72%)</b>		
	<b>Beverages 3.40% (7.72%)</b>		
12,252	Kweichow Moutai	2,897,597	3.40
	<b>INDUSTRIALS 9.77% (7.92%)</b>		
	<b>Electronic and Electrical Equipment 5.77% (4.27%)</b>		
38,223	Park Systems	2,326,286	2.73
834,477	Zhejiang Sanhua Intelligent Controls	2,592,224	3.04
		<hr/>	
		4,918,510	5.77
	<b>General Industrials 4.00% (0.00%)</b>		
371,900	Sunreisin New Materials	3,417,426	4.00
	<b>Industrial Engineering 0.00% (2.18%)</b>		
	<b>Industrial Support Services 0.00% (0.00%)</b>		
74,300	HeadHunter^	–	0.00
	<b>Industrial Transportation 0.00% (1.47%)</b>		
	<b>BASIC MATERIALS 0.00% (4.73%)</b>		
	<b>Industrial Metals and Mining 0.00% (4.73%)</b>		
	<b>ENERGY 6.98% (7.63%)</b>		
	<b>Oil, Gas and Coal 6.98% (7.63%)</b>		
2,194,573	ADNOC Drilling	1,814,449	2.13
908,900	Petro Rio	4,142,654	4.85
		<hr/>	
		5,957,103	6.98

# MI Somerset Emerging Markets Dividend Growth Fund

## Portfolio Statement

continued

<b> Holding</b>	<b> Security</b>	<b> Market value</b>	<b> % of total net assets</b>
		<b> £</b>	<b> 2022</b>
	<b> UTILITIES 0.00% (2.07%)</b>		
	<b> Electricity 0.00% (2.07%)</b>		
<hr/>			
	<b> Investment assets</b>	<b> 83,422,704</b>	<b> 97.76</b>
	<b> Net other assets</b>	<b> 1,913,446</b>	<b> 2.24</b>
<hr/>			
	<b> Net assets</b>	<b> 85,336,150</b>	<b> 100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.21.

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

## Comparative Tables

### Change in net assets per share

	A Income GBP		
	30.09.22 p	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	152.33	115.33	143.23
Return before operating charges <sup>^</sup>	-37.24	42.01	-23.83
Operating charges	-1.59	-1.69	-1.42
Return after operating charges <sup>^</sup>	-38.83	40.32	-25.25
Distributions	-1.77	-3.32	-2.65
<b>Closing net asset value per share</b>	<b>111.73</b>	<b>152.33</b>	<b>115.33</b>
<sup>^</sup> After direct transaction costs of	-0.26	-0.51	-0.10
<b>Performance</b>			
Return after charges	-25.49%	34.96%	-17.63%
<b>Other information</b>			
Closing net asset value	£15,653,452	£61,601,623	£186,076,068
Closing number of shares	14,009,913	40,439,979	161,337,262
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	153.83	156.51	148.21
Lowest share price	111.31	113.24	103.62

	A Accumulation GBP		
	30.09.22 p	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	202.69	150.38	182.49
Return before operating charges <sup>^</sup>	-50.18	54.52	-30.30
Operating charges	-2.12	-2.21	-1.81
Return after operating charges <sup>^</sup>	-52.30	52.31	-32.11
Distributions	-2.37	-4.33	-3.39
Retained distributions on accumulation shares	2.37	4.33	3.39
<b>Closing net asset value per share</b>	<b>150.39</b>	<b>202.69</b>	<b>150.38</b>
<sup>^</sup> After direct transaction costs of	-0.35	-0.67	-0.13
<b>Performance</b>			
Return after charges	-25.80%	34.79%	-17.60%
<b>Other information</b>			
Closing net asset value	£58,674,813	£92,387,787	£195,396,380
Closing number of shares	39,015,998	45,581,898	129,935,360
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	204.54	205.49	188.84
Lowest share price	148.17	147.50	132.66

## Comparative Tables

continued

### Change in net assets per share

	B Income EUR		
	30.09.22 € c	30.09.21 <sup>^^</sup> € c	30.09.20 <sup>†</sup> € c
<b>Opening net asset value per share</b>	104.92	100.00	142.58
Return before operating charges <sup>^</sup>	-27.68	7.54	-16.68
Operating charges	-1.11	-1.21	-1.46
Return after operating charges <sup>^</sup>	-28.79	6.33	-18.14
Distributions	-1.20	-1.41	-0.89
<b>Closing net asset value per share</b>	<b>74.93</b>	<b>104.92</b>	<b>0.00</b>
<sup>^</sup> After direct transaction costs of	-0.18	-0.37	-0.11
<b>Performance</b>			
Return after charges	-27.44%	6.33%	-12.72%
<b>Other information</b>			
Closing net asset value	€ 9,672	€ 6,947	–
Closing number of shares	12,908	6,621	–
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	107.61	108.18	152.73
Lowest share price	75.45	97.41	98.44

<sup>†</sup>On 23 July 2020 all shares in B Income EUR Share Class were redeemed.

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

	B Accumulation EUR		
	30.09.22 € c	30.09.21 € c	30.09.20 € c
<b>Opening net asset value per share</b>	199.13	140.66	174.21
Return before operating charges <sup>^</sup>	-51.98	60.61	-31.80
Operating charges	-2.12	-2.14	-1.75
Return after operating charges <sup>^</sup>	-54.10	58.47	-33.55
Distributions	-2.30	-4.28	-3.19
Retained distributions on accumulation shares	2.30	4.28	3.19
<b>Closing net asset value per share</b>	<b>145.03</b>	<b>199.13</b>	<b>140.66</b>
<sup>^</sup> After direct transaction costs of	-0.35	-0.65	-0.13
<b>Performance</b>			
Return after charges	-27.17%	41.57%	-19.26%
<b>Other information</b>			
Closing net asset value	€ 187,463	€ 486,000	€ 403,576
Closing number of shares	129,260	244,064	286,917
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	204.13	202.30	186.61
Lowest share price	144.35	139.21	120.28

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was € 1.1395 (2021: € 1.1634, 2020: € 1.1025).

