

# Maitland

**MI Charles Stanley Investment Funds II**

**Annual Report  
31 January 2023**

# MI Charles Stanley Investment Funds II

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

## Directory

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

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 308 1456  
Fax: 0845 280 1815  
E-mail: [charlesstanley@maitlandgroup.com](mailto:charlesstanley@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

Charles Stanley & Co Limited  
55 Bishopsgate, London EC2N 3AS  
(Authorised and regulated by the Financial Conduct Authority)

### Depository

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

### Independent Auditor

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

### Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then 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 and amended in 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or terminate a Sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

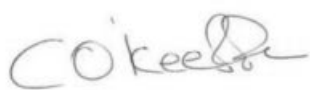
The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the Sourcebook. The ACD is also responsible for safeguarding the assets of the Company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

In so far as the ACD is aware:

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

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

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



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Maitland Institutional Services Limited

27 April 2023

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

for the year ended 31 January 2023

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

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

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

The Depositary must ensure that:

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

UK Trustee and Depositary Services

27 April 2023

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

#### Opinion

We have audited the financial statements of MI Charles Stanley Investment Funds II (the 'Company') for the year ended 31 January 2023. These financial statements comprise together the statement of accounting policies and risk management policies, and the individual financial statements of each of the following Sub-funds (the 'Sub-funds') of the Company:

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

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

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

In our opinion, the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

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

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

continued

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

#### Other information

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

#### Responsibilities of the Authorised Corporate Director

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

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

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

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

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

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

continued

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

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

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

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

continued

#### Use of our report

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



**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants

London, United Kingdom

27 April 2023

### Accounting Policies and Risk Management Policies

for the year ended 31 January 2023

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

#### 1. Accounting Policies

##### (a) Basis of accounting

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

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

The authorised status and head office of the Company can be found within the general information starting on page 71.

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

##### (b) Recognition of revenue

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

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

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

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

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

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

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

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

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

##### (d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, 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.

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

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

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

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

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

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

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

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

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

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

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

#### (i) Exchange rates

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

#### (j) Dilution levy

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

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies

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

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

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

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

#### Market price risk

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

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

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

#### Interest rate risk

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

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

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

#### Credit risk

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

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

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies (continued)

#### **Liquidity risk**

Liquidity risk is the risk that 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.

#### **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

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

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

## Investment Manager's Report

for the year ended 31 January 2023

### General Market Commentary & Outlook

Equity markets started 2023 on a positive note, with most major indices rising in January. This was despite comments from central bankers confirming that the aggressive campaign to tame inflation was not yet over.

Inflation hit four-decade highs in several economies last year resulting in a cost-of-living crisis that still threatens to tip the world into recession. Consumers are reducing their spending to cope with soaring bills, especially in energy. Russia's invasion of Ukraine and the sanctions in response to Vladimir Putin's brutal war caused energy prices to spike, although prices have since fallen sharply from peaks seen last year.

Central banks, particularly the Federal Reserve ('FED'), maintained ultra-loose monetary policies for an extended period of time in their response to the COVID-19 pandemic. When restrictions on movement ended, bottlenecks and uneven openings worldwide caused a shortage of goods and components, as well as workers. This supply-chain crisis propelled inflation to a level that is many times central banks' target rates.

To deal with this policy error, US and UK interest rates were raised aggressively by central banks, with more moderate rises by the European Central Bank ('ECB') because of the complex issues it faces such as its dependence on Russian energy. The Fed upped rates by 75-basis-points ('bp') at four consecutive meetings in the lead up to its December decision, which saw the pace of increases fall to 50bp. The Bank of England ('BoE') and ECB also increased borrowing costs by 50bp in December. Bond markets have continued to sell-off, but yields are now more attractive as we enter 2023.

Despite the reduction in the size of rate increases, Fed Chair Jerome Powell, signalled a determination to properly defeat inflation. The Fed is likely to keep interest rates elevated for a lengthy time period to stamp out inflation completely – and Mr Powell pushed back against any idea that the Fed would soon reverse course and start to loosen financial conditions, as some markets participants believe. It is likely that inflation has peaked in the US and elsewhere – and it should fall sharply during the course of 2023. However, the rate of price increases remains extremely elevated – and it will take some time before evidence emerges that inflation is heading towards target levels.

The uncertain near-term economic outlook has amplified market volatility, as recession fears weigh on expectations for company earnings in 2023. The US dollar was strong for the majority of last year compared with a basket of other major currencies – but has now started to fall.

A strong dollar is tough for American multinationals, as it hits foreign earnings when translated back into the US currency for reporting purposes. This trend reversed in the final quarter after central banks in Europe and Japan applied a more aggressive monetary policy, signalling that they intend to close the gap with higher US yields, which drove their currencies higher.

US government budgets should remain under control after US President Joe Biden lost the House of Representatives in the mid-term elections, giving investors clarity over US fiscal spending.

The UK economy is expected to contract this year, with inflation potentially spiking again in April when the current government-backed energy-price cap expires. The UK also saw a dislocation in government debt markets in September, as investors sold gilts following a controversial 'mini budget' from former Prime Minister Liz Truss's team. Rishi Sunak replaced Liz Truss after a Conservative leadership contest. The change of government has reassured financial markets.

In 2023, central banks need to ensure that the brakes they are putting on economic growth are strong enough to impact prices, but not so intense that they cause the desired slowdown in economic activity to overshoot. Recent data suggests authorities are on track to achieve their aims, with any slowdown being gentle, but the economic slowdown is likely to limit market returns until economic data clearly improves.

## Investment Manager's Report

continued

### Investment Review

The Sub-fund posted a -1.2% total return over the last six months compared to 5.1% total return for the Morningstar UK index and 3.0% total return for the IA UK All Companies peer group. Over the full year period the Sub-fund returned -5.5% against a 5.8% return for the Morningstar Index and -1.4% return for the IA UK All Companies peer group.

(Source: Financial Express Analytics, B Accumulation, as at 31 Jan 2023, pounds sterling, net income re-invested).

The strength in the deemed value sectors which tend to benefit from higher UK gilt rates and account for a large proportion of the Morningstar UK Index (Consumer Staples, Energy and Financials) continued throughout the second part of the year. As the Sub-fund has a growth and quality bias, our positioning is naturally underweighted in these sectors which detracted from performance. It is worth noting that the economic environment we faced over the last twelve months was clearly unprecedented. The UK gilt rate surged, with the 10 year gaining 250bp to 3.6% and the BoE Base Rate adding 325bp to 3.5% including exceptionally large hikes of 75 and 50bp.

Looking ahead, we believe that inflation has now peaked and that current 10 year gilt yield level at 3.6% largely reflects the BoE hawkishness. In other words, we are also approaching peak tightening in the central bank base rate which is key for growth stocks performance. As interest rates rise, it devalues cash flows that are further in the future and therefore growth companies, that are relying on future profits to justify their valuation, suffer more. At current levels, UK equity valuation is attractive on a relative and historical basis, particularly UK mid-caps which should cushion any further downside risk from here onwards.

Taking this into account, we believe that the UK equity market is attractively valued and reflects a lot of pessimism, leaving room for upside. We keep a high conviction in the portfolio - the leverage is low and all the businesses we invest in are cash generative and profitable.

The current challenges will eventually abate as inflation eases and the forthcoming recession passes. When this clarity emerges, we expect the market to refocus on the long-term opportunities enjoyed by our companies.

At the Sub-fund level, the sectors that contributed the most were Energy, Utilities and Materials with respective total returns of +26.4%, +18.0% and +7.1%. The negative contributors were Industrials, Information Technology and Real Estate with respective total return of -12.0%, -13.2% and -34.9%.

At the holding level, the largest contributors were AstraZeneca, 3i Group and Rio Tinto with respective total returns of +25.9%, +20.0% and +35.7%. The largest detractors were Segro, GB Group and Knights with respective total returns of -34.9%, -45.8% and -79%.

At the portfolio level, we added FRP Group which is a professional services firm established in 2010 which offers a range of advisory services to companies (SMEs), lenders, investors and other stakeholders, as well as individuals. We entered the position at a discount to market price following an equity issuance. We like FRP's defensive features as 70% of its revenue is derived from UK restructuring. With the current micro economic condition deteriorating due to surging inflation and the impact from the aggressive tightening in monetary condition not yet fully reflected within the UK economy, we expect FRP to continue to benefit.

We bought CentralNic, which is a technology company which provides exposure to the growth of the digital economy (internet, e-commerce, Adtech). The company develops and manages software platforms including website domain services and tools for monetising online traffic. The stock has interesting competitive advantages such as a superior technology platform based on automation, speed and resiliency with zero DNS downtime in 20+ years; a "highly scalable" platform with fixed cost base providing operating leverage and margin expansion; does not use third party cookie nor personal data; sells in-demand services such as Microsoft 365 and Amazon Cloud hosting with management expecting "meaningful contribution to organic growth in the future".

We sold out of Knights which was in our small cap bucket and had a low average weight in the Sub-fund. The law consulting services group released a profit warning in March with management also guiding to a lower expected organic growth rate and a lower underlying profit margin. The operating momentum worsened and we lost confidence in management. With growing lack of conviction in the business model achieving its supposed disruption and the relatively small size of the holding within the portfolio, we sold out and reinvested the proceeds into other existing holdings that were unjustly hit during the market volatility.

We also sold out of Smith & Nephew following a recommendation of the central research team. The hip replacement maker did not show sign of operating momentum gain in a post covid world which was frankly frustrating resulting in management downgrading their margin guidance.



# MI Charles Stanley Equity Fund

## Portfolio Statement

as at 31 January 2023

Holding	Security	Market value £	% of total net assets 2023
	<b>TECHNOLOGY 10.74% (12.88%)</b>		
	<b>Software and Computer Services 7.96% (11.16%)</b>		
122,800	Auto Trader	769,710	4.55
213,043	CentralNic*	304,651	1.80
77,390	GB Group*	272,568	1.61
		1,346,929	7.96
	<b>Technology Hardware and Equipment 2.78% (1.72%)</b>		
55,172	discoverIE	472,824	2.78
	<b>TELECOMMUNICATIONS 2.71% (2.91%)</b>		
	<b>Telecommunications Equipment 2.71% (2.91%)</b>		
208,800	Spirent Communications	457,690	2.71
	<b>HEALTH CARE 9.35% (11.11%)</b>		
	<b>Medical Equipment and Services 0.00% (2.83%)</b>		
	<b>Pharmaceuticals and Biotechnology 9.35% (8.28%)</b>		
8,970	AstraZeneca	949,923	5.61
44,400	GSK	631,990	3.74
		1,581,913	9.35
	<b>FINANCIALS 20.19% (18.61%)</b>		
	<b>Finance and Credit Services 4.04% (3.86%)</b>		
9,240	London Stock Exchange	684,130	4.04
	<b>Investment Banking and Brokerage Services 9.14% (7.57%)</b>		
51,000	3i Group	802,995	4.75
53,600	Intermediate Capital	743,700	4.39
		1,546,695	9.14
	<b>Closed End Investments 7.01% (7.18%)</b>		
314,000	Allianz Technology Trust	689,230	4.07
313,126	Greencoat UK Wind	498,183	2.94
		1,187,413	7.01
	<b>REAL ESTATE 3.07% (3.90%)</b>		
	<b>Real Estate Investment Trusts 3.07% (3.90%)</b>		
62,630	Segro	519,829	3.07
	<b>CONSUMER DISCRETIONARY 14.25% (12.64%)</b>		
	<b>Household Goods and Home Construction 2.50% (2.60%)</b>		
361,000	Taylor Wimpey	423,092	2.50
	<b>Leisure Goods 2.66% (2.03%)</b>		
4,806	Games Workshop	450,563	2.66