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

continued

### Change in net assets per share

	B Income USD		
	30.09.22 \$c	30.09.21 \$c	30.09.20 \$c
<b>Opening net asset value per share</b>	108.22	78.50	90.89
Return before operating charges <sup>^</sup>	-40.62	33.31	-9.66
Operating charges	-1.08	-1.22	-0.95
Return after operating charges <sup>^</sup>	-41.70	32.09	-10.61
Distributions	-1.09	-2.37	-1.78
<b>Closing net asset value per share</b>	<b>65.43</b>	<b>108.22</b>	<b>78.50</b>
<sup>^</sup> After direct transaction costs of	-0.18	-0.37	-0.07
<b>Performance</b>			
Return after charges	-38.53%	40.88%	-11.67%
<b>Other information</b>			
Closing net asset value	\$135,950	\$224,864	\$181,273
Closing number of shares	207,785	207,785	230,912
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	109.90	115.04	101.22
Lowest share price	65.53	77.35	63.11

	B Accumulation USD		
	30.09.22 \$c	30.09.21 \$c	30.09.20 \$c
<b>Opening net asset value per share</b>	140.69	100.70	116.68
Return before operating charges <sup>^</sup>	-52.89	41.55	-14.78
Operating charges	-1.41	-1.56	-1.20
Return after operating charges <sup>^</sup>	-54.30	39.99	-15.98
Distributions	-1.42	-3.27	-2.24
Retained distributions on accumulation shares	1.42	3.27	2.24
<b>Closing net asset value per share</b>	<b>86.39</b>	<b>140.69</b>	<b>100.70</b>
<sup>^</sup> After direct transaction costs of	-0.23	-0.48	-0.09
<b>Performance</b>			
Return after charges	-38.60%	39.71%	-13.70%
<b>Other information</b>			
Closing net asset value	\$540,615	\$929,580	\$56,727,174
Closing number of shares	625,787	660,715	56,335,099
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	142.87	147.58	127.38
Lowest share price	85.53	99.21	79.42

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was US\$1.1163 (2021: \$1.3483, 2020: \$1.2928).

# MI Somerset Emerging Markets Dividend Growth Fund

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation AUD		
	30.09.22 \$c	30.09.21 \$c	30.09.20 \$c
<b>Opening net asset value per share</b>	141.85	102.02	125.38
Return before operating charges <sup>^</sup>	-43.11	41.34	-22.08
Operating charges	-1.43	-1.51	-1.28
Return after operating charges <sup>^</sup>	-44.54	39.83	-23.36
Distributions	-0.97	-2.99	-2.40
Retained distributions on accumulation shares	0.97	2.99	2.40
<b>Closing net asset value per share</b>	<b>97.31</b>	<b>141.85</b>	<b>102.02</b>
<sup>^</sup> After direct transaction costs of	-0.23	-0.46	-0.09
<b>Performance</b>			
Return after charges	-31.40%	39.04%	-18.63%
<b>Other information</b>			
Closing net asset value	\$253,513	\$369,534	\$288,066
Closing number of shares	260,518	260,518	282,374
Operating charges	1.22%	1.18%	1.11%
Ongoing operating charges*	1.26%	1.25%	1.13%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	141.12	143.10	133.80
Lowest share price	95.90	102.11	100.36

	C Accumulation AUD		
	30.09.22 \$c	30.09.21 \$c	30.09.20 \$c
<b>Opening net asset value per share</b>	227.43	161.46	196.19
Return before operating charges <sup>^</sup>	-68.57	65.97	-34.73
Operating charges	0.00	0.00	0.00
Return after operating charges <sup>^</sup>	-68.57	65.97	-34.73
Distributions	-3.07	-5.24	-4.09
Retained distributions on accumulation shares	3.07	5.24	4.09
<b>Closing net asset value per share</b>	<b>158.86</b>	<b>227.43</b>	<b>161.46</b>
<sup>^</sup> After direct transaction costs of	-0.38	-0.73	-0.15
<b>Performance</b>			
Return after charges	-30.15%	40.86%	-17.70%
<b>Other information</b>			
Closing net asset value	\$17,505,741	\$27,731,597	\$35,203,731
Closing number of shares	11,019,349	12,193,631	21,803,082
Operating charges	0.00%	0.00%	0.00%
Ongoing operating charges*	0.00%	0.00%	0.00%
Direct transaction costs	0.20%	0.36%	0.08%
<b>Prices</b>			
Highest share price	226.78	229.34	210.08
Lowest share price	156.56	161.61	157.71

The foreign exchange rate used to calculate the Net Asset Value and the net distribution per share as at 30 September 2022 was AU\$1.7362 (2021: AU\$1.866, 2020: AU\$1.8037).

\*The Net Asset Value 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 Net Asset Values for the last month of the year has the effect of increasing the operating charges by 0.04%. The ACD believes this to be more representative of the charges going forward.

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

## Comparative Tables

continued

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in Notes to the financial statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid prices.

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

## Risk and Reward Profile

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



B Accumulation AUD and C Accumulation AUD are 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.



A Income GBP, A Accumulation GBP, B Income EUR, B Accumulation EUR, B Accumulation EUR, B Income USD and B Accumulation USD are ranked 6, because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further information please see the Prospectus.

## Risk warning

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

# MI Somerset Emerging Markets Dividend Growth Fund

## Statement of Total Return

for the year ended 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
Income					
Net capital (losses)/gains	2		(35,571,407)		93,181,989
Revenue	3	2,368,453		7,606,767	
Expenses	4	(1,266,641)		(2,789,313)	
Interest payable and similar charges	4	–		(821)	
Net revenue before taxation		1,101,812		4,816,633	
Taxation	5	(680,797)		(1,948,118)	
Net revenue after taxation			421,015		2,868,515
<b>Total return before distributions</b>			<b>(35,150,392)</b>		<b>96,050,504</b>
Distributions	6		(1,610,044)		(6,073,121)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(36,760,436)</b>		<b>89,977,383</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2022

	£	30.09.22 £	£	30.09.21 £
<b>Opening net assets attributable to Shareholders</b>		<b>170,324,059</b>		<b>445,535,249</b>
Amounts receivable on issue of shares	8,962,267		15,138,678	
Less: Amounts payable on cancellation of shares	(58,340,403)		(383,301,152)	
		(49,378,136)		(368,162,474)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(36,760,436)		89,977,383
Retained distribution on accumulation shares		1,150,663		2,973,901
<b>Closing net assets attributable to Shareholders</b>		<b>85,336,150</b>		<b>170,324,059</b>

The notes on pages 45 to 52 form an integral part of these Financial Statements.

# MI Somerset Emerging Markets Dividend Growth Fund

## Balance Sheet

as at 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			83,422,704		167,915,920
<b>Current Assets</b>					
Debtors	7	960,233		1,094,755	
Cash and bank balances	9	1,810,611		3,194,470	
<b>Total current assets</b>			<b>2,770,844</b>		<b>4,289,225</b>
<b>Total assets</b>			<b>86,193,548</b>		<b>172,205,145</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Bank overdrafts	9	(102,744)		(34,569)	
Distribution payable		(182,516)		(836,573)	
Other creditors	8	(572,138)		(1,009,944)	
<b>Total creditors</b>			<b>(857,398)</b>		<b>(1,881,086)</b>
<b>Total liabilities</b>			<b>(857,398)</b>		<b>(1,881,086)</b>
<b>Net assets attributable to Shareholders</b>			<b>85,336,150</b>		<b>170,324,059</b>

The notes on pages 45 to 52 form an integral part of these Financial Statements.