# MI Charles Stanley Equity Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Media 9.09% (8.01%)</b>		
43,507	Next Fifteen Communications*	434,200	2.57
28,900	RELX	693,889	4.10
42,600	YouGov*	408,960	2.42
		1,537,049	9.09
	<b>CONSUMER STAPLES 8.90% (7.02%)</b>		
	<b>Personal Care, Drug and Grocery Stores 8.90% (7.02%)</b>		
11,390	Reckitt Benckiser	656,975	3.88
20,650	Unilever	848,405	5.02
		1,505,380	8.90
	<b>INDUSTRIALS 19.23% (20.72%)</b>		
	<b>Construction and Materials 1.87% (4.19%)</b>		
97,100	Genuit	317,032	1.87
	<b>Electronic and Electrical Equipment 3.53% (3.08%)</b>		
27,800	Halma	596,866	3.53
	<b>General Industrials 2.88% (2.62%)</b>		
138,000	Smith (DS)	487,692	2.88
	<b>Industrial Support Services 10.95% (10.83%)</b>		
284,000	Boku*	411,800	2.43
24,910	Experian	735,343	4.35
97,153	FRP Advisory*	141,843	0.84
114,680	Rentokil Initial	562,735	3.33
		1,851,721	10.95
	<b>BASIC MATERIALS 6.47% (6.10%)</b>		
	<b>Industrial Metals and Mining 2.89% (2.33%)</b>		
7,750	Rio Tinto	489,722	2.89
	<b>Chemicals 3.58% (3.77%)</b>		
8,787	Croda International	605,073	3.58
	<b>ENERGY 3.65% (2.35%)</b>		
	<b>Oil, Gas and Coal 3.65% (2.35%)</b>		
26,035	Shell	618,071	3.65
	<b>Investment assets</b>	<b>16,679,684</b>	<b>98.56</b>
	<b>Net other assets</b>	<b>237,103</b>	<b>1.40</b>
	<b>Net assets</b>	<b>16,916,787</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.01.22.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

	A Income		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	215.68	199.57	209.24
Return before operating charges <sup>^</sup>	-9.74	21.25	-5.88
Operating charges	-0.40	-0.44	-0.39
Return after operating charges <sup>^</sup>	-10.14	20.81	-6.27
Distributions	-5.34	-4.70	-3.40
<b>Closing net asset value per share</b>	<b>200.20</b>	<b>215.68</b>	<b>199.57</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.24	-0.23
<b>Performance</b>			
Return after charges	-4.70%	10.43%	-3.00%
<b>Other information</b>			
Closing net asset value	£4,153,745	£4,990,291	£3,487,092
Closing number of shares	2,074,788	2,313,765	1,747,296
Operating charges	0.20%	0.20%	0.20%
Ongoing operating charges*	0.20%	0.20%	0.20%
Direct transaction costs	0.01%	0.11%	0.12%
<b>Prices</b>			
Highest share price	219.86	238.35	219.46
Lowest share price	177.62	198.46	150.09

	A Accumulation		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	292.34	264.86	272.94
Return before operating charges <sup>^</sup>	-13.21	28.07	-7.57
Operating charges	-0.54	-0.59	-0.51
Return after operating charges <sup>^</sup>	-13.75	27.48	-8.08
Distributions	-7.29	-6.27	-4.47
Retained distributions on accumulation shares	7.29	6.27	4.47
<b>Closing net asset value per share</b>	<b>278.59</b>	<b>292.34</b>	<b>264.86</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.33	-0.31
<b>Performance</b>			
Return after charges	-4.70%	10.38%	-2.96%
<b>Other information</b>			
Closing net asset value	£6,164,286	£7,357,962	£4,389,913
Closing number of shares	2,212,686	2,516,916	1,657,444
Operating charges	0.20%	0.20%	0.20%
Ongoing operating charges*	0.20%	0.20%	0.20%
Direct transaction costs	0.01%	0.11%	0.12%
<b>Prices</b>			
Highest share price	298.04	319.90	286.27
Lowest share price	244.03	263.37	195.78

## Comparative Tables

continued

### Change in net assets per share

	B Income		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	147.34	136.35	142.95
Return before operating charges <sup>^</sup>	-6.70	14.50	-4.00
Operating charges	-1.27	-1.43	-1.27
Return after operating charges <sup>^</sup>	-7.97	13.07	-5.27
Distributions	-2.63	-2.08	-1.33
<b>Closing net asset value per share</b>	<b>136.74</b>	<b>147.34</b>	<b>136.35</b>
<sup>^</sup> After direct transaction costs of	-0.01	-0.17	-0.16
<b>Performance</b>			
Return after charges	-5.41%	9.59%	-3.69%
<b>Other information</b>			
Closing net asset value	£611,641	£798,688	£750,573
Closing number of shares	447,299	542,068	550,495
Operating charges	0.95%	0.95%	0.95%
Ongoing operating charges*	0.95%	0.95%	0.95%
Direct transaction costs	0.01%	0.11%	0.12%
<b>Prices</b>			
Highest share price	150.20	162.34	149.87
Lowest share price	121.15	135.48	102.40

	B Accumulation		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	178.97	163.36	169.59
Return before operating charges <sup>^</sup>	-8.13	17.34	-4.72
Operating charges	-1.56	-1.73	-1.51
Return after operating charges <sup>^</sup>	-9.69	15.61	-6.23
Distributions	-3.20	-2.50	-1.58
Retained distributions on accumulation shares	3.20	2.50	1.58
<b>Closing net asset value per share</b>	<b>169.28</b>	<b>178.97</b>	<b>163.36</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.20	-0.19
<b>Performance</b>			
Return after charges	-5.42%	9.56%	-3.67%
<b>Other information</b>			
Closing net asset value	£5,987,115	£7,747,948	£7,672,889
Closing number of shares	3,536,845	4,329,157	4,696,957
Operating charges	0.95%	0.95%	0.95%
Ongoing operating charges*	0.95%	0.95%	0.95%
Direct transaction costs	0.01%	0.11%	0.12%
<b>Prices</b>			
Highest share price	182.45	196.04	177.80
Lowest share price	148.62	162.33	121.49

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

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

## Comparative Tables

continued

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

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

## Risk and Reward Profile

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

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. During the year under review the category changed from 5 to 6, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

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

## Risk warning

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

## MI Charles Stanley Equity Fund

### Statement of Total Return

for the year ended 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
Income					
Net capital (losses)/gains	2		(1,586,351)		1,333,308
Revenue	3	533,363		463,327	
Expenses	4	(84,974)		(103,754)	
Net revenue before taxation		448,389		359,573	
Taxation	5	40		(82)	
Net revenue after taxation			448,429		359,491
<b>Total return before distributions</b>			<b>(1,137,922)</b>		<b>1,692,799</b>
Distributions	6		(448,429)		(359,491)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(1,586,351)</b>		<b>1,333,308</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2023

	£	31.01.23 £	£	31.01.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>20,894,889</b>		<b>16,300,467</b>
Amounts receivable on issue of shares	1,920,252		5,003,744	
Less: Amounts payable on cancellation of shares	(4,611,454)		(2,003,352)	
		(2,691,202)		3,000,392
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(1,586,351)		1,333,308
Retained distributions on accumulation shares		299,451		260,722
<b>Closing net assets attributable to Shareholders</b>		<b>16,916,787</b>		<b>20,894,889</b>

The notes on pages 21 to 27 form an integral part of these Financial Statements.

# MI Charles Stanley Equity Fund

## Balance Sheet

as at 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			16,679,684		20,526,137
<b>Current Assets</b>					
Debtors	7	29,776		64,219	
Cash and bank balances	9	327,732		404,327	
<b>Total current assets</b>			<b>357,508</b>		<b>468,546</b>
<b>Total assets</b>			<b>17,037,192</b>		<b>20,994,683</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(58,767)		(54,064)	
Other creditors	8	(61,638)		(45,730)	
<b>Total creditors</b>			<b>(120,405)</b>		<b>(99,794)</b>
<b>Total liabilities</b>			<b>(120,405)</b>		<b>(99,794)</b>
<b>Net assets attributable to Shareholders</b>			<b>16,916,787</b>		<b>20,894,889</b>

The notes on pages 21 to 27 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 January 2023

### 1. Accounting Policies

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

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

	31.01.23 £	31.01.22 £
Non-derivative securities	(1,579,222)	1,338,925
Currency losses	(1,834)	–
Transaction charges	(5,295)	(5,617)
<b>Net capital (losses)/gains</b>	<b>(1,586,351)</b>	<b>1,333,308</b>

### 3. Revenue

	31.01.23 £	31.01.22 £
UK dividends: Ordinary	513,780	455,175
Overseas dividends	8,370	–
Property income distributions	10,585	8,152
Bank interest	628	–
<b>Total revenue</b>	<b>533,363</b>	<b>463,327</b>

### 4. Expenses

	31.01.23 £	31.01.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	15,000	15,003
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	53,198	68,133
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,000	12,000
Safe custody and other bank charges	2,205	1,883
	14,205	13,883
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (including VAT)	2,163	1,978
	12,228	11,341

## Notes to the Financial Statements

continued

4. Expenses (continued)	31.01.23 £	31.01.22 £
Other expenses:		
Legal fees	9,099	16,980
Printing costs	1,803	1,671
	<u>10,902</u>	<u>18,651</u>
Total Ongoing charge (OGC) rebates accrued against expenses^	<u>(20,559)</u>	<u>(23,257)</u>
<b>Total expenses</b>	<b>84,974</b>	<b>103,754</b>

^The Investment Manager currently rebates the Sub-fund's operating charges, excluding the Investment Managers fee and synthetic ongoing charge.

5. Taxation	31.01.23 £	31.01.22 £
(a) Analysis of charge in the year:		
Adjustments in respect of prior periods	(40)	–
Overseas tax	–	82
<b>Total tax charge (note 5b)</b>	<b>(40)</b>	<b>82</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	<u>448,389</u>	<u>359,573</u>
Corporation tax at 20%	<u>89,678</u>	<u>71,915</u>
Effects of:		
UK dividends	(102,756)	(91,035)
Adjustments in respect of prior periods	(40)	–
Movement in surplus management expenses	14,752	19,120
Non-taxable overseas earnings	(1,674)	82
<b>Total tax charge (note 5a)</b>	<b>(40)</b>	<b>82</b>

### (c) Deferred tax

At the year end there is a potential deferred tax asset of £346,045 (2022: £331,293) in relation to surplus management expenses of £1,730,224 (2022: £1,656,463). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.