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

for the year ended 30 September 2022

### 1. Accounting Policies

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

<b>2. Net Capital (Losses)/Gains</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Non-derivative securities	(35,279,268)	95,307,003
Currency losses	(252,655)	(1,958,923)
Transaction charges	(39,484)	(166,091)
<b>Net capital (losses)/gains</b>	<b>(35,571,407)</b>	<b>93,181,989</b>

<b>3. Revenue</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Overseas dividends	2,265,958	7,032,990
Taxable overseas dividends	98,495	573,777
Bank interest	4,000	–
<b>Total revenue</b>	<b>2,368,453</b>	<b>7,606,767</b>

<b>4. Expenses</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	98,078	207,293
Registration fee	126,185	167,978
	<u>224,263</u>	<u>375,271</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	958,313	2,234,765
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	27,950	52,066
Safe custody and other bank charges	36,909	71,387
	<u>64,859</u>	<u>123,453</u>

## Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.22	30.09.21
	£	£
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,738
Tax compliance services (including VAT)	2,163	1,978
	11,557	10,716
Other expenses:		
Legal fees	39,796	80,083
Printing costs	4,495	4,723
	44,291	84,806
Total Ongoing charge (OCG) rebates accrued against expenses	(36,642)	(39,698)
<b>Expenses</b>	<b>1,266,641</b>	<b>2,789,313</b>
Interest payable and similar charges	–	821
<b>Total</b>	<b>1,266,641</b>	<b>2,790,134</b>

5. Taxation	30.09.22	30.09.21
	£	£
(a) Analysis of charge in the year:		
Capital gains tax on Indian trades	230,666	969,699
Overseas tax	450,131	978,419
<b>Total tax charge (note 5b)</b>	<b>680,797</b>	<b>1,948,118</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,101,812	4,816,633
Corporation tax at 20%	220,362	963,327
Effects of:		
Capital gains tax on Indian trades	230,666	969,699
Movement in surplus management expenses	235,784	460,520
Overseas tax expensed	450,131	978,419
Unutilised double taxation relief	(2,955)	(17,249)
Non-taxable overseas earnings	(453,191)	(1,406,598)
<b>Total tax charge (note 5a)</b>	<b>680,797</b>	<b>1,948,118</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £15,205,469 (2021: £14,969,685) in relation to surplus management expenses of £76,027,345 (2021: £74,848,425). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

continued

### 6. Distributions

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

		<b>30.09.22</b>	<b>30.09.21</b>
		<b>£</b>	<b>£</b>
Interim distribution	31.03.22	427,470	2,226,548
Final distribution	30.09.22	994,508	2,304,825
		<hr/> 1,421,978	<hr/> 4,531,373
Revenue deducted on cancellation of shares		226,467	1,625,340
Revenue received on issue of shares		(38,401)	(83,592)
<b>Distributions</b>		<hr/> <b>1,610,044</b>	<hr/> <b>6,073,121</b>

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

Net revenue after taxation per Statement of Total Return		421,015	2,868,515
Expenses allocated to capital		958,313	2,234,765
Capital gains tax on Indian trades		230,666	969,699
Undistributed revenue brought forward		69	211
Undistributed revenue carried forward		(19)	(69)
<b>Distributions</b>		<hr/> <b>1,610,044</b>	<hr/> <b>6,073,121</b>

### 7. Debtors

		<b>30.09.22</b>	<b>30.09.21</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		109,080	46,967
Sales awaiting settlement		567,155	–
Accrued income:			
Dividends receivable		125,702	376,923
Overseas tax recoverable		149,665	660,606
Total ongoing charge (OGC) rebate		2,052	5,812
Prepaid expenses:			
Legal fee		6,579	4,447
<b>Total debtors</b>		<hr/> <b>960,233</b>	<hr/> <b>1,094,755</b>

# MI Somerset Emerging Markets Dividend Growth Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	451,601	816,717
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	6,187	11,319
Registration fee	9,419	11,714
	15,606	23,033
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	59,478	116,494
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	3,717	6,154
Safe custody and other bank charges	4,938	9,781
	8,655	15,935
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,738
Tax compliance services (including VAT)	2,163	1,978
	11,557	10,716
Other expenses:		
Legal fees	23,406	25,149
Printing costs	1,835	1,900
	25,241	27,049
<b>Total other creditors</b>	<b>572,138</b>	<b>1,009,944</b>
<b>9. Cash and Bank Balances</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	1,810,611	3,194,470
Overdraft positions	(102,744)	(34,569)
<b>Cash and bank balances</b>	<b>1,707,867</b>	<b>3,159,901</b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Maitland Institutional Services Limited ('MISL') 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.

Authorised Corporate Director and other fees payable to Maitland Institutional Services Limited ('the ACD') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

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

Amounts receivable from the Investment Manager for Total ongoing charge rebates accrued against expenses are disclosed in note 4 and amounts due at the year end are shown in note 7.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: none).

### 12. Risk Management Policies and Disclosures

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

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

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

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £8,342,270 (2021: £16,791,592).

## Notes to the Financial Statements

continued

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

#### Currency risk

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

<b>Currency</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Australian dollar	58,283	1,734
Brazilian real	13,852,674	17,434,268
Chilean peso	–	2,732,768
Chinese renminbi	17,642,017	18,824,844
Euro	(48)	7,598,449
Hong Kong dollar	11,473,336	21,791,016
Hungarian forint	–	5,026,122
Indian rupee	9,696,541	21,329,747
Nigerian naira	2,406,875	3,762,541
Polish zloty	149,665	377,963
Pound sterling	1,609,984	2,446,507
South African rand	–	2,578,608
South Korean won	7,766,479	25,926,703
Taiwanese dollar	12,052,835	17,045,970
Thai baht	1,711,035	4,466,539
United States dollar	5,081,367	18,980,280
Unit Arab Emirates dirham	1,835,107	–
	<b>85,336,150</b>	<b>170,324,059</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £8,372,617 (2021: £16,787,755).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	55,176,662	30,481	0.06	28,375	0.05	55,117,806
Corporate Actions	(2,118)	–	0.00	–	0.00	(2,118)
<b>Total purchases after commissions and tax</b>	<b>55,174,544</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	104,385,909	64,026	0.06	110,214	0.11	104,560,149
<b>Total sales after commissions and tax</b>	<b>104,385,909</b>					
Commission as a % of average net assets	0.08%					
Taxes as a % of the average net assets	0.12%					

30.09.21

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	76,838,141	67,762	0.09	46,145	0.06	76,724,234
Corporate Actions	1,714,133	–	0.00	–	0.00	1,714,133
<b>Total purchases after commissions and tax</b>	<b>78,552,274</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	423,986,821	337,825	0.08	514,916	0.12	424,839,562
<b>Total sales after commissions and tax</b>	<b>423,986,821</b>					
Commission as a % of average net assets	0.15%					
Taxes as a % of the average net assets	0.21%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 38 to 42. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2022 is 0.16% (2021: 0.33%).

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

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

Share Class	30.09.22	16.01.23	% Movement
A Income GBP*	113.55	125.00	10.09%
A Accumulation GBP	151.08	166.44	10.16%
B Income EUR*	66.83	73.49	9.97%
B Accumulation EUR	127.86	140.83	10.14%
B Income USD*	59.56	65.54	10.03%
B Accumulation USD	77.75	85.79	10.35%
B Accumulation AUD	56.31	62.02	10.15%
C Accumulation AUD	91.92	101.59	10.52%

\*adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

Valuation technique	30.09.22		30.09.21	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	83,422,704	–	167,915,920	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>83,422,704</b>	<b>–</b>	<b>167,915,920</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	B Income EUR	B Accumulation EUR
Opening number of shares	40,439,979	45,581,898	6,621	244,064
Shares issued	470,331	4,764,375	10,064	–
Shares cancelled	(26,882,110)	(11,344,024)	(3,777)	(114,804)
Shares converted	(18,287)	13,749	–	–
<b>Closing number of shares</b>	<b>14,009,913</b>	<b>39,015,998</b>	<b>12,908</b>	<b>129,260</b>

	B Income USD	B Accumulation USD	B Accumulation AUD	C Accumulation AUD
Opening number of shares	207,785	660,715	260,518	12,193,631
Shares issued	–	–	–	198,096
Shares cancelled	–	(34,928)	–	(1,372,378)
Shares converted	–	–	–	–
<b>Closing number of shares</b>	<b>207,785</b>	<b>625,787</b>	<b>260,518</b>	<b>11,019,349</b>

# MI Somerset Emerging Markets Dividend Growth Fund

## Distribution Tables

for the year ended 30 September 2022

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution paid/payable 2022	Distribution paid 2021
A GBP	Interim	Group 1 Group 2	0.4819p 0.1299p	– 0.3520p	0.4819p 0.4819p	1.2569p 1.2569p
	Final	Group 1 Group 2	1.2920p 0.5028p	– 0.7892p	1.2920p 1.2920p	2.0629p 2.0629p
B EUR	Interim	Group 1 Group 2	0.3350€ c 0.1636€ c	– 0.1714€ c	0.3350€ c 0.3350€ c	– –
	Final	Group 1 Group 2^	0.8683€ c 0.8683€ c	– –	0.8683€ c 0.8683€ c	1.4081€ c 1.4081€ c
B USD	Interim	Group 1 Group 2^	0.3325\$c 0.3325\$c	– –	0.3325\$c 0.3325\$c	0.9029\$c 0.9029\$c
	Final	Group 1 Group 2^	0.7572\$c 0.7572\$c	– –	0.7572\$c 0.7572\$c	1.4641\$c 1.4641\$c

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2022	Amount reinvested 2021
A GBP	Interim	Group 1 Group 2	0.6439p 0.1410p	– 0.5029p	0.6439p 0.6439p	1.6281p 1.6281p
	Final	Group 1 Group 2	1.7215p 0.7866p	– 0.9349p	1.7215p 1.7215p	2.7067p 2.7067p
B EUR	Interim	Group 1 Group 2^	0.6416€ c 0.6416€ c	– –	0.6416€ c 0.6416€ c	1.6141€ c 1.6141€ c
	Final	Group 1 Group 2^	1.6605€ c 1.6605€ c	– –	1.6605€ c 1.6605€ c	2.6627€ c 2.6627€ c
B USD	Interim	Group 1 Group 2^	0.4353\$c 0.4353\$c	– –	0.4353\$c 0.4353\$c	1.1572\$c 1.1572\$c
	Final	Group 1 Group 2^	0.9893\$c 0.9893\$c	– –	0.9893\$c 0.9893\$c	2.1091\$c 2.1091\$c
B AUD	Interim	Group 1 Group 2	– –	– –	– –	1.1014\$c 1.1014\$c
	Final	Group 1 Group 2^	0.9678\$c 0.9678\$c	– –	0.9678\$c 0.9678\$c	1.8918\$c 1.8918\$c
C AUD	Interim	Group 1 Group 2	0.9948\$c 0.4522\$c	– 0.5426\$c	0.9948\$c 0.9948\$c	1.9309\$c 1.9309\$c
	Final	Group 1 Group 2	2.0711\$c 0.9756\$c	– 1.0955\$c	2.0711\$c 2.0711\$c	3.3054\$c 3.3054\$c

^No Group 2 shares in this distribution period.

Interim period: 01.10.21 - 31.03.22

Final period: 01.04.22 - 30.09.22

## Distribution Tables

continued

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

### Investment objective

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

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

### Investment policy

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

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

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

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

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

## Investment Manager's Report

for the year ended 30 September 2022

The Sub-fund underperformed by -7.30% against the MSCI Emerging Markets Small Mid Cap Index during the 12 months to 30 September 2022. The Sub-fund's Accumulation Class<sup>1</sup> unit price at NAV fell by -16.50% in sterling terms whereas the MSCI Emerging Markets SMID Index fell by -9.20%.

The Sub-fund and markets had a difficult 12 months, primarily owing to the impact of Russia's invasion of Ukraine, particularly in the CEE and CIS region. The Sub-fund holds one Russian stock, HeadHunter, the leading online recruitment platform in Russia, through an ADR listed on the NASDAQ exchange. We sold the Sub-fund's position in TCS, the Russian digital bank, late last year after a strong period of performance. Trading in ADRs on the NASDAQ (including HeadHunter) has been halted since Monday 28 February and we have written the position down to zero. We are monitoring the situation closely as it develops and once trading in the security resumes, we are likely to look to exit the position in such a way as to best preserve the value of client assets.

Our indirect exposure to Russia also faced significant selling pressure. Wizz Air, the central and eastern European low-cost airline, had to shutter its operations in Ukraine after the Russian invasion. Demand for regional travel has also been adversely affected. CIB is the leading private-sector bank in Egypt, which faces rising pressure on its current account and currency driven, inter alia, by the spike in wheat prices and drop-off in Russian tourism. (Egypt is a major wheat importer.) We sold both positions as they now face structurally more challenging operating environments.

RHI Magnesita has also faced shorter-term difficulties in securing energy for some of its European facilities. The stock is now trading on just 1.1x price to book (versus its long run average of almost 3x). We added significantly to our position. RHI is a global company and the leader in its field. Its products are essential, (the steel industry cannot function without them). The company remains highly cash generative and retains a strong balance sheet.