# MI Charles Stanley Equity Fund

## Notes to the Financial Statements

continued

### 6. Distributions

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

		31.01.23 £	31.01.22 £
Interim distribution	31.07.22	238,363	206,075
Final distribution	31.01.23	190,822	171,363
		429,185	377,438
Revenue deducted on cancellation of shares		35,203	11,578
Revenue received on issue of shares		(15,959)	(29,525)
<b>Distributions</b>		<b>448,429</b>	<b>359,491</b>

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

Net revenue after taxation per Statement of Total Return	448,429	359,491
Undistributed revenue brought forward	4	4
Undistributed revenue carried forward	(4)	(4)
<b>Distributions</b>	<b>448,429</b>	<b>359,491</b>

### 7. Debtors

	31.01.23 £	31.01.22 £
Amounts receivable on issues	15,281	53,482
Accrued income:		
Dividends receivable	12,463	8,633
Overseas tax recoverable	—	1,404
Ongoing charge (OGC) rebate	1,343	—
Prepaid expenses:		
Legal fees	689	700
<b>Total debtors</b>	<b>29,776</b>	<b>64,219</b>

### 8. Other Creditors

	31.01.23 £	31.01.22 £
Amounts payable on cancellations	38,952	22,728
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fee	1,274	1,274
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	4,164	5,615

## Notes to the Financial Statements

continued

8. Other Creditors (continued)	31.01.23 £	31.01.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	2,039	2,038
Safe custody and other bank charges	1,981	1,794
	<u>4,020</u>	<u>3,832</u>
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (including VAT)	2,163	1,978
	<u>12,228</u>	<u>11,341</u>
Other accrued expenses:		
Ongoing charge	–	60
Printing costs	1,000	880
	<u>1,000</u>	<u>940</u>
<b>Total other creditors</b>	<b>61,638</b>	<b>45,730</b>

9. Cash and Bank Balances	31.01.23 £	31.01.22 £
Cash and bank balances	327,732	404,327
<b>Cash and bank balances</b>	<b>327,732</b>	<b>404,327</b>

## 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').

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

Fees payable to Charles Stanley & Co Limited ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

Amounts receivable from the Investment Manager for 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 Charles Stanley Investment Funds II.

## Notes to the Financial Statements

continued

### 11. Contingent Liabilities and Outstanding Commitments

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

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 9 and 10.

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

#### 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 £1,667,968 (2022: £2,052,614).

#### Currency risk

There is no material direct foreign currency exposure in the Sub-fund (2022: none).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	1,005,518	— 0.00	2,321 0.23	1,003,197
Corporate actions	73,552	— 0.00	— 0.00	73,552
<b>Total purchases after commissions and tax</b>	<b>1,079,069</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	3,346,302	— 0.00	185 0.01	3,346,487
<b>Total sales after commissions and tax</b>	<b>3,346,302</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.01%			

#### 31.01.22

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	7,105,184	— 0.00	23,133 0.33	7,082,051
Corporate actions	40,074	— 0.00	— 0.00	40,074
<b>Total purchases after commissions and tax</b>	<b>7,145,258</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	3,835,858	— 0.00	55 0.00	3,835,913
<b>Total sales after commissions and tax</b>	<b>3,835,858</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.11%			

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 16 to 18. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2023 is 0.23% (2022: 0.24%).

### 15. Events after the Balance Sheet date

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

### 16. Fair Value Disclosure

Valuation technique	31.01.23		31.01.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	16,679,684	—	20,526,137	—
Level 2 <sup>^^</sup>	—	—	—	—
Level 3 <sup>^^^</sup>	—	—	—	—
	<b>16,679,684</b>	<b>—</b>	<b>20,526,137</b>	<b>—</b>

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

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

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

### 17. Shares in Issue

	A Income	A Accumulation	B Income	B Accumulation
Opening number of shares	2,313,765	2,516,916	542,068	4,329,157
Shares issued	57,712	595,599	9,352	114,851
Shares cancelled	(296,689)	(899,829)	(104,121)	(907,163)
<b>Closing number of shares</b>	<b>2,074,788</b>	<b>2,212,686</b>	<b>447,299</b>	<b>3,536,845</b>

## MI Charles Stanley Equity Fund

### Distribution Tables

for the year ended 31 January 2023

#### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	Interim	Group 1	2.7787	–	2.7787	2.5686
		Group 2	0.9492	1.8295	2.7787	2.5686
	Final	Group 1	2.5634	–	2.5634	2.1340
		Group 2	1.3318	1.2316	2.5634	2.1340
B	Interim	Group 1	1.3783	–	1.3783	1.2145
		Group 2	0.3495	1.0288	1.3783	1.2145
	Final	Group 1	1.2478	–	1.2478	0.8650
		Group 2	0.5142	0.7336	1.2478	0.8650

#### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	Interim	Group 1	3.7660	–	3.7660	3.4079
		Group 2	1.5455	2.2205	3.7660	3.4079
	Final	Group 1	3.5220	–	3.5220	2.8640
		Group 2	1.3493	2.1727	3.5220	2.8640
B	Interim	Group 1	1.6745	–	1.6745	1.4551
		Group 2	0.1983	1.4762	1.6745	1.4551
	Final	Group 1	1.5303	–	1.5303	1.0444
		Group 2	0.0696	1.4607	1.5303	1.0444

#### Further information

Interim period: 01.02.22 - 31.07.22

Final period: 01.08.22 - 31.01.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

#### Equalisation

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

## Investment Objective and Policy

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

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

## Investment Manager's Report

for the year ended 31 January 2023

### General Market Commentary & Outlook

Equity markets started 2023 on a positive note, with most major indices rising in January. This was despite comments from central bankers confirming that the aggressive campaign to tame inflation was not yet over.

Inflation hit four-decade highs in several economies last year resulting in a cost-of-living crisis that still threatens to tip the world into recession. Consumers are reducing their spending to cope with soaring bills, especially in energy. Russia's invasion of Ukraine and the sanctions in response to Vladimir Putin's brutal war caused energy prices to spike, although prices have since fallen sharply from peaks seen last year.

Central banks, particularly the Federal Reserve ('FED'), maintained ultra-loose monetary policies for an extended period of time in their response to the COVID-19 pandemic. When restrictions on movement ended, bottlenecks and uneven openings worldwide caused a shortage of goods and components, as well as workers. This supply-chain crisis propelled inflation to a level that is many times central banks' target rates.

To deal with this policy error, US and UK interest rates were raised aggressively by central banks, with more moderate rises by the European Central Bank ('ECB') because of the complex issues it faces such as its dependence on Russian energy. The Fed upped rates by 75-basis-points ('bp') at four consecutive meetings in the lead up to its December decision, which saw the pace of increases fall to 50bp. The Bank of England and ECB also increased borrowing costs by 50bp in December. Bond markets have continued to sell-off, but yields are now more attractive as we enter 2023.

Despite the reduction in the size of rate increases, Fed Chair Jerome Powell, signalled a determination to properly defeat inflation. The Fed is likely to keep interest rates elevated for a lengthy time period to stamp out inflation completely – and Mr Powell pushed back against any idea that the Fed would soon reverse course and start to loosen financial conditions, as some markets participants believe. It is likely that inflation has peaked in the US and elsewhere – and it should fall sharply during the course of 2023. However, the rate of price increases remains extremely elevated – and it will take some time before evidence emerges that inflation is heading towards target levels.

The uncertain near-term economic outlook has amplified market volatility, as recession fears weigh on expectations for company earnings in 2023. The US dollar was strong for the majority of last year compared with a basket of other major currencies – but has now started to fall.

A strong dollar is tough for American multinationals, as it hits foreign earnings when translated back into the US currency for reporting purposes. This trend reversed in the final quarter after central banks in Europe and Japan applied a more aggressive monetary policy, signalling that they intend to close the gap with higher US yields, which drove their currencies higher.

US government budgets should remain under control after US President Joe Biden lost the House of Representatives in the mid-term elections, giving investors clarity over US fiscal spending.

The UK economy is expected to contract this year, with inflation potentially spiking again in April when the current government-backed energy-price cap expires. The UK also saw a dislocation in government debt markets in September, as investors sold gilts following a controversial 'mini budget' from former Prime Minister Liz Truss's team. Rishi Sunak replaced Liz Truss after a Conservative leadership contest. The change of government has reassured financial markets.

## Investment Manager's Report

continued

In 2023, central banks need to ensure that the brakes they are putting on economic growth are strong enough to impact prices, but not so intense that they cause the desired slowdown in economic activity to overshoot. Recent data suggests authorities are on track to achieve their aims, with any slowdown being gentle, but the economic slowdown is likely to limit market returns until economic data clearly improves.

### Investment Review

For the half year ending 31 January 2023 the Sub-fund delivered a -1.1% total return against -1.1% for the IA Mixed Investment 0-35% peer group. For the full year period the Sub-fund delivered a -5.4% total return against -6.1% for the IA Mixed Investment 0-35% peer group.

(Source: Financial Express Analytics, C Income Shares, as at 31 January 2023, pounds sterling, net income re-invested).

The six month period captured one of the wildest events on record for fixed income markets – when Liz Truss' mini-budget triggered a chaotic movement in sovereign bond yields and sent sterling denominated fixed income tumbling. It was one of those jaw dropping moments in markets, as the unintended consequences of their actions tore through markets and ultimately required the Bank of England ('BoE') to intervene to avoid catastrophe in the pensions sector. Fortunately, the decisions were quickly reversed and stability restored but a level of scarring was left in markets with many interest rate and yield measures taking many more months to start returning to pre-event levels. Our holdings in government and corporate bonds felt the brunt of this shock with total returns of -1.5% and -1.8% respectively over the period. Only our high yield bond and emerging market bond positions ended the six months with positive total returns of 0.4% and 6.4% respectively.

Within our equity allocations it was a more positive story with an aggregate total return of 2.8%. Within our UK equity sleeve a number of our more cyclical names posted very strong returns, with the like of Rio Tinto, Smith (DS) and 3i Group up 34%, 29% and 26% respectively over the six months. The detractors came from GSK (-16%) which moved lower over concerns with litigation in the US alongside a rotation away from the defensive pharmaceutical stocks, Vistry (-16%) which struggled in the face of the rapid rise in UK mortgage rates impacting the housing sector outlook and Vodafone (-20%) who are struggling to deliver consistent growth across their European markets.

Our Alternatives exposure posted a -7% total return, though this was primarily dragged lower by property at -19%. The rising yields and spill over from the mini-budget hit the property sector hardest. Operationally, all of our property positions continue to deliver well, but the valuation downgrades driven by higher discount rates cannot be ignored. We feel the worst is probably behind us, with slower movements lower in asset values likely, but now generally reflected in the share prices. We have access to care homes, regional offices, supermarkets and European logistics across this allocation – giving us diversified exposure to an attractive market.

Our trading activity through the half year was mostly focussed on rolling our maturing bonds into longer dated issues. We opened new holdings in the Sainsbury's Bank 10.5% 2033, Citi 4.5% 2031 and Investec 9.125% 2033 bonds. We have been taking advantage of both higher coupons available on new issues and lower prices on legacy bonds, with the Citi Group above purchased at a price of 92.87 per 100. Yields are more attractive now than they have been in many years – so we are keen to position the portfolio for the medium term by locking these in today for multi-year periods.

We trimmed a number of our equity positions through the period for cash management purposes, as well as exiting our holding entirely in an Aroundtown 4.75% Perpetual. Aroundtown are exposed to European property which has been experiencing a challenging environment. In this case, it is not our analysis and expectations for the underlying business that concern us, but the actions of management. Their recent behaviour has been favourable to shareholders over debtholders – with share buybacks taking cash out the business which could be used to maintain a stronger balance sheet and repay debt at call-dates. With a large watchlist of attractive investment opportunities we cut our losses on this one and reinvested elsewhere.



# MI Charles Stanley Monthly High Income Fund

## Portfolio Statement

as at 31 January 2023

Holding	Security	Market value £	% of total net assets 2023
<b>Pound sterling denominated corporate debt securities 57.95% (56.81%)</b>			
£650,000	3I Group 3.75% 05.06.40	510,623	1.05
£800,000	Abrdn 5.25% Variable Perpetual	656,120	1.35
£500,000	Admiral Group 5.5% 25.07.24	495,825	1.02
£600,000	Anheuser Busch Inbev 2.25% 24.05.29	533,898	1.10
£600,000	AXA 6.6862% Variable Perpetual	608,262	1.25
£600,000	BAT International Finance 4% 04.09.26	571,548	1.18
£700,000	Brit Insurance 6.625% Variable 09.12.30	521,402	1.07
£344,600	Bruntwood Investments 6% 25.02.25	341,013	0.70
£800,000	Bupa Finance 4% Variable Perpetual	556,288	1.15
£500,000	Bupa Finance 5% 08.12.26	486,390	1.00
£400,000	Citigroup 4.5% 03.03.31	378,206	0.78
£500,000	CPUK Finance 7.239% 28.02.24	504,530	1.04
£500,000	Daily Mail & General 6.375% 21.06.27	454,720	0.94
£200,000	Direct Line Insurance 4% 05.06.32	158,988	0.33
£500,000	Direct Line Insurance 4.75% Variable Perpetual	365,425	0.75
£700,000	Electricite De France 6% Variable Perpetual	645,834	1.33
£700,000	Electricite De France Variable Perpetual	597,940	1.23
£600,000	Heathrow Finance 5.75% 03.03.25	592,266	1.22
£500,000	Hiscox 6.125% Variable 24.11.45	485,965	1.00
£500,000	HJ Heinz Finance UK 6.25% 18.02.30	521,350	1.07
£600,000	Iceland Bondco 4.375% 15.05.28	458,550	0.95
£600,000	IG Group Holdings 3.125% 18.11.28	470,214	0.97
£625,000	Intermediate Capital Growth 5% 24.03.23	624,969	1.29
£100,000	Investec Bank 4.25% 24.07.28	98,883	0.20
£300,000	Investec 9.125% 06.03.33	317,052	0.65
£400,000	Jupiter Fund Management 8.875% Variable 27.07.30	410,156	0.85
£500,000	Ladbrokes 5.125% 08.09.23	494,920	1.02
£600,000	Leeds Building Society 3.75% 25.04.29	540,948	1.12
£600,000	Legal & General 5.375% 27.10.45	595,086	1.23
£500,000	Legal & General Variable 14.11.48	478,625	0.99
£600,000	London Victoria Friendly Society 6.5% 22.05.43	593,544	1.22
£400,000	M&G Variable 20.07.49	388,139	0.80
£600,000	M&G Variable 20.07.55	532,056	1.10
£400,000	National Grid Gas 7% 16.12.24	413,084	0.85
£500,000	National Westminster 3.622% Variable 14.08.30	469,690	0.97
£200,000	Nationwide Building Society 5.75% Variable Perpetual	184,293	0.38
£550,000	Nationwide Building Society 5.769% Variable Perpetual	527,203	1.09
£200,000	Nationwide Building Society Variable Perpetual	192,848	0.40
£500,000	NGG Finance 5.625% 18.06.73	485,035	1.00
£124,000	Peel Land & Property Investment 8.375% 30.04.40	124,425	0.26
£500,000	Pension Insurance 5.625% 20.09.30	468,180	0.97
£600,000	Pension Insurance 6.5% 03.07.24	600,840	1.24
£500,000	Pension Insurance 7.375% Variable Perpetual	474,320	0.98
£700,000	Pinewood Finance 3.625% 15.11.27	625,891	1.29
£780,000	Places for People Finance 4.25% 15.12.23	771,241	1.59
£300,000	Quilter 8.625% 18.04.33	304,287	0.63

# MI Charles Stanley Monthly High Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>Pound sterling denominated corporate debt securities (continued)</b>			
£500,000	Reassure 5.867% 13.06.29	476,490	0.98
£600,000	Regional REIT 4.5% 06.08.24	575,640	1.19
£800,000	RL Finance No.4 4.875% Variable 07.10.49	639,392	1.32
£600,000	Rothsay Life Variable 17.09.29	590,070	1.22
£250,000	RSA Insurance 5.125% 10.10.45	241,458	0.50
£400,000	Sainsbury's Bank 10.5% 12.03.33	416,056	0.86
£500,000	Society of Lloyds 4.875% Variable 07.02.47	476,980	0.98
£350,000	Tesco 5% 24.03.23	349,860	0.72
£600,000	Tesco Personal Finance 3.5% 25.07.25	566,820	1.17
£500,000	The Berkeley Group 2.5% 11.08.31	360,334	0.74
£466,000	TP ICAP Finance 5.25% 26.01.24	459,032	0.95
£700,000	VMED O2 UK Finance 4.5% 15.07.31	558,159	1.15
£800,000	Vodafone Variable 03.10.78	763,568	1.57
		28,104,931	57.95
<b>Pound sterling denominated government debt securities 2.30% (2.66%)</b>			
£500,000	UK Treasury 0.125% 31.01.24	483,205	1.00
£610,000	UK Treasury 5% 07.03.25	631,478	1.30
		1,114,683	2.30
<b>Preference Shares 4.88% (4.82%)</b>			
175,000	Bristol & West 8.125% cip	192,500	0.40
300,000	Bristol Water 8.75% ccrp	432,000	0.89
371,783	Ecclesiastical Insurance 8.625% ncip	498,189	1.03
382,000	Northern Electric 8.061% cip	466,040	0.96
335,000	RSA Insurance 7.375% cip	351,748	0.72
250,000	Standard Chartered 7.375% ncip	257,500	0.53
150,000	Standard Chartered 8.25% ncip	168,750	0.35
		2,366,727	4.88
<b>UK Equities 18.48% (20.57%)</b>			
32,000	3i Group	503,840	1.04
48,900	BAE Systems	418,877	0.86
101,700	BP	497,160	1.03
20,480	GSK	291,512	0.60
609,865	Impact Healthcare REIT	634,260	1.31
28,713	Intermediate Capital	398,393	0.82
182,700	Legal & General	464,058	0.96
33,850	National Grid	346,963	0.71
70,966	Phoenix	454,750	0.94
660,000	Regional REIT	392,040	0.81
8,400	Rio Tinto	530,796	1.09
93,000	Smith (DS)	328,662	0.68
23,600	SSE	406,746	0.84
609,000	Supermarket Income REIT	585,858	1.21
345,000	Taylor Wimpey	404,340	0.83
502,983	The Renewables Infrastructure	654,884	1.35

# MI Charles Stanley Monthly High Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>UK Equities (continued)</b>			
913,000	Tritax EuroBox	613,536	1.27
11,100	Unilever	456,044	0.94
36,350	Vistry	270,626	0.56
330,000	Vodafone	307,296	0.63
		8,960,641	18.48
<b>Investment Funds 14.96% (14.98%)</b>			
334,000	BlackRock North American Income Trust	671,340	1.38
681,251	Foresight Solar Fund	807,964	1.67
1,034,000	GCP Asset Backed Income	835,472	1.72
555,984	Greencoat UK Wind	884,571	1.83
462,000	HICL Infrastructure	766,920	1.58
427,000	International Public Partnerships	651,602	1.34
28,000	Murray International Trust	369,600	0.76
565,732	Ninety One Emerging Markets Blended Debt Fund - I Income 2 GBP*	451,906	0.93
1,279,754	Schroder Asian Income Fund - L Income*	999,488	2.06
960,500	Sequoia Economic Infrastructure Income Fund	820,267	1.69
		7,259,130	14.96
<b>Investment assets</b>		<b>47,806,112</b>	<b>98.57</b>
<b>Net other assets</b>		<b>694,061</b>	<b>1.43</b>
<b>Net assets</b>		<b>48,500,173</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.01.22.

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

### Glossary

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

## MI Charles Stanley Monthly High Income Fund

### Portfolio Statement

continued

	Market value £	% of total net assets 2023	% of total net assets 2022
<b>Analysis of bonds by credit rating^</b>			
Investment grade (BBB- and above)	17,431,194	35.94	48.90
Non Investment grade (BB+ and below)	3,346,797	6.90	6.75
Unrated bonds	8,441,623	17.41	3.82
	29,219,614	60.25	59.47

^Source: NTISL

## Comparative Tables

### Change in net assets per share

	A Income		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	91.02	92.50	97.51
Return before operating charges <sup>^</sup>	-3.87	3.76	-0.17
Operating charges	-1.04	-1.02	-0.99
Return after operating charges <sup>^</sup>	-4.91	2.74	-1.16
Distributions	-4.07	-4.22	-3.85
<b>Closing net asset value per share</b>	<b>82.04</b>	<b>91.02</b>	<b>92.50</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.01
<b>Performance</b>			
Return after charges	-5.40%	2.96%	-1.19%
<b>Other information</b>			
Closing net asset value	£2,677,425	£3,194,019	£3,455,830
Closing number of shares	3,263,448	3,509,250	3,735,887
Operating charges	1.23%	1.08%	1.08%
Ongoing operating charges*	1.23%	1.08%	1.08%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	91.74	96.05	99.08
Lowest share price	75.74	92.36	82.72

	A Accumulation		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	182.93	177.68	179.58
Return before operating charges <sup>^</sup>	-7.75	7.24	-0.04
Operating charges	-2.13	-1.99	-1.86
Return after operating charges <sup>^</sup>	-9.88	5.25	-1.90
Distributions	-8.32	-8.28	-7.22
Retained distributions on accumulation shares	8.32	8.28	7.22
<b>Closing net asset value per share</b>	<b>173.05</b>	<b>182.93</b>	<b>177.68</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.02	-0.02
<b>Performance</b>			
Return after charges	-5.40%	2.95%	-1.06%
<b>Other information</b>			
Closing net asset value	£309,203	£338,346	£334,461
Closing number of shares	178,680	184,957	188,237
Operating charges	1.23%	1.08%	1.08%
Ongoing operating charges*	1.23%	1.08%	1.08%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	184.38	187.89	182.47
Lowest share price	156.37	177.65	152.86

# MI Charles Stanley Monthly High Income Fund

## Comparative Tables

continued

### Change in net assets per share

	C Income		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	94.38	95.68	100.60
Return before operating charges <sup>^</sup>	-4.19	3.90	-0.15
Operating charges	-0.86	-0.81	-0.79
Return after operating charges <sup>^</sup>	-5.05	3.09	-0.94
Distributions	-4.22	-4.39	-3.98
<b>Closing net asset value per share</b>	<b>85.11</b>	<b>94.38</b>	<b>95.68</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.01
<b>Performance</b>			
Return after charges	-5.35%	3.23%	-0.93%
<b>Other information</b>			
Closing net asset value	£40,496,343	£49,683,759	£56,535,223
Closing number of shares	47,579,834	52,643,830	59,089,667
Operating charges	0.98%	0.83%	0.83%
Ongoing operating charges*	0.98%	0.83%	0.83%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	95.13	99.48	102.23
Lowest share price	78.52	95.54	85.37

	C Accumulation		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	136.17	131.94	133.01
Return before operating charges <sup>^</sup>	-6.04	5.37	-0.01
Operating charges	-1.26	-1.14	-1.06
Return after operating charges <sup>^</sup>	-7.30	4.23	1.07
Distributions	-6.19	-6.16	-5.35
Retained distributions on accumulation shares	6.19	6.16	5.35
<b>Closing net asset value per share</b>	<b>128.87</b>	<b>136.17</b>	<b>131.94</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.01
<b>Performance</b>			
Return after charges	-5.36%	3.21%	-0.80%
<b>Other information</b>			
Closing net asset value	£5,017,202	£5,924,984	£7,049,041
Closing number of shares	3,893,185	4,351,042	5,342,767
Operating charges	0.98%	0.83%	0.83%
Ongoing operating charges*	0.98%	0.83%	0.83%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	137.26	139.71	135.17
Lowest share price	116.36	131.94	113.26