## Investment Manager's Report

continued

Outside of Ukraine, Converge ICT, the Filipino broadband provider, was another significant stock detractor as the company faces rising competitive pressures. We have sold the stock as a result. Smaller-cap stocks in emerging markets can be punished severely when sentiment turns against them. Equally, the rallies can be powerful when gloomy perceptions turn out to be overdone. Repco Home Finance, our Indian mortgage lender, had declined by more than 40% in USD in the year to July 2022. Higher NPLs and credit costs last year in the wake of COVID-19 gave rise to asset quality concerns. However, the company lending is in almost all cases fully secured, with conservative loan-to-value limits, meaning that realised credit losses in the business were close to zero. We added to the position as the share price fell. The most recent set of results showed a sharp drop in provisions and lower NPLs and the shares rose 64% in USD in August 2022.

Gentera, our Mexican micro-lender, was the greatest contributor to relative performance over the period. We bought the stock in the middle of the COVID-19 crisis in late 2020. At the time, Gentera's borrowers (mostly women in rural areas running small businesses) were struggling because of COVID-related restrictions and the company's agents were unable to visit customers to do collections, hurting asset quality and profitability. The shares were trading at a distressed valuation of around 0.5x price to book. We took the view that the company had the necessary capital strength to weather the difficult period without a threat to its solvency until economic conditions normalised. That normalisation has now taken place and the shares have re-rated to 1.2x price to book, in line with their 5-year average multiple. While the stock is still not expensive, our rebound thesis has now largely played out and we took the decision to exit the position.

China Overseas Property Holdings ('COPH'), the property management company, also performed strongly despite ongoing negative sentiment towards China due to slowing economic growth and financial stress in the property development sector. The company benefits from recurring revenue streams from its management contracts and a low propensity to switch on the part of its customers. Its parent, a financially strong Chinese developer, provides a steady stream of new business, steadily adding to the recurring revenue stream. The business is capital-light, high-return and highly cash generative. COPH has been essentially unaffected by the financial difficulties of some over-leveraged players in the development sector. Valuation remains reasonable and we have maintained a full position.

More than three quarters of the stocks in the Sub-fund now trade at discounts to their 10-year average P/E; in more than half of cases, the discount is greater than 20%. These are for the most part businesses with strong balance sheets and profitability and an advantaged position in their industries. Owning these types of businesses at discounted valuations makes us optimistic about the outlook for returns from a bottom-up perspective. While macro headwinds for emerging markets remain (notably a very strong dollar), we think a lot of pain has now been taken, both economically (many emerging markets have been forced to raise interest rates more quickly than in the developed world) and in stock price terms.

<sup>1</sup>Net Asset Values of the Accumulation share classes are based on the published single price provided by Maitland Institutional Services Limited, the fund ACD and Administrator; historical prices for other share classes can be provided on request.

### Christopher White

Lead Manager

19 October 2022

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

as at 30 September 2022

Holding	Security	Market value £	% of total net assets 2022
	<b>TECHNOLOGY 11.54% (21.54%)</b>		
	<b>Software and Computer Services 4.85% (7.79%)</b>		
2,589	11 Bit Studios	242,305	2.05
2,030,648	My E.G. Services	331,491	2.80
		<hr/>	
		573,796	4.85
	<b>Technology Hardware and Equipment 6.69% (13.75%)</b>		
37,995	Advantech	314,648	2.66
5,248	Leeno Industrial	409,105	3.46
4,000	Parade Technologies	66,815	0.57
		<hr/>	
		790,568	6.69
	<b>TELECOMMUNICATIONS 4.46% (3.36%)</b>		
	<b>Telecommunications Service Providers 4.46% (3.36%)</b>		
174,760	FPT	526,764	4.46
	<b>HEALTH CARE 9.81% (3.55%)</b>		
	<b>Health Care Providers 2.76% (2.46%)</b>		
260,500	Hapvida Participacoes Investimentos	326,601	2.76
	<b>Pharmaceuticals and Biotechnology 7.05% (1.09%)</b>		
28,161	Ajanta Pharma	394,590	3.34
399,500	Mega Lifesciences	438,811	3.71
		<hr/>	
		833,401	7.05
	<b>FINANCIALS 15.68% (21.06%)</b>		
	<b>Banks 3.53% (10.48%)</b>		
21,010	Bank of Georgia	417,259	3.53
788,129	Security Bank Preferred Shares^	–	0.00
		<hr/>	
		417,259	3.53
	<b>Finance and Credit Services 3.41% (6.37%)</b>		
159,294	Repc Home Finance	403,357	3.41
	<b>Investment Banking and Brokerage Services 5.20% (1.90%)</b>		
122,076	JSE	615,290	5.20
	<b>Non-life Insurance 3.54% (2.31%)</b>		
113,484	Qualitas Controladora	419,083	3.54
	<b>REAL ESTATE 8.29% (4.28%)</b>		
	<b>Real Estate Investment and Services Development 8.29% (4.28%)</b>		
783,000	China Overseas Property Holdings	610,295	5.16
105,138	EZ Tec Empreendimentos e Participacoes	369,678	3.13
		<hr/>	
		979,973	8.29

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
	<b>CONSUMER DISCRETIONARY 13.47% (16.96%)</b>		
	<b>Automobiles and Parts 1.72% (2.05%)</b>		
144,000	China Meidong Auto	203,770	1.72
	<b>Household Goods and Home Construction 5.86% (4.21%)</b>		
35,000	Nien Made Enterprise	248,368	2.10
76,293	Zhejiang Supor	444,116	3.76
		692,484	5.86
	<b>Leisure Goods 2.20% (1.93%)</b>		
1,202	NCSOFT	260,031	2.20
	<b>Retailers 3.69% (4.98%)</b>		
39,248	Poya International	435,765	3.69
	<b>Travel and Leisure 0.00% (3.79%)</b>		
	<b>CONSUMER STAPLES 16.78% (10.29%)</b>		
	<b>Beverages 5.08% (1.46%)</b>		
71,000	Heineken Malaysia	325,626	2.75
34,800	Sichuan Swellfun	275,731	2.33
		601,357	5.08
	<b>Personal Care, Drug and Grocery Stores 11.70% (8.83%)</b>		
16,701	Abdullah Al Othaim Markets	491,405	4.16
37,880	Clicks	538,974	4.56
6,438	Dino Polska	352,412	2.98
		1,382,791	11.70
	<b>INDUSTRIALS 9.09% (11.65%)</b>		
	<b>Construction and Materials 6.59% (4.38%)</b>		
123,754	Beijing New Building Materials	375,988	3.18
230,539	Raubex	403,448	3.41
		779,436	6.59
	<b>Electronic and Electrical Equipment 2.50% (4.42%)</b>		
4,853	Park Systems	295,358	2.50
	<b>Industrial Support Services 0.00% (2.85%)</b>		
14,656	HeadHunter^	–	0.00
	<b>BASIC MATERIALS 3.95% (2.20%)</b>		
	<b>Chemicals 3.95% (2.20%)</b>		
27,701	RHI Magniesta	467,593	3.95

# MI Somerset Emerging Markets Discovery Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
	<b>UTILITIES 1.95% (1.68%)</b>		
	<b>Waste and Disposal Services 1.95% (1.68%)</b>		
54,000	Sunny Friend Environmental Technology	230,071	1.95
<b>Investment assets</b>		<b>11,234,748</b>	<b>95.02</b>
<b>Net other assets</b>		<b>588,933</b>	<b>4.98</b>
<b>Net assets</b>		<b>11,823,681</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.21.