\*The Investment Manager currently rebates the Sub-fund's operating charges, including the Investment Manager's fee, but excluding synthetic charges (0.15% of operating charge) in order for them not to exceed 1.08% for A Class and 0.83% for C Class of the Net Asset Values of the Sub-fund.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. 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 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

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

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

## Risk warning

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

## MI Charles Stanley Monthly High Income Fund

### Statement of Total Return

for the year ended 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
Income					
Net capital losses	2		(5,181,889)		(207,616)
Revenue	3	2,538,278		2,997,833	
Expenses	4	(437,547)		(552,494)	
Interest payable and similar charges	4	(70)		–	
Net revenue before taxation		2,100,661		2,445,339	
Taxation	5	(20,653)		(14,733)	
Net revenue after taxation			2,080,008		2,430,606
<b>Total return before distributions</b>			<b>(3,101,881)</b>		<b>2,222,990</b>
Distributions	6		(2,517,554)		(2,983,094)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(5,619,435)</b>		<b>(760,104)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2023

	£	31.01.23 £	£	31.01.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>59,141,108</b>		<b>67,374,555</b>
Amounts receivable on issue of shares	3,417,038		6,090,543	
Less: Amounts payable on cancellation of shares	(8,687,727)		(13,862,495)	
		(5,270,689)		(7,771,952)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(5,619,435)		(760,104)
Retained distributions on accumulation shares		249,189		298,609
<b>Closing net assets attributable to Shareholders</b>		<b>48,500,173</b>		<b>59,141,108</b>

The notes on pages 40 to 47 form an integral part of these Financial Statements.



# MI Charles Stanley Monthly High Income Fund

## Balance Sheet

as at 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			47,806,112		59,045,472
<b>Current Assets</b>					
Debtors	7	965,206		774,123	
Cash and bank balances	9	583,726		469,762	
<b>Total current assets</b>			<b>1,548,932</b>		<b>1,243,885</b>
<b>Total assets</b>			<b>49,355,044</b>		<b>60,289,357</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(465,366)		(618,217)	
Other creditors	8	(389,505)		(530,032)	
<b>Total creditors</b>			<b>(854,871)</b>		<b>(1,148,249)</b>
<b>Total liabilities</b>			<b>(854,871)</b>		<b>(1,148,249)</b>
<b>Net assets attributable to Shareholders</b>			<b>48,500,173</b>		<b>59,141,108</b>

The notes on pages 40 to 47 form an integral part of these Financial Statements.

# MI Charles Stanley Monthly High Income Fund

## Notes to the Financial Statements

for the year ended 31 January 2023

### 1. Accounting Policies

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

### 2. Net Capital Losses

	31.01.23 £	31.01.22 £
Non-derivative securities	(5,175,775)	(201,055)
Currency gains	–	1
Transaction charges	(6,114)	(6,562)
<b>Net capital losses</b>	<b>(5,181,889)</b>	<b>(207,616)</b>

### 3. Revenue

	31.01.23 £	31.01.22 £
UK dividends: Ordinary	828,209	856,564
Overseas dividends	21,382	108,469
Property income distributions	103,268	73,664
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	48,334	28,271
Interest distributions	36,613	37,257
Interest on debt securities	1,499,130	1,893,608
Bank interest	1,342	–
<b>Total revenue</b>	<b>2,538,278</b>	<b>2,997,833</b>

### 4. Expenses

	31.01.23 £	31.01.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	25,006	25,000
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	401,759	506,074
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,773	15,951
Safe custody and other bank charges	5,569	6,541
	18,342	22,492
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (including VAT)	2,163	1,978
	12,228	11,341

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>31.01.23</b>	<b>31.01.22</b>
	<b>£</b>	<b>£</b>
Other expenses:		
Legal fees	3,099	4,151
Printing costs	4,403	4,275
	<u>7,502</u>	<u>8,426</u>
Total Ongoing charge (OGC) rebates accrued against expenses^	<u>(27,290)</u>	<u>(20,839)</u>
<b>Expenses</b>	<b>437,547</b>	<b>552,494</b>
Interest payable and similar charges	70	–
<b>Total</b>	<b>437,617</b>	<b>552,494</b>

^The Investment Manager currently rebates the Sub-fund's operating charges, excluding the Investment Managers fee and synthetic ongoing charge.

<b>5. Taxation</b>	<b>31.01.23</b>	<b>31.01.22</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Corporation tax at 20%	20,653	14,733
<b>Total tax charge (note 5b)</b>	<b>20,653</b>	<b>14,733</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	2,100,661	2,445,339
Corporation tax at 20%	420,132	489,068
Effects of:		
UK dividends	(175,309)	(176,967)
Interest distributions	(219,894)	(275,674)
Non-taxable overseas earnings	(4,276)	(21,694)
<b>Total tax charge (note 5a)</b>	<b>20,653</b>	<b>14,733</b>

(c) Deferred tax

There was no liability to deferred tax at the balance sheet date (2022: none).

## Notes to the Financial Statements

continued

### 6. Distributions

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

		31.01.23 £	31.01.22 £
First interim distribution	28.02.22	184,499	200,649
Second interim distribution	31.03.22	182,883	207,138
Third interim distribution	30.04.22	181,830	207,961
Fourth interim distribution	31.05.22	179,842	205,149
Fifth interim distribution	30.06.22	179,146	204,029
Sixth interim distribution	31.07.22	178,103	204,490
Seventh interim distribution	31.08.22	177,188	204,328
Eighth interim distribution	30.09.22	177,264	202,713
Ninth interim distribution	31.10.22	176,468	202,782
Tenth interim distribution	30.11.22	175,125	196,946
Eleventh interim distribution	31.12.22	172,097	194,085
Twelfth interim distribution	31.01.23	521,786	690,203
		2,486,231	2,920,473
Revenue deducted on cancellation of shares		51,951	96,636
Revenue received on issue of shares		(20,628)	(34,015)
<b>Distributions</b>		<b>2,517,554</b>	<b>2,983,094</b>

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

Net revenue after taxation per Statement of Total Return	2,080,008	2,430,606
Expenses allocated to capital	437,546	552,494
Undistributed revenue brought forward	34	28
Undistributed revenue carried forward	(34)	(34)
<b>Distributions</b>	<b>2,517,554</b>	<b>2,983,094</b>

### 7. Debtors

	31.01.23 £	31.01.22 £
Amounts receivable on issues	33,104	32,185
Sales awaiting settlement	305,071	–
Accrued income:		
Interest on debt securities	536,283	642,317
Dividends receivable	87,652	97,214
Ongoing charge (OGC) rebate	2,407	1,709
Prepaid expenses:		
Legal fees	689	698
<b>Total debtors</b>	<b>965,206</b>	<b>774,123</b>

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.01.23</b>	<b>31.01.22</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	11,379	456,980
Purchases awaiting settlement	307,370	–
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fee	2,123	2,117
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	31,773	40,187
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	1,954	2,588
Safe custody and other bank charges	913	1,091
	2,867	3,679
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (including VAT)	2,163	1,978
	12,228	11,341
Other expenses:		
Printing costs	1,112	995
Taxation payable:		
Corporation tax payable	20,653	14,733
<b>Total other creditors</b>	<b>389,505</b>	<b>530,032</b>
<b>9. Cash and Bank Balances</b>	<b>31.01.23</b>	<b>31.01.22</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	583,726	469,762
<b>Cash and bank balances</b>	<b>583,726</b>	<b>469,762</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').

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

Fees payable to Charles Stanley & Co Limited ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

Amounts receivable from the Investment Manager for 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 Charles Stanley Investment Funds II.

### 11. Contingent Liabilities and Outstanding Commitments

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

### 12. Risk Management Policies and Disclosures

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

#### Disclosure of VaR limit

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

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

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

The Absolute VaR of a UCITS cannot be greater than 20% of its NAV, and therefore the VaR limit set during the financial year to 31 January 2023 was 20%.

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial year end 31 January 2023.

	31.01.23 % of VaR	Utilisation of VaR(*) 20%	31.01.22 % of VaR	Utilisation of VaR(*) 20%
VaR at year end:	4.68	23.40	14.08	70.38
Minimum VaR:	3.58	17.90	11.32	56.61
Maximum VaR:	14.38	71.90	13.88	69.40
Average VaR:	5.20	26.00	12.18	60.89

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

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

## Notes to the Financial Statements

continued

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

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £4,780,611 (2022: £5,904,547).

#### Currency risk

There is no material direct foreign currency exposure in the Sub-fund (2022: none).

#### Interest rate risk

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

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

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

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

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	369,019	— 0.00	534 0.14	368,485
Bonds	3,639,199	— 0.00	— 0.00	3,639,199
Corporate actions	(958,998)	— 0.00	— 0.00	(958,998)
<b>Total purchases after commissions and tax</b>	<b>3,049,219</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	3,904,591	— 0.00	67 0.00	3,904,658
Bonds	4,585,858	— 0.00	83 0.00	4,585,942
Funds	300,000	— 0.00	— 0.00	300,000
<b>Total sales after commissions and tax</b>	<b>8,790,450</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.00%			

31.01.22

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	2,740,905	— 0.00	3,414 0.12	2,737,491
Bonds	4,225,083	— 0.00	— 0.00	4,225,083
Funds	300,000	— 0.00	— 0.00	300,000
Corporate actions	(72,772)	— 0.00	— 0.00	(72,772)
<b>Total purchases after commissions and tax</b>	<b>7,193,216</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	4,263,273	53 0.00	109 0.00	4,263,435
Bonds	9,877,666	— 0.00	46 0.00	9,877,712
<b>Total sales after commissions and tax</b>	<b>14,140,939</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.01%			



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs (continued)

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

The Sub-fund mainly invests in Bonds that are not subject to commission and taxes.

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2023 is 0.86% (2022: 0.71%).