^These are suspended securities and have been valued at the Manager's best assessment of their fair value.

## Comparative Tables

### Change in net assets per share

	A Income GBP		
	30.09.22 p	30.09.21 p	30.09.20 <sup>^^</sup> p
<b>Opening net asset value per share</b>	104.38	90.42	100.00
Return before operating charges <sup>^</sup>	-15.80	15.69	-7.98
Operating charges	-1.12	-1.25	-1.14
Return after operating charges <sup>^</sup>	-16.92	14.44	-9.12
Distributions	-1.02	-0.48	-0.46
<b>Closing net asset value per share</b>	<b>86.44</b>	<b>104.38</b>	<b>90.42</b>
<sup>^</sup> After direct transaction costs of	-0.20	-0.18	-0.25
<b>Performance</b>			
Return after charges	-16.21%	15.97%	-9.12%
<b>Other information</b>			
Closing net asset value	£324,348	£398,673	£297,062
Closing number of shares	375,233	381,935	328,545
Operating charges	1.15%	1.21%	1.23%
Ongoing operating charges*	0.78%	0.65%	1.25%
Direct transaction costs	0.21%	0.17%	0.27%
<b>Prices</b>			
Lowest share price	110.85	110.84	103.11
Highest share price	86.36	89.35	74.56

<sup>^^</sup>A Income share class was launched on 30 October 2019.

	A Accumulation GBP		
	30.09.22 p	30.09.21 p	30.09.20 <sup>^^</sup> p
<b>Opening net asset value per share</b>	106.05	91.13	100.00
Return before operating charges <sup>^</sup>	-15.79	16.18	-7.72
Operating charges	-1.14	-1.26	-1.15
Return after operating charges <sup>^</sup>	-16.93	14.92	-8.87
Distributions	-1.02	-0.50	-0.29
Retained distributions on accumulation shares	1.02	0.50	0.29
<b>Closing net asset value per share</b>	<b>89.12</b>	<b>106.05</b>	<b>91.13</b>
<sup>^</sup> After direct transaction costs of	-0.21	-0.18	-0.25
<b>Performance</b>			
Return after charges	-15.96%	16.37%	-8.87%
<b>Other information</b>			
Closing net asset value	£9,083,186	£10,121,399	£6,806,170
Closing number of shares	10,191,946	9,544,252	7,468,510
Operating charges	1.15%	1.21%	1.23%
Ongoing operating charges*	0.78%	0.65%	1.25%
Direct transaction costs	0.21%	0.17%	0.27%
<b>Prices</b>			
Highest share price	112.85	112.03	104.12
Lowest share price	88.14	90.07	74.74

<sup>^^</sup>A Accumulation share class was launched on 30 October 2019.

# MI Somerset Emerging Markets Discovery Fund

## Comparative Tables

continued

	A Accumulation EUR		
	30.09.22 € c	30.09.21 € c	30.09.20 <sup>^^</sup> € c
<b>Opening net asset value per share</b>	139.37	112.40	100.00
Return before operating charges <sup>^</sup>	-22.55	28.60	13.79
Operating charges	-1.53	-1.63	-1.39
Return after operating charges <sup>^</sup>	-24.08	26.97	12.40
Distributions	-1.25	-0.19	-0.45
Retained distributions on accumulation shares	1.25	0.19	0.45
<b>Closing net asset value per share</b>	<b>115.29</b>	<b>139.37</b>	<b>112.40</b>
<sup>^</sup> After direct transaction costs of	-0.28	-0.23	-0.30
<b>Performance</b>			
Return after charges	-17.28%	23.99%	12.40%
<b>Other information</b>			
Closing net asset value	€ 700,559	€ 66,609	€ 374,585
Closing number of shares	607,649	47,794	333,259
Operating charges	1.15%	1.21%	1.23%
Ongoing operating charges*	0.78%	0.65%	1.25%
Direct transaction costs	0.21%	0.17%	0.27%
<b>Prices</b>			
Highest share price	151.63	148.11	120.28
Lowest share price	114.80	112.02	100.00

<sup>^^</sup>A Accumulation EUR share class was launched on 8 April 2020.

The foreign exchange rate used to calculate the Net Asset Value and net distribution per share as at 30 September 2022 was € 1.1395 (2021: € 1.1634, 2020: € 1.1025).

	A Accumulation USD
	30.09.22 <sup>^^</sup> \$ c
<b>Opening net asset value per share</b>	100.00
Return before operating charges <sup>^</sup>	-29.07
Operating charges	-1.03
Return after operating charges <sup>^</sup>	-30.10
Distributions	-0.77
Retained distributions on accumulation shares	0.77
<b>Closing net asset value per share</b>	<b>69.90</b>
<sup>^</sup> After direct transaction costs of	-0.19
<b>Performance</b>	
Return after charges	-30.10%
<b>Other information</b>	
Closing net asset value	\$1,963,893
Closing number of shares	2,809,472
Operating charges	1.15%
Ongoing operating charges*	0.78%
Direct transaction costs	0.21%
<b>Prices</b>	
Highest share price	106.55
Lowest share price	69.13

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

The foreign exchange rate used to calculate the Net Asset Value and net distribution per share as at 30 September 2022 was \$1.1163.

# MI Somerset Emerging Markets Discovery Fund

## Comparative Tables

continued

	B Accumulation GBP	
	30.09.22 p	30.09.21^^ p
<b>Opening net asset value per share</b>	95.65	100.00
Return before operating charges^	-14.48	-3.15
Operating charges	-1.03	-1.20
Return after operating charges^	-15.51	-4.35
Distributions	-0.93	-0.21
Retained distributions on accumulation shares	0.93	0.21
<b>Closing net asset value per share</b>	<b>80.14</b>	<b>95.65</b>
^After direct transaction costs of	-0.19	-0.17
<b>Performance</b>		
Return after charges	-16.22%	-4.35%
<b>Other information</b>		
Closing net asset value	£42,064	£48,425
Closing number of shares	52,487	50,625
Operating charges	1.15%	1.21%
Ongoing operating charges*	0.78%	0.65%
Direct transaction costs	0.21%	0.17%
<b>Prices</b>		
Highest share price	101.62	101.13
Lowest share price	79.32	95.48

^^B Accumulation share class was launched on 09 June 2021.

\*The Net Asset Value of the Sub-fund has decreased by more than 10% if compared to the average Net Asset Values for the year. Taking an average of the daily Net Asset Values for the last month of the year has the effect of increasing the operating charges by 0.26%. The ACD believes this to be more representative of the charges going forward.