### 15. Events after the Balance Sheet date

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

### 16. Fair Value Disclosure

Valuation technique	31.01.23		31.01.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	18,249,787	—	23,610,789	—
Level 2 <sup>^^</sup>	29,556,325	—	35,434,683	—
Level 3 <sup>^^^</sup>	—	—	—	—
	<b>47,806,112</b>	<b>—</b>	<b>59,045,472</b>	<b>—</b>

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

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

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

### 17. Shares in Issue

	A Income	A Accumulation	C Income	C Accumulation
Opening number of shares	3,509,250	184,957	52,643,830	4,351,042
Shares issued	35,270	5,556	3,293,540	375,449
Shares cancelled	(261,049)	(11,833)	(8,299,996)	(883,968)
Shares converted	(20,023)	—	(57,540)	50,662
<b>Closing number of shares</b>	<b>3,263,448</b>	<b>178,680</b>	<b>47,579,834</b>	<b>3,893,185</b>

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

for the year ended 31 January 2023

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1 Group 2	0.2893 0.0410	– 0.2483	0.2893 0.2893	0.2783 0.2783
	Second interim	Group 1 Group 2	0.2892 –	– 0.2892	0.2892 0.2892	0.2900 0.2900
	Third interim	Group 1 Group 2	0.2892 –	– 0.2892	0.2892 0.2892	0.2900 0.2900
	Fourth interim	Group 1 Group 2	0.2891 –	– 0.2891	0.2891 0.2891	0.2899 0.2899
	Fifth interim	Group 1 Group 2	0.2894 –	– 0.2894	0.2894 0.2894	0.2898 0.2898
	Sixth interim	Group 1 Group 2	0.2895 –	– 0.2895	0.2895 0.2895	0.2898 0.2898
	Seventh interim	Group 1 Group 2	0.2895 –	– 0.2895	0.2895 0.2895	0.2897 0.2897
	Eighth interim	Group 1 Group 2	0.2895 –	– 0.2895	0.2895 0.2895	0.2897 0.2897
	Ninth interim	Group 1 Group 2	0.2895 –	– 0.2895	0.2895 0.2895	0.2896 0.2896
	Tenth interim	Group 1 Group 2	0.2894 –	– 0.2894	0.2894 0.2894	0.2896 0.2896
	Eleventh interim	Group 1 Group 2	0.2894 –	– 0.2894	0.2894 0.2894	0.2825 0.2825
	Twelfth interim	Group 1 Group 2	0.8846 0.0971	– 0.7875	0.8846 0.8846	1.0477 1.0477
C	First interim	Group 1 Group 2	0.3000 0.1503	– 0.1497	0.3000 0.3000	0.2879 0.2879
	Second interim	Group 1 Group 2	0.3000 0.0286	– 0.2714	0.3000 0.3000	0.3000 0.3000
	Third interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Fourth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Fifth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Sixth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Seventh interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Eighth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Ninth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000
	Tenth interim	Group 1 Group 2	0.3000 –	– 0.3000	0.3000 0.3000	0.3000 0.3000

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

continued

### Income Share Distributions (continued)

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2023 p	Distribution paid 2022 p
C	Eleventh interim	Group 1	0.3000	–	0.3000	0.3000
		Group 2	–	0.3000	0.3000	0.3000
	Twelfth interim	Group 1	0.9174	–	0.9174	1.1045
		Group 2	0.2171	0.7003	0.9174	1.1045

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2023	Amount reinvested 2022
			p	p	p	p
A	First interim	Group 1 Group 2	0.5813 0.3435	– 0.2378	0.5813 0.5813	0.5349 0.5349
	Second interim	Group 1 Group 2	0.5832 0.0085	– 0.5747	0.5832 0.5832	0.5587 0.5587
	Third interim	Group 1 Group 2	0.5843 –	– 0.5843	0.5843 0.5843	0.5600 0.5600
	Fourth interim	Group 1 Group 2	0.5857 –	– 0.5857	0.5857 0.5857	0.5612 0.5612
	Fifth interim	Group 1 Group 2	0.5893 –	– 0.5893	0.5893 0.5893	0.5623 0.5623
	Sixth interim	Group 1 Group 2	0.5903 –	– 0.5903	0.5903 0.5903	0.5634 0.5634
	Seventh interim	Group 1 Group 2	0.5918 –	– 0.5918	0.5918 0.5918	0.5650 0.5650
	Eighth interim	Group 1 Group 2	0.5929 –	– 0.5929	0.5929 0.5929	0.5661 0.5661
	Ninth interim	Group 1 Group 2	0.5950 –	– 0.5950	0.5950 0.5950	0.5674 0.5674
	Tenth interim	Group 1 Group 2	0.5967 –	– 0.5967	0.5967 0.5967	0.5690 0.5690
	Eleventh interim	Group 1 Group 2	0.5980 –	– 0.5980	0.5980 0.5980	0.5700 0.5700
	Twelfth interim	Group 1 Group 2	1.8349 0.5185	– 1.3164	1.8349 1.8349	2.1040 2.1040
C	First interim	Group 1 Group 2	0.4327 0.2774	– 0.1553	0.4327 0.4327	0.3972 0.3972
	Second interim	Group 1 Group 2	0.4343 0.0085	– 0.4258	0.4343 0.4343	0.4150 0.4150
	Third interim	Group 1 Group 2	0.4352 –	– 0.4352	0.4352 0.4352	0.4160 0.4160
	Fourth interim	Group 1 Group 2	0.4362 –	– 0.4362	0.4362 0.4362	0.4176 0.4176
	Fifth interim	Group 1 Group 2	0.4343 –	– 0.4343	0.4343 0.4343	0.4175 0.4175

# MI Charles Stanley Monthly High Income Fund

## Distribution Tables

continued

### Accumulation Share Distributions (continued)

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
C	Sixth interim	Group 1	0.4371	–	0.4371	0.4188
		Group 2	–	0.4371	0.4371	0.4188
	Seventh interim	Group 1	0.4393	–	0.4393	0.4201
		Group 2	–	0.4393	0.4393	0.4201
	Eighth interim	Group 1	0.4404	–	0.4404	0.4209
		Group 2	–	0.4404	0.4404	0.4209
	Ninth interim	Group 1	0.4424	–	0.4424	0.4220
		Group 2	–	0.4424	0.4424	0.4220
	Tenth interim	Group 1	0.4439	–	0.4439	0.4232
		Group 2	–	0.4439	0.4439	0.4232
	Eleventh interim	Group 1	0.4449	–	0.4449	0.4239
		Group 2	–	0.4449	0.4449	0.4239
	Twelfth interim	Group 1	1.3650	–	1.3650	1.5650
		Group 2	0.1585	1.2065	1.3650	1.5650

### Further information

First interim period: 01.02.22 - 28.02.22  
 Second interim period: 01.03.22 - 31.03.22  
 Third interim period: 01.04.22 - 30.04.22  
 Fourth interim period: 01.05.22 - 31.05.22  
 Fifth interim period: 01.06.22 - 30.06.22  
 Sixth interim period: 01.07.22 - 31.07.22  
 Seventh interim period: 01.08.22 - 31.08.22  
 Eighth interim period: 01.09.22 - 30.09.22  
 Ninth interim period: 01.10.22 - 31.10.22  
 Tenth interim period: 01.11.22 - 30.11.22  
 Eleventh interim period: 01.12.22 - 31.12.22  
 Twelfth interim period: 01.01.23 - 31.01.23

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

### Equalisation

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

## Investment Objective and Policy

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

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

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

## Investment Manager's Report

for the year ended 31 January 2023

### Market Overview

The Sub-fund posted a +2.6% total return over the last six months, compared to +5.3% for the FTSE All Share and a +1.5% total return for the IA Global peer group.

(Source: Financial Express Analytics, as at 31 January 2023, pounds sterling, net income re-invested, A Accumulation shares)

Global equity markets rallied back in January after a swath of data indicated that inflation may be edging lower. This followed a challenging period when markets experienced an elevated level of volatility, with investors concerned that the high inflation was becoming embedded in the system, raising the prospects of higher interest rates and the fear of a global recession.

Central banks continued to tighten monetary policy in their determination to get to grips with spiralling inflation and drive it down closer towards target levels. The US Federal Reserve slowed the pace of monetary tightening following their December meeting, raising interest rates by 0.5 percentage points. Despite the slight dip in reported core inflation and expectations of a Fed 'pivot', chairman Jerome Powell spooked international markets by signalling further rate rises in 2023. Economists and analysts are adjusting future growth prospects, both at a global level and to business, while consumers' face higher energy prices and a mounting cost of living crisis. The risk of a policy error is rising, as countries around the world simultaneously raise interest rates, which could create an unnecessarily deep and protracted global downturn. The prospects of a stagflationary environment, with high levels of inflation and falling growth, remain at the forefront of investors' concerns and continues to dominate financial markets.

In the US, President Joe Biden avoided sweeping defeats in the US midterm elections after maintaining overall control of the Senate. It was feared the Democratic Party would struggle to win over voters with the huge levels of federal spending as household budgets suffered from inflationary pressures. However, the Republican Party did gain control of the House of Representatives by a narrow margin, leading to Republican Kevin McCarthy being elected Speaker of the House of Representatives after several days of tough negotiations. The narrow margin of his victory, however, has caused major concern that Congress will be unable to pass the necessary legislation in order to raise the US debt ceiling and avoid a damaging default and potentially sending the country in to a deep recession.

After two years of Chinese lockdown, President Xi Jinping and his administration abandoned their strict zero-COVID restrictions. This rapid re-opening was poised to boost global growth however, western governments imposed new restrictions on travellers from mainland China, as coronavirus cases in the country surged following the abrupt easing and reversal in their policy.

In Europe, manufacturers began planning to halt production lines adding to supply chain pressures, in response to a surge in energy prices caused by Russia's squeeze on gas supplies. However, the extremely mild winter in most of Europe has allowed countries to replenish their gas storage inventories, helping cushion inflation and reduce costs to consumers and businesses.

In the UK, Liz Truss resigned as Prime Minister after a calamitous 44-day spell in office culminating in a turbulent month for the British economy. Her vision for a low-tax, high-growth economy, crashed the markets as she took responsibility for Chancellor Kwasi Kwarteng's 'mini' Budget that contained £45bn of unfunded tax cuts. With a sharp rise in expected public sector borrowing, international investors balked and took flight, selling gilts and forcing the Bank of England to intervene to support sterling and restore confidence in the market. In an attempt to stabilise the economy after months of chaos, the Conservative Party quickly elected former Chancellor Rishi Sunak as leader of the party and the third Prime Minister in two months, after hopefuls Boris Johnson and Penny Mordaunt quit the race. Investors welcomed Sunak's initial determination to prioritise economic stability and confidence, while markets reacted to a 'dullness dividend' as government debt yields returned

## Investment Manager's Report

continued

back to normalised levels. Finally, the Bank of England reported a sharp rise in consumer credit and higher levels of credit card borrowing. The cost-of-living crisis has forced workers to demand excessive pay rises leading to a wave of industrial action across both the private and public sectors, costing the economy billions in lost economic output and slowing Britain's post-pandemic recovery.

### Outlook

As we head into the New Year the outlook for the global growth remains uncertain as consumers and businesses are squeezed by rising costs and falling demand. It is encouraging to see that the price of oil has fallen back significantly since its summer peak and this, combined with the appropriate quantitative and monetary tightening, will hopefully get inflation back under control. This will provide welcome relief to households as consumers tackle spiralling food prices and higher energy costs.

Geopolitical risks remain with the protracted Russia invasion of Ukraine disrupting energy markets, while the reversal in globalisation increases the cost of manufacturing and goods. Despite this, markets are forward-looking and investors will begin to focus on the potential future opportunities in 2024 and beyond as sentiment moves on from downturn and recession to recovery and improved prosperity.

The energy crisis in Europe, caused by the ongoing conflict between Russia and Ukraine, has pushed the Euro to a 20-year low and led to speculation that German manufacturers may have to implement a three-day working week. In a sign of weakening demand, the price of Brent crude oil has fallen back below \$85, having been nearer \$110-a-barrel at the start of the year, relieving inflationary pressure on the global economy.

After months of deadlock, the UK government and European Union appear to be on the cusp of a new 'mini-deal' on post-Brexit talks. This may help remove uncertainty in Northern Ireland, clearing the way for a new push for the restoration of the Stormont Assembly. Meanwhile, UK public sector unions threatened strike action and a 'Winter of Discontent' as workers face real term wage cuts and a steep decline in living standards. Economists expect the Bank of England to continue tightening monetary policy throughout 2023 in their determination to prevent a damaging wage-price spiral and stop the elevated inflation levels becoming embedded in the system, raising the prospects of a protracted domestic recession.