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

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

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

## Risk and Reward Profile

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

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

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

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

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- For further risk information please see the Prospectus.

## Risk warning

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

# MI Somerset Emerging Markets Discovery Fund

## Statement of Total Return

for the year ended 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
Income					
Net capital (losses)/gains	2		(2,757,319)		1,288,875
Revenue	3	387,009		180,203	
Expenses	4	(177,243)		(106,588)	
Interest payable and similar charges	4	–		(308)	
Net revenue before taxation		209,766		73,307	
Taxation	5	(82,336)		(70,964)	
Net revenue after taxation			127,430		2,343
<b>Total return before distributions</b>			<b>(2,629,889)</b>		<b>1,291,218</b>
Distributions	6		(164,078)		(48,588)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(2,793,967)</b>		<b>1,242,630</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2022

	£	30.09.22 £	£	30.09.21 £
<b>Opening net assets attributable to Shareholders</b>		<b>10,625,750</b>		<b>7,442,992</b>
Amounts receivable on issue of shares	10,460,229		6,146,467	
Less: Amounts payable on cancellation of shares	(6,602,604)		(4,254,171)	
		3,857,625		1,892,296
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(2,793,967)		1,242,630
Retained distribution on accumulation shares		134,273		47,832
<b>Closing net assets attributable to Shareholders</b>		<b>11,823,681</b>		<b>10,625,750</b>

The notes on pages 66 to 73 form an integral part of these Financial Statements.

# MI Somerset Emerging Markets Discovery Fund

## Balance Sheet

as at 30 September 2022

	Note	£	30.09.22 £	£	30.09.21 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			11,234,748		10,261,368
<b>Current Assets</b>					
Debtors	7	830,968		35,949	
Cash and bank balances	9	638,064		391,497	
<b>Total current assets</b>			<b>1,469,032</b>		<b>427,446</b>
<b>Total assets</b>			<b>12,703,780</b>		<b>10,688,814</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Bank overdrafts	9	(6,562)		(2,290)	
Distribution payable		(3,089)		(1,823)	
Other creditors	8	(870,448)		(58,951)	
<b>Total creditors</b>			<b>(880,099)</b>		<b>(63,064)</b>
<b>Total liabilities</b>			<b>(880,099)</b>		<b>(63,064)</b>
<b>Net assets attributable to Shareholders</b>			<b>11,823,681</b>		<b>10,625,750</b>

The notes on pages 66 to 73 form an integral part of these Financial Statements.

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

for the year ended 30 September 2022

### 1. Accounting Policies

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

<b>2. Net Capital (Losses)/Gains</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Non-derivative securities	(2,814,348)	1,314,868
Currency gains/(losses)	67,911	(12,414)
Transaction charges	(10,882)	(13,579)
<b>Net capital (losses)/gains</b>	<b>(2,757,319)</b>	<b>1,288,875</b>

<b>3. Revenue</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Overseas dividends	382,258	177,108
Taxable overseas dividends	4,487	3,082
Bank interest	264	13
<b>Total revenue</b>	<b>387,009</b>	<b>180,203</b>

<b>4. Expenses</b>	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	40,000	38,278
Registration fee	21,425	19,748
	61,425	58,026
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	58,553	–
Payable to the Depositary associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,000	11,992
Safe custody and other bank charges	7,551	3,731
	19,551	15,723
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,739
Tax compliance services (including VAT)	2,163	1,978
	11,557	10,717

## Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.22 £	30.09.21 £
Other expenses:		
Legal fee	24,338	20,546
Printing costs	1,819	1,576
	26,157	22,122
<b>Expenses</b>	<b>177,243</b>	<b>106,588</b>
Interest payable and similar charges	–	308
<b>Total</b>	<b>177,243</b>	<b>106,896</b>

5. Taxation	30.09.22 £	30.09.21 £
(a) Analysis of charge in the year:		
Capital gains tax on Indian trades	36,653	46,244
Overseas tax	45,683	24,720
<b>Total tax charge (note 5b)</b>	<b>82,336</b>	<b>70,964</b>

(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	209,766	73,307
Corporation tax at 20%	41,953	14,661
Effects of:		
Capital gains tax on Indian trades	36,653	46,244
Adjustments in respect of prior periods	45	–
Movement in surplus management expenses	33,732	20,853
Overseas tax expensed	45,683	24,720
Unutilised double taxation relief	(141)	(92)
Non-taxable overseas earnings	(76,452)	(35,422)
<b>Total tax charge (note 5a)</b>	<b>82,336</b>	<b>70,964</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £67,727 (2021: £33,995) in relation to surplus management expenses of £338,635 (2021: £169,973). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements

continued

### 6. Distributions

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

		<b>30.09.22</b>	<b>30.09.21</b>
		£	£
Interim distribution	31.03.22	26,630	1,592
Final distribution	30.09.22	111,464	48,085
		138,094	49,677
Revenue deducted on cancellation of shares		26,832	4,961
Revenue received on issue of shares		(848)	(6,050)
<b>Distributions</b>		<b>164,078</b>	<b>48,588</b>

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

Net revenue after taxation per Statement of Total Return	127,430	2,343
Capital gains tax on Indian trades	36,653	46,244
Undistributed revenue brought forward	5	6
Undistributed revenue carried forward	(10)	(5)
<b>Distributions</b>	<b>164,078</b>	<b>48,588</b>

### 7. Debtors

	<b>30.09.22</b>	<b>30.09.21</b>
	£	£
Amounts receivable on issues	3,273	34,363
Currency deals outstanding	181,382	–
Sales awaiting settlement	562,992	–
Accrued income:		
Dividends receivable	5,113	1,586
Overseas tax recoverable	78,208	–
<b>Total debtors</b>	<b>830,968</b>	<b>35,949</b>

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	638,796	26,844
Currency deals outstanding	182,763	–
Purchases awaiting settlement	12,471	–
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
ACD's fee	3,288	3,288
Registration fee	1,742	1,734
	<u>5,030</u>	<u>5,022</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	5,441	–
Amounts payable to the Depositary associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	2,005	2,005
Safe custody and other bank charges	1,157	700
	<u>3,162</u>	<u>2,705</u>
Auditors remuneration:		
Audit fee (including VAT)	9,394	8,738
Tax compliance services (including VAT)	2,163	1,978
	<u>11,557</u>	<u>10,716</u>
Other expenses:		
Legal fees	10,378	12,904
Printing costs	850	760
	<u>11,228</u>	<u>13,664</u>
<b>Total other creditors</b>	<b><u>870,448</u></b>	<b><u>58,951</u></b>
<b>9. Cash and Bank Balances</b>	<b>30.09.22</b>	<b>30.09.21</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	638,064	391,497
Overdraft positions	(6,562)	(2,290)
<b>Cash and bank balances</b>	<b><u>631,502</u></b>	<b><u>389,207</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Maitland Institutional Services Limited ('MISL') 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').

Authorised Corporate Director and other fees payable to Maitland Institutional Services Limited ('the ACD') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

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

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: none).

### 12. Risk Management Policies and Disclosures

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

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

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

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £1,123,475 (2021: £1,026,137).

## Notes to the Financial Statements

continued

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

#### Currency risk

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

Currency	30.09.22 Total £	30.09.21 Total £
Brazilian real	696,279	665,934
Chinese renminbi	1,097,289	602,278
Egyptian pound	–	300,993
Euro	11,084	198,548
Hong Kong dollar	817,724	452,948
Indian rupee	1,058,857	1,309,626
Malaysian ringgit	657,117	231,270
Mexican peso	419,083	462,199
Philippine peso	–	357,469
Polish zloty	661,841	321,112
Pound sterling	725,837	1,026,916
Saudi riyal	491,405	801,871
South African rand	1,557,712	200,587
South Korean won	1,232,989	1,055,004
Taiwanese dollar	1,295,667	1,774,886
Thai baht	438,811	–
Turkish lira	–	185,267
United States dollar	135,222	678,842
Vietnamese dong	526,764	–
	<b>11,823,681</b>	<b>10,625,750</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £1,109,784 (2021: £959,883).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.22

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

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

Commission as a % of average net assets	0.09%
Taxes as a % of the average net assets	0.12%

30.09.21

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	7,152,565	5,260	0.07	3,210	0.04	7,144,095
Corporate actions	2,096	–	0.00	–	0.00	2,096
<b>Total purchases after commissions and tax</b>	<b>7,152,661</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	5,601,441	4,211	0.08	4,089	0.07	5,609,741
<b>Total sales after commissions and tax</b>	<b>5,601,441</b>					

Commission as a % of average net assets	0.10%
Taxes as a % of the average net assets	0.07%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on page 60 to 62. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2022 is 0.34% (2021: 0.28%).

# MI Somerset Emerging Markets Discovery Fund

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

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

Share Class	30.09.22	16.01.23	% Movement
A Accumulation GBP	89.66	98.48	9.83%
A Income GBP*	87.79	96.36	9.76%
B Accumulation GBP	80.63	88.46	9.71%
A Accumulation EUR	101.79	111.68	9.71%
A Accumulation USD	63.00	69.03	9.57%

\*adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

Valuation technique	30.09.22		30.09.21	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	11,234,748	–	10,261,368	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>11,234,748</b>	<b>–</b>	<b>10,261,368</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	A Accumulation EUR	A Accumulation USD	B Accumulation GBP
Opening number of shares	381,935	9,544,252	47,794	–	50,625
Shares issued	–	4,981,485	592,010	7,516,794	1,866
Shares cancelled	(6,702)	(4,333,791)	(32,155)	(4,707,322)	(4)
<b>Closing number of shares</b>	<b>375,233</b>	<b>10,191,946</b>	<b>607,649</b>	<b>2,809,472</b>	<b>52,487</b>

# MI Somerset Emerging Markets Discovery Fund

## Distribution Tables

for the year ended 30 September 2022

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable/paid 2022	Distribution paid 2021
A GBP	Interim	Group 1	0.1918p	–	0.1918p	0.0066p
		Group 2^	0.1918p	–	0.1918p	0.0066p
	Final	Group 1	0.8232p	–	0.8232p	0.4773p
		Group 2^	0.8232p	–	0.8232p	0.4773p

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2022	Amount reinvested 2021
A GBP	Interim	Group 1	0.1764p	–	0.1764p	0.0172p
		Group 2	0.1380p	0.0384p	0.1764p	0.0172p
	Final	Group 1	0.8399p	–	0.8399p	0.4828p
		Group 2	0.1383p	0.7016p	0.8399p	0.4828p
A EUR	Interim	Group 1	0.1672€ c	–	0.1672€ c	–
		Group 2	–	0.1672€ c	0.1672€ c	–
	Final	Group 1	1.0818€ c	–	1.0818€ c	0.1884€ c
		Group 2	–	1.0818€ c	1.0818€ c	0.1884€ c
A USD	Interim	Group 1	0.1093\$c	–	0.1093\$c	–
		Group 2^	0.1093\$c	–	0.1093\$c	–
	Final	Group 1	0.6598\$c	–	0.6598\$c	–
		Group 2	0.6509\$c	0.0089\$c	0.6598\$c	–
B GBP	Interim	Group 1	0.1747p	–	0.1747p	–
		Group 2	0.1629p	0.0118p	0.1747p	–
	Final	Group 1	0.7563p	–	0.7563p	0.2080p
		Group 2^	0.7563p	–	0.7563p	0.2080p

^No Group 2 shares in this distribution period.

Interim period: 01.10.21 - 31.03.22

Final period: 01.04.22 - 30.09.22

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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

# MI Somerset Capital Management Investment Funds ICVC

## General Information

### Authorised Status

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

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

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

The Company was incorporated in England and Wales on 17 October 2008 under registration number IC000713. The Shareholders are not liable for the debts of the Company.

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

MI Somerset Global Emerging Markets Fund (Launched 17.11.2008)

MI Somerset Emerging Markets Dividend Growth Fund (Launched 29.03.2010)

MI Somerset Emerging Markets Discovery Fund (Launched 30.10.2019)

### Head Office

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

### Address for Service

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

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

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

### Classes of Shares

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

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

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

<sup>^</sup>Sub-fund launched 30 October 2019.

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

The company may issue both Income and Accumulation shares.

## General Information

continued

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

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

### Valuation Point

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

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

### Buying, Redeeming and Switching of Shares

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

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

Or by telephone to:

0345 026 4282

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

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

### Pricing Basis

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

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

### Other Information

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

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

### Significant Information

On 1 October 2021 the MI Somerset Emerging Markets Small Cap Fund merged into the MI Somerset Emerging Markets Discovery Fund. As at this date the shares in the MI Somerset Emerging Markets Small Cap Fund were exchanged for new shares in the MI Somerset Emerging Markets Discovery Fund. Subsequently the MI Somerset Emerging Markets Small Cap Fund has been terminated.

On 15 September 2022, the MI Somerset Global Emerging Markets Screened Fund was terminated, following the redemption of the Fund's largest investors.

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

### 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 Maitland website.

### Remuneration of the Authorised Corporate Director

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

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

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

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

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

	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the ACD during the year	16	£1,298,000	£65,000	£1,363,000
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	6	£653,000	£37,000	£690,000

Further information is available in the ACD's Remuneration Policy Statement which can be obtained from [www.maitlandgroup.com](http://www.maitlandgroup.com). A paper copy of the remuneration policy is available on request from the registered office of the ACD free of charge.

### Risk Warning

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

# Maitland Institutional Services Limited

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