In America, the Federal Reserve remains focused on the historically low unemployment rate, with chairman Jerome Powell aware of increased occurrences of 'labour hoarding'. This may add to the acute worker shortages that are putting upward pressure on wages. Despite this, analysts expect a softer quarter point rise in interest rates at their next meeting which follows larger increases in rates throughout 2022, amid encouraging signs consumer price inflation has peaked and we are heading for an economic soft landing.

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

### Significant Portfolio Changes

#### Top 10 purchases since 1 February 2022

	Cost £
Darktrace	687,486
Vanguard S&P 500 ETF	677,567
London Stock Exchange	621,652
Goldman Sachs India Equity - I Income GBP	567,500
Scottish Mortgage Investment Trust	551,427
Man GLG Japan CoreAlpha - D Income	388,104
Avast	354,600
Rentokil Initial	220,715
AXA Framlington American Growth - Z Accumulation GBP	219,555
Baring Eastern - D Income GBP	201,900
	<hr/> 4,490,506 <hr/>

## Investment Manager's Report

continued

### Top 10 sales since 1 February 2022

	Proceeds £
BHP	1,612,008
Jupiter North American Income - I Income	1,447,307
HSBC MSCI China UCITS ETF	1,300,938
Barings German Growth Trust - I Income GBP	1,092,223
Shell	831,436
Fidelity American Special Situations - W Accumulation	710,200
Reckitt Benckiser	637,982
AstraZeneca	613,467
Rio Tinto	542,817
Avast	490,607
	<hr/> 9,278,985 <hr/>

# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

as at 31 January 2023

Holding	Security	Market value £	% of total net assets 2023
	<b>TECHNOLOGY 0.32% (0.00%)</b>		
	<b>Software and Computer Services 0.32% (0.00%)</b>		
170,000	Darktrace	357,340	0.32
	<b>TELECOMMUNICATIONS 0.99% (1.29%)</b>		
	<b>Telecommunications Service Providers 0.99% (1.29%)</b>		
1,167,000	Vodafone	1,086,711	0.99
	<b>HEALTH CARE 5.92% (6.30%)</b>		
	<b>Medical Equipment and Services 0.69% (0.73%)</b>		
68,000	Smith & Nephew	757,860	0.69
	<b>Pharmaceuticals and Biotechnology 5.23% (5.57%)</b>		
25,000	AstraZeneca	2,647,500	2.40
131,200	GSK	1,867,501	1.70
17,000	Novartis	1,239,671	1.13
		5,754,672	5.23
	<b>FINANCIALS 10.57% (9.53%)</b>		
	<b>Banks 4.92% (4.50%)</b>		
1,537,000	Barclays	2,856,361	2.60
4,863,000	Lloyds Banking	2,556,965	2.32
		5,413,326	4.92
	<b>Finance and Credit Services 1.08% (0.49%)</b>		
16,000	London Stock Exchange	1,184,640	1.08
	<b>Investment Banking and Brokerage Services 0.86% (1.14%)</b>		
467,000	M&G	942,873	0.86
	<b>Closed End Investments 0.59% (0.27%)</b>		
86,000	Scottish Mortgage Investment Trust	644,140	0.59
	<b>Life Insurance 3.12% (3.13%)</b>		
580,000	Legal & General	1,473,200	1.34
146,000	Prudential	1,955,670	1.78
		3,428,870	3.12
	<b>REAL ESTATE 0.69% (0.72%)</b>		
	<b>Real Estate Investment Trusts 0.69% (0.72%)</b>		
107,000	Land Securities	757,774	0.69
	<b>CONSUMER DISCRETIONARY 5.46% (5.22%)</b>		
	<b>Consumer Services 2.23% (2.13%)</b>		
127,000	Compass	2,452,370	2.23



# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Media 3.23% (3.09%)</b>		
305,000	ITV	246,684	0.22
138,000	RELX	3,313,380	3.01
		3,560,064	3.23
	<b>CONSUMER STAPLES 7.64% (8.31%)</b>		
	<b>Beverages 1.79% (1.90%)</b>		
56,000	Diageo	1,970,920	1.79
	<b>Tobacco 2.19% (2.09%)</b>		
45,000	British American Tobacco	1,392,975	1.27
50,000	Imperial Brands	1,015,500	0.92
		2,408,475	2.19
	<b>Personal Care, Drug and Grocery Stores 3.66% (4.32%)</b>		
26,000	Ocado	167,960	0.15
27,000	Reckitt Benckiser	1,557,360	1.41
469,736	Tesco	1,155,081	1.05
28,000	Unilever	1,150,380	1.05
		4,030,781	3.66
	<b>INDUSTRIALS 3.84% (3.62%)</b>		
	<b>General Industrials 1.25% (1.25%)</b>		
390,000	Smith (DS)	1,378,260	1.25
	<b>Industrial Support Services 2.59% (2.37%)</b>		
39,000	Experian	1,151,280	1.05
345,000	Rentokil Initial	1,692,915	1.54
		2,844,195	2.59
	<b>BASIC MATERIALS 3.12% (4.25%)</b>		
	<b>Industrial Metals and Mining 3.12% (4.25%)</b>		
308,000	Glencore	1,666,896	1.51
28,000	Rio Tinto	1,769,320	1.61
		3,436,216	3.12
	<b>ENERGY 4.46% (4.16%)</b>		
	<b>Oil, Gas and Coal 4.46% (4.16%)</b>		
466,000	BP	2,278,041	2.07
111,000	Shell	2,635,140	2.39
		4,913,181	4.46

# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>UTILITIES 2.56% (2.55%)</b>		
	<b>Gas, Water and Multi-utilities 2.56% (2.55%)</b>		
97,000	National Grid	994,250	0.90
57,333	Pennon	525,744	0.48
46,000	Severn Trent	1,294,900	1.18
		<b>2,814,894</b>	<b>2.56</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 47.72% (46.98%)</b>		
	<b>Asia Pacific 8.22% (7.10%)</b>		
141,000	Baring Eastern - D Income GBP*	1,889,400	1.72
560,000	First State Stewart Investment Asia Pacific - B Income*	1,724,520	1.57
829,000	Man GLG Japan CoreAlpha - D Income*	2,202,653	2.00
2,258,576	Schroder Asian Income - L Income GBP*	1,763,948	1.60
1,331,000	Schroder Tokyo - Z Income GBP*	1,458,776	1.33
		<b>9,039,297</b>	<b>8.22</b>
	<b>Continental Europe 3.85% (4.96%)</b>		
75,000	Baillie Gifford Overseas Growth Fund - B Income*	1,596,750	1.45
914,000	BlackRock Continental European Income - D Income GBP*	1,642,915	1.49
292,000	Legal & General European Index - C Distribution*	1,000,100	0.91
		<b>4,239,765</b>	<b>3.85</b>
	<b>Emerging Markets 1.46% (0.95%)</b>		
2,000	Brook Global Emerging Markets - I GBP Accumulation*	203,440	0.18
66,000	Goldman Sachs India Equity - I Income GBP*	1,403,160	1.28
		<b>1,606,600</b>	<b>1.46</b>
	<b>Global 1.78% (1.59%)</b>		
1,725,000	M&G Global Listed Infrastructure - Income GBP*	1,964,085	1.78
	<b>North America 30.68% (30.26%)</b>		
1,702,179	Aviva Investors US Equity Income Fund - Class 5 GBP Income*	4,310,258	3.92
1,365,000	AXA Framlington American Growth - Z Accumulation GBP*	7,239,960	6.58
206,000	Brown Advisory US Smaller Companies*	4,781,874	4.35
166,000	Fidelity American Special Situations - W Accumulation*	3,794,760	3.45
3,843,000	JPM US Equity Income - C2 Income*	6,025,824	5.48
1,788,000	Loomis Sayles US Equity Leaders - Q Accumulation GBP*	7,593,457	6.90
		<b>33,746,133</b>	<b>30.68</b>
	<b>United Kingdom 1.73% (2.12%)</b>		
200,000	Aberdeen UK Smaller Companies - Institutional Accumulation*	1,913,000	1.73

# MI Charles Stanley UK & International Growth Fund

## Portfolio Statement

continued

		Market value £	% of total net assets 2023
<b>Holding</b>	<b>Security</b>		
<b>EXCHANGE TRADED FUNDS 6.11% (6.26%)</b>			
<b>Exchange Traded Funds 6.11% (6.26%)</b>			
313,000	iShares S&P 500 Financials UCITS ETF - Accumulation USD	2,592,884	2.35
52,000	Vanguard FTSE 250 UCITS ETF	1,592,760	1.44
41,000	Vanguard S&P 500 ETF	2,552,250	2.32
		6,737,894	6.11
<b>Investment assets</b>		<b>109,384,336</b>	<b>99.40</b>
<b>Net other assets</b>		<b>655,922</b>	<b>0.60</b>
<b>Net assets</b>		<b>110,040,258</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.01.22.

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

## Comparative Table

### Change in net assets per share

	A Accumulation		
	31.01.23 p	31.01.22 p	31.01.21 p
<b>Opening net asset value per share</b>	316.27	273.52	276.44
Return before operating charges <sup>^</sup>	11.58	47.10	0.87
Operating charges	-4.43	-4.35	-3.79
Return after operating charges <sup>^</sup>	7.15	42.75	-2.92
Distributions	-4.87	-3.66	-3.40
Retained distributions on accumulation shares	4.87	3.66	3.40
<b>Closing net asset value per share</b>	<b>323.42</b>	<b>316.27</b>	<b>273.52</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.06	-0.03
<b>Performance</b>			
Return after charges	2.26%	15.63%	-1.06%
<b>Other information</b>			
Closing net asset value	£110,040,258	£117,336,499	£103,109,179
Closing number of shares	34,024,154	37,100,419	37,696,995
Operating charges	1.41%	1.42%	1.47%
Direct transaction costs	0.01%	0.02%	0.01%
<b>Prices</b>			
Highest share price	327.74	328.31	287.45
Lowest share price	294.92	274.95	207.00

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

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

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

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

## Risk warning

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

# MI Charles Stanley UK & International Growth Fund

## Statement of Total Return

for the year ended 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
Income					
Net capital gains	2		666,541		14,780,973
Revenue	3	2,920,684		2,619,155	
Expenses	4	(1,174,708)		(1,222,146)	
Net revenue before taxation		1,745,976		1,397,009	
Taxation	5	(12,072)		(17,060)	
Net revenue after taxation			1,733,904		1,379,949
<b>Total return before distributions</b>			<b>2,400,445</b>		<b>16,160,922</b>
Distributions	6		(1,733,906)		(1,379,968)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>666,539</b>		<b>14,780,954</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 January 2023

	£	31.01.23 £	£	31.01.22 £
<b>Opening net assets attributable to Shareholders</b>		<b>117,336,499</b>		<b>103,109,179</b>
Amounts receivable on issue of shares	4,320,543		9,591,444	
Less: Amounts payable on cancellation of shares	(13,977,204)		(11,519,413)	
		(9,656,661)		(1,927,969)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		666,539		14,780,954
Retained distributions on accumulation shares		1,693,881		1,374,335
<b>Closing net assets attributable to Shareholders</b>		<b>110,040,258</b>		<b>117,336,499</b>

The notes on pages 62 to 69 form an integral part of these Financial Statements.

# MI Charles Stanley UK & International Growth Fund

## Balance Sheet

as at 31 January 2023

	Note	£	31.01.23 £	£	31.01.22 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			109,384,336		116,386,998
<b>Current Assets</b>					
Debtors	7	404,018		224,749	
Cash and bank balances	9	1,052,611		1,061,104	
<b>Total current assets</b>			<b>1,456,629</b>		<b>1,285,853</b>
<b>Total assets</b>			<b>110,840,965</b>		<b>117,672,851</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Other creditors	8	(800,707)		(336,352)	
<b>Total creditors</b>			<b>(800,707)</b>		<b>(336,352)</b>
<b>Total liabilities</b>			<b>(800,707)</b>		<b>(336,352)</b>
<b>Net assets attributable to Shareholders</b>			<b>110,040,258</b>		<b>117,336,499</b>

The notes on pages 62 to 69 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 January 2023

### 1. Accounting Policies

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

### 2. Net Capital Gains

	31.01.23 £	31.01.22 £
Non-derivative securities	671,230	14,784,451
Currency (losses)/gains	(194)	1,039
Transaction charges	(4,495)	(4,517)
<b>Net capital gains</b>	<b>666,541</b>	<b>14,780,973</b>

### 3. Revenue

	31.01.23 £	31.01.22 £
UK dividends:	2,111,273	1,890,766
Overseas dividends	43,222	53,105
Property Income Distributions	41,837	32,635
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	610,669	553,224
Offshore distributions	109,898	89,448
Bank interest	3,785	(23)
<b>Total revenue</b>	<b>2,920,684</b>	<b>2,619,155</b>

### 4. Expenses

	31.01.23 £	31.01.22 £
Payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fees	15,000	15,000
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	1,106,229	1,153,241
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	25,989	26,582
Safe custody and other bank charges	12,694	12,635
	<b>38,683</b>	<b>39,217</b>



## Notes to the Financial Statements

continued

4. Expenses (continued)	31.01.23 £	31.01.22 £
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (Including VAT)	2,163	1,978
	<hr/> 12,228	<hr/> 11,341
Other expenses:		
Legal fees	1,171	2,030
Printing costs	1,397	1,317
	<hr/> 2,568	<hr/> 3,347
<b>Total expenses</b>	<hr/> <b>1,174,708</b>	<hr/> <b>1,222,146</b>

5. Taxation	31.01.23 £	31.01.22 £
(a) Analysis of charge in the year:		
Overseas tax	12,072	17,060
<b>Total tax charge (note 5b)</b>	<hr/> <b>12,072</b>	<hr/> <b>17,060</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,745,976	1,397,009
Corporation tax at 20%	349,195	279,402
Effects of:		
UK dividends	(544,388)	(488,797)
Movement in surplus management expenses	225,817	237,907
Non taxable overseas earnings	(30,624)	(28,512)
Overseas tax expensed	12,072	17,060
<b>Total tax charge (note 5a)</b>	<hr/> <b>12,072</b>	<hr/> <b>17,060</b>

### (c) Deferred tax

At the year end there is a potential deferred tax asset of £2,318,475 (2022: £2,092,658) in relation to surplus management expenses of £11,592,377 (2022: £10,463,292). 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:

		31.01.23 £	31.01.22 £
Interim distribution	31.07.22	1,003,599	793,640
Final distribution	31.01.23	690,282	580,696
		1,693,881	1,374,336
Revenue deducted on cancellation of shares		64,769	48,161
Revenue received on issue of shares		(24,744)	(42,529)
<b>Distributions</b>		<b>1,733,906</b>	<b>1,379,968</b>

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

Net revenue after taxation per Statement of Total Return	1,733,904	1,379,949
Undistributed revenue brought forward	11	30
Undistributed revenue carried forward	(9)	(11)
<b>Distributions</b>	<b>1,733,906</b>	<b>1,379,968</b>

### 7. Debtors

	31.01.23 £	31.01.22 £
Amounts receivable on issues	144,146	7,708
Accrued income:		
Dividends receivable	232,489	192,913
Overseas tax recoverable	27,211	23,953
Prepaid expenses:		
Legal fees	172	175
<b>Total debtors</b>	<b>404,018</b>	<b>224,749</b>

### 8. Other Creditors

	31.01.23 £	31.01.22 £
Amounts payable on cancellations	686,561	18,500
Purchases awaiting settlement	–	196,098
Accrued expenses:		
Amounts payable to the Authorised Corporate Director ('ACD'), associates of the ACD and agents of either of them:		
Registration fee	1,274	1,273
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	93,371	101,520

## Notes to the Financial Statements

continued

8. Other Creditors (continued)	31.01.23 £	31.01.22 £
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	4,338	4,678
Safe custody and other bank charges	2,099	2,142
	<u>6,437</u>	<u>6,820</u>
Auditor's remuneration:		
Audit fee (including VAT)	10,065	9,363
Tax compliance services (Including VAT)	2,163	1,978
	<u>12,228</u>	<u>11,341</u>
Other accrued expenses:		
Printing costs	836	800
<b>Total other creditors</b>	<b>800,707</b>	<b>336,352</b>

9. Cash and Bank Balances	31.01.23 £	31.01.22 £
Cash and bank balances	1,052,611	1,061,104
<b>Cash and bank balances</b>	<b>1,052,611</b>	<b>1,061,104</b>

## 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').

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

Fees payable to Charles Stanley & Co Limited ('the Investment Manager') are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

Amounts receivable from the Investment Manager for 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 Charles Stanley Investment Funds II.

## 11. Contingent Liabilities and Outstanding Commitments

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

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures

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

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

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £10,938,434 (2022: £11,638,700).

#### Currency risk

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

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

Currency	31.01.23 Total exposures £	31.01.22 Total exposures £
Chinese renminbi	–	1,303,270
Euro	4,286,058	5,862,276
Indian rupee	3,127,680	929,470
Japanese yen	3,661,429	3,006,737
Pound sterling	56,837,477	65,323,435
Swiss franc	1,266,882	1,114,370
United States dollar	40,860,732	39,796,941
	<b>110,040,258</b>	<b>117,336,499</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £5,320,278 (2022: £5,201,306).

## Notes to the Financial Statements

continued

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

#### Interest rate risk

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 2 on pages 10 to 11.

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

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

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

31.01.23

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Euro	—	—	4,286,058	4,286,058
Indian rupee	—	—	3,127,680	3,127,680
Japanese yen	—	—	3,661,429	3,661,429
Pound sterling	1,052,611	—	56,585,573	57,638,184
Swiss franc	—	—	1,266,882	1,266,882
United States dollar	—	—	40,860,732	40,860,732
	<b>1,052,611</b>	<b>—</b>	<b>109,788,354</b>	<b>110,840,965</b>

Currency	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Pound sterling	—	—	800,707	800,707
	<b>—</b>	<b>—</b>	<b>800,707</b>	<b>800,707</b>

31.01.22

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Chinese renminbi	—	—	1,303,270	1,303,270
Euro	—	—	5,862,276	5,862,276
Indian rupee	—	—	929,470	929,470
Japanese yen	—	—	3,006,737	3,006,737
Pound sterling	1,061,104	—	64,598,683	65,659,787
Swiss franc	—	—	1,114,370	1,114,370
United States dollar	—	—	39,796,941	39,796,941
	<b>1,061,104</b>	<b>—</b>	<b>116,611,747</b>	<b>117,672,851</b>

Currency	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Pound sterling	—	—	336,352	336,352
	<b>—</b>	<b>—</b>	<b>336,352</b>	<b>336,352</b>

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.01.23

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	2,852,313	15 0.00	14,205 0.50	2,838,093
Funds	2,350,137	— 0.00	— 0.00	2,350,137
<b>Total purchases after commissions and tax</b>	<b>5,202,450</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	7,882,813	— 0.00	136 0.00	7,882,949
Funds	4,993,528	— 0.00	— 0.00	4,993,528
<b>Total sales after commissions and tax</b>	<b>12,876,341</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.01%			

31.01.22

Analysis of purchases	Total purchase cost £	Commissions paid £ %	Taxes £ %	Purchases before transaction cost £
Equities	8,933,656	— 0.00	19,809 0.22	8,913,847
Funds	1,047,094	— 0.00	— 0.00	1,047,094
Corporate Actions	(585,715)	— 0.00	— 0.00	(585,715)
<b>Total purchases after commissions and tax</b>	<b>9,395,035</b>			
Analysis of sales	Net sale proceeds £	Commissions paid £ %	Taxes £ %	Sales before transaction cost £
Equities	3,279,837	— 0.00	167 0.01	3,280,004
Funds	4,523,655	— 0.00	— 0.00	4,523,655
<b>Total sales after commissions and tax</b>	<b>7,803,492</b>			
Commission as a % of average net assets	0.00%			
Taxes as a % of the average net assets	0.02%			

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative table on page 58. The direct transaction costs within the comparative table may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2023 is 0.03% (2022: 0.03%).

### 15. Events after the Balance Sheet date

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

### 16. Fair Value Disclosure

Valuation technique	31.01.23		31.01.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	56,875,456	—	60,945,780	—
Level 2 <sup>^^</sup>	52,508,880	—	55,441,218	—
Level 3 <sup>^^^</sup>	—	—	—	—
	<b>109,384,336</b>	<b>—</b>	<b>116,386,998</b>	<b>—</b>

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

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

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

### 17. Shares in Issue

	<b>A Accumulation</b>
Opening number of shares	37,100,419
Shares issued	1,379,697
Shares cancelled	(4,455,962)
<b>Closing number of shares</b>	<b>34,024,154</b>

# MI Charles Stanley UK & International Growth Fund

## Distribution Table

for the year ended 31 January 2023

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	Interim	Group 1	2.8403	—	2.8403	2.0957
		Group 2	1.0045	1.8358	2.8403	2.0957
	Final	Group 1	2.0288	—	2.0288	1.5652
		Group 2	0.3363	1.6925	2.0288	1.5652

### Further information

Interim period: 01.02.22 - 31.07.22

Final period: 01.08.22 - 31.01.23

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

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



## General Information

### Authorised Status

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

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

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

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

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

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

### Head Office

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

### Address for Service

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

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

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

### Classes of Shares

The Instrument of Incorporation allows each 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 Inc	A Acc	B Inc	B Acc	C Inc	C Acc
MI Charles Stanley Equity Fund	✓	✓	✓	✓	–	–
MI Charles Stanley Monthly High Income Fund	✓	✓	–	–	✓	✓
MI Charles Stanley UK & International Growth Fund	–	✓	–	–	–	–

The Company may issue both Income and Accumulation Shares.

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

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

### Valuation Point

The scheme property of each Sub-fund will normally be valued at 12.00pm on each dealing day for the purpose of calculating the price at which shares in each Sub-fund may be issued, sold, repurchased or redeemed.

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

### General Information

continued

#### Buying, Redeeming and Switching of Shares

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

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

Or by telephone to:

0345 308 1456

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

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

#### Pricing Basis

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

The prices of shares are published daily on [www.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 each Sub-fund will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

#### Other Information

The 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

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.

#### ACD Value Assessment

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

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

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

The ACD Value Assessment is published on the Maitland website.

## General Information

continued

### Remuneration of the ACD

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

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

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

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

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

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

31.01.23	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total
Total remuneration paid by the ACD during the year	16	£1,607,972	£516,969	£2,124,941
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	6	£827,062	£437,876	£1,264,938

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

### Risk Warning

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

Maitland Institutional Services Limited

Registered in England No 6252939. Authorised and regulated by the Financial Conduct Authority